FIRST QUARTER REPORT TO SHAREHOLDERS
FOR THE THREE MONTHS ENDED
MARCH 31, 2012

WAJAX CORPORATION 2012	

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

WAJAX ANNOUNCES A 33% INCREASE IN 2012 FIRST QUARTER EARNINGS

(Dollars in millions, except per share data)	Three Months Ended March 31	
	2012	2011
CONSOLIDATED RESULTS		
Revenue	**$358.1**	**$303.9**
Net earnings	**$17.1**	**$12.8**
Basic earnings per share	**$1.03**	**$0.77**
SEGMENTS		
Revenue – Equipment	**$170.4**	**$151.4**
- Power Systems	**$95.9**	**$72.9**
- Industrial Components	**$93.3**	**$80.7**
Earnings – Equipment	**$13.1**	**$11.2**
% margin	*7.7%*	*7.4%*
- Power Systems	**$8.7**	**$7.0**
% margin	*9.1%*	*9.6%*
- Industrial Components	**$6.8**	**$4.4**
% margin	*7.3%*	*5.5%*

Toronto, Ontario – May 8, 2012 – Wajax Corporation today announced a 33% increase in 2012 first quarter earnings.

First Quarter Highlights

- Consolidated first quarter revenue of $358.1 million increased $54.2 million, or 18% compared to last year. Wajax Equipment revenue increased 13% on higher revenue in most product categories. Wajax Power Systems recorded a 32% increase in sales as a result of the acquisition of Harper Power Products Inc. in May 2011 and improved equipment, parts and service volumes in western Canada. Wajax Industrial Components revenue increased 16% on stronger demand for all major product categories, with the majority of the improvement attributable to the energy sector in western Canada.

- Net earnings for the quarter of $17.1 million, or $1.03 per share, increased 33% compared to $12.8 million, or $0.77 per share recorded in 2011. The increase resulted mainly from higher sales volumes in all three segments.

- Consolidated backlog at March 31, 2012 of $262.9 million was up 22% compared to March 31, 2011 and decreased 2% compared to December 31, 2011.

- Funded net debt of $108.1 million at March 31, 2012 increased $44.4 million in the quarter and was consistent with the Corporation's expectation. The increase was mainly a result of a $51.3 million increase in inventories and other operating assets and liabilities.

The Corporation also announced monthly dividends of $0.27 per share ($3.24 annualized) for the months of May, June and July.

Outlook

Commenting on the first quarter results and the outlook for the remainder of 2012, Mark Foote, President and CEO, stated:

"With a 33% increase in earnings, we are very pleased with our 2012 first quarter results. As we expected, improved results were led by sales growth from the energy sector in western Canada and a relatively strong mining market across Canada.

For the balance of 2012, we expect the level of Canadian economic activity to be similar to what was experienced in the first quarter. Market concern pertaining to the European debt crisis, the slowing Chinese economy and the related effect on the Canadian resource sector has heightened recently. While we are concerned about the effect these issues may have on our revenue base, quoting in most of our end markets remains active and we continue to maintain a strong backlog. As well, our distribution agreement for LeTourneau mining equipment came to an end April 27th, however, we anticipate we will be able to deliver the $18.5 million of equipment orders we have in backlog by the end of 2012. As a result, our view regarding our full year 2012 earnings remains unchanged from last quarter, with the balance of the year tracking more closely to the previous year."

Wajax Corporation 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 117 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 expectations for the Canadian economy for the remainder of 2012, the impact of certain global economic events on the Canadian resource sector and, in turn, our end markets, our expectations with respect to the delivery of backlogged LeTourneau equipment orders, and our outlook with respect to our 2012 full-year earnings. 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, 2011, filed on SEDAR.

Management’s Discussion and Analysis – Q1 2012

The following management’s discussion and analysis (“MD&A”) discusses the consolidated financial condition and results of operations of Wajax Corporation (“Wajax” or “Corporation”) for the quarter ended March 31, 2012. This MD&A should be read in conjunction with the information contained in the unaudited Condensed Consolidated Financial Statements and accompany notes for the quarter ended March 31, 2012, the annual Audited Consolidated Financial Statements and accompanying notes for the year ended December 31, 2011 and the associated MD&A. Information contained in this MD&A is based on information available to management as of May 8, 2012.

Unless otherwise indicated, all financial information within this MD&A is in millions of 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, 2012, 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 securities legislation is recorded, processed, summarized and reported within the time periods specified in the 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 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, 2012, Wajax’s management, under the supervision of its CEO and CFO, had designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with 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.

Wajax has not yet completed the design of DC&P and ICFR related to the May 2, 2011 acquisition of the assets of Harper Power Products Inc. (“Harper”). The Harper operation has had revenues of approximately $65.6 million since the acquisition. Wajax anticipates that the evaluation of the design of DC&P and ICFR related to Harper will be completed prior to June 2012, at which time the Harper operation will be fully integrated with the existing Power Systems segment’s control environment.

Other than the continuing integration of the Harper operation discussed above, there was no change in Wajax's ICFR that occurred during the first quarter of 2012 that has materially affected, or is reasonably likely to materially affect, Wajax's ICFR.

Wajax Corporation Overview

Wajax's core distribution businesses are engaged in the sale and after-sale parts and service support of mobile equipment, industrial components and power systems through a network of 117 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 continue to grow earnings in all segments through continuous improvement of operating margins and revenue growth while maintaining a strong balance sheet. Revenue growth will be achieved through market share gains, the addition of new or complementary product lines and aftermarket support services and expansion into new Canadian geographic territories, either organically or through acquisitions**.**

Commencing in 2012, the Corporation has established an objective of declaring annual dividends equal to at least 75% of earnings subject to the Corporation's financial condition, economic outlook and capital requirements for growth including acquisitions. The Corporation's intention is to continue paying dividends on a monthly basis.

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 expectations for the Canadian economy for the remainder of 2012, the impact of certain global economic events on the Canadian resource sector and, in turn, our end markets, our expectations with respect to the delivery of certain backlogged equipment orders, our outlook with respect to our 2012 full-year earnings, our plans and expectations for revenue and earnings growth, planned marketing, strategic, operational and growth initiatives and their expected outcomes, our current and future plans regarding the expansion of our business, the addition of new product offerings and aftermarket support services and expansion into new Canadian geographic territories, our financing and capital requirements and our objectives with respect to the future payment of dividends. 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, 2011, 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.

Consolidated Results

	Three months ended March 31	
	2012	2011
Revenue	**$358.1**	$303.9
Gross profit	**$77.9**	$65.9
Selling and administrative expenses	**$53.7**	$46.8
Earnings before finance costs and income taxes	**$24.2**	$19.0
Finance costs	**$0.8**	$1.0
Earnings before income taxes	**$23.3**	$18.0
Income tax expense	**$6.2**	$5.2
Net earnings	**$17.1**	$12.8
Earnings per share		
- Basic	**$1.03**	$0.77
- Diluted	**$1.01**	$0.76

Revenue

Revenue in the first quarter of 2012 increased 18% or $54.2 million to $358.1 million, from $303.9 million in the first quarter of 2011 and included $15.7 million of revenue from the acquisition of the assets of Harper by the Power Systems segment effective May 2, 2011. Segment revenue increased 13% in Equipment, 32% in Power Systems (10% excluding Harper revenue) and 16% in Industrial Components compared to the same quarter last year.

Gross profit

Gross profit in the first quarter of 2012 increased $12.0 million due mainly to the positive impact of higher volumes compared to the first quarter last year. The gross profit margin percentage for the quarter of 21.8% increased slightly from 21.7% in the first quarter of 2011.

Selling and administrative expenses

Selling and administrative expenses increased $6.9 million in the first quarter of 2012 compared to the same quarter last year. Of this increase, $2.8 million related to Harper with most of the remainder attributable to higher personnel costs, including a $1.5 million increase in stock based mid-term incentive accruals, and higher sales related costs. Selling and administrative expenses as a percentage of revenue decreased to 15.0% in the first quarter of 2012 from 15.4% in the same quarter of 2011.

Finance costs
Quarterly finance costs of $0.8 million decreased $0.2 million compared to the same quarter last year due mainly to the Corporation's lower costs of borrowing.

Income tax expense
The effective income tax rate of 26.8% for the quarter decreased from 29.0% the previous year due to the positive impact of reduced statutory income tax rates and lower expenses not deductible for tax purposes.

Net earnings
Quarterly net earnings increased $4.3 million to $17.1 million, or $1.03 per share, from $12.8 million, or $0.77 per share, in the same quarter of 2011. The positive impact of the higher volumes and lower finance costs, more than offset additional selling and administrative expenses and higher income tax expense compared to the same quarter last year.

Comprehensive income
Comprehensive income for the first quarter of $16.8 million increased $3.6 million from $13.2 million compared to the same quarter in the previous year as the $4.3 million increase in net earnings was only partially offset by $0.6 million increase in other comprehensive loss. The increase in other comprehensive loss resulted primarily from a decrease in losses on derivative instruments designated as cash flow hedges in prior periods reclassified to cost of inventory or finance costs in the current period.

Funded net debt
Funded net debt of $108.1 million at March 31, 2012 increased $44.4 million compared to December 31, 2011. Funded net debt includes bank debt, bank indebtedness and obligations under finance leases, net of cash. The increase resulted mainly from net cash flows used in operating activities of $32.5 million, dividends paid of $10.0 million, investing activities of $1.2 million and finance lease payments of $1.0 million. Wajax's quarter-end funded net debt-to-equity ratio of 0.46:1 at March 31, 2012 increased from the December 31, 2011 ratio of 0.28:1.

Dividends
For the first quarter ended March 31, 2012 monthly dividends declared totaled $0.67 per share and included $0.20 per share for the months of January and February and $0.27 per share for the month of March. For the first quarter ended March 31, 2011 monthly dividends declared were $0.45 per share.

On March 6, 2012, Wajax announced a monthly dividend of $0.27 per share ($3.24 annualized) for the month of April payable on May 20, 2012 to shareholders of record on April 30, 2012. On May 8, 2012 Wajax announced monthly dividends of $0.27 per share ($3.24 annualized) for each of the months of May, June and July payable on June 20, 2012, July 20, 2012 and August 20, 2012 to shareholders of record on May 31, 2012, June 29, 2012 and July 31, 2012 respectively.

Backlog
Consolidated backlog at March 31, 2012 of $262.9 million decreased $4.8 million compared to December 31, 2011. Increases in the Industrial Components segment were more than offset by reductions in the Equipment and Power Systems segments. Consolidated backlog increased $47.2 million compared to March 31, 2012 due mainly to higher mining and construction sector orders in the Equipment segment. Backlog includes the total retail value of customer purchase orders for future delivery or commissioning.

CEO
On March 5, 2012 Mark Foote, assumed the role of President and CEO of Wajax, and was appointed a director effective March 6, 2012. Mark has extensive experience in distribution, supply chain management and logistics. Most recently, he served as the President and Chief Executive Officer of Zellers, and prior to that, was the President and Chief Merchandising Officer at Loblaws Companies. Mark also had a career of more than 20 years at Canadian Tire Corporation, including five years as President, Canadian Tire Retail.

Results of Operations

Equipment

	Three months ended March 31	
	2012	2011
Equipment*	**$106.3**	$87.5
Parts and service	**$64.1**	$63.9
Segment revenue	**$170.4**	$151.4
Segment earnings	**$13.1**	$11.2
Segment earnings margin	***7.7%***	*7.4%*

* Includes rental and other revenue.

Revenue in the first quarter of 2012 increased $19.0 million, or 13%, to $170.4 million from $151.4 million in the first quarter of 2011. Segment earnings for the quarter increased $1.9 million to $13.1 million compared to the first quarter of 2011. The following factors contributed to the Equipment segment's first quarter results:

- Equipment revenue for the first quarter increased $18.8 million compared to the same quarter last year. Specific quarter-over-quarter variances included the following:
  - Mining equipment sales increased $12.0 million due mainly to the delivery of a LeTourneau loader in eastern Canada and increased Hitachi mining equipment deliveries in western and eastern Canada.
  - Construction equipment revenue increased $3.9 million resulting from increases in Hitachi construction excavator and JCB and other equipment sales in western Canada and Ontario. These increases were offset partially by lower Hitachi excavator and JCB equipment sales in eastern Canada.
  - Material handling equipment revenue increased $2.7 million on higher volumes in all regions.
  - Crane and utility equipment revenue increased $1.2 million attributable to higher new equipment sales in western Canada, offset in part by lower sales to utility customers in Ontario.
  - Forestry equipment revenues declined $1.1 million as lower Tigercat product sales in eastern Canada and Ontario more than offset increased sales of Tigercat and forestry related Hitachi equipment in western Canada.
- Parts and service volumes for the first quarter increased slightly compared to the same quarter last year. Higher construction and material handling sector sales, primarily in western Canada, were partially offset by lower mining sector sales in western Canada due to the timing of major component replacements on large mining shovels.
- Segment earnings for the first quarter increased $1.9 million to $13.1 million compared to the same quarter last year. The positive impact of higher volumes outweighed the negative impact of lower gross profit margins resulting from a higher proportion of equipment sales, and a $0.6 million increase in selling and administrative expenses. Selling and administrative expense increased compared to the same quarter last year as a result of higher personnel and sales related expenses, offset partially by lower bad debt expense.

Backlog of $143.4 million at March 31, 2012 decreased $3.2 million compared to December 31, 2011 and includes $18.5 million of LeTourneau equipment orders. Backlog increased $46.1 million compared to March 31, 2011 due mainly to higher mining and construction sector orders.

On October 17, 2011, Wajax announced it had reached an agreement with LeTourneau Technologies, Inc. ("LeTourneau") providing for the dealer agreement relating to Wajax's distribution of LeTourneau mining equipment and parts products in Canada to be discontinued effective April 27, 2012. Wajax Equipment continued to provide parts and service on LeTourneau equipment until April 27, 2012, and has equipment orders in backlog of $18.5 million that are expected to be delivered by the end of 2012. Sales and service of LeTourneau products in 2011 generated approximately $35 million of revenue for Wajax and contributed approximately $11 million to its earnings before finance costs and income tax expense. Exit costs or write downs, if any, are expected to be minimal.

Power Systems

	Three months ended March 31	
	2012	2011
Equipment*	**$40.5**	$35.4
Parts and service	**$55.4**	$37.5
Segment revenue	**$95.9**	$72.9
Segment earnings	**$8.7**	$7.0
Segment earnings margin	***9.1%***	*9.6%*

* Includes rental and other revenue.

Revenue in the first quarter of 2012 increased $23.0 million, or 32%, to $95.9 million compared to $72.9 million in the same quarter of 2011. Excluding the Harper acquisition, Power Systems revenue in the first quarter of 2012 increased $7.2 million, or 10% compared to the same quarter last year. Segment earnings increased $1.7 million to $8.7 million in the first quarter compared to the same quarter in the previous year. The following factors impacted quarterly revenue and earnings:

- Equipment revenue increased $5.1 million compared to last year. Increased power generation equipment sales in western Canada and $2.9 million of revenues related to the Harper acquisition more than offset lower power generation equipment sales in eastern Canada.

- Parts and service volumes increased $17.9 million compared to last year due mainly to $12.8 million of revenue related to the Harper acquisition and higher sales to off-highway customers, primarily in the mining and oil and gas sectors.

- Segment earnings in the first quarter of 2012 increased $1.7 million compared to the same quarter last year and included $0.5 million related to the Harper operation. The increase was due to the positive impact of additional volumes and a higher gross profit margin that more than offset a $4.6 million increase in selling and administrative expenses. The higher gross profit margin resulted from higher parts and service margins offset in part by lower generator set equipment margins compared to last year. Selling and administrative expenses increased due mostly to $2.8 million of expenses related to the Harper operation and higher personnel and sales related costs in western Canada.

Backlog of $70.4 million as of March 31, 2012 decreased $5.9 million compared to December 31, 2011 due primarily to significant deliveries out of backlog in western Canada. Backlog decreased $2.5 million compared to March 31, 2011.

Industrial Components

	Three months ended March 31	
	2012	2011
Segment revenue	**$93.3**	$80.7
Segment earnings	**$6.8**	$4.4
Segment earnings margin	***7.3%***	*5.5%*

Revenue of $93.3 million in the first quarter of 2012 increased $12.6 million, or 16%, from $80.7 million in the first quarter of 2011. Segment earnings increased $2.4 million to $6.8 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 $6.5 million compared to the same quarter last year led by higher mining sector volumes in eastern and western Canada and increased sales to metal processing customers across all regions. Higher sales to oil and gas, construction and forestry sector customers also contributed to the increased sales.

- Fluid power and process equipment products and service revenue in the first quarter of 2012 increased $6.1 million due mainly to improved oil and gas drilling activity in western Canada and higher sales to industrial and metal processing customers across Canada that more than offset lower sales to forestry customers.

- Segment earnings in the first quarter of 2012 increased $2.4 million compared to the same quarter last year. The positive impact of higher volumes outweighed a $1.1 million increase in selling and administrative expenses. The increase in selling and administrative expenses resulted mainly from higher personnel and sales related costs and computer system upgrade expenses.

Backlog of $49.2 million as of March 31, 2012 increased $4.4 million compared to December 31, 2011 and increased $3.7 million compared to March 31, 2011.

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 2011 annual audited Consolidated Financial Statements.

	2012			2011			2010	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**$358.1**	$377.2	$361.9	$334.1	$303.9	$316.4	$294.4	$272.0
Earnings before income taxes	**$23.3**	$22.5	$24.6	$22.4	$18.0	$14.9	$18.7	$11.9
Net earnings	**$17.1**	$16.6	$17.9	$16.5	$12.8	$15.8	$19.6	$12.2
Net earnings per share								
- Basic	**$1.03**	$1.00	$1.08	$0.99	$0.77	$0.95	$1.18	$0.73
- Diluted	**$1.01**	$0.98	$1.06	$0.98	$0.76	$0.93	$1.16	$0.72

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.

Cash Flow, Liquidity and Capital Resources

Net Cash Flows Used In Operating Activities

Net cash flows used in operating activities amounted to $32.5 million in the first quarter of 2012, compared to $20.7 million in the same quarter of the previous year. The $11.8 million increase in net cash flows used in operating activities was due mainly to an increased use of operating assets and liabilities of $17.0 million and higher other liabilities of $2.3 million. This was partially offset by higher cash flows from operating activities before changes in operating assets and liabilities of $5.9 million and lower rental equipment additions of $1.4 million.

Changes in operating assets and liabilities for the first quarter in 2012 compared to the same periods in 2011 include the following components:

	Three months ended March 31	
Changes in operating assets and liabilities	**2012**	2011
Trade and other receivables	**$19.4**	$16.7
Inventories	**$28.2**	$10.5
Prepaid expenses	**$2.9**	($1.3)
Trade and other payables	**($17.1)**	$5.3
Accrued liabilities	**$17.4**	$2.8
Provisions	**$0.4**	$0.2
Total	**$51.3**	$34.2

Significant components of the changes in operating assets and liabilities for the quarter ended March 31, 2012 are as follows:

- Trade and other receivables increased $19.4 million due primarily to mining equipment receivables in the Equipment segment and higher sales activity in the Industrial Components segment.
- Inventories increased $28.2 million, mostly in the Equipment and Industrial Components segments in anticipation of increased sales activity.
- Trade and other payables increased $17.1 million reflecting higher inventory related trade payables, primarily in the Equipment segment.
- Accrued liabilities decreased $17.4 million due mainly to lower customer deposits in the Equipment segment and payment of prior year annual and mid-term incentive accruals.

On the consolidated statement of financial position at March 31, 2012, Wajax had employed $186.5 million in current assets net of current liabilities, exclusive of funded net debt, compared to $165.0 million at December 31, 2011. The $21.5 million increase was due primarily to the cash flow factors listed above, offset partially by an increase of $28.4 million in income taxes payable due January 1, 2013. The $28.4 million increase in income taxes payable includes approximately $23 million of tax on partnership income generated in 2011 and tax on income to be included in 2012 taxable income resulting from the change in tax legislation that has effectively removed the partnership income deferral benefit. See Liquidity and Capital Resources section for further detail.

Investing Activities

During the first quarter of 2012, Wajax invested $1.2 million in capital asset additions net of disposals, compared to $0.9 million in the first quarter of 2011.

Financing Activities

The Corporation generated $22.0 million of cash from financing activities in the first quarter of 2012 compared to $18.4 million of cash used in financing activities in the same quarter of 2011. Financing activities in the quarter included bank debt borrowing of $33.0 million, offset partially by dividends paid to shareholders totaling $10 million, or $0.60 per share and finance lease payments of $1.0 million.

Funded net debt of $108.1 million at March 31, 2012 increased $44.4 million compared to December 31, 2011. The increase resulted mainly from net cash flows used in operating activities of $32.5 million, dividends paid of $10.0 million, investing activities of $1.2 million and finance lease payments of $1.0 million. Wajax's quarter-end funded net debt-to-equity ratio of 0.46:1 at March 31, 2012 increased from the December 31, 2011 ratio of 0.28:1.

Liquidity and Capital Resources

At March 31, 2012, Wajax had borrowed $94.8 million and issued $6.2 million of letters of credit for a total utilization of $101.0 million of its $175 million bank credit facility and had no utilization of its $15 million equipment financing 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, 2012 borrowing capacity under the bank credit facility was equal to $175.0 million.

Since conversion to a corporation on January 1, 2011, Wajax has not made, and will not be required to make, any significant income tax payments until 2013 due to income tax payments being deferred as a result of its partnership structure. In January 2013, Wajax will be required to make an income tax payment of approximately $44 million. This includes approximately $23 million of tax on partnership income generated in 2011 and the balance representing tax on income to be included in 2012 taxable income resulting from the change in tax legislation that has effectively removed the partnership income deferral benefit. The Corporation will also commence making monthly income tax installments in January 2013.

Wajax's $175 million bank credit facility along with an additional $15 million of capacity permitted under the credit facility, should be sufficient to meet Wajax's short-term requirements. However, Wajax may be required to access the equity or debt markets in order to fund acquisitions and growth related working capital and capital expenditures.

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:

- As at March 31, 2012, Wajax had no interest rate swaps outstanding. (As at March 31, 2011, Wajax had entered into interest rate swaps that effectively fixed the interest rate on $80 million of debt until December 31, 2011).

- Wajax enters into short-term currency forward contracts to fix the exchange rate on the cost of certain inbound inventory and to hedge certain foreign currency-denominated sales to (receivables from) customers as part of its normal course of business. As at March 31, 2012, Wajax had contracts outstanding to buy U.S.$40.3 million and €0.2 million and to sell U.S.$4.0 million (December 31, 2011 – to buy U.S.$36.0 million and €0.2 million and to sell U.S.$1.0 million, March 31, 2011 – to buy U.S.$26.2 million and to sell U.S.$4.7 million). The U.S. dollar contracts expire between April 2012 and March 2013, with a weighted average U.S./Canadian dollar rate of 1.0153 and weighted average Euro / Canadian dollar rate of 1.4172.

Wajax measures financial instruments held for trading and not accounted for as hedging items, at fair value with subsequent changes in fair value being charged to earnings. Derivatives designated as effective hedges are measured at fair value with subsequent changes in fair value being charged to 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.

Wajax is exposed to non-performance by counterparties to short-term currency forward contracts. These counterparties are large financial institutions with "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.

Currency Risk

There have been no material changes to currency risk since December 31, 2011.

Contractual Obligations

There have been no material changes to currency risk since December 31, 2011.

Off Balance Sheet Financing

The Equipment segment had $75.4 million (2011 - $38.0 million) of consigned inventory on-hand from a major manufacturer at March 31, 2012. 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.

Wajax's off balance sheet financing arrangements, with non-bank lenders, include operating lease contracts in relation to Wajax's long-term lift truck rental fleet in the Equipment segment. At March 31, 2012, the non-discounted operating lease commitments for rental fleet was $1.9 million (December 31, 2011 - $2.5 million).

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.

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. Although management currently believes Wajax has adequate debt capacity, Wajax would have to access the equity or debt markets, or temporarily reduce dividends to accommodate any shortfalls in Wajax's credit facilities. See the Liquidity and Capital Resources section.

Dividends

Dividends to shareholders were declared as follows:

Record Date	Payment Date	Per Share	Amount
January 31, 2012	February 21, 2012	$0.20	$3.3
February 29, 2012	March 20, 2012	0.20	3.3
March 30, 2012	April 20, 2012	0.27	4.5
Three months ended March 31, 2012		**$0.67**	**$11.1**

On March 6, 2012, Wajax announced a monthly dividend of $0.27 per share ($3.24 annualized) for the month of April payable on May 20, 2012 to shareholders of record on April 30, 2012.

On May 8, 2012 Wajax announced monthly dividends of $0.27 per share ($3.24 annualized) for each of the months of May, June and July payable on June 20, 2012, July 20, 2012 and August 20, 2012 to shareholders of record on May 31, 2012, June 29, 2012 and July 31, 2012 respectively.

Tax information relating to 2012 and prior year dividends is available on Wajax's website at www.wajax.com.

Productive Capacity and Productive Capacity Management

There have been no material changes to the Corporation's productive capacity and productive capacity management since December 31, 2011.

Financing Strategies

Wajax's $175 million bank credit facility along with the $15 million demand inventory equipment financing facility should be sufficient to meet Wajax's short-term normal course working capital, maintenance capital and growth capital requirements.

Wajax's short-term normal course requirements for current assets net of current liabilities, exclusive of funded net debt ("working capital") can swing widely quarter-to-quarter due to the timing of large inventory purchases and/or sales and changes in market activity. In general, as Wajax experiences growth, there is a need for additional working capital as was the case in 2011. Conversely, as Wajax experiences economic slowdowns working capital reduces reflecting the lower activity levels as was the case in 2009. Fluctuations in working capital are generally funded by, or used to repay, the bank credit facility.

Wajax may be required to access the equity or debt markets in order to fund acquisitions and growth related working capital and capital expenditures.

Borrowing capacity under the bank credit facility is dependent on the level of Wajax's inventories on-hand and outstanding trade accounts receivables. At March 31, 2012, total borrowing capacity under the bank credit facility was equal to $175 million of which $101.0 million was utilized at March 31, 2012.

The bank credit facility contains covenants that could restrict the ability of Wajax to make dividend payments, if (i) the leverage ratio (Debt to EBITDA) is greater than 3.0 at the time of declaration of the dividend, and (ii) an event of default exists or would exist as a result of a dividend payment.

Share Capital

The shares of Wajax issued are included in shareholders' equity on the balance sheet as follows:

Issued and fully paid Shares as at March 31, 2012	**Number**	**Amount**
Balance at the beginning of the quarter	16,629,444	$105.4
Rights exercised	-	-
Balance at the end of the quarter	**16,629,444**	**$105.4**

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. 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 $2.7 million for the quarter (2011 - $1.6 million) in respect of these plans.

Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant accounting estimates include the provision for inventory obsolescence, provision for doubtful accounts and any impairment of goodwill and other assets, classification of leases, warranty reserve and measurement of employee benefit obligations. Wajax makes a provision for doubtful accounts when there is evidence that a specific account may become uncollectible. Wajax does not provide a general reserve for bad debts. As conditions change, actual results could differ from those estimates. Critical accounting estimates used by Wajax's management are discussed in detail in the MD&A for the year ended December 31, 2011 which can be found on SEDAR at www.sedar.com.

Accounting Changes

Standards and interpretations not yet effective

In its MD&A for the year ended December 31, 2011 the Corporation described numerous new accounting standards which have been published but which have not yet been adopted by the Corporation. There have been no updates to these standards except as follows:

During the quarter, the Corporation has assessed the impact of adopting IFRS 9 *Financial Instruments* and does not believe that it will have a material impact on its consolidated financial statements because of the types of financial instruments that it holds.

As of January 1, 2013, the Corporation will be required to adopt amendments to IFRS 7 *Financial Instruments: Disclosures*, which contain new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position. The Corporation is currently assessing the impact of the amendments to this standard on its consolidated financial statements.

As of January 1, 2014, the Corporation will be required to adopt amendments to IAS 32 *Financial Instruments: Presentation*, which clarifies the conditions for offsetting financial assets and financial liabilities. As the amendments only require changes in the presentation of items in the statement of financial position, the Corporation does not expect the amendments to IAS 32 to have a material impact on the 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, 2011 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, 2011.

Outlook

The Corporation's earnings increased 33% in the first quarter of 2012 compared to the same quarter in 2011. As expected, improved results were led by sales growth from the energy sector in western Canada and a relatively strong mining market across Canada.

For the balance of 2012, management expects the level of Canadian economic activity to be similar to what was experienced in the first quarter. Market concern pertaining to the European debt crisis, the slowing Chinese economy and the related effect on the Canadian resource sector has heightened recently. While management is concerned about the effect these issues may have on Wajax's revenue base, quoting in most of its end markets remains active and it continues to maintain a strong backlog. As well, the distribution agreement for LeTourneau mining equipment came to an end April 27th, however, management anticipates that it will be able to deliver the \$18.5 million of equipment orders in backlog by the end of 2012. As a result, management's view regarding Wajax's full year 2012 earnings remains unchanged from last quarter, with the balance of the year tracking more closely to the previous year.

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, 2012

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.

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at (unaudited, in thousands of Canadian dollars)	Note		**March 31, 2012**		December 31, 2011
ASSETS					
CURRENT					
Cash		**$**	**-**	$	5,659
Trade and other receivables			**193,610**		174,233
Inventories			**270,078**		241,524
Prepaid expenses			**10,900**		8,033
			474,588		429,449
NON-CURRENT					
Rental equipment	3		**30,467**		28,060
Property, plant and equipment	4		**47,762**		47,924
Intangible assets			**84,138**		84,493
Deferred taxes	8		**4,884**		-
			167,251		160,477
		$	**641,839**	$	589,926
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT					
Bank indebtedness		**$**	**5,978**	$	-
Trade and other payables	5		**180,025**		163,108
Accrued liabilities			**66,801**		84,050
Provisions			**5,290**		5,704
Dividends payable			**4,490**		3,326
Income taxes payable			**30,815**		2,398
Obligations under finance leases			**3,469**		3,646
Derivative instruments			**703**		208
			297,571		262,440
NON-CURRENT					
Provisions			**4,643**		4,010
Deferred taxes	8		**-**		17,694
Employee benefits			**6,825**		6,843
Other liabilities			**746**		5,644
Obligations under finance leases			**6,562**		6,688
Bank debt			**92,072**		59,021
			110,848		99,900
SHAREHOLDERS' EQUITY					
Share capital			**105,371**		105,371
Contributed surplus			**5,039**		4,888
Retained earnings			**123,436**		117,477
Accumulated other comprehensive loss			**(426)**		(150)
Total shareholders' equity			**233,420**		227,586
		$	**641,839**	$	589,926

These condensed consolidated financial statements were approved by the Board of Directors on May 8, 2012.

WAJAX CORPORATION

CONDENSED CONSOLIDATED INCOME STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31 (unaudited, in thousands of Canadian dollars, except per share data)	Note		**2012**		2011
Revenue		**$**	**358,076**	$	303,929
Cost of sales			**280,187**		238,066
Gross profit			**77,889**		65,863
Selling and administrative expenses			**53,724**		46,843
Earnings before finance costs and income taxes			**24,165**		19,020
Finance costs			**816**		976
Earnings before income taxes			**23,349**		18,044
Income tax expense	8		**6,248**		5,228
Net earnings		**$**	**17,101**	$	12,816
Basic earnings per share	9	**$**	**1.03**	$	0.77
Diluted earnings per share	9	**$**	**1.01**	$	0.76

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31 (unaudited, in thousands of Canadian dollars)		**2012**		2011
Net earnings	**$**	**17,101**	$	12,816
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 of $3 (2011 - $230)		**8**		607
Losses on derivative instruments designated as cash flow hedges during the period, net of tax of $101 (2011 - $103)		**(284)**		(272)
Other comprehensive (loss) income, net of tax		**(276)**		335
Total comprehensive income	**$**	**16,825**	$	13,151

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, 2012 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income ("AOCL") 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 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, 2011 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Trust units	Contributed surplus	Retained earnings	AOCL Cash flow hedges		Total
January 1, 2011		$	-	105,371	3,931	91,805	(1,777)	$	199,330
Conversion to corporation			105,371	(105,371)	-	-	-		-
Net earnings			-	-	-	12,816	-		12,816
Other comprehensive income			-	-	-	-	335		335
Total comprehensive income for the period			-	-	-	12,816	335		13,151
Dividends	6		-	-	-	(7,483)	-		(7,483)
Share-based compensation expense	7		-	-	545	-	-		545
March 31, 2011		**$**	**105,371**	**-**	**4,476**	**97,138**	**(1,442)**	**$**	**205,543**

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	**2012**	2011
OPERATING ACTIVITIES			
Net earnings		**$ 17,101**	$ 12,816
Items not affecting cash flow:			
Depreciation and amortization			
Rental equipment		**1,566**	962
Property, plant and equipment		**1,108**	976
Assets under finance lease		**857**	720
Intangible assets		**366**	280
Loss (gain) on disposal of property, plant and equipment	4	**51**	(16)
Share-based compensation expense	7	**151**	545
Non-cash rental (income) expense		**(142)**	30
Employee benefits income, net of payments		**(18)**	(178)
Non-cash loss on derivative instruments		**121**	-
Finance costs		**816**	976
Income tax expense	8	**6,248**	5,228
Cash flows from operating activities before changes in operating assets and liabilities		**28,225**	22,339
Changes in operating assets and liabilities:			
Trade and other receivables		**(19,377)**	(16,659)
Inventories		**(28,243)**	(10,521)
Prepaid expenses		**(2,867)**	1,299
Trade and other payables		**17,059**	(5,320)
Accrued liabilities		**(17,416)**	(2,843)
Provisions		**(414)**	(200)
		(51,258)	(34,244)
Cash flows used in operating activities		**(23,033)**	(11,905)
Rental equipment additions	3	**(4,284)**	(5,682)
Provisions, non-current		**633**	139
Other liabilities		**(4,898)**	(2,620)
Finance costs paid		**(599)**	(856)
Income taxes (paid) received		**(310)**	169
Net cash flows used in operating activities		**(32,491)**	(20,755)
INVESTING ACTIVITIES			
Property, plant and equipment additions	4	**(1,209)**	(968)
Proceeds on disposal of property, plant and equipment	4	**40**	54
Intangible assets additions		**(11)**	(25)
Net cash flows used in investing activities		**(1,180)**	(939)
FINANCING ACTIVITIES			
Increase in bank debt		**32,998**	-
Finance lease payments		**(986)**	(926)
Dividends paid		**(9,978)**	(17,461)
Net cash flows generated from (used in) financing activities		**22,034**	(18,387)
Net change in cash		**(11,637)**	(40,081)
Cash - beginning of period		**5,659**	42,954
(Bank indebtedness) cash - end of period		**$ (5,978)**	$ 2,873

MARCH 31, 2012

(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, industrial components and power systems, through a network of 117 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 annual consolidated financial statements. Accordingly, these condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of Wajax Corporation for the year ended December 31, 2011. The significant accounting policies follow those disclosed in the most recently reported annual consolidated financial statements.

Basis of measurement

The 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 total of the pension plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and 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.

Judgements and estimation uncertainty

The preparation of the condensed 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 and revenues and expenses. Actual results could differ from those estimates. The Corporation bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances.

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty are expected to be the same as those to be applied in the annual IFRS financial statements. The more significant judgements and assumptions that have an effect on the amounts recognized in the condensed consolidated financial statements are provision for doubtful accounts, inventory obsolescence, asset impairment, classification of leases, impairment of intangible assets, warranty reserve and measurement of employee benefit obligations.

3. RENTAL EQUIPMENT

During the three months ended March 31, 2012 the Corporation acquired rental equipment with a cost of $4,284 (2011 – $5,682). Rental equipment with a carrying amount of $311 (2011 – $1,144) ceased to be rented and was classified as held for sale in the normal course of business and transferred to inventory.

4. PROPERTY, PLANT AND EQUIPMENT

During the three months ended March 31, 2012 the Corporation acquired property, plant and equipment with a cost of $1,209 (2011 – $968). Assets with a carrying amount of $91 (2011 – $38) were disposed of, resulting in a loss on disposal of $51 (2011 – gain of $16).

5. TRADE AND OTHER PAYABLES

		March 31, 2012		December 31, 2011
Trade payables	**$**	**152,328**	$	139,828
Other payables		**14,073**		12,362
Deferred income		**13,624**		10,918
Total trade and other payables	**$**	**180,025**	$	163,108

6. DIVIDENDS DECLARED

During the three months ended March 31, 2012 the Corporation declared cash dividends of $0.67 per share, or $11,142 (March 31, 2011, dividends of $0.45 per share or $7,483).

The Corporation has declared dividends of $4,490 ($0.27 per share) for the month of April 2012.

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 $151 for the three months ending March 31, 2012 (2011 – $545) in respect of these plans.

Share Ownership Plan	**March 31, 2012**			March 31, 2011		
	Number of Rights		Fair value at time of grant	Number of Rights		Fair value at time of grant
Outstanding at beginning of period	**109,788**	**$**	**1,024**	101,999	$	1,024
Granted in the period – new grants	**-**		**-**	-		-
– dividend equivalents	**1,518**		**-**	2,948		-
Outstanding at end of period	**111,306**	**$**	**1,024**	104,947	$	1,024

At March 31, 2012 101,668 SOP rights were vested (March 31, 2011 – 96,297).

Deferred Share Program	**March 31, 2012**			March 31, 2011		
	Number of Rights		Fair value at time of grant	Number of Rights		Fair value at time of grant
Outstanding at beginning of period	**30,216**	**$**	**750**	24,165	$	600
Granted in the period – new grants	**-**		**-**	3,989		150
– dividend equivalents	**418**		**-**	730		-
Outstanding at end of period	**30,634**	**$**	**750**	28,884	$	750

All DSP rights have vested at March 31, 2012 (no rights had vested at March 31, 2011).

Directors' Deferred Share Unit Plan	**March 31, 2012**			March 31, 2011		
	Number of Rights		Fair value at time of grant	Number of Rights		Fair value at time of grant
Outstanding at beginning of period	**176,591**	**$**	**3,134**	147,797	$	2,509
Granted in the period – new grants	**2,951**		**145**	3,430		135
– dividend equivalents	**2,443**		**-**	4,271		-
Outstanding at end of period	**181,985**	**$**	**3,279**	155,498	$	2,644

DDSUP rights vest immediately upon grant.

b) Mid-Term Incentive Plan for Senior Executives ("MTIP")

The Corporation recorded compensation cost of $2,516 for the three months ending March 31, 2012 (2011 – $1,046) in respect of the share-based portion of the MTIP. At March 31, 2012 the carrying amount of the share-based portion of the MTIP liability was $5,814 (2010 – $4,898).

c) Deferred Share Unit Plan ("DSUP")

The Corporation recorded compensation cost of $58 for the three months ended March 31, 2012 (three months ended March 31, 2011 – nil) in respect of the share-based portion of the DSUP. At March 31, 2012 the carrying amount of the DSUP liability was $250 (2011 – nil).

8. INCOME TAXES

Income tax expense comprises current and deferred tax as follows:

For the three months ended March 31		**2012**		2011
Current	**$**	**28,727**	$	5,317
Deferred – Origination and reversal of temporary difference		**(22,479)**		(135)
– Change in tax law and rates		**-**		46
Income tax expense	**$**	**6,248**	$	5,228

The calculation of current tax is based on a combined federal and provincial statutory income tax rate of 26.2% (2011 – 27.7%). The tax rate for the current year is 1.5% lower than 2011 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 25.9% based on the tax rates in years when the temporary differences are expected to reverse.

The reconciliation of effective income tax is as follows:

For the three months ended March 31		**2012**		2011
Combined statutory income tax rate		**26.2%**		27.7%
Expected income tax expense at statutory rates	**$**	**6,117**	$	4,998
Non-deductible expenses		**114**		199
Deferred tax related to changes in tax law and rates		**-**		46
Other		**17**		(15)
Income tax expense	**$**	**6,248**	$	5,228

Recognized deferred tax assets and liabilities

Recognized deferred tax assets and liabilities are comprised as follows:

		March 31, 2012		December 31, 2011
Accrued liabilities	**$**	**5,246**	$	5,249
Provisions		**1,936**		2,504
Employee benefits		**1,795**		1,752
Property, plant and equipment		**(1,764)**		(1,773)
Finance leases		**(275)**		(195)
Intangible assets		**(2,431)**		(2,355)
Deferred financing costs		**(29)**		(29)
Partnership income not currently taxable		**(168)**		(23,236)
Tax loss carryforwards		**420**		333
Derivative instruments		**154**		56
Net deferred tax assets (liabilities)	**$**	**4,884**	$	(17,694)

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		**2012**		2011
Numerator for basic and diluted earnings per share:				
– net earnings	**$**	**17,101**	$	12,816
Denominator for basic earnings per share: – weighted average shares		**16,629,444**		16,629,444
Denominator for diluted earnings per share:				
– weighted average shares		**16,629,444**		16,629,444
– effect of dilutive share rights		**318,380**		273,893
Denominator for diluted earnings per share		**16,947,824**		16,903,337
Basic earnings per share	**$**	**1.03**	$	0.77
Diluted earnings per share	**$**	**1.01**	$	0.76

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

10. OPERATING SEGMENTS

The Corporation operates through a network of 117 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 and servicing of power systems; and iii) the distribution, servicing and assembly of industrial components.

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**

For the three months ended March 31, 2011	Equipment	Power Systems	Industrial Components	Segment Eliminations and Unallocated Amounts	Total
Equipment	$ 80,500	$ 33,734	$	$	$ 114,234
Parts	44,823	24,081	76,730		145,634
Service	19,086	13,403	3,994		36,483
Rental and other	7,034	1,713		(1,169)	7,578
Revenue	$ 151,443	$ 72,931	$ 80,724	$ (1,169)	303,929
Segment earnings before finance costs and income taxes	$ 11,191	$ 7,014	$ 4,445	$	$ 22,650
Corporate costs and eliminations				(3,630)	(3,630)
Earnings before finance costs and income taxes	11,191	$ 7,014	$ 4,445	(3,630)	19,020
Finance costs				976	976
Income tax expense				5,228	5,228
Net earnings	$ 11,191	$ 7,014	$ 4,445	$ (9,834)	$ 12,816

Segment assets excluding intangible assets	$ 224,732	$ 100,229	$ 104,016	$	$ 428,977
Intangible assets	21,626	5,717	48,181	15	75,539
Cash				2,873	2,873
Corporate and other assets				5,340	5,340
Total assets	$ 246,358	$ 105,946	$ 152,197	$ 8,228	$ 512,729

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

11. COMPARATIVE INFORMATION

Certain comparative amounts have been reclassified to conform with the current period presentation.