FIRST QUARTER REPORT TO SHAREHOLDERS

FOR THE THREE MONTHS ENDED
MARCH 31, 2013

WAJAX CORPORATION 2013

WAJAX
Corporation

WAJAX CORPORATION **TSX Symbol: WJX**
News Release

WAJAX ANNOUNCES
2013 FIRST QUARTER RESULTS

(Dollars in millions, except per share data)	Three Months Ended March 31	
	2013	**2012**
CONSOLIDATED RESULTS		
Revenue	**$336.3**	**$358.1**
Net earnings	**$10.4**	**$17.1**
Basic earnings per share	**$0.62**	**$1.03**
SEGMENTS		
Revenue – Equipment	**$167.4**	**$170.4**
- Power Systems	**$79.9**	**$95.9**
- Industrial Components	**$89.8**	**$93.3**
Earnings – Equipment	**$9.9**	**$13.1**
% margin	*5.9%*	*7.7%*
- Power Systems	**$4.1**	**$8.7**
% margin	*5.1%*	*9.1%*
- Industrial Components	**$3.7**	**$6.8**
% margin	*4.2%*	*7.3%*

Toronto, Ontario – May 10, 2013 – Wajax Corporation ("Wajax" or the "Corporation") today announced its 2013 first quarter results.

First Quarter Highlights

- Consolidated first quarter revenue of $336.3 million decreased $21.8 million, or 6%, compared to last year. Wajax Equipment revenue decreased 2%. Lower mining equipment sales more than offset gains in equipment sales in the construction, forestry and material handling sectors and a 12% increase in parts and service volumes. Wajax Power Systems and Wajax Industrial Components recorded 17% and 4% decreases in revenue respectively primarily on weaker activity in the western Canada oil and gas sector.

- Net earnings for the quarter of $10.4 million, or $0.62 per share, decreased compared to $17.1 million, or $1.03 per share recorded in 2012. The $8.3 million year-over-year decrease in earnings before finance costs and income taxes was driven by an approximately $8.9 million reduction in earnings related to the oil and gas and mining markets. Of this, approximately $4.0 million was attributable to the loss of the LeTourneau mining equipment line. Financing costs also rose $0.9 million, mainly as a result of $110.9 million of increased borrowings compared to last year.

- Consolidated backlog at March 31, 2013 of $180.1 million decreased 2% compared to December 31, 2012.

- Funded net debt of $219.0 million at March 31, 2013 increased $45.3 million in the quarter mainly as a result of a $44.6 million payment made in January 2013 pertaining to income taxes owing for 2011 and 2012.

Wajax also announced a $0.07 per share reduction in its monthly dividends. Monthly dividends of $0.20 per share were declared for the months of May, June and July.

Outlook

Commenting on the first quarter results and the outlook for the remainder of 2013, Mark Foote, President and CEO, stated:

"First quarter earnings were moderately less than our expectations and lower than last year due to continued weakness in the oil and gas market and a decline in mining. Mining related declines were primarily due to the loss of the LeTourneau product line, which was only partially offset by other mining related aftermarket improvements.

We expect the weakness in the oil and gas market that began in the third quarter of 2012 to continue for the balance of 2013, with demand for new equipment and aftermarket services for drilling and well stimulation continuing to be soft. In mining, quoting activity remains reasonably strong for the Equipment segment as well as Power Systems' electrical power generation business. However, project delays and reductions in capital and development spending have limited the ability of many of our customers to commit to new equipment orders. As a result, mining related sales are anticipated to continue to be weaker than originally expected.

Since backlog has not improved and with the forecast for mining and oil and gas activity to remain challenging for the balance of the year, we have become more cautious in our outlook, and expect full year 2013 earnings will be less than 2012. We have therefore adjusted our monthly dividend down to $0.20 per share, from the previous monthly dividend of $0.27 per share. Based on our current outlook, this adjusted dividend adheres to our objective of paying out a minimum of 75% of current year expected net earnings.

We are very confident in our opportunities for growth and remain well-positioned in the mining and oil gas sectors as conditions improve. Other core markets such as construction, material handling and forestry have shown year-over-year improvements and our strategic initiatives continue to gain traction. We are focused on investing in these initiatives while taking prudent actions with respect to costs, inventory and working capital to manage our business in 2013."

Wajax Corporation

Wajax is a leading Canadian distributor and service support provider of mobile equipment, power systems and industrial components. Reflecting a diversified exposure to the Canadian economy, its three distinct core businesses operate through a network of 129 branches across Canada. Its customer base spans natural resources, construction, transportation, manufacturing, industrial processing and utilities.

Cautionary Statement Regarding Forward Looking Information

This news release contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, "**forward-looking statements**"). These forward-looking statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "anticipates", "intends", "predicts", "expects", "is expected", "scheduled", "believes", "estimates", "projects" or "forecasts", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation's ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward looking statements. There can be no assurance that any forward looking statement will materialize. Accordingly, readers should not place undue reliance on forward looking statements. The forward looking statements in this news release are made as of the date of this news release, reflect management's current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this news release includes forward looking statements regarding, among other things, our outlook for certain of our key end markets, our outlook with respect to our financial results for the 2013 financial year, including earnings for 2013, our objective with respect to the future payment of dividends, our growth opportunities and market positioning, our investment in our strategic initiatives, and the management of our business in 2013. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding general business and economic conditions, the supply and demand for, and the level and volatility of prices for, commodities, financial market conditions, including interest rates, the future financial performance of the Corporation, our costs, market competition, our ability to attract and retain skilled staff, our ability to procure quality products and inventory and our ongoing relations with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to, a deterioration in general business and economic conditions, volatility in the supply and demand for, and the level of prices for, commodities, fluctuations in financial market conditions, including interest rates, the level of demand for, and prices of, the products and services we offer, market acceptance of the products we offer, termination of distribution or original equipment manufacturer agreements, unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters), our ability to attract and retain skilled staff and our ability to maintain our relationships with suppliers, employees and customers. The foregoing list of factors is not exhaustive. The forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws. Further information concerning the risks and uncertainties associated with these forward looking statements and the Corporation's business may be found in our Annual Information Form for the year ended December 31, 2012, filed on SEDAR.

Management's Discussion and Analysis – Q1 2013

The following management's discussion and analysis ("MD&A") discusses the consolidated financial condition and results of operations of Wajax Corporation ("Wajax" or the "Corporation") for the quarter ended March 31, 2013. This MD&A should be read in conjunction with the information contained in the unaudited Condensed Consolidated Financial Statements and accompanying notes for the quarter ended March 31, 2013, the annual audited Consolidated Financial Statements and accompanying notes for the year ended December 31, 2012 and the associated MD&A. Information contained in this MD&A is based on information available to management as of May 10, 2013.

Unless otherwise indicated, all financial information within this MD&A is in millions of Canadian dollars, except share and per share data. Additional information, including Wajax's Annual Report and Annual Information Form, are available on SEDAR at www.sedar.com.

Responsibility of Management and the Board of Directors

Management is responsible for the information disclosed in this MD&A and the unaudited Condensed Consolidated Financial Statements and accompanying notes, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. Wajax's Board of Directors has approved this MD&A and the unaudited Condensed Consolidated Financial Statements and accompanying notes. In addition, Wajax's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by Wajax, and has reviewed this MD&A and the unaudited Condensed Consolidated Financial Statements and accompanying notes.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Wajax's management, under the supervision of its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR").

As at March 31, 2013, Wajax's management, under the supervision of its CEO and CFO, had designed DC&P to provide reasonable assurance that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in such securities legislation. DC&P are designed to ensure that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is accumulated and communicated to Wajax's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

As at March 31, 2013, Wajax's management, under the supervision of its CEO and CFO, had designed internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). In completing the design, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework. With regard to general controls over information technology, management also used the set of practices of Control Objectives for Information and related Technology ("COBIT") created by the IT Governance Institute.

There was no change in Wajax's ICFR that occurred during the three months ended March 31, 2013 that has materially affected, or is reasonably likely to materially affect, Wajax's ICFR.

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, "**forward-looking statements**"). These forward-looking statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "anticipates", "intends", "predicts", "expects", "is expected", "scheduled", "believes", "estimates", "projects" or "forecasts", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation's ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward looking statements. There can be no assurance that any forward looking statement will materialize. Accordingly, readers should not place undue reliance on forward looking statements. The forward looking statements in this MD&A are made as of the date of this MD&A, reflect management's current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this MD&A includes forward looking statements regarding, among other things, our plans for revenue and earnings growth, including planned strategic initiatives and their intended outcomes, our financing and capital requirements, our outlook for certain of our key end markets, our outlook with respect to our financial results for the 2013 financial year, including earnings for 2013, our objective with respect to the future payment of dividends, our growth opportunities and market positioning, our investment in our strategic initiatives, and the management of our business in 2013. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding general business and economic conditions, the supply and demand for, and the level and volatility of prices for, commodities, financial market conditions, including interest rates, the future financial performance of the Corporation, our costs, market competition, our ability to attract and retain skilled staff, our ability to procure quality products and inventory and our ongoing relations with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to, a deterioration in general business and economic conditions, volatility in the supply and demand for, and the level of prices for, commodities, fluctuations in financial market conditions, including interest rates, the level of demand for, and prices of, the products and services we offer, market acceptance of the products we offer, termination of distribution or original equipment manufacturer agreements, unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters), our ability to attract and retain skilled staff and our ability to maintain our relationships with suppliers, employees and customers. The foregoing list of factors is not exhaustive. Further information concerning the risks and uncertainties associated with these forward looking statements and the Corporation's business may be found in this MD&A under the heading "Risk Management and Uncertainties" and in our Annual Information Form for the year ended December 31, 2012, filed on SEDAR. The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws. Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Wajax Corporation Overview

Wajax's core distribution businesses are engaged in the sale and after-sale parts and service support of mobile equipment, power systems and industrial components through a network of 129 branches across Canada. Wajax is a multi-line distributor and represents a number of leading worldwide manufacturers in its core businesses. Its customer base is diversified, spanning natural resources, construction, transportation, manufacturing, industrial processing and utilities.

Wajax's strategy is to grow earnings in all segments through organic growth and tuck-under acquisitions while maintaining a dividend payout ratio of at least 75% of earnings. Planned organic growth includes "base business" initiatives that are achieved within the normal scope, resources and markets of each core business, while "new opportunity" initiatives are organic growth opportunities that we see as significant, requiring more effort, planning and resources to achieve. Wajax expects to ensure sufficient capital is available to meet its growth requirements within a conservative capital structure.

Consolidated Results

For three months ended March 31		**2013**		2012
Revenue	**$**	**336.3**	$	358.1
Gross profit	**$**	**70.9**	$	77.9
Selling and administrative expenses	**$**	**55.0**	$	53.7
Earnings from operating activities	**$**	**15.9**	$	24.2
Finance costs	**$**	**1.7**	$	0.8
Earnings before income taxes	**$**	**14.1**	$	23.3
Income tax expense	**$**	**3.7**	$	6.2
Net earnings	**$**	**10.4**	$	17.1
Basic earnings per share	**$**	**0.62**	$	1.03
Diluted earnings per share	**$**	**0.61**	$	1.01

The Equipment segment continues to see increased demand for forestry equipment, attributable to higher lumber prices, particularly in British Columbia. The Equipment segment also benefitted from a somewhat stronger construction market in western Canada in the quarter compared to last year, however the segment experienced softness in eastern Canada due in part to lower infrastructure project spending in Quebec. Weakness in oil and gas sector activity in western Canada, which started in the third quarter of 2012, continued into the first quarter of 2013 as poor industry fundamentals in North America resulted in a decline in customer spending. This decline primarily affected the Power Systems and Industrial Components segments. Mining activity, including the oil sands market, declined compared to last year. Volatility in commodity prices combined with a lack of financing for new mines has impacted the Equipment and Industrial Components segments. Although quoting activity remained high during the quarter, the Equipment segment has not seen a meaningful pickup in mining equipment backlog since year-end as customers continue to take a more cautious approach in making commitments to buy equipment.

Revenue

Revenue in the first quarter of 2013 decreased 6%, or $21.8 million, to $336.3 million, from $358.1 million in the first quarter of 2012 and included $5.4 million of revenue from two businesses (ACE Hydraulic and Kaman Canada) acquired by the Industrial Components segment in the fourth quarter of 2012. Segment revenue decreased 2% in Equipment, 17% in Power Systems and 4% in Industrial Components compared to the same quarter last year.

Gross profit

Gross profit in the first quarter of 2013 decreased $7.0 million compared to the first quarter of last year due to the decrease in volumes and a lower gross profit margin percentage. The gross profit margin percentage for the quarter of 21.1% declined from 21.8% in the first quarter of 2012 due to lower parts and service margins offset by the impact of lower equipment revenues compared to last year.

Selling and administrative expenses
Selling and administrative expenses increased $1.3 million in the first quarter of 2013 compared to the same quarter last year. Increases included higher costs in the Equipment segment's western Canada operation compared to last year and increases in the Industrial Components segment due mainly to the acquisitions of ACE Hydraulic and Kaman Canada in the fourth quarter of 2012. These increases were offset somewhat by lower annual and mid-term incentive accruals and other cost reductions in the Power Systems segment. Selling and administrative expenses as a percentage of revenue increased to 16.4% in the first quarter of 2013 from 15.0% in the first quarter of 2012.

Finance costs
Quarterly finance costs of $1.7 million increased $0.9 million compared to the same quarter last year due to the cost of higher funded debt levels outstanding during the quarter driven by a $44.6 million income tax payment on January 31, 2013 related to 2011 and 2012 taxable income, increased working capital levels primarily in mining equipment and the acquisitions of ACE Hydraulic and Kaman Canada by the Industrial Components segment in the fourth quarter of 2012. The Corporation's higher cost of borrowing also contributed to the increase. Funded net debt includes bank debt, bank indebtedness and obligations under finance leases, net of cash. See Liquidity and Capital Resources and Non-IFRS Measures sections.

Income tax expense
The Corporation's effective income tax rate of 26.3% for the quarter decreased slightly from 26.8% the previous year.

Net earnings
Quarterly net earnings decreased $6.7 million to $10.4 million, or $0.62 per share, from $17.1 million, or $1.03 per share, in the same quarter of 2012 due to the impact of reduced volumes, a lower gross profit margin percentage, higher selling and administrative expenses and higher finance costs compared to the same quarter last year.

Comprehensive income
Total comprehensive income of $10.6 million in the first quarter of 2013 included net earnings of $10.4 million and an other comprehensive gain of $0.2 million.

Funded net debt
Funded net debt of $219.0 million at March 31, 2013 increased $45.3 million compared to December 31, 2012. Cash used in operating activities for the quarter of $30.6 million resulted from income taxes paid of $50.5 million (comprised of 2011 and 2012 income taxes of $44.6 million and 2013 income tax installments of $5.9 million). Other uses of cash included dividends paid of $13.6 million, finance lease payments of $0.8 million and investing activities of $0.7 million.

Wajax's leverage ratio of 2.1 times at March 31, 2013 increased from the December 31, 2012 ratio of 1.6 times. See Consolidated Financial Condition and Non-IFRS Measures sections.

Dividends
For the first quarter ended March 31, 2013 monthly dividends declared totaled $0.81 per share. For the first quarter ended March 31, 2012 monthly dividends declared were $0.67 per share.

On March 5, 2013, Wajax announced a monthly dividend of $0.27 per share ($3.24 annualized) for the month of April payable on May 21, 2013 to shareholders of record on April 30, 2013. On May 10, 2013 Wajax announced monthly dividends of $0.20 per share ($2.40 annualized) for each of the months of May, June and July payable on June 20, 2013, July 22, 2013 and August 20, 2013 to shareholders of record on May 31, 2013, June 28, 2013 and July 31, 2013 respectively. See Strategic Direction and Outlook section.

Backlog
Consolidated backlog at March 31, 2013 of $180.1 million decreased $4.0 million, or 2%, compared to December 31, 2012 as a reduction in the Power Systems segment was offset in part by increases in the Equipment and Industrial Components segments. Consolidated backlog decreased $77.1 million compared to March 31, 2012, or 30%, on reductions in all segments. Backlog includes the total sales value of customer purchase orders for future delivery or commissioning. See the Results of Operations section for further backlog detail by segment.

Results of Operations

Equipment

For three months ended March 31		2013		2012	% Change
Equipment*	**$**	**95.3**	$	106.3	(10%)
Parts and service	**$**	**72.1**	$	64.1	12%
Segment revenue	**$**	**167.4**	$	170.4	(2%)
Segment earnings	**$**	**9.9**	$	13.1	(24%)
Segment earnings margin		***5.9%***		*7.7%*	

(1) Includes rental and other revenue.

Revenue in the first quarter of 2013 decreased $3.0 million, or 2%, to $167.4 million from $170.4 million in the first quarter of 2012. Segment earnings for the quarter decreased $3.2 million to $9.9 million compared to the first quarter of 2012. The following factors contributed to the Equipment segment's first quarter results:

- Equipment revenue for the first quarter decreased $11.0 million compared to the same quarter last year. Specific quarter-over-quarter variances included the following:

  - Construction equipment revenue increased $6.0 million mainly as a result of greater market demand in western Canada which drove higher sales of Hitachi excavators and JCB equipment. These increases were offset partially by a decline in Hitachi excavators and other equipment sales in eastern Canada and Ontario owing to lower market demand and competitive market pressures.
  - Material handling equipment revenue increased $3.3 million due mainly to stronger market demand in western Canada and higher volumes in eastern Canada on the delivery of several higher dollar value container handlers.
  - Forestry equipment revenue increased $2.4 million resulting primarily from higher Tigercat product sales in eastern Canada and additional forestry related Hitachi equipment volumes in British Columbia attributable to increased demand in both regions.
  - Mining equipment sales decreased $21.7 million. Excluding the LeTourneau product line, for which distribution rights were discontinued in the second quarter of 2012, mining sales decreased $14.7 million on fewer Hitachi mining equipment deliveries in western and eastern Canada.
  - Crane and utility equipment revenue decreased $1.0 million.

- Parts and service volumes for the first quarter increased $8.0 million compared to the same quarter last year. Excluding the discontinued LeTourneau product line, parts and service volumes for the first quarter increased $14.7 million, or 23%. The $14.7 million increase was due principally to higher mining volumes in western Canada driven by growth in rotating products and the installed base of Hitachi equipment. Higher construction sector sales, mainly in western Canada, also contributed to the increase.

- Segment earnings for the first quarter decreased $3.2 million to $9.9 million compared to the same quarter last year. This was due mainly to the negative impact of the discontinued LeTourneau product line on both volumes and gross profit margins and a $2.4 million increase in selling and administrative expenses. These declines were offset by the positive impact on earnings of increased non-mining sector related equipment revenues and higher non-LeTourneau parts and service volumes. For the three months ended March 31, 2012, the LeTourneau product line contributed approximately $4.0 million to the segment's earnings. Selling and administrative expenses increased $2.4 million compared to last year on higher personnel and sales related expenses in western Canada and an increase in bad debt expense resulting from a recovery recorded in 2012.

Backlog of $89.8 million at March 31, 2013 increased $7.6 million compared to December 31, 2012 as increases in non-mining market sector backlog offset a reduction in mining equipment backlog in western Canada. Backlog decreased $53.6 million compared to March 31, 2012 due mainly to a decline in mining equipment orders.

Power Systems

For three months ended March 31	2013	2012	% Change
Equipment*	**$ 30.1**	$ 40.5	(26%)
Parts and service	**$ 49.8**	$ 55.4	(10%)
Segment revenue	**$ 79.9**	$ 95.9	(17%)
Segment earnings	**$ 4.1**	$ 8.7	(53%)
Segment earnings margin	***5.1%***	*9.1%*	

(1) Includes rental and other revenue.

Revenue in the first quarter of 2013 decreased $16.0 million, or 17%, to $79.9 million compared to $95.9 million in the same quarter of 2012. Segment earnings decreased $4.6 million to $4.1 million in the first quarter compared to the same quarter in the previous year. The following factors impacted quarterly revenue and earnings compared to last year:

- Equipment revenue decreased $10.4 million due mainly to a decline in off-highway and power generation sales to oil and gas customers as a result of reduced industry activity in western Canada and lower off-highway sales to mining sector customers in Ontario. These decreases were partially offset by increased power generation equipment volumes in Ontario and eastern Canada.

- Parts and service volumes decreased $5.6 million compared to last year as a result of lower sales to off-highway customers on reduced activity in western Canada's oil and gas sector and lower power generation parts and service volumes in western and eastern Canada. These decreases were partially offset by increased sales to on-highway customers, primarily in western Canada.

- Segment earnings in the first quarter of 2013 decreased $4.6 million compared to the same quarter last year as the impact of reduced volumes and lower parts and service margins in western Canada was mitigated somewhat by a $0.4 million decrease in selling and administrative expenses. Parts and service margins declined due to product mix and increased competition. Selling and administrative expenses decreased due principally to lower personnel and other sales related costs.

Backlog of $46.8 million as of March 31, 2013 decreased $13.6 million compared to December 31, 2012, and decreased $17.8 million compared to March 31, 2012, due primarily to reductions in power generation and oil and gas sector related backlog.

Industrial Components

For three months ended March 31	2013	2012	% Change
Segment revenue	**$ 89.8**	$ 93.3	(4%)
Segment earnings	**$ 3.7**	$ 6.8	(46%)
Segment earnings margin	***4.2%***	*7.3%*	

Revenue of $89.8 million in the first quarter of 2013 decreased $3.5 million, or 4%, from $93.3 million in the first quarter of 2012 and included $5.5 million of revenue from the ACE Hydraulic and Kaman Canada businesses acquired in the fourth quarter of 2012. Segment earnings decreased $3.1 million to $3.7 million in the first quarter compared to the same quarter in the previous year. The following factors contributed to the segment's first quarter results:

- Bearings and power transmission parts sales increased $0.2 million compared to the same quarter last year. The impact of higher sales to industrial sector customers in western Canada, as a result of the Kaman Canada acquisition, were mostly offset by lower mining sector volumes in eastern Canada, reduced sales to metal processing customers across all regions and lower oil and gas sector sales in western Canada.

- Fluid power and process equipment products and service revenue in the first quarter of 2013 decreased $3.7 million, or 9%, compared to the same quarter last year. Lower sales to oil and gas customers in western Canada and lower industrial sector volumes across all regions more than offset higher sales to construction sector customers.

- Segment earnings in the first quarter of 2013 decreased $3.1 million compared to the same quarter last year due to the negative impact of lower volumes and gross profit margins in western Canada and a $1.7 million increase in selling and administrative expenses. The increase in selling and administrative expenses resulted primarily from the two acquisitions, offset somewhat by lower annual incentive accruals compared to last year.

Backlog of $43.5 million as of March 31, 2013 increased $1.9 million compared to December 31, 2012. Backlog decreased $5.7 million compared to March 31, 2012 due mainly to lower oil and gas and mining sector related backlog offset by $1.4 million of backlog related to the two acquisitions made in the fourth quarter of 2012.

Selected Quarterly Information

The following table summarizes unaudited quarterly consolidated financial data for the eight most recently completed quarters. This quarterly information is unaudited but has been prepared on the same basis as the 2012 annual audited Consolidated Financial Statements.

	2013	2012				2011		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**$ 336.3**	$ 364.9	$ 356.4	$ 386.6	$ 358.1	$ 377.2	$ 361.9	$ 334.1
Net earnings	**$ 10.4**	$ 14.2	$ 16.2	$ 18.5	$ 17.1	$ 16.6	$ 17.9	$ 16.5
Net earnings per share								
- Basic	**$ 0.62**	$ 0.85	$ 0.97	$ 1.11	$ 1.03	$ 1.00	$ 1.08	$ 0.99
- Diluted	**$ 0.61**	$ 0.84	$ 0.95	$ 1.09	$ 1.01	$ 0.98	$ 1.06	$ 0.98

Significant seasonal trends in quarterly revenue and earnings have not been evident over the last two years.

A discussion of Wajax's previous quarterly results can be found in Wajax's quarterly MD&A reports available on SEDAR at www.sedar.com.

Consolidated Financial Condition

Capital Structure and Key Financial Condition Measures

($millions, except ratio calculations)	**March 31 2013**	December 31 2012	March 31 2012
Shareholders' equity	**$ 239.1**	$ 241.9	$ 233.4
Funded net debt (1)	**219.0**	173.7	108.1
Total capital	**$ 458.1**	$ 415.6	$ 341.5
Funded net debt to total capital (1)	**47.8%**	41.8%	31.6%
Leverage ratio (1)(2)	**2.1**	1.6	1.0
Interest coverage ratio (1)(2)(3)	**19.5**	25.2	25.0

(1) See Non-IFRS Measures section.

(2) Calculation uses trailing four-quarter EBITDA.

(3) Calculation uses trailing four-quarter EBITDA and finance costs.

The Corporation's capital structure is managed such that it maintains a relatively low leverage ratio as the Corporation pays dividends to shareholders equal to a significant portion of its earnings. The Corporation's objective is to maintain a leverage ratio between 1.5 times and 2.0 times. However, there may be instances where the Corporation is willing to maintain a leverage ratio outside the range to either support key growth initiatives or fluctuations in working capital levels during changes in economic cycles.

In addition, the Corporation's tolerance to interest rate risk decreases/increases as the Corporation's leverage ratio increases/decreases. The rate of interest on the Corporation's funded debt is currently all floating which is an approved exception to the Corporation's interest rate risk policy. Management is willing to maintain this level of floating rate debt given the low interest rate environment and its strong interest coverage ratio of 19.5 times.

Shareholders' Equity

The Corporation's shareholders' equity at March 31, 2013 of $239.1 million decreased $2.8 million from December 31, 2012 as dividends declared during the quarter exceeded earnings. For the twelve months ending March 31, 2013 the Corporation's shareholder's equity increased $5.7 million.

The Corporation's share capital, included in shareholders' equity on the balance sheet, consists of:

Issued and fully paid Shares as at March 31, 2013	**Number**	**Amount**
Balance at the beginning of the quarter	16,736,447	$ 106.7
Rights exercised	-	-
Balance at the end of the quarter	**16,736,447**	**$ 106.7**

At the date of this MD&A, the Corporation had 16,736,447 common shares outstanding.

Wajax has five share-based compensation plans; the Wajax Share Ownership Plan ("SOP"), the Deferred Share Program ("DSP"), the Directors' Deferred Share Unit Plan ("DDSUP"), the Mid-Term Incentive Plan for Senior Executives ("MTIP") and the Deferred Share Unit Plan ("DSUP"). SOP, DSP and DDSUP rights are issued to the participants and are settled by issuing Wajax Corporation shares, rights outstanding at March 31, 2013 were 262,929 (2012 - 323,926). The cash-settled MTIP and DSUP consist of annual grants that vest over three years and are subject to time and performance vesting criteria. A portion of the MTIP and the full amount of the DSUP grants are determined by the price of the Corporation's shares. Compensation expense for the SOP, DSP and DDSUP is determined based upon the fair value of the rights at the date of grant and charged to earnings on a straight line basis over the vesting period, with an offsetting adjustment to contributed surplus. Compensation expense for the DSUP and the share-based portion of the MTIP varies with the price of the Corporation's shares and is recognized over the vesting period. Wajax recorded compensation cost of $0.3 million for the quarter (2012 - $2.7 million) in respect of these plans.

Funded Net Debt

($millions)	**March 31 2013**	December 31 2012	March 31 2012
Bank indebtedness	**$ 1.8**	$ 10.2	$ 6.0
Obligations under finance lease	**11.4**	11.8	10.0
Bank debt	**205.8**	151.7	92.1
Funded net debt	**$ 219.0**	$ 173.7	$ 108.1

Funded net debt of $219.0 million at March 31, 2013 increased $45.3 million compared to December 31, 2012 and $110.9 million compared to March 31, 2012. The increase during the quarter was due mainly to $30.6 million of cash used in operating activities, resulting from income taxes paid of $50.5 million, and dividends paid of $13.6 million.

The Corporation's ratio of funded net debt to capital increased to 47.8% at March 31, 2012 from 41.8% at December 31, 2012 driven by the higher funded net debt level.

The Corporation's leverage ratio of 2.1 times at March 31, 2013 increased from the December 31, 2012 ratio of 1.6 times due mainly to the $45.3 million increase in funded net debt.

The Corporation's interest coverage ratio declined to 19.5 times at March 31, 2013 from 25.2 times at December 31, 2012 due to the combined impact of increased funded net debt outstanding and lower EBITDA for the trailing four quarters.

See Liquidity and Capital Resources and Non-IFRS Measures sections.

Financial Instruments

Wajax uses derivative financial instruments in the management of its foreign currency and interest rate exposures. Wajax's policy is not to utilize derivative financial instruments for trading or speculative purposes. Significant derivative financial instruments outstanding at the end of the year were as follows:

- Wajax enters into short-term currency forward contracts to hedge the exchange risk associated with the cost of certain inbound inventory and to certain foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. As at March 31, 2013, Wajax had contracts outstanding to buy U.S.$29.8 million (December 31, 2012 – to buy U.S.$26.5 million and to sell U.S.$11.1 million). The U.S. dollar contracts expire between April 2013 and April 2014, with a weighted average U.S./Canadian dollar rate of 1.0094.

Wajax measures derivative instruments not accounted for as hedging items at fair value with subsequent changes in fair value being recorded in earnings. Derivatives designated as effective hedges are measured at fair value with subsequent changes in fair value being recorded in other comprehensive income until the related hedged item is recorded and affects income. The fair value of derivative instruments is estimated based upon market conditions using appropriate valuation models. The carrying values reported in the balance sheet for financial instruments are not significantly different from their fair values. The impact of a change in foreign currency relative to the Canadian dollar on the Corporation's financial statements of unhedged foreign currency-denominated sales to customers along with the associated receivables and purchases from vendors along with associated payables would be insignificant.

Wajax is exposed to the risk of non-performance by counterparties to short-term currency forward contracts. These counterparties are large financial institutions with a “Stable” outlook and high short-term and long-term credit ratings from Standard and Poor’s. To date, no such counterparty has failed to meet its financial obligations to Wajax. Management does not believe there is a significant risk of non-performance by these counterparties and will continue to monitor the credit risk of these counterparties.

Contractual Obligations

There have been no material changes to the Corporation’s contractual obligations since December 31, 2012.

Off Balance Sheet Financing

Off balance sheet financing arrangements include operating lease contracts entered into for facilities with various landlords, a portion of the long-term lift truck rental fleet in Equipment with a non-bank lender, and office equipment with various non-bank lenders. There have been no material changes to the Corporation’s total obligations for all operating leases since December 31, 2012, see the Contractual Obligations section.

Although Wajax’s consolidated contractual annual lease commitments decline year-by-year, it is anticipated that existing leases will either be renewed or replaced, resulting in lease commitments being sustained at current levels. In the alternative, Wajax may incur capital expenditures to acquire equivalent capacity.

The Equipment segment had $85.6 million (2012 - $75.4 million) of consigned inventory on-hand from a major manufacturer at March 31, 2013. In the normal course of business, Wajax receives inventory on consignment from this manufacturer which is generally sold to customers or purchased by Wajax. This consigned inventory is not included in Wajax’s inventory as the manufacturer retains title to the goods. In the event the inventory consignment program was terminated, Wajax would utilize interest free financing, if any, made available by the manufacturer and/or utilize capacity under its credit facilities.

Liquidity and Capital Resources

The Corporation’s liquidity is maintained through various sources including bank and non-bank credit facilities and cash generated from operations.

Bank and Non-bank Credit Facilities

At March 31, 2013, Wajax had borrowed $207.0 million and issued $6.3 million of letters of credit for a total utilization of $213.3 million of its $300 million bank credit facility. Borrowing capacity under the bank credit facility is dependent on the level of inventories on-hand and outstanding trade accounts receivables. At March 31, 2013, borrowing capacity under the bank credit facility was equal to $300 million.

Under the terms of the $300 million bank credit facility, Wajax is permitted to have additional interest bearing debt of $15 million. As such, Wajax has up to $15 million of demand inventory equipment financing capacity with two non-bank lenders. At March 31, 2013 Wajax had no utilization of its interest bearing equipment financing facilities.

A key strategy of the Equipment segment is to grow its mining business through expansion into eastern Canada and the introduction of the new Hitachi mining truck. To ensure mining equipment is available to execute its strategy, Wajax has purchased certain mining equipment (large excavators and trucks) that do not currently have committed purchase orders. Since the beginning of the year Wajax has increased its investment in Hitachi mining equipment inventory by $4.0 million to $44.4 million as at March 31, 2013, all of which is available to fill future customer purchases. Wajax will continue to use its debt facilities to finance a portion of this and other mining equipment scheduled to be delivered in 2013. Given the recent decline in economic activity in the Canadian mining sector, management is now taking actions to limit mining equipment inventory levels to align with current market demand.

Wajax's $300 million bank credit facility along with the additional $15 million of capacity permitted under the bank credit facility should be sufficient to meet Wajax's short-term normal course working capital and maintenance capital requirements, including the additional mining equipment inventory. However, Wajax may be required to access the equity or debt markets in order to fund significant acquisitions and growth related working capital and capital expenditures.

Cash Flow

The following table highlights the major components of cash flow as reflected in the Consolidated Statements of Cash Flows for the three months ended March 31, 2013.

($millions)	**March 31 2013**	March 31 2012
Net earnings	**$ 10.4**	$ 17.1
Items not affecting cash flow	**10.3**	11.1
Net change in non-cash operating working capital	**6.0**	(51.3)
Income taxes paid	**(50.5)**	(0.3)
Other cash items (1)	**(6.7)**	(9.1)
Cash used in operating activities	**$ (30.6)**	$ (32.5)
Cash used in investing activities	**$ (0.7)**	$ (1.2)
Cash generated from financing activities	**$ 39.7**	$ 22.0

(1) Other cash items includes rental equipment additions, other non-current liabilities and finance costs paid

Cash Used in Operating Activities
Cash flows used in operating activities amounted to $30.6 million in the first quarter of 2013, compared to $32.5 million in the same quarter of the previous year. The $1.9 million decrease was mainly attributed to cash generated from the change in non-cash working capital of $6.0 million compared to a use of $51.3 million in 2012, offset mostly by higher income taxes paid of $50.2 million and reduced earnings of $6.7 million. Income taxes paid of $50.5 million were comprised of 2011 and 2012 income taxes of $44.6 million and 2013 income tax installments of $5.9 million.

Changes in non-cash operating working capital for the first quarter of 2013 compared to the same quarter in 2012 include the following components:

	As at		Change	As at		Change
Non-cash Operating Working Capital (Quarter-over-Quarter)	**March 31 2013**	**December 31 2012**	**March 31 2013 (1)**	March 31 2012	December 31 2011	March 31 2012 (1)
Trade and other receivables	**$ 192.6**	**$ 194.6**	**$ 2.0**	$ 193.6	$ 174.2	$ (19.4)
Inventories	**296.4**	**285.2**	**(11.2)**	270.1	241.5	(28.6)
Prepaid expenses	**6.2**	**7.1**	**0.9**	10.9	8.0	(2.9)
Accounts payable and accrued liabilities	**(201.4)**	**(186.9)**	**14.5**	(246.8)	(247.2)	(0.4)
Provisions	**(6.1)**	**(7.0)**	**(0.9)**	(5.3)	(5.7)	(0.4)
Sub-total	**$ 287.7**	**$ 293.0**	**$ 5.3**	$ 222.5	$ 170.8	$ (51.7)
Other (2)			**0.7**			0.4
Changes in Non-cash Operating Working Capital			**$ 6.0**			$ (51.3)

(1) Increase (decrease) in cash flow

(2) Other adjustments to non-cash operating working capital includes rental equipment transferred to inventory and other non-cash items

Significant components of the changes in non-cash operating working capital for the quarter ended March 31, 2013 are as follows:

- Trade and other receivables decreased $2.0 million resulting from the collection of a large mining equipment receivable in the Equipment segment, offset by higher trade receivables in Industrial Components due to higher sales activity in March 2013 compared to December 2012.

- Inventories increased $11.2 million due mainly to higher mining and construction equipment inventory in the Equipment segment, offset partially by reductions in the Power Systems segment due to the lower sales activity. Inventory in the Industrial Components segment decreased slightly during the quarter.

- Accounts payable and accrued liabilities increased $14.5 million resulting primarily from higher inventory trade payables in the Equipment and Industrial Components segments reduced somewhat by the payment of prior year annual and mid-term incentive accruals.

Investing Activities
During the first quarter of 2013, Wajax invested $0.6 million in property, plant and equipment additions, net of disposals, compared to $1.2 million in the first quarter of 2012.

Financing Activities
The Corporation generated $39.7 million of cash from financing activities in the first quarter of 2013 compared to $22.0 million in the same quarter of 2012. Financing activities in the quarter included bank debt borrowings of $54.0 million, offset by dividends paid to shareholders totaling $13.6 million, or $0.81 per share, and finance lease payments of $0.8 million.

Dividends

Dividends to shareholders were declared as follows:

Record Date	Payment Date	Per Share	Amount
January 31, 2013	February 20, 2013	$ 0.27	$ 4.5
February 28, 2013	March 20, 2013	0.27	4.5
March 28, 2013	April 22, 2013	0.27	4.5
Three months ended March 31, 2013		**$ 0.81**	**$ 13.6**

On March 5, 2013, Wajax announced a monthly dividend of $0.27 per share ($3.24 annualized) for the month of April payable on May 21, 2013 to shareholders of record on April 30, 2013.

On May 10, 2013, Wajax announced monthly dividends of $0.20 per share ($2.40 annualized) for each of the months of May, June and July payable on June 20, 2013, July 22, 2013 and August 20, 2013 to shareholders of record on May 31, 2013, June 28, 2013 and July 31, 2013 respectively. See Strategic Direction and Outlook section.

Non-IFRS Measures

The MD&A contains certain financial measures that do not have a standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to profit or to cash flow from operating, investing, and financing activities determined in accordance with IFRS as indicators of the Corporation’s performance. The Corporation’s management believes that these measures are commonly reported and widely used by investors as an indicator of a company’s cash operating performance and ability to raise and service debt.

These financial measures are identified and defined below:

Leverage ratio — At the end of a particular quarter, the leverage ratio is defined as funded net debt at the end of a particular quarter divided by trailing 12-month EBITDA. The Corporation’s objective is to maintain this ratio between 1.5 times and 2.0 times.

Interest coverage ratio — At the end of a particular quarter, the interest coverage ratio is defined as trailing 12-month EBITDA divided by trailing 12-month finance costs.

Funded net debt — Funded net debt includes bank debt, bank indebtedness and obligations under finance leases, net of cash.

EBITDA — Earnings before finance costs, income tax expense, depreciation and amortization.

Funded net debt to total capital — Defined as funded net debt divided by total capital. Total capital is the funded net debt plus shareholder’s equity.

Reconciliation of the Corporations earnings to EBITDA is as follows:

	For the twelve months ended March 31 2013		For the twelve months ended December 31 2012		For the twelve months ended March 31 2012	
Earnings	**$**	**59.2**	$	65.9	$	68.1
Depreciation and amortization		**18.7**		17.8		14.5
Finance costs		**5.4**		4.4		4.5
Income tax expense		**21.2**		23.8		24.7
EBITDA	**$**	**104.5**	$	112.0	$	111.8

Calculation of the Corporations funded net debt, leverage ratio and interest coverage ratio is as follows:

	March 31 2013		December 31 2012		March 31 2012	
Bank indebtedness	**$**	**1.8**	$	10.2	$	6.0
Obligations under finance leases		**11.4**		11.8		10.0
Bank debt		**205.8**		151.7		92.1
Funded net debt	**$**	**219.0**	$	173.7	$	108.1
Leverage ratio		**2.1**		1.6		1.0
Interest coverage ratio		**19.5**		25.2		25.0

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from those judgements, estimates and assumptions. The Corporation bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances.

The areas where significant judgements and assumptions are used to determine the amounts recognized in the financial statements include the allowance for doubtful accounts, inventory obsolescence, goodwill and intangible assets, and warranty provision. In preparing the financial statements for the quarter ended March 31, 2013, the significant judgments made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty are the same as those applied in the recently reported audited consolidated financial statements for the year ended December 31, 2012 which can be found on SEDAR at www.sedar.com.

Changes in Accounting Policies

The following new standards have been adopted in the current year:

On January 1, 2013, the Corporation adopted the amendments to IFRS 7 *Offsetting Financial Assets and Liabilities*, which contains new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or are subject to master netting arrangements or similar arrangements. The impact on the disclosures in the condensed consolidated financial statements from adopting IFRS 7 was not material.

On January 1, 2013, the Corporation adopted IFRS 10 *Consolidated Financial Statements*, which establishes principles for the preparation and presentation of consolidated financial statements when an entity controls one or more other entities. There was no impact on the condensed consolidated financial statements from adopting IFRS 10.

On January 1, 2013, the Corporation adopted IFRS 13 *Fair Value Measurement*, which defines fair value and sets out a framework for measuring fair value when fair value measurements are required or permitted by other standards. It also requires disclosure of the valuation techniques and inputs for financial instruments measured at fair value. Since the Corporation has no material financial instruments measured at fair value, these disclosures have not been included in these condensed consolidated financial statements.

On January 1, 2013, the Corporation retrospectively adopted IAS 19R *Employee Benefits*, which requires recognition of actuarial gains and losses immediately in other comprehensive income, the full recognition of past service costs immediately in profit or loss, recognition of the expected return on plan assets in profit or loss to be calculated based on the rate used to discount the defined benefit obligation, and certain additional disclosures. Since the Corporation had previously selected a policy of recognizing actuarial gains and losses in other comprehensive income in the year in which they occur, no adjustment to prior years' financial statements was necessary. The impact on the current year condensed consolidated financial statements from adopting IAS 19R was not material.

New standards and interpretations not yet adopted

The new standards or amendments to existing standards that may be significant to the Corporation set out below are not yet effective for the year ended December 31, 2013 and have not been applied in preparing these consolidated financial statements.

As of January 1, 2015, the Corporation will be required to adopt IFRS 9 *Financial Instruments*, which is the result of the first phase of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The Corporation is currently assessing the impact of this standard on its consolidated financial statements.

Risk Management and Uncertainties

As with most businesses, Wajax is subject to a number of marketplace and industry related risks and uncertainties which could have a material impact on operating results and Wajax's ability to pay cash dividends to shareholders. Wajax attempts to minimize many of these risks through diversification of core businesses and through the geographic diversity of its operations. In addition, Wajax has adopted an annual enterprise risk management assessment which is prepared by the Corporation's senior management and overseen by the Board of Directors and Committees of the Board. The enterprise risk management framework sets out principles and tools for identifying, evaluating, prioritizing and managing risk effectively and consistently across Wajax. There are however, a number of risks that deserve particular comment which are discussed in detail in the MD&A for the year ended December 31, 2012 which can be found on SEDAR at www.sedar.com. There have been no material changes to the business of Wajax that require an update to the discussion of the applicable risks discussed in the MD&A for the year ended December 31, 2012.

Strategic Direction and Outlook

First quarter earnings were moderately less than management's expectations and lower than last year due to continued weakness in the oil and gas market and a decline in mining. Mining related declines were primarily due to the loss of the LeTourneau product line, which was only partially offset by other mining related aftermarket improvements.

Management expects the weakness in the oil and gas market that began in the third quarter of 2012 to continue for the balance of 2013, with demand for new equipment and aftermarket services for drilling and well stimulation continuing to be soft. In mining, quoting activity remains reasonably strong for the Equipment segment as well as Power Systems' electrical power generation business. However, project delays and reductions in capital and development spending have limited the ability of many of Wajax's customers to commit to new equipment orders. As a result, mining related sales are anticipated to continue to be weaker than originally expected.

Since backlog has not improved and with the forecast for mining and oil and gas activity to remain challenging for the balance of the year, management has become more cautious in its outlook, and expects full year 2013 earnings will be less than 2012. Wajax has therefore adjusted its monthly dividend down to $0.20 per share, from the previous monthly dividend of $0.27 per share. Based on management's current outlook, this adjusted dividend adheres to Wajax's objective of paying out a minimum of 75% of current year expected net earnings.

Management is very confident in Wajax's opportunities for growth and remains well-positioned in the mining and oil gas sectors as conditions improve. Other core markets such as construction, material handling and forestry have shown year-over-year improvements and Wajax's strategic initiatives continue to gain traction. Management is focused on investing in these initiatives while taking prudent actions with respect to costs, inventory and working capital to manage the business in 2013.

Additional information, including Wajax's Annual Report and Annual Information Form, are available on SEDAR at www.sedar.com.

WAJAX CORPORATION

Unaudited Condensed Consolidated Financial Statements

For the three months ended March 31, 2013

Notice required under National Instrument 51-102, "Continuous Disclosure Obligations" Part 4.3(3) (a):

The attached condensed consolidated financial statements have been prepared by Management of Wajax Corporation and have not been reviewed by the Corporation's auditors.

W A J A X C O R P O R A T I O N

C O N D E N S E D C O N S O L I D A T E D S T A T E M E N T S O F F I N A N C I A L P O S I T I O N

As at (unaudited, in thousands of Canadian dollars)	Note		**March 31, 2013**		December 31, 2012
ASSETS					
CURRENT					
Trade and other receivables		**$**	**192,613**	$	194,567
Inventories			**296,396**		285,185
Income taxes receivable			**1,286**		-
Prepaid expenses			**6,154**		7,089
Derivative instruments			**314**		-
			496,763		486,841
NON-CURRENT					
Rental equipment	4		**44,386**		43,731
Property, plant and equipment	5		**49,577**		50,700
Intangible assets			**87,220**		87,668
Deferred taxes	8		**4,058**		2,922
			185,241		185,021
		$	**682,004**	$	671,862
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT					
Bank indebtedness		**$**	**1,791**	$	10,195
Accounts payable and accrued liabilities			**201,428**		186,897
Provisions			**6,085**		7,033
Dividends payable			**4,519**		4,519
Income taxes payable			**-**		44,349
Obligations under finance leases			**3,485**		3,611
Derivative instruments			**-**		149
			217,308		256,753
NON-CURRENT					
Provisions			**3,775**		4,088
Employee benefits			**7,304**		7,160
Other liabilities			**782**		2,083
Obligations under finance leases			**7,914**		8,192
Bank debt			**205,790**		151,701
			225,565		173,224
SHAREHOLDERS' EQUITY					
Share capital			**106,651**		106,651
Contributed surplus			**4,530**		4,346
Retained earnings			**127,798**		130,944
Accumulated other comprehensive income (loss)			**152**		(56)
Total shareholders' equity			**239,131**		241,885
		$	**682,004**	$	671,862

These condensed consolidated financial statements were approved by the Board of Directors on May 10, 2013.

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

FOR THE THREE MONTHS ENDED MARCH 31 (unaudited, in thousands of Canadian dollars, except per share data)	Note		2013		2012
Revenue		$	**336,268**	$	358,076
Cost of sales			**265,368**		280,187
Gross profit			**70,900**		77,889
Selling and administrative expenses			**55,050**		53,724
Earnings from operating activities			**15,850**		24,165
Finance costs			**1,729**		816
Earnings before income taxes			**14,121**		23,349
Income tax expense	8		**3,710**		6,248
Net earnings		$	**10,411**	$	17,101
Basic earnings per share	9	$	**0.62**	$	1.03
Diluted earnings per share	9	$	**0.61**	$	1.01

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31 (unaudited, in thousands of Canadian dollars)		2013		2012
Net earnings	$	**10,411**	$	17,101
Items that will be subsequently reclassified to income				
Losses on derivative instruments designated as cash flow hedges in prior periods reclassified to cost of inventory or finance costs during the period, net of tax recovery of $25 (2012 – $3)		**70**		8
Gains (losses) on derivative instruments outstanding at the end of the period designated as cash flow hedges, net of tax expense of $49 (2012 – recovery of $101)		**138**		(284)
Other comprehensive income (loss), net of tax		**208**		(276)
Total comprehensive income	$	**10,619**	$	16,825

W A J A X   C O R P O R A T I O N

C O N D E N S E D   C O N S O L I D A T E D   S T A T E M E N T S   O F
C H A N G E S   I N   S H A R E H O L D E R S ' E Q U I T Y

For the three months ended March 31, 2013 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) ("AOCL") Cash flow hedges		Total
January 1, 2013		$	106,651	4,346	130,944	(56)	$	241,885
Net earnings			-	-	10,411	-		10,411
Other comprehensive income			-	-	-	208		208
Total comprehensive income for the period			-	-	10,411	208		10,619
Dividends	6		-	-	(13,557)	-		(13,557)
Share-based compensation expense	7		-	184	-	-		184
March 31, 2013		**$**	**106,651**	**4,530**	**127,798**	**152**	**$**	**239,131**

W A J A X C O R P O R A T I O N

C O N D E N S E D C O N S O L I D A T E D S T A T E M E N T S O F C H A N G E S I N S H A R E H O L D E R S ' E Q U I T Y

						AOCL		
For the three months ended March 31, 2012 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Contributed surplus	Retained earnings	Cash flow hedges		Total
January 1, 2012		$	105,371	4,888	117,477	(150)	$	227,586
Net earnings			-	-	17,101	-		17,101
Other comprehensive loss			-	-	-	(276)		(276)
Total comprehensive income for the period			-	-	17,101	(276)		16,825
Dividends	6		-	-	(11,142)	-		(11,142)
Share-based compensation expense	7		-	151	-	-		151
March 31, 2012		$	105,371	5,039	123,436	(426)	$	233,420

W A J A X   C O R P O R A T I O N

C O N D E N S E D   C O N S O L I D A T E D   S T A T E M E N T S   O F   C A S H   F L O W S

FOR THE THREE MONTHS ENDED MARCH 31 (unaudited, in thousands of Canadian dollars)	Note	**2013**	2012
OPERATING ACTIVITIES			
Net earnings		**$ 10,411**	$ 17,101
Items not affecting cash flow:			
Depreciation and amortization			
Rental equipment		**2,221**	1,566
Property, plant and equipment		**2,122**	1,965
Intangible assets		**469**	366
(Gain)/loss on disposal of property, plant and equipment	5	**(5)**	51
Share rights plans compensation expense	7	**184**	151
Non-cash rental expense		**(129)**	(142)
Employee benefits expense (income), net of payments		**144**	(18)
Non-cash (gain) loss on derivative instruments		**(180)**	121
Finance costs		**1,729**	816
Income tax expense	8	**3,710**	6,248
		20,676	28,225
Changes in non-cash operating working capital	10	**5,974**	(51,258)
Rental equipment additions	4	**(3,344)**	(4,284)
Other non-current liabilities		**(1,614)**	(4,265)
Finance costs paid		**(1,764)**	(599)
Income taxes paid		**(50,549)**	(310)
Cash used in operating activities		**(30,621)**	(32,491)
INVESTING ACTIVITIES			
Property, plant and equipment additions	5	**(697)**	(1,209)
Proceeds on disposal of property, plant and equipment	5	**50**	40
Intangible assets additions		**(21)**	(11)
Cash used in investing activities		**(668)**	(1,180)
FINANCING ACTIVITIES			
Increase in bank debt		**54,000**	32,998
Finance lease payments		**(750)**	(986)
Dividends paid		**(13,557)**	(9,978)
Cash generated from financing activities		**39,693**	22,034
Change in cash		**8,404**	(11,637)
(Bank indebtedness) cash – beginning of period		**(10,195)**	5,659
Bank indebtedness – end of period		**$ (1,791)**	$ (5,978)

MARCH 31, 2013
(unaudited, amounts in thousands of Canadian dollars, except share and per share data)

1. COMPANY PROFILE

Wajax Corporation (the "Corporation") is incorporated in Canada. The address of the Corporation's registered office is 3280 Wharton Way, Mississauga, Ontario, Canada. The Corporation's core distribution businesses are engaged in the sale and after-sale parts and service support of equipment, power systems and industrial components, through a network of 129 branches across Canada. The Corporation is a multi-line distributor and represents a number of leading worldwide manufacturers across its core businesses. Its customer base is diversified, spanning natural resources, construction, transportation, manufacturing, industrial processing and utilities.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and do not include all of the disclosures required for full consolidated financial statements. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of Wajax Corporation for the year ended December 31, 2012. The significant accounting policies follow those disclosed in the most recently reported audited consolidated financial statements except as disclosed in Note 3.

Basis of measurement

The condensed consolidated financial statements have been prepared under the historical cost basis except for derivative financial instruments and liabilities for cash-settled share-based payment arrangements that have been measured at fair value. The employee benefit liability is recognized as the net of the pension plan assets less the present value of the defined benefit obligation.

Functional and presentation currency

These condensed consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise stated and except share and per share data.

3. CHANGE IN ACCOUNTING POLICIES

The following new standards have been adopted in the current year:

On January 1, 2013, the Corporation adopted the amendments to IFRS 7 *Offsetting Financial Assets and Liabilities*, which contains new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or are subject to master netting arrangements or similar arrangements. The impact on the disclosures in the condensed consolidated financial statements from adopting IFRS 7 was not material.

On January 1, 2013, the Corporation adopted IFRS 10 *Consolidated Financial Statements*, which establishes principles for the preparation and presentation of consolidated financial statements when an entity controls one or more other entities. There was no impact on the condensed consolidated financial statements from adopting IFRS 10.

On January 1, 2013, the Corporation adopted IFRS 13 *Fair Value Measurement*, which defines fair value and sets out a framework for measuring fair value when fair value measurements are required or permitted by other standards. It also requires disclosure of the valuation techniques and inputs for financial instruments measured at fair value. Since the Corporation has no material financial instruments measured at fair value, these disclosures have not been included in these condensed consolidated financial statements.

On January 1, 2013, the Corporation retrospectively adopted IAS 19R *Employee Benefits*, which requires recognition of actuarial gains and losses immediately in other comprehensive income, the full recognition of past service costs immediately in profit or loss, recognition of the expected return on plan assets in profit or loss to be calculated based on the rate used to discount the defined benefit obligation, and certain additional disclosures. Since the Corporation had previously selected a policy of recognizing actuarial gains and losses in other comprehensive income in the year in which they occur, no adjustment to prior years' financial statements was necessary. The impact on the current year condensed consolidated financial statements from adopting IAS 19R was not material.

4. RENTAL EQUIPMENT

During the three months ended March 31, 2013, the Corporation acquired rental equipment with a cost of $3,344 (2012 – $4,284). Rental equipment with a carrying amount of $468 (2012 – $311) ceased to be rented and was classified as held for sale in the normal course of business and transferred to inventories.

5. PROPERTY, PLANT AND EQUIPMENT

During the three months ended March 31, 2013, the Corporation acquired property, plant and equipment with a cost of $697 (2012 – $1,209). Assets with a carrying amount of $45 (2012 – $91) were disposed of, resulting in a gain on disposal of $5 (2012 – loss of $51).

6. DIVIDENDS DECLARED

During the three months ended March 31, 2013, the Corporation declared cash dividends of $0.81 per share or $13,557 (March 31, 2012, dividends of $0.67 per share or $11,142).

The Corporation has declared dividends of $0.20 per share or $3,347 for each of May, June and July 2013.

7. SHARE-BASED COMPENSATION PLANS

The Corporation has five share-based compensation plans: the Wajax Share Ownership Plan (“SOP”), the Deferred Share Program (“DSP”), the Directors’ Deferred Share Unit Plan (“DDSUP”), the Mid-Term Incentive Plan for Senior Executives (“MTIP”) and the Deferred Share Unit Plan (“DSUP”).

a) Share Rights Plans

The Corporation recorded compensation cost of $184 (2012 – $151) in respect of these plans.

Share Rights Plans	**March 31, 2013**			March 31, 2012		
	Number of Rights		Fair value at time of grant	Number of Rights		Fair value at time of grant
Outstanding at beginning of year	**254,952**	**$**	**4,932**	316,595	$	4,908
Granted in the period – new grants	**3,161**		**124**	2,951		145
– dividend equivalents	**4,816**		**-**	4,379		-
Settled in the period	**-**		**-**	-		-
Outstanding at end of period	**262,929**	**$**	**5,056**	323,925	$	5,053

At March 31, 2013, 247,798 share rights were vested (March 31, 2012 – 101,668).

b) Cash-settled rights plans

The Corporation recorded a compensation recovery of $87 (2012 – cost of $2,574) in respect of the share-based portion of the MTIP and DSUP. At March 31, 2013, the carrying amount of the share-based portion of these liabilities was $432 (March 31, 2012 – $6,064).

8. INCOME TAXES

Income tax expense comprises current and deferred tax as follows:

		2013		2012
Current	**$**	**4,920**	$	28,727
Deferred		**(1,210)**		(22,479)
Income tax expense	**$**	**3,710**	$	6,248

The calculation of current tax is based on a combined federal and provincial statutory income tax rate of 26.0% (2012 – 26.2%). The tax rate for the current year is 0.2% lower than 2012 due to the effect of the reduced statutory tax rates. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax assets and liabilities have been measured using an expected average combined statutory income tax rate of 26.0% based on the tax rates in years when the temporary differences are expected to reverse.

The reconciliation of effective income tax rate is as follows:

		2013		2012
Combined statutory income tax rate		**26.0%**		26.2%
Expected income tax expense at statutory rates	**$**	**3,671**	$	6,117
Non-deductible expenses		**144**		114
Deferred tax related to changes in tax law and rates		**-**		-
Other		**(105)**		17
Income tax expense	**$**	**3,710**	$	6,248

9. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

For the three months ended March 31		**2013**		2012
Numerator for basic and diluted earnings per share:				
– net earnings	**$**	**10,411**	$	17,101
Denominator for basic earnings per share: – weighted average shares		**16,736,447**		16,629,444
Denominator for diluted earnings per share:				
– weighted average shares		**16,736,447**		16,629,444
– effect of dilutive share rights		**244,821**		318,380
Denominator for diluted earnings per share		**16,981,268**		16,947,824
Basic earnings per share	**$**	**0.62**	$	1.03
Diluted earnings per share	**$**	**0.61**	$	1.01

No share rights were excluded from the above calculations as none were anti-dilutive.

10. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

		2013		2012
Trade and other receivables	$	**1,954**	$	(19,377)
Inventories		**(10,743)**		(28,243)
Prepaid expenses		**935**		(2,867)
Accounts payable and accrued liabilities		**14,776**		(357)
Provisions		**(948)**		(414)
Total	$	**5,974**	$	(51,258)

11. OPERATING SEGMENTS

The Corporation operates through a network of 129 branches in Canada in three core businesses which reflect the internal organization and management structure according to the nature of the products and services provided. The Corporation's three core businesses are: i) the distribution, modification and servicing of equipment; ii) the distribution, servicing and assembly of power systems; and iii) the distribution, servicing and assembly of industrial components.

For the three months ended March 31, 2013		Equipment		Power Systems		Industrial Components		Segment Eliminations and Unallocated Amounts		Total
Equipment	$	**82,968**	$	**27,823**	$	**-**	$	**-**	$	**110,791**
Parts		**44,201**		**33,600**		**85,236**		**-**		**163,037**
Service		**27,899**		**16,128**		**4,518**		**-**		**48,545**
Rental and other		**12,321**		**2,309**		**-**		**(735)**		**13,895**
Revenue	$	**167,389**	$	**79,860**	$	**89,754**	$	**(735)**	$	**336,268**
Segment earnings before finance costs and income taxes	$	**9,917**	$	**4,066**	$	**3,730**	$		$	**17,713**
Corporate costs and eliminations								**(1,863)**		**(1,863)**
Earnings before finance costs and income taxes		**9,917**		**4,066**		**3,730**		**(1,863)**		**15,850**
Finance costs								**1,729**		**1,729**
Income tax expense								**3,710**		**3,710**
Net earnings	$	**9,917**	$	**4,066**	$	**3,730**	$	**(7,302)**	$	**10,411**

Segment assets excluding intangible assets	$	**324,342**	$	**141,409**	$	**123,926**	$		$	**589,677**
Intangible assets		**21,811**		**14,418**		**50,991**				**87,220**
Corporate and other assets								**5,107**		**5,107**
Total assets	$	**346,153**	$	**155,827**	$	**174,917**	$	**5,107**	$	**682,004**

Segment liabilities	$	**123,421**	$	**48,584**	$	**49,375**	$		$	**221,380**
Corporate and other liabilities								**221,493**		**221,493**
Total liabilities	$	**123,421**	$	**48,584**	$	**49,375**	$	**221,493**	$	**442,873**

For the three months ended March 31, 2012	Equipment	Power Systems	Industrial Components	Segment Eliminations and Unallocated Amounts	Total
Equipment	$ 98,710	$ 39,025	$ -	$ -	$ 137,735
Parts	40,709	38,348	88,120	-	167,177
Service	23,374	17,081	5,161	-	45,616
Rental and other	7,573	1,448	-	(1,473)	7,548
Revenue	$ 170,366	$ 95,902	$ 93,281	$ (1,473)	$ 358,076
Segment earnings before finance costs and income taxes	$ 13,139	$ 8,687	$ 6,807	$	$ 28,633
Corporate costs and eliminations				(4,468)	(4,468)
Earnings before finance costs and income taxes	13,139	8,687	6,807	(4,468)	24,165
Finance costs				816	816
Income tax expense				6,248	6,248
Net earnings	$ 13,139	$ 8,687	$ 6,807	$ (11,532)	$ 17,101

Segment assets excluding intangible assets	$ 283,616	$ 148,744	$ 120,296	$	$ 552,656
Intangible assets	22,025	14,683	47,412	18	84,138
Corporate and other assets				5,045	5,045
Total assets	$ 305,641	$ 163,427	$ 167,708	$ 5,063	$ 641,839

Segment liabilities	$ 153,511	$ 58,152	$ 48,726	$	$ 260,389
Corporate and other liabilities				148,030	148,030
Total liabilities	$ 153,511	$ 58,152	$ 48,726	$ 148,030	$ 408,419

Segment assets do not include assets associated with the corporate office, financing costs or income taxes. Additions to corporate assets, and depreciation of these assets, are included in segment eliminations and unallocated amounts.