

FIRST QUARTER REPORT TO SHAREHOLDERS

FOR THE THREE MONTHS ENDED
MARCH 31, 2014

W A J A X C O R P O R A T I O N 2 0 1 4





WAJAX CORPORATION
News Release

TSX Symbol: WJX

**WAJAX ANNOUNCES
2014 FIRST QUARTER RESULTS**

(Dollars in millions, except per share data)

CONSOLIDATED RESULTS

Revenue

Net earnings

Basic earnings per share

SEGMENTS

Revenue – Equipment

- Power Systems

- Industrial Components

Earnings – Equipment ⁽¹⁾

% margin

- Power Systems ⁽¹⁾

% margin

- Industrial Components ⁽¹⁾

% margin

(1) Segment earnings before finance costs and income taxes.

Three Months Ended March 31	
2014	2013
\$331.4	\$336.3
\$6.7	\$10.4
\$0.40	\$0.62
\$165.6	\$167.4
\$77.1	\$79.9
\$91.0	\$89.8
\$10.0	\$9.9
6.0%	5.9%
\$3.5	\$4.1
4.5%	5.1%
\$1.9	\$3.7
2.1%	4.2%

Toronto, Ontario – May 6, 2014 – Wajax Corporation (“Wajax” or the “Corporation”) today announced its 2014 first quarter results.

First Quarter Highlights

- Consolidated first quarter revenue of \$331.4 million decreased \$4.9 million, or 1%, compared to last year. Equipment segment revenue decreased 1% from last year, while Industrial Components segment revenue increased 1%. Power Systems segment revenue decreased 4% compared to last year, primarily on weaker activity in the western Canada oil and gas sector.
- Net earnings for the quarter of \$6.7 million, or \$0.40 per share, decreased \$3.7 million compared to \$10.4 million, or \$0.62 per share recorded in 2013. Equipment segment earnings increased slightly to \$10.0 million and Power Systems segment earnings declined \$0.6 million to \$3.5 million on lower volume and slightly higher selling and administrative costs. Industrial Components segment earnings declined \$1.8 million, to \$1.9 million. Earnings in this segment were negatively impacted by reduced gross margins stemming from an unfavourable sales mix, a competitive pricing environment and a

foreign exchange adjustment on U.S. dollar purchases. Additionally, selling and administrative expenses in the segment increased mainly as a result of higher severance costs.

On a consolidated basis, selling and administrative costs were negatively impacted by \$1.3 million of increased severance costs. Financing costs also rose \$1.5 million as a result of an increase in the cost of debt and higher levels of outstanding debt.

- Consolidated backlog at March 31, 2014 of \$157.8 million increased 2% compared to December 31, 2013.
- Funded net debt of \$217.8 million at March 31, 2014 increased \$12.8 million in the quarter as a result of cash used in operating activities and the payment of dividends.

Wajax also announced that 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 2014, Mark Foote, President and CEO, stated:

“First quarter earnings were less than expected, with the vast majority of the shortfall occurring in the first two months. The year began slowly from a revenue standpoint and we absorbed a \$1.3 million increase in severance costs in the quarter.

While we continue to expect 2014 to be a challenging year without a marked improvement in the key markets of mining and oil and gas, first quarter earnings are not representative of our current outlook for the full year. Heading into the second quarter we are experiencing some growth in backlog at Industrial Components and we are implementing measures to lower costs to partially offset our continued investment in growth initiatives. Demand from mining markets continues to be soft with activity being reduced or curtailed at some sites, however, quoting activity in the oil sands remains at a reasonable level. Oil and gas markets continue to be at cyclically low levels regarding investment in new drilling and fracing capacity but, with rig utilization improving, there is some room for optimism regarding the need for equipment refurbishment and future capacity investment. As a result, we have maintained our monthly dividend at \$0.20 per share, keeping to our guideline of paying out at least 75% of current year expected earnings.

We remain very confident in our opportunities for growth and we will continue to invest with a view to the long-term while respecting current challenges and maintaining a strong focus on costs, assets and our level of debt.”

Wajax Corporation

Wajax is a leading Canadian distributor engaged in the sale, rental and after-sale parts and service support of equipment, power systems and industrial components, through a network of 124 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.

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 the second quarter and the remainder of 2014, including with respect to several of our key end markets, such as mining and oil and gas, our full-year financial performance, our cost reduction activities, our investment in our strategic growth initiatives and the management of our total costs, asset base and debt level. 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, 2013, filed on SEDAR.

Management's Discussion and Analysis – Q1 2014

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, 2014. 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, 2014, the annual audited Consolidated Financial Statements and accompanying notes for the year ended December 31, 2013 and the associated MD&A. Information contained in this MD&A is based on information available to management as of May 6, 2014.

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, 2014, 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, 2014, 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 its 1992 version of 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, 2014 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, our objective with respect to the future payment of dividends, our financing and capital requirements, as well as our capital structure and leverage ratio, our outlook for the second quarter and the remainder of 2014, including with respect to several of our key end markets, such as mining and oil and gas, our full year financial performance, our cost reduction activities, our investment in our strategic growth initiatives, and the management of our total costs, asset base and debt level. 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, 2013, 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, rental and after-sale parts and service support of mobile equipment, power systems and industrial components through a network of 124 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 current year expected net earnings. Planned organic growth initiatives include those that are achieved within the normal scope, resources and markets of each core business, and other growth opportunities that are seen 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 prudent capital structure.

Consolidated Results

For the three months ended March 31	2014		2013	
Revenue	\$	331.4	\$	336.3
Gross profit	\$	69.7	\$	70.2
Selling and administrative expenses	\$	57.3	\$	54.3
Earnings before finance costs and income taxes ⁽¹⁾	\$	12.3	\$	15.9
Finance costs	\$	3.2	\$	1.7
Earnings before income taxes ⁽¹⁾	\$	9.1	\$	14.1
Income tax expense	\$	2.5	\$	3.7
Net earnings	\$	6.7	\$	10.4
Basic earnings per share	\$	0.40	\$	0.62
Diluted earnings per share	\$	0.39	\$	0.61

(1) See the Non-GAAP and Additional GAAP Measures section.

Weakness in oil and gas sector activity in western Canada continued to impact both Power Systems and Industrial Components segment revenues in the first quarter of 2014. Notwithstanding this, the Power Systems segment experienced an increase in oil and gas related backlog during the quarter.

Although mining activity, including the oil sands market, remained soft during the quarter, mining sector sales were somewhat higher than last year in both the Equipment and Industrial Components segments. In addition, quoting activity in the oil sands has remained at a reasonable level.

The Equipment segment was positively impacted in the quarter by increased demand for forestry equipment, but was negatively impacted by market pricing pressures from competitors who have re-introduced less expensive tier III product into the Canadian construction market and by weaker excavator markets in western Canada. The Industrial Components segment continued to be impacted by competitive pricing pressures in number of its key markets.

Revenue

Revenue in the first quarter of 2014 decreased 1%, or \$4.9 million, from \$336.3 million in 2013. Equipment segment revenue decreased 1%, or \$1.8 million, due mainly to lower equipment volumes. Power Systems' segment revenue decreased 4%, or \$2.8 million, as lower volumes to off-highway customers more than offset gains in power generation and on-highway revenues. Segment revenue in Industrial Components increased 1%, or \$1.2 million.

Gross profit

Lower volumes were the primary contributors to the \$0.5 million, or 1%, decline in gross profit in the first quarter of 2014 compared to last year. The gross profit margin percentage of 21.0% remained essentially flat to last year.

Selling and administrative expenses

Selling and administrative expenses increased \$3.0 million in the first quarter of 2014, compared to the same quarter last year. This was due mainly to higher personnel related costs, including a \$1.3 million increase in severance costs and higher annual employee incentive accruals. Selling and administrative expenses as a percentage of revenue increased to 17.3% in 2014 from 16.2% in 2013.

Finance costs

Quarterly finance costs of \$3.2 million increased \$1.5 million compared to 2013 due to the higher cost of borrowing and higher funded debt levels outstanding during the quarter. The higher cost of borrowing was due primarily to the Corporation's issuance of \$125 million of senior notes on October 23, 2013. See the Liquidity and Capital Resources section below.

Income tax expense

The Corporation's effective income tax rate of 27.1% for the quarter increased from 26.3% the previous year due to the reversal of certain tax accruals in 2013.

Net earnings

Quarterly net earnings decreased \$3.7 million to \$6.7 million, or \$0.40 per share, from \$10.4 million, or \$0.62 per share, in the same quarter of 2013. The decrease in net earnings resulted primarily from lower volumes and higher selling and administrative expenses and finance costs compared to last year.

Comprehensive income

Total comprehensive income of \$6.8 million in the first quarter of 2014 included net earnings of \$6.7 million and other comprehensive income of \$0.1 million.

Funded net debt

Funded net debt of \$217.8 million at March 31, 2014 increased \$12.8 million compared to \$205.0 million at December 31, 2013. The increases in the quarter were comprised mainly of cash used in operating activities of \$1.1 million and dividends paid of \$10.0 million. Wajax's leverage ratio of 2.36 times at March 31, 2014 increased from the December 31, 2013 ratio of 2.15 times. See the Consolidated Financial Condition and the Non-GAAP and Additional GAAP Measures sections below.

Dividends

For the first quarter ended March 31, 2014, monthly dividends declared totaled \$0.60 per share. For the first quarter ended March 31, 2013, monthly dividends declared totaled \$0.81 per share.

On March 4, 2014, Wajax announced a monthly dividend of \$0.20 per share (\$2.40 annualized) for the month of April payable on May 20, 2014 to shareholders of record on April 30, 2014. On May 6, 2014 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, 2014, July 21, 2014 and August 20, 2014 to shareholders of record on May 30, 2014, June 30, 2014 and July 31, 2014, respectively. See Strategic Direction and Outlook section.

Backlog

Consolidated backlog at March 31, 2014 of \$157.8 million increased \$2.7 million, or 2%, from \$155.1 million at December 31, 2013 on increases in the Equipment and Industrial Components segments offset partially by a decrease in the Power Systems segment. Consolidated backlog decreased \$22.3 million, or 12%, compared to March 31, 2013 on reductions in all segments. Backlog includes the total sales value of customer purchase commitments for future delivery or commissioning. See the Results of Operations section below for further backlog detail by segment.

Results of Operations

Equipment

For the three months ended March 31	2014	2013
Equipment ⁽¹⁾	\$ 93.3	\$ 95.4
Parts and service	\$ 72.3	\$ 72.0
Segment revenue	\$ 165.6	\$ 167.4
Segment earnings ⁽²⁾	\$ 10.0	\$ 9.9
Segment earnings margin	6.0%	5.9%

(1) Includes rental and other revenue.

(2) Earnings before finance costs and income taxes.

Revenue in the first quarter of 2014 decreased 1%, or \$1.8 million, to \$165.6 million from \$167.4 million in the first quarter of 2013. Segment earnings for the quarter increased \$0.1 million, to \$10.0 million, compared to the first quarter of 2013. The following factors contributed to the Equipment segment's first quarter results:

- Equipment revenue for the first quarter decreased \$2.1 million compared to the same quarter last year with specific quarter-over-quarter variances as follows:
 - Mining equipment sales increased \$3.7 million due to additional deliveries in western Canada.
 - Forestry equipment revenue increased \$1.9 million as strength in the lumber market led to higher market demand for Tigercat equipment in all regions.
 - Crane and utility equipment revenue increased \$0.9 million attributable to higher crane sales in western Canada.
 - Construction equipment revenue decreased \$6.7 million mainly as a result of decreases in Hitachi excavator sales in western Canada, due to lower demand and market pricing pressures from competitors who have re-introduced less expensive tier III product into the Canadian market. These decreases were partially offset by an increase in JCB equipment volumes in eastern Canada and higher road building equipment volumes in central Canada.
 - Material handling equipment revenue decreased \$1.9 million primarily as a result of the sale in 2013 of high dollar value reach stacker units not repeated this year.
- Parts and service volumes for the first quarter increased \$0.3 million compared to the same quarter last year.
- Segment earnings for the first quarter increased \$0.1 million, to \$10.0 million, compared to the same quarter last year. The impact of higher equipment and product support margins, due to product mix, slightly offset the negative impact of lower volumes and increased selling and administrative expenses. Selling and administrative expenses increased \$1.0 million and included \$0.6 million of higher severance costs compared to last year.

Backlog of \$78.5 million at March 31, 2014 increased \$2.5 million compared to December 31, 2013, due mainly to increases in material handling and construction orders. Backlog decreased \$11.3 million compared to March 31, 2013 due mainly to a decline in mining equipment orders.

Power Systems

For the three months ended March 31	2014	2013
Equipment ⁽¹⁾	\$ 25.3	\$ 30.1
Parts and service	\$ 51.8	\$ 49.8
Segment revenue	\$ 77.1	\$ 79.9
Segment earnings ⁽²⁾	\$ 3.5	\$ 4.1
Segment earnings margin	4.5%	5.1%

(1) Includes rental and other revenue.

(2) Earnings before finance costs and income taxes.

Revenue in the first quarter of 2014 decreased \$2.8 million, or 4%, to \$77.1 million compared to \$79.9 million in the same quarter of 2013. Segment earnings decreased \$0.6 million to \$3.5 million in the first quarter compared to the same quarter in the previous year. The following factors impacted quarter-over-quarter revenue and earnings:

- Equipment revenue decreased \$4.8 million due mainly to lower off-highway sales to oil and gas customers in western Canada and marine customers in eastern Canada. These decreases were somewhat offset by higher power generation volumes in central and western Canada.
- Parts and service volumes increased \$2.0 million compared to the same quarter last year as a result of increased sales to on-highway customers, primarily in western and central Canada, and higher power generation volumes in all regions.
- Segment earnings decreased \$0.6 million compared to the same quarter last year due to the impact of reduced sales activity and a \$0.3 million increase in selling and administrative expenses.

Backlog of \$41.3 million as of March 31, 2014 decreased \$4.3 million compared to December 31, 2013. Lower power generation backlog in western and central Canada was offset by an increase in oil and gas related off-highway orders in western Canada. Backlog decreased \$5.5 million compared to March 31, 2013.

Industrial Components

For the three months ended March 31	2014	2013
Segment revenue	\$ 91.0	\$ 89.8
Segment earnings ⁽¹⁾	\$ 1.9	\$ 3.7
Segment earnings margin	2.1%	4.2%

(1) Earnings before finance costs and income taxes.

Revenue of \$91.0 million in the first quarter of 2014 increased \$1.2 million, or 1%, from \$89.8 million in the first quarter of 2013. Segment earnings decreased \$1.8 million to \$1.9 million in the first quarter of 2014 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 \$2.5 million, or 5%, compared to the same quarter last year driven by higher sales to mining and metal processing customers in eastern Canada and increased sales to industrial sector customers in all regions.
- Fluid power and process equipment products and service revenue in the first quarter of 2014 decreased \$1.3 million, or 3%, compared to the same quarter last year. The decrease was due mainly to reduced oil and gas and construction sector sales in western Canada, offset somewhat by higher transportation sector sales in eastern Canada.

- Segment earnings in the first quarter of 2014 decreased \$1.8 million compared to the same quarter last year. The positive impact of higher volumes was offset by lower gross profit margins and a \$0.8 million increase in selling and administrative expenses. The decline in gross profit margins resulted mainly from product mix, foreign exchange rate adjustments on US dollar part purchases and competitive market pressures. The increase in selling and administrative expenses was attributed mainly to higher personnel costs including \$0.5 million of additional severance costs compared to last year.

Backlog of \$38.0 million as of March 31, 2014 increased \$4.5 million compared to December 31, 2013, driven by higher orders in western and central Canada. Backlog decreased \$5.5 million compared to March 31, 2013.

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 2013 annual audited Consolidated Financial Statements.

	2014	2013				2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$ 331.4	\$ 391.7	\$ 338.5	\$ 362.0	\$ 336.3	\$ 364.9	\$ 356.4	\$ 386.6
Net earnings	\$ 6.7	\$ 12.2	\$ 11.6	\$ 13.5	\$ 10.4	\$ 14.2	\$ 16.2	\$ 18.5
Net earnings per share								
- Basic	\$ 0.40	\$ 0.73	\$ 0.69	\$ 0.81	\$ 0.62	\$ 0.85	\$ 0.97	\$ 1.11
- Diluted	\$ 0.39	\$ 0.72	\$ 0.68	\$ 0.80	\$ 0.61	\$ 0.84	\$ 0.95	\$ 1.09

Quarterly fluctuations in revenue and net earnings are difficult to predict. A normally weaker first quarter for the Equipment segment can be offset by seasonally stronger activity in the oil and gas sector, primarily affecting the Power Systems and Industrial Components segments. As well, large deliveries of mining trucks and shovels and power generation packages can shift the revenue and net earnings throughout the year.

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

Consolidated Financial Condition

Capital Structure and Key Financial Condition Measures

(\$millions, except ratio calculations)	March 31 2014	December 31 2013	March 31 2013
Shareholders' equity	\$ 244.1	\$ 247.2	\$ 239.1
Funded net debt ⁽¹⁾	217.8	205.0	219.0
Total capital	\$ 461.9	\$ 452.2	\$ 458.1
Funded net debt to total capital ⁽¹⁾	47.2%	45.3%	47.8%
Leverage ratio ⁽¹⁾	2.36	2.15	2.1

(1) See Non-GAAP and Additional GAAP Measures section.

The Corporation's objective is to manage the capital structure 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. See the Funded Net Debt section below.

In addition, the Corporation's tolerance to interest rate risk decreases/increases as the Corporation's leverage ratio increases/decreases. At March 31, 2014, \$125 million of the Corporation's funded net debt, or 57%, was at a fixed interest rate which is within the Corporation's interest rate risk policy. See the Liquidity and Capital Resources section.

Shareholders' Equity

The Corporation's shareholders' equity at March 31, 2014 of \$244.1 million decreased \$3.1 million from December 31, 2013, as dividends declared during the quarter exceeded earnings. For the twelve months ending March 31, 2014 the Corporation's shareholder's equity increased \$5.0 million, as earnings exceeded dividends declared during the period.

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

Issued and fully paid common shares as at March 31, 2014	Number	Amount
Balance at the beginning of the quarter	16,743,520	\$ 106.7
Rights exercised	35,363	0.8
Balance at the end of the quarter	16,778,883	\$ 107.5

At the date of this MD&A, the Corporation had 16,778,883 common shares outstanding.

At March 31, 2014, Wajax had four share-based compensation plans; the Wajax Share Ownership Plan ("SOP"), the Directors' Deferred Share Unit Plan ("DDSUP"), the Mid-Term Incentive Plan for Senior Executives ("MTIP") and the Deferred Share Unit Plan ("DSUP"). During the quarter all of the outstanding Deferred Share Program ("DSP") rights were settled. SOP, DSP and DDSUP rights are issued to the participants and are settled by issuing Wajax Corporation shares on a one-for-one basis. As of March 31, 2014, there were 255,476 (2013 – 262,629) SOP, DSP and DDSUP rights outstanding. 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 \$0.4 million for the quarter (2013 – \$0.1 million) in respect of these plans.

Funded Net Debt

(\$millions)	March 31 2014	December 31 2013	March 31 2013
Bank indebtedness (cash)	\$ 4.0	\$ (4.2)	\$ 1.8
Obligations under finance lease	12.7	13.3	11.4
Long-term debt	201.1	195.9	205.8
Funded net debt⁽¹⁾	\$ 217.8	\$ 205.0	\$ 219.0

(1) See the Non-GAAP and Additional GAAP Measures section.

Funded net debt of \$217.8 million at March 31, 2014 increased \$12.8 million compared to December 31, 2013 and decreased \$1.2 million compared to March 31, 2013. The increase during the quarter was due primarily to \$1.1 million of cash used in operating activities and dividends paid of \$10.0 million. The cash used in operating activities of \$1.1 million included increases in non-cash working capital of \$7.0 million and rental fleet additions of \$6.8 million.

The Corporation's ratio of funded net debt to capital increased to 47.2% at March 31, 2014 from 45.3% at December 31, 2013 driven by the higher funded net debt level.

The Corporation's leverage ratio of 2.36 times at March 31, 2014 increased from the December 31, 2013 ratio of 2.15 times due to the combined impact of lower EBITDA for the year and higher funded net debt outstanding.

See the Liquidity and Capital Resources and the Non-GAAP and Additional GAAP Measures sections below.

Financial Instruments

Wajax uses derivative financial instruments in the management of its foreign currency and interest rate exposures. Wajax's policy restricts the use of derivative financial instruments for trading or speculative purposes. Significant derivative financial instruments outstanding at the end of the period 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 certain foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. As at March 31, 2014, Wajax had contracts outstanding to buy U.S. \$35.5 million (December 31, 2013 – to buy U.S. \$31.1 million). The U.S. dollar contracts expire between April 2014 and February 2015, with a weighted average U.S./Canadian dollar rate of 1.0927.

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. A change in foreign currency, relative to the Canadian dollar, on transactions with customers that include unhedged foreign currency exposures is not expected to have a material impact on the Corporation's results of operations or financial condition.

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, 2013.

Off Balance Sheet Financing

Off balance sheet financing arrangements include operating lease contracts for facilities with various landlords and other equipment related mainly to office equipment. There have been no material changes to the Corporation's total obligations for all operating leases since December 31, 2013. See the Contractual Obligations section above.

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 \$67.6 million (2013 – \$85.6 million) of consigned inventory on-hand from a major manufacturer at March 31, 2014. 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, senior notes and cash generated from operations.

Bank and Non-bank Credit Facilities and Senior Notes

At March 31, 2014, Wajax had borrowed \$80.0 million and issued \$5.8 million of letters of credit for a total utilization of \$85.8 million of its \$250 million bank credit facility. In addition, Wajax had \$125 million of senior notes outstanding. Borrowing capacity under the bank credit facility is dependent on the level of inventories on-hand and outstanding trade accounts receivables. At March 31, 2014, borrowing capacity under the bank credit facility was equal to \$250 million.

The bank credit facility contains customary restrictive covenants including limitations on the payment of cash dividends and the maintenance of certain financial ratios all of which were met as at March 31, 2014. Wajax is restricted from the declaration of monthly dividends in the event the Corporation's leverage ratio, as defined in the bank credit facility agreement, exceeds three times.

The senior notes are unsecured and contain customary incurrence based covenants that, although different from those under the bank credit facility described above, are not expected to be any more restrictive than under the bank credit facility. All covenants were met as at March 31, 2014.

Under the terms of the 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 three non-bank lenders. At March 31, 2014 Wajax had no utilization of the interest bearing equipment financing facilities.

As of May 6, 2014, Wajax's \$250 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. However, Wajax may be required to access the equity or debt markets or reduce dividends 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, 2014 and March 31, 2013.

(\$millions)	March 31 2014	March 31 2013	Change
Net earnings	\$ 6.7	\$ 10.4	\$ (3.7)
Items not affecting cash flow	11.2	10.3	0.9
Net change in non-cash operating working capital	(7.0)	6.0	(13.0)
Income taxes paid	(4.4)	(50.5)	46.1
Other cash items ⁽¹⁾	(7.6)	(6.7)	(0.9)
Cash used in operating activities	\$ (1.1)	\$ (30.6)	\$ 29.5
Cash used in investing activities	\$ (1.1)	\$ (0.7)	\$ (0.4)
Cash (used in) generated from financing activities	\$ (5.9)	\$ 39.7	\$ (45.6)

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

Cash (Used In) Generated From Operating Activities

Cash flows used in operating activities amounted to \$1.1 million in the first quarter of 2014, compared to \$30.6 million in the same quarter of the previous year. The reduction of \$29.5 million was mainly attributed to lower income taxes paid in the quarter of \$46.1 million partially offset by a use of working capital of \$7.0 million in 2014 compared to \$6.0 million of cash generated from changes in non-cash working capital in 2013.

Other cash items include rental equipment additions of \$6.8 million (2013 – \$3.3 million) related to lift trucks in the Equipment segment and power generation equipment in the Power Systems segment.

Significant components of non-cash operating working capital, along with changes for the three months ended March 31, 2014 and March 31, 2013 include the following:

(\$millions)	March 31 2014	March 31 2013
Changes in Non-cash Operating Working Capital ⁽¹⁾		
Trade and other receivables	\$ 7.4	\$ 2.0
Inventories	(13.9)	(10.7)
Prepaid expenses	(2.0)	0.9
Accounts payable and accrued liabilities	3.2	14.8
Provisions	(1.8)	(1.0)
Total Changes in Non-cash Operating Working Capital	\$ (7.0)	\$ 6.0

(1) Increase (decrease) in cash flow

Significant components of the changes in non-cash operating working capital for the quarter ended March 31, 2014 compared to the quarter ended March 31, 2013 are as follows:

- Trade and other receivables decreased \$7.4 million in 2014 compared to a decrease of \$2.0 million in 2013. The decrease in 2014 was mainly attributable to the collection of a large power generation related receivable in the Power Systems segment in central Canada.
- Inventories increased \$13.9 million in 2014 compared to an increase of \$10.7 million in 2013. The increase in 2014 was due mainly to higher inventory in the Equipment segment.

- Accounts payable and accrued liabilities increased \$3.2 million in 2014 compared to an increase of \$14.8 million in 2013. The increase in 2014 resulted primarily from higher trade payables in the Equipment segment reduced somewhat by the payment of prior year annual and mid-term incentive accruals.

Investing Activities

During the first quarter of 2014, Wajax invested \$1.1 million in property, plant and equipment additions, net of disposals, compared to \$0.6 million in the first quarter of 2013.

Financing Activities

The Corporation used \$5.9 million of cash from financing activities in the first quarter of 2014 compared to \$39.7 million of cash generated in the same quarter of 2013. Financing activities in the quarter included a net bank credit facility drawdown of \$5.0 million (2013 – \$54.0 million), for general corporate purposes, offset by dividends paid to shareholders totaling \$10.0 million (2013 – \$13.6 million) and finance lease payments of \$0.8 million (2013 – \$0.8 million).

Dividends

Dividends to shareholders were declared as follows:

Record Date	Payment Date	Per Share	Amount
January 31, 2014	February 20, 2014	\$ 0.20	\$ 3.3
February 28, 2014	March 20, 2014	0.20	3.3
March 31, 2014	April 21, 2014	0.20	3.4
Three months ended March 31, 2014		\$ 0.60	\$ 10.0

On March 4, 2014, Wajax announced a monthly dividend of \$0.20 per share (\$2.40 annualized) for the month of April payable on May 20, 2014 to shareholders of record on April 30, 2014.

On May 6, 2014, 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, 2014, July 21, 2014 and August 20, 2014 to shareholders of record on May 30, 2014, June 30, 2013 and July 31, 2013 respectively. See the Strategic Direction and Outlook section.

Non-GAAP and Additional GAAP Measures

The MD&A contains certain non-GAAP and additional GAAP measures that do not have a standardized meaning prescribed by GAAP. 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 net earnings or to cash flow from operating, investing, and financing activities determined in accordance with GAAP as indicators of the Corporation's performance. The Corporation's management believes that:

- (i) these measures are commonly reported and widely used by investors,
- (ii) the non-GAAP measures are commonly used as an indicator of a company's cash operating performance and ability to raise and service debt, and
- (iii) the additional GAAP measures are commonly used to assess a company's earnings performance excluding its capital and tax structures.

Non-GAAP financial measures are identified and defined below:

Funded net debt	Funded net debt includes bank indebtedness, long-term debt and obligations under finance leases, net of cash.
EBITDA	Net earnings before finance costs, income tax expense, depreciation and amortization.
Leverage ratio	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.
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.

Additional GAAP measures are identified and defined below:

Earnings before finance costs and income taxes (EBIT)	Earnings before finance costs and income taxes, as presented on the Consolidated Statements of Earnings
Earnings before income taxes (EBT)	Earnings before income taxes, as presented on the Consolidated Statements of Earnings.

Reconciliation of the Corporation's net earnings to EBT, EBIT and EBITDA is as follows:

	For the twelve months ended March 31 2014	For the twelve months ended December 31 2013	For the twelve months ended March 31 2013
Net earnings	\$ 43.9	\$ 47.7	\$ 59.2
Income tax expense	15.8	17.0	21.2
EBT	59.7	64.7	80.4
Finance costs	10.4	9.0	5.4
EBIT	70.1	73.7	85.8
Depreciation and amortization	22.2	21.6	18.7
EBITDA	\$ 92.3	\$ 95.3	\$ 104.5

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

	March 31 2014	December 31 2013	Mach 31 2013
Bank indebtedness (cash)	\$ 4.0	\$ (4.2)	\$ 1.8
Obligations under finance leases	12.7	13.3	11.4
Long-term debt	201.1	195.9	205.8
Funded net debt⁽¹⁾	\$ 217.8	\$ 205.0	\$ 219.0
Leverage ratio⁽¹⁾⁽²⁾	2.36	2.15	2.1

(1) See the Non-GAAP and Additional GAAP Measures section.

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

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 and goodwill and intangible assets. In preparing the financial statements for the quarter ended March 31, 2014, 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, 2013 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, 2014, the Corporation adopted the amendments to IAS 32 Offsetting Financial Assets and Liabilities, which clarifies when an entity has a right to set-off and when a settlement mechanism provides for net settlement or gross settlement. The impact on the current year's condensed consolidated financial statements from adopting IAS 32 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, 2014 and have not been applied in preparing these consolidated financial statements.

It is currently anticipated that 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 mandatory effective date has been tentatively set at January 1, 2018. 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, 2013 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, 2013.

Strategic Direction and Outlook

First quarter earnings were less than expected, with the vast majority of the shortfall occurring in the first two months. The year began slowly from a revenue standpoint and included a \$1.3 million increase in severance costs in the quarter.

While management continues to expect 2014 to be a challenging year without a marked improvement in the key markets of mining and oil and gas, first quarter earnings are not representative of its current outlook for the full year. Heading into the second quarter the Corporation is experiencing some growth in backlog at Industrial Components and is implementing measures to lower costs to partially offset its continued investment in growth initiatives. Demand from mining markets continues to be soft with activity being reduced or curtailed at some sites, however, quoting activity in the oil sands remains at a reasonable level. Oil and gas markets continue to be at cyclically low levels regarding investment in new drilling and fracing capacity but, with rig utilization improving, there is some room for optimism regarding the need for equipment refurbishment and future capacity investment. As a result, the Corporation has maintained its monthly dividend at \$0.20 per share, keeping to its guideline of paying out at least 75% of current year expected earnings.

Management remains very confident in opportunities for growth and will continue to invest with a view to the long-term while respecting current challenges and maintaining a strong focus on costs, assets and the Corporation's level of debt.

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, 2014

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, 2014	December 31, 2013
ASSETS			
CURRENT			
Cash		\$ -	\$ 4,153
Trade and other receivables		180,549	187,974
Inventories		303,334	289,299
Income taxes receivable		2,595	203
Prepaid expenses		7,931	5,980
Derivative instruments		543	323
		494,952	487,932
NON-CURRENT			
Rental equipment	4	56,071	52,285
Property, plant and equipment	5	49,092	49,716
Intangible assets		85,512	85,944
Deferred taxes	9	594	1,076
		191,269	189,021
		\$ 686,221	\$ 676,953
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Bank indebtedness		\$ 3,992	\$ -
Accounts payable and accrued liabilities		206,282	201,122
Provisions		5,165	7,011
Dividends payable	7	3,356	3,349
Obligations under finance leases		4,085	4,053
		222,880	215,535
NON-CURRENT			
Provisions		3,394	2,939
Employee benefits		5,656	5,549
Other liabilities		456	624
Obligations under finance leases		8,663	9,208
Long-term debt		201,073	195,906
		219,242	214,226
SHAREHOLDERS' EQUITY			
Share capital	6	107,454	106,704
Contributed surplus		4,505	5,058
Retained earnings		131,930	135,317
Accumulated other comprehensive income		210	113
Total shareholders' equity		244,099	247,192
		\$ 686,221	\$ 676,953

These condensed consolidated financial statements were approved by the Board of Directors on May 6, 2014.

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
E A R N I N G S

FOR THE THREE MONTHS ENDED MARCH 31
(unaudited, in thousands of Canadian dollars, except
per share data)

	Note	2014	2013
Revenue		\$ 331,360	\$ 336,268
Cost of sales		261,700	266,070
Gross profit		69,660	70,198
Selling and administrative expenses		57,330	54,348
Earnings before finance costs and income taxes		12,330	15,850
Finance costs		3,184	1,729
Earnings before income taxes		9,146	14,121
Income tax expense	9	2,480	3,710
Net earnings		\$ 6,666	\$ 10,411
Basic earnings per share	10	\$ 0.40	\$ 0.62
Diluted earnings per share	10	\$ 0.39	\$ 0.61

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 O M P R E H E N S I V E I N C O M E

FOR THE THREE MONTHS ENDED MARCH 31
(unaudited, in thousands of Canadian dollars)

	2014	2013
Net earnings	\$ 6,666	\$ 10,411
Items that may subsequently be reclassified to income		
(Gains) 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 expense of \$36 (2013 – tax recovery of \$25)	(100)	70
Gains on derivative instruments outstanding at the end of the period designated as cash flow hedges, net of tax expense of \$70 (2013 – \$49)	197	138
Other comprehensive income, net of tax	97	208
Total comprehensive income	\$ 6,763	\$ 10,619

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 twelve months ended March 31, 2014 (unaudited, in thousands of Canadian dollars)					Accumulated other comprehensive income (loss) ("AOCI")	
	Note	Share capital	Contributed surplus	Retained earnings	Cash flow hedges	Total
January 1, 2014		\$ 106,704	5,058	135,317	113	\$ 247,192
Net earnings		-	-	6,666	-	6,666
Other comprehensive income		-	-	-	97	97
Total comprehensive income for the period		-	-	6,666	97	6,763
Shares issued to settle share-based compensation plans		750	(750)	-	-	-
Dividends	7	-	-	(10,053)	-	(10,053)
Share-based compensation expense	8	-	197	-	-	197
March 31, 2014		\$ 107,454	4,505	131,930	210	\$ 244,099

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	AOCI				Total
		Share capital	Contributed surplus	Retained earnings	Cash flow hedges	
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	7	-	-	(13,557)	-	(13,557)
Share-based compensation expense	8	-	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 A S H F L O W S

FOR THE THREE MONTHS ENDED MARCH 31 (unaudited, in thousands of Canadian dollars)	Note	2014	2013
OPERATING ACTIVITIES			
Net earnings		\$ 6,666	\$ 10,411
Items not affecting cash flow:			
Depreciation and amortization			
Rental equipment		2,826	2,221
Property, plant and equipment		2,134	2,122
Intangible assets		432	469
Gain on disposal of property, plant and equipment	5	(45)	(5)
Share-based compensation expense	8	197	184
Non-cash rental expense		14	(129)
Employee benefits expense, net of payments		107	144
Unrealized gain on derivative instruments		(90)	(180)
Finance costs		3,184	1,729
Income tax expense	9	2,480	3,710
		17,905	20,676
Changes in non-cash operating working capital	11	(6,984)	5,974
Rental equipment additions	4	(6,789)	(3,344)
Other non-current liabilities		287	(1,614)
Finance costs paid		(1,114)	(1,764)
Income taxes paid		(4,425)	(50,549)
Cash used in operating activities		(1,120)	(30,621)
INVESTING ACTIVITIES			
Property, plant and equipment additions	5	(1,248)	(697)
Proceeds on disposal of property, plant and equipment	5	99	50
Intangible assets additions		-	(21)
Cash used in investing activities		(1,149)	(668)
FINANCING ACTIVITIES			
Net increase in bank debt		5,000	54,000
Finance lease payments		(830)	(750)
Dividends paid		(10,046)	(13,557)
Cash (used in) generated from financing activities		(5,876)	39,693
Change in (bank indebtedness) cash		(8,145)	8,404
Cash (bank indebtedness) – beginning of period		4,153	(10,195)
Bank indebtedness – end of period		\$ (3,992)	\$ (1,791)

W A J A X C O R P O R A T I O N
N O T E S T O C O N D E N S E D C O N S O L I D A T E D
F I N A N C I A L S T A T E M E N T S

MARCH 31, 2014

(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, rental and after-sale parts and service support of mobile equipment, power systems and industrial components, through a network of 124 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, 2013. 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 defined benefit liability is recognized as the net of the fair value of the 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 standard has been adopted in the current year:

On January 1, 2014, the Corporation adopted the amendments to IAS 32 *Offsetting Financial Assets and Liabilities*, which clarifies when an entity has a right to set-off and when a settlement mechanism provides for net settlement or gross settlement. The impact on the current year's condensed consolidated financial statements from adopting IAS 32 was not material.

4. RENTAL EQUIPMENT

During the three months ended March 31, 2014, the Corporation acquired rental equipment with a cost of \$6,789 (2013 – \$3,344). Rental equipment with a carrying amount of \$177 (2013 – \$468) 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, 2014, the Corporation acquired property, plant and equipment with a cost of \$1,248 (2013 – \$697). Assets with a carrying amount of \$54 (2013 – \$45) were disposed of, resulting in a gain on disposal of \$45 (2013 – \$5).

6. SHARE CAPITAL

	Number of Common Shares		Amount
Balance, December 31, 2013	16,743,520	\$	106,704
Common shares issued to settle share-based compensation plans	35,363		750
Balance, March 31, 2014	16,778,883	\$	107,454

7. DIVIDENDS DECLARED

During the three months ended March 31, 2014, the Corporation declared cash dividends of \$0.60 per share or \$10,053 (2013 – dividends of \$0.81 per share or \$13,557).

The Corporation has declared dividends of \$0.20 per share or \$3,356 for each of April, May, June, and July 2014.

8. 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 \$197 (2013 – \$184) in respect of these plans.

	March 31, 2014		March 31, 2013	
	Number of Rights	Fair value at time of grant	Number of Rights	Fair value at time of grant
Outstanding at beginning of year	282,573	\$ 5,403	254,952	\$ 4,932
Granted in the period – new grants	3,721	137	3,161	124
– dividend equivalents	4,545	-	4,816	-
Settled in the period	(35,363)	(750)	-	-
Outstanding at end of period	255,476	\$ 4,790	262,929	\$ 5,056

During the period the Corporation settled 35,363 DSP rights. At March 31, 2014, none were outstanding. At March 31, 2014, 239,224 share rights were vested (2013 – 247,798).

b) Cash-settled rights plans

The Corporation recorded compensation cost of \$167 (2013 – recovery of \$87) in respect of the share-based portion of the MTIP and DSUP. At March 31, 2014, the carrying amount of the share-based portion of these liabilities was \$499 (2013 – \$432).

9. INCOME TAXES

Income tax expense comprises current and deferred tax as follows:

For the three months ended March 31	2014	2013
Current	\$ 2,034	\$ 4,920
Deferred – Origination and reversal of temporary difference	446	(1,210)
Income tax expense	\$ 2,480	\$ 3,710

The calculation of current tax is based on a combined federal and provincial statutory income tax rate of 26.1% (2013 – 26.0%). 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 26.1% 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:

	2014	2013
Combined statutory income tax rate	26.1%	26.0%
Expected income tax expense at statutory rates	\$ 2,387	\$ 3,671
Non-deductible expenses	148	144
Other	(55)	(105)
Income tax expense	\$ 2,480	\$ 3,710

10. EARNINGS PER SHARE

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

For the three months ended March 31	2014	2013
Numerator for basic and diluted earnings per share:		
– net earnings	\$ 6,666	\$ 10,411
Denominator for basic earnings per share:		
– weighted average shares	16,754,088	16,736,447
Denominator for diluted earnings per share:		
– weighted average shares	16,754,088	16,736,447
– effect of dilutive share rights	266,487	244,821
Denominator for diluted earnings per share	17,020,575	16,981,268
Basic earnings per share	\$ 0.40	\$ 0.62
Diluted earnings per share	\$ 0.39	\$ 0.61

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

11. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	2014	2013
Trade and other receivables	\$ 7,425	\$ 1,954
Inventories	(13,858)	(10,743)
Prepaid expenses	(1,951)	935
Accounts payable and accrued liabilities	3,246	14,776
Provisions	(1,846)	(948)
Total	\$ (6,984)	\$ 5,974

12. OPERATING SEGMENTS

The Corporation operates through a network of 124 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, 2014						
	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total	
Equipment	\$ 83,380	\$ 23,385	\$ -	\$ -	\$ 106,765	
Parts	48,892	34,521	85,273	-	168,686	
Service	23,384	17,260	5,729	-	46,373	
Rental and other	9,915	1,960	-	(2,339)	9,536	
Revenue	\$ 165,571	\$ 77,126	\$ 91,002	\$ (2,339)	\$ 331,360	
Earnings before finance costs and income taxes	\$ 10,001	\$ 3,507	\$ 1,881	\$ (3,059)	\$ 12,330	
Finance costs					3,184	
Income tax expense					2,480	
Net earnings					\$ 6,666	

As at March 31, 2014

Segment assets excluding intangible assets	\$ 330,694	\$ 145,088	\$ 121,841	\$ -	\$ 597,623	
Intangible assets	21,618	14,156	49,654	84	85,512	
Corporate and other assets	-	-	-	3,086	3,086	
Total assets	\$ 352,312	\$ 159,244	\$ 171,495	\$ 3,170	\$ 686,221	
Segment liabilities	\$ 132,395	\$ 39,140	\$ 51,140	\$ -	\$ 222,675	
Corporate and other liabilities	-	-	-	219,447	219,447	
Total liabilities	\$ 132,395	\$ 39,140	\$ 51,140	\$ 219,447	\$ 442,122	

For the three months ended March 31, 2013						
	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total	
Equipment	\$ 83,058	\$ 27,823	\$ -	\$ -	\$ 110,881	
Parts	44,224	33,761	84,827	-	162,812	
Service	27,786	15,967	4,928	-	48,681	
Rental and other	12,321	2,309	-	(736)	13,894	
Revenue	\$ 167,389	\$ 79,860	\$ 89,755	\$ (736)	\$ 336,268	
Earnings before finance costs and income taxes	\$ 9,917	\$ 4,066	\$ 3,730	\$ (1,863)	\$ 15,850	
Finance costs					1,729	
Income tax expense					3,710	
Net earnings					\$ 10,411	

As at March 31, 2013

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	

Segment eliminations include costs, assets and liabilities related to the corporate office. Corporate office assets and liabilities include deferred financing costs, income taxes, bank indebtedness, bank debt, employee benefits, and dividends payable.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.