SECOND QUARTER REPORT TO SHAREHOLDERS

FOR THE SIX MONTHS ENDED
JUNE 30, 2012

WAJAX CORPORATION 2012	

WAJAX CORPORATION
News Release

TSX Symbol: WJX

WAJAX ANNOUNCES A 12% INCREASE IN SECOND QUARTER 2012 EARNINGS

(Dollars in millions, except per share data)	Three Months Ended June 30		Six Months Ended June 30	
	2012	2011	2012	2011
CONSOLIDATED RESULTS				
Revenue	**$386.6**	**$334.1**	**$744.7**	**$638.0**
Net earnings	**$18.5**	**$16.5**	**$35.6**	**$29.4**
Basic earnings per share	**$1.11**	**$0.99**	**$2.13**	**$1.77**
SEGMENTS				
Revenue – Equipment	**$212.3**	**$164.2**	**$382.7**	**$315.6**
- Power Systems	**$81.8**	**$81.0**	**$177.7**	**$154.0**
- Industrial Components	**$94.0**	**$89.9**	**$187.2**	**$170.6**
Earnings – Equipment	**$15.7**	**$12.0**	**$28.8**	**$23.1**
% margin	*7.4%*	*7.3%*	*7.5%*	*7.3%*
- Power Systems	**$6.4**	**$8.3**	**$15.1**	**$15.3**
% margin	*7.9%*	*10.2%*	*8.5%*	*9.9%*
- Industrial Components	**$6.2**	**$6.5**	**$13.0**	**$11.0**
% margin	*6.6%*	*7.3%*	*6.9%*	*6.4%*

Toronto, Ontario – August 10, 2012 – Wajax Corporation ("Wajax" or the "Corporation") today announced a 12% increase in 2012 second quarter earnings.

Second Quarter Highlights

- Consolidated second quarter revenue of $386.6 million increased $52.5 million, or 16% compared to last year, with gains in western Canada accounting for the majority of the increase. Equipment sales rose 29% on higher revenue in all key product sectors with particular strength noted in construction and mining. Power Systems revenue was up only slightly as the positive comparative effect of the May 2, 2011 acquisition of Ontario based Harper Power Products was mostly offset by declines in the western Canada oil and gas sector. Industrial Components revenue increased 5% on stronger demand for all major product categories.

- Net earnings for the quarter were $18.5 million, or $1.11 per share, up 12% compared to $16.5 million, or $0.99 per share recorded in 2011 on stronger results in the Equipment segment. Equipment segment earnings increased 31% on the higher volumes. Power Systems segment earnings declined $1.9 million mainly on lower energy sector related sales in western Canada and lower parts and service margins in Ontario. Industrial Components segment earnings declined slightly as higher revenue was more than offset by a small reduction in margins and higher selling and administrative costs.

- Consolidated backlog of $244.0 million at June 30, 2012 decreased 5%, from $257.2 million at March 31, 2012, mainly as a result of a higher volume of customer deliveries in the Equipment segment.

On May 24, 2012, the Corporation increased the limit of the revolving term portion of its bank credit facility by $50 million on substantially the same terms and conditions as the existing facility. As a result, total borrowing capacity under the facility, due August 12, 2016, increased from $175 million to $225 million. The increase provides Wajax with additional borrowing capacity to fund future growth, including increases in working capital and acquisitions. At June 30, 2012 Wajax had utilized $104.8 million of the facility.

The Corporation declared monthly dividends of $0.27 per share ($3.24 annualized) for the months of August, September and October.

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

"Overall we continue to be very pleased with our 2012 results, particularly in the Equipment segment where we had record sales of Hitachi construction excavators in western Canada in the quarter and mining equipment sales exceeded amounts recorded last year. Results from the Power Systems segment fell short of our expectation on softness in the western Canada energy sector and lower margins in Ontario.

With market forecasters continuing to lower their expectations for growth in the global and Canadian economies as a result of the European debt crisis and a slowing Chinese economy, we are slightly more cautious regarding our outlook for the remainder of 2012. While most of our end markets continue to hold up well and quoting activity particularly in mining remains buoyant, we have seen a weakening of oil and gas drilling and well servicing activities in western Canada. This, combined with phasing out of the LeTourneau aftermarket business in the second quarter leads us to expect that results for the full year of 2012 will be modestly higher than the previous year."

Wajax is a leading Canadian distributor and service support provider of mobile equipment, power systems and industrial components. Reflecting a diversified exposure to the Canadian economy, its three distinct core businesses operate through a network of 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 outlook for the global and Canadian economies for the remainder of 2012, the impact of global economic events on our end markets and our outlook with respect to results for the financial year. 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 – Q2 2012

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 June 30, 2012. 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 June 30, 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 August 10, 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

As at June 30, 2012, Wajax's management, under the supervision of its CEO and CFO, had designed disclosure controls and procedures ("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 June 30, 2012, Wajax's management, under the supervision of its CEO and CFO, had designed internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). In completing the design, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework. With regard to general controls over information technology, management also used the set of practices of Control Objectives for Information and related Technology ("COBIT") created by the IT Governance Institute.

During the quarter, Wajax completed the design of DC&P and ICFR relating to the former operations of Harper Power Products Inc. ("Harper"). Wajax acquired the assets of Harper on May 2, 2011. Other than the completion of the integration of the former Harper operation, there was no change in Wajax's ICFR that occurred during the three months ended June 30, 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, power systems and industrial components 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.

In 2012, the Corporation 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 outlook for the global and Canadian economies for the remainder of 2012, the impact of global economic events on our end markets, our outlook with respect to results for the financial year, 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 June 30		**Six months ended June 30**	
	2012	2011	**2012**	2011
Revenue	**$386.6**	$334.1	**$744.7**	$638.0
Gross profit	**$79.2**	$72.5	**$157.1**	$138.4
Selling and administrative expenses	**$52.9**	$49.0	**$106.6**	$95.9
Earnings before finance costs and income taxes	**$26.4**	$23.5	**$50.5**	$42.5
Finance costs	**$1.1**	$1.1	**$1.9**	$2.1
Earnings before income taxes	**$25.2**	$22.4	**$48.6**	$40.4
Income tax expense	**$6.8**	$5.8	**$13.0**	$11.1
Net earnings	**$18.5**	$16.5	**$35.6**	$29.4
Earnings per share				
- Basic	**$1.11**	$0.99	**$2.13**	$1.77
- Diluted	**$1.09**	$0.98	**$2.10**	$1.74

Revenue
Revenue in the second quarter of 2012 increased 16%, or $52.5, million to $386.6 million, from $334.1 million in the second quarter of 2011. Excluding revenue from the former Harper operation, revenue increased 14%, or $46.9 million. Segment revenue increased 29% in Equipment, 1% in Power Systems (decrease of 7% excluding revenue from the former Harper operation) and 5% in Industrial Components compared to the same quarter last year.

For the six months ended June 30, 2012, revenue increased 17%, or $106.7 million, over the same period last year. Excluding revenue from the former Harper operation, revenue increased 14%, or $85.3 million.

Gross profit
Gross profit in the second quarter of 2012 increased $6.7 million due mainly to the positive impact of higher volumes, and offset partially by a lower gross profit margin percentage compared to the second quarter last year. The gross profit margin percentage for the quarter of 20.5% decreased from 21.7% in the second quarter of 2011 due to the negative sales mix variance resulting from a higher proportion of equipment sales and slightly lower gross profit margins compared to last year.

For the six months ended June 30, 2012, gross profit increased $18.7 million due to higher volumes compared to the same period last year. The gross profit margin percentage decreased to 21.1% in 2012 from 21.7% in 2011 due mainly to the negative sales mix variance resulting from a higher proportion of equipment sales compared to the same period last year.

Selling and administrative expenses
Selling and administrative expenses increased $3.9 million in the second quarter of 2012 compared to the same quarter last year. Increases due to higher personnel and sales related costs and $1.1 million related to Harper, were offset in part by lower incentive accruals. Selling and administrative expenses as a percentage of revenue decreased to 13.7% in the second quarter of 2012 from 14.7% in the same quarter of 2011.

For the six months ended June 30, 2012, selling and administrative expenses increased $10.7 million compared to the same period last year due primarily to increased personnel and sales related costs, $3.9 million related to Harper and a $1.9 million increase in stock based mid-term incentive accruals. These increases were partially offset by lower incentive accruals and reduced bad debt expense. Selling and administrative expenses as a percentage of revenue decreased to 14.3% in 2012 from 15.0% in 2011.

Finance costs
Quarterly finance costs of $1.1 million remained the same compared to the same quarter last year as the positive impact of the Corporation's lower cost of borrowing was offset by higher funded net debt. Funded net debt includes bank debt, bank indebtedness and obligations under finance leases, net of cash.

For the six months ended June 30, 2012, finance costs of $1.9 million decreased $0.2 million compared to the same period in 2011 due mainly to the Corporation's lower costs of borrowing, offset partially by higher funded net debt.

Income tax expense
The effective income tax rate of 26.8% for the quarter increased from 26.1% the previous year due to an adjustment made in the second quarter of last year to reflect the positive impact of reduced statutory income tax rates.

For the six months ended June 30, 2012, the effective income tax rate of 26.8% decreased from 27.4% in the previous year due mainly to the positive impact of lower expenses not deductible for tax purposes.

Net earnings
Quarterly net earnings increased $2.0 million to $18.5 million, or $1.11 per share, from $16.5 million, or $0.99 per share, in the same quarter of 2011 as the positive impact of higher volumes more than offset the lower gross profit margin percentage, increased selling and administrative expenses and higher income tax expense compared to the same quarter last year.

For the six months ended June 30, 2012, net earnings increased $6.2 million to $35.6 million, or $2.13 per share, from $29.4 million, or $1.77 per share, in the same period in 2011. The positive impact of higher volumes and lower finance costs more than offset the lower gross profit margin percentage and increased selling and administrative and income tax expenses compared to the same period last year.

Comprehensive income
Comprehensive income for the second quarter of $18.9 million increased $1.9 million from $17.0 million compared to the same quarter in the previous year as the $2.0 million increase in net earnings was only partially offset by a $0.1 million decrease in other comprehensive income.

For the six months ended June 30, 2012, comprehensive income of $35.7 million increased $5.6 million from $30.1 million in the same period of the previous year as the $6.2 million increase in net earnings was only partially offset by a $0.7 million decrease in other comprehensive gains. The decrease in other comprehensive gains 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 $119.3 million at June 30, 2012 increased $11.2 million compared to March 31, 2012. Net cash flows generated from operating activities of $6.4 million were insufficient to cover the uses of cash including dividends paid of $13.5 million, investing activities of $2.6 million, finance lease payments of $0.4 million and debt facility amendment costs of $0.2 million. Wajax's quarter-end funded net debt-to-equity ratio of 0.50:1 at June 30, 2012 increased from the March 31, 2012 ratio of 0.46:1.

Funded net debt of $119.3 million at June 30, 2012 increased $55.6 million compared to December 31, 2011. The increase comprised mainly of net cash flows used in operating activities of $26.1 million, dividends paid of $23.5 million and investing activities of $3.8 million. Wajax's period-end funded net debt-to-equity ratio of 0.50:1 at June 30, 2012 increased from the December 31, 2011 ratio of 0.28:1.

Dividends
For the second quarter ended June 30, 2012 monthly dividends declared totaled $0.81 per share and included $0.27 per share for each of the months of April, May and June. For the second quarter ended June 30, 2011 monthly dividends declared were $0.51 per share.

For the six months ended June 30, 2012 monthly dividends declared totaled $1.48 per share. For the six months ended June 30, 2011 monthly dividends declared were $0.96 per share.

On May 8, 2012 Wajax announced a dividend of $0.27 per share ($3.24 annualized) for the month of July payable on August 20, 2012 to shareholders of record on July 31, 2012.

On August 10, 2012 Wajax announced monthly dividends of $0.27 per share ($3.24 annualized) for each of the months of August, September and October payable on September 20, 2012, October 22, 2012 and November 20, 2012 to shareholders of record on August 31, 2012, September 28, 2012 and October 31, 2012 respectively.

Backlog
Consolidated backlog at June 30, 2012 of $244.0 million decreased $13.2 million or 5% compared to March 31, 2012 due to reductions in the Equipment and Power Systems segments. Consolidated backlog decreased $37.7 million compared to June 30, 2011 due to reductions in the Power System and Equipment segments, partially offset by increases in Industrial Components. Backlog includes the total retail value of customer purchase orders for future delivery or commissioning. See the Results of Operations section for further backlog detail by segment.

Results of Operations

Equipment

	Three months ended June 30		**Six months ended June 30**	
	2012	2011	**2012**	2011
Equipment*	**$144.4**	$98.5	**$250.7**	$186.0
Parts and service	**$67.9**	$65.7	**$132.0**	$129.6
Segment revenue	**$212.3**	$164.2	**$382.7**	$315.6
Segment earnings	**$15.7**	$12.0	**$28.8**	$23.1
Segment earnings margin	***7.4%***	*7.3%*	***7.5%***	*7.3%*

* Includes rental revenue.

Revenue in the second quarter of 2012 increased $48.1 million, or 29%, to $212.3 million from $164.2 million in the second quarter of 2011. Segment earnings for the quarter increased $3.7 million to $15.7 million compared to the second quarter of 2011. The following factors contributed to the Equipment segment's second quarter results:

- Equipment revenue for the second quarter increased $45.9 million compared to the same quarter last year. Specific quarter-over-quarter variances included the following:
  - Construction equipment revenue increased $22.1 million as a result of increased Hitachi excavator sales driven by strong demand in western Canada and higher Wirtgen road building equipment sales in Ontario. JCB equipment sales declined slightly due to a lower dollar average sale price per unit compared to last year.
  - Mining equipment sales increased $18.1 million due to higher Hitachi mining equipment deliveries in all regions and delivery of a LeTourneau loader in western Canada.

- Material handling equipment revenue increased $2.9 million on higher volumes in eastern and western Canada, offset partially by lower volumes in Ontario.
- Crane and utility equipment revenue increased $1.7 million attributable to higher sales in western and eastern Canada.
- Forestry equipment revenues increased $1.0 million resulting from higher Tigercat product sales in western Canada.

- Parts and service volumes for the second quarter increased $2.2 million compared to the same quarter last year on improved construction sector sales in western Canada and Ontario.

- Segment earnings for the second quarter increased $3.7 million to $15.7 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 $1.7 million increase in selling and administrative expenses. Selling and administrative expenses increased compared to the same quarter last year as higher personnel and sales related expenses were partially offset by lower bad debt and occupancy expenses.

Backlog of $133.9 million at June 30, 2012 decreased $9.5 million compared to March 31, 2012 due mainly to construction sector equipment deliveries and includes $13.4 million of LeTourneau equipment orders. Backlog decreased $17.1 million compared to June 30, 2011 due to mining equipment deliveries and the elimination of product shipment delays experienced in 2011.

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 $13.4 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. LeTourneau revenue for the six months ended June 30, 2012 included equipment sales of $11.9 million and parts and service volumes of $12.4 million.

Power Systems

	Three months ended June 30		**Six months ended June 30**	
	2012	2011	**2012**	2011
Equipment*	**$28.4**	$36.1	**$68.8**	$71.6
Parts and service	**$53.4**	$44.9	**$108.9**	$82.4
Segment revenue	**$81.8**	$81.0	**$177.7**	$154.0
Segment earnings	**$6.4**	$8.3	**$15.1**	$15.3
Segment earnings margin	***7.9%***	*10.2%*	***8.5%***	*9.9%*

* Includes rental and other revenue.

Revenue in the second quarter of 2012 increased $0.8 million to $81.8 million compared to $81.0 million in the same quarter of 2011. Excluding revenue from the former Harper operation, Power Systems revenue in the second quarter of 2012 decreased $4.8 million, or 7%, compared to the same quarter last year. Segment earnings decreased $1.9 million to $6.4 million in the second quarter compared to the same quarter in the previous year. The following factors impacted quarterly revenue and earnings compared to last year:

- Equipment revenue decreased $7.7 million as lower equipment sales to off-highway oil and gas customers in western Canada and lower power generation equipment sales in western and eastern Canada more than offset an increase in Ontario.

- Parts and service volumes increased $8.5 million compared to last year. This was mainly due to the addition of one month's revenue in Ontario from Harper; higher sales to off-highway mining customers in eastern Canada; the final settlement of a long-term maintenance and repair contract in western Canada; and increased volumes attributable to the oil and gas and power generation markets in western Canada.

- Segment earnings in the second quarter of 2012 decreased $1.9 million compared to the same quarter last year. The positive impact of higher parts and service volumes and higher gross margins in western and eastern Canada was partially offset by the lower equipment sales and reduced parts and service margins in Ontario. Selling and administrative expenses included $1.1 million of additional expenses from Harper and higher personnel, sales and occupancy costs. Portions of these cost increases represent investments for future growth in the off-highway and electrical power generation markets.

Backlog of $60.9 million as of June 30, 2012 decreased $3.7 million compared to March 31, 2012. Backlog decreased $22.8 million compared to June 30, 2011 due primarily to reductions in oil and gas related off-highway orders in western Canada and the timing of orders received related to power generation.

Industrial Components

	Three months ended June 30		**Six months ended June 30**	
	2012	2011	**2012**	2011
Segment revenue	**$94.0**	$89.9	**$187.2**	$170.6
Segment earnings	**$6.2**	$6.5	**$13.0**	$11.0
Segment earnings margin	***6.6%***	*7.3%*	***6.9%***	*6.4%*

Revenue of $94.0 million in the second quarter of 2012 increased $4.1 million, or 5%, from $89.9 million in the second quarter of 2011. Segment earnings decreased $0.3 million to $6.2 million in the second quarter compared to the same quarter in the previous year. The following factors contributed to the segment's second quarter results:

- Bearings and power transmission parts sales increased $2.2 million compared to the same quarter last year due mainly to higher mining sector volumes in eastern and western Canada and increased sales to metal processing customers across all regions. These increases were partially offset by reductions in sales to forestry sector customers in eastern Canada.

- Fluid power and process equipment products and service revenue in the second quarter of 2012 increased $1.9 million due primarily to higher industrial sector volumes across all regions and higher sales to oil and gas customers in western Canada.

- Segment earnings in the second quarter of 2012 decreased $0.3 million compared to the same quarter last year. The negative impact of slightly lower gross profit margins and a $1.2 million increase in selling and administration expenses outweighed the positive impact of higher volumes. 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 June 30, 2012 remained unchanged compared to March 31, 2012 and increased $2.2 million compared to June 30, 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	2012	2011	2011	2011	2011	2010	2010
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	**$386.6**	$358.1	$377.2	$361.9	$334.1	$303.9	$316.4	$294.4
Earnings before income taxes	**$25.2**	$23.3	$22.5	$24.6	$22.4	$18.0	$14.9	$18.7
Net earnings	**$18.5**	$17.1	$16.6	$17.9	$16.5	$12.8	$15.8	$19.6
Net earnings per share								
- Basic	**$1.11**	$1.03	$1.00	$1.08	$0.99	$0.77	$0.95	$1.18
- Diluted	**$1.09**	$1.01	$0.98	$1.06	$0.98	$0.76	$0.93	$1.16

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 generated from operating activities amounted to $6.4 million in the second quarter of 2012, compared to $6.6 million in the same quarter of the previous year. The $0.2 million decrease was due mainly to higher rental equipment additions of $3.3 million and an increased use of operating assets and liabilities of $0.8 million. This was mostly offset by higher cash flows from operating activities before changes in operating assets and liabilities of $3.8 million.

For the six months ended June 30, 2012, net cash flows used in operating activities amounted to $26.1 million, compared to $14.1 million for the same period in the previous year. The $12.0 million increase in net cash flows used in operating activities was due primarily to an increased use of operating assets and liabilities of $17.8 million, higher other liabilities of $2.4 million and rental equipment additions of $1.9 million. This was partially offset by higher cash flows from operating activities before changes in operating assets and liabilities of $9.7 million.

Changes in operating assets and liabilities for the three and six months of 2012 compared to the same periods in 2011 include the following components:

	Three months ended June 30		Six months ended June 30	
Changes in operating assets and liabilities *	**2012**	2011	**2012**	2011
Trade and other receivables	**$2.2**	$21.7	**$21.6**	$38.4
Inventories	**$14.4**	$1.6	**$42.6**	$12.1
Prepaid expenses	**($2.1)**	$1.2	**$0.8**	($0.1)
Trade and other payables	**($0.7)**	($4.7)	**($17.7)**	$0.6
Accrued Liabilities	**$0.1**	($5.5)	**$17.5**	($2.6)
Provisions	**$0.6**	($0.6)	**$1.0**	($0.4)
Total	**$14.5**	$13.7	**$65.8**	$48.0

* Cash used in (generated)

Significant components of the changes in operating assets and liabilities for the quarter ended June 30, 2012 are as follows:

- Trade and other receivables increased $2.2 million due primarily to higher sales activity in the Equipment segment.

- Inventories increased $14.4 million across all regions due in part to higher mining equipment inventory in the Equipment segment and certain delays in customer deliveries in the Power Systems segment.

Significant components of the changes in operating assets and liabilities for the six months ended June 30, 2012 are as follows:

- Trade and other receivables increased $21.6 million due mainly to higher sales activity in the Equipment and Industrial Components segments.
- Inventories increased $42.6 million across all regions due primarily to increases in mining and construction equipment in the Equipment segment, delays in certain customer deliveries in the Power Systems segment and increases in stock levels in the Industrial Components segment's western Canada operation.
- Trade and other payables increased $17.7 million reflecting higher inventory related trade payables.
- Accrued liabilities decreased $17.5 million due mainly to the payment of prior year annual and mid-term incentive accruals in the first quarter and decreases in customer deposits in the Equipment segment.

On the consolidated statement of financial position at June 30, 2012, Wajax had employed $196.0 million in current assets net of current liabilities, exclusive of funded net debt, compared to $165.0 million at December 31, 2011. The $31.0 million increase was due primarily to the cash flow factors listed above, offset partially by an increase of $34.5 million in income taxes payable due in January 2013. The $34.5 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 second quarter of 2012, Wajax invested $2.6 million in property, plant and equipment additions, net of disposals, compared to $1.0 million in the second quarter of 2011. The increase of $1.6 million included leasehold additions and shop equipment related to the Power Systems segment's new leased facility in Drummondville, Quebec.

For the six months ended June 30, 2012, Wajax invested $3.8 million in property, plant and equipment additions, net of disposals, compared to $1.9 million in the same period of 2011.

Investing activities in the second quarter of 2011 also included $21.6 million of cash paid on closing for the acquisition of Harper and intangible assets additions of $0.2 million.

Financing Activities

The Corporation used $13.1 million of cash in financing activities in the second quarter of 2012 compared to $5.4 million of cash generated from financing activities in the same quarter of 2011. Financing activities in the quarter included dividends paid to shareholders totaling $13.5 million, or $0.81 per share, finance lease payments of $0.4 million and debt facility amendment costs of $0.2 million, offset partially by bank debt borrowing of $1.0 million.

For the six months ended June 30, 2012, the Corporation generated $8.9 million of cash in financing activities compared to $13.0 million of cash used in financing activities in the same period of 2011. Financing activities for the six months ended included bank debt borrowing of $34.0 million, offset partially by dividends paid to shareholders totaling $23.5 million, or $1.41 per share, finance lease payments of $1.4 million and debt facility amendment costs of $0.2 million.

Funded net debt of $119.3 million at June 30, 2012 increased $11.2 million compared to March 31, 2012. Net cash flows generated from operating activities of $6.4 million were insufficient to cover the uses of cash including dividends paid of $13.5 million, investing activities of $2.6 million, finance lease payments of $0.4 million and debt facility amendment costs of $0.2 million. Wajax's quarter-end funded net debt-to-equity ratio of 0.50:1 at June 30, 2012 increased from the March 31, 2012 ratio of 0.46:1.

Funded net debt of $119.3 million at June 30, 2012 increased $55.6 million compared to December 31, 2011. The increase comprised mainly of net cash flows used in operating activities of $26.1 million, dividends paid of $23.5 million and investing activities of $3.8 million. Wajax's period-end funded net debt-to-equity ratio of 0.50:1 at June 30, 2012 increased from the December 31, 2011 ratio of 0.28:1.

Liquidity and Capital Resources

On May 24, 2012, Wajax amended its bank credit facility to increase the limit of the revolving term portion of the facility by $50 million on substantially the same terms and conditions as the existing facility. The fully secured facility, due August 12, 2016, is now comprised of a $30 million non-revolving term portion and a $195 million revolving term portion. The $0.2 million cost of amending the facility has been capitalized and will be amortized over the remaining term of the facility.

At June 30, 2012, Wajax had borrowed $98.6 million and issued $6.2 million of letters of credit for a total utilization of $104.8 million of its $225 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 June 30, 2012 borrowing capacity under the bank credit facility was equal to $225.0 million.

Since its conversion back to a corporation on January 1, 2011, Wajax has not made any significant income tax payments and will not be required to make any such payments until 2013. This is 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 as a result of a 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 $225 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 quarter were as follows:

- As at June 30, 2012, Wajax had no interest rate swaps outstanding. (As at June 30, 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 June 30, 2012, Wajax had contracts outstanding to buy U.S.$31.9 million and €0.02 million and to sell U.S.$7.5 million (December 31, 2011 – to buy U.S.$36.0 million and €0.2 million and to sell U.S.$1.0 million, June 30, 2011 – to buy U.S.$29.3 million and to sell U.S.$4.4 million and €0.006 million). The U.S. dollar contracts expire between July 2012 and April 2013, with a weighted average U.S./Canadian dollar rate of 1.0227 and weighted average Euro / Canadian dollar rate of 1.2868.

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 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.

Currency Risk

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

Contractual Obligations

There have been no material changes to the Corporation’s contractual obligations since December 31, 2011.

Off Balance Sheet Financing

Off balance sheet financing arrangements include operating lease contracts entered into for facilities with various landlords, a portion of the long-term lift truck rental fleet in Equipment with a non-bank lender and office equipment with various non-bank lenders. There have been no material changes to the Corporation’s total obligations for all operating leases since December 31, 2011, see the Contractual Obligations section.

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

The Equipment segment had $93.9 million (2011 - $27.9 million) of consigned inventory on-hand from a major manufacturer at June 30, 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.

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
April 30, 2012	May 22, 2012	$0.27	$4.5
May 31, 2012	June 20, 2012	0.27	4.5
June 29, 2012	July 20, 2012	0.27	4.5
Three months ended June 30, 2012		**$0.81**	**$13.5**

On May 8, 2012 Wajax announced a dividend of $0.27 per share ($3.24 annualized) for the month of July payable on August 20, 2012 to shareholders of record on July 31, 2012.

On August 10, 2012 Wajax announced monthly dividends of $0.27 per share ($3.24 annualized) for each of the months of August, September and October payable on September 20, 2012, October 22, 2012 and November 20, 2012 to shareholders of record on August 31, 2012, September 28, 2012 and October 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 $225 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 June 30, 2012, total borrowing capacity under the bank credit facility was equal to $225 million of which $104.8 million was utilized at June 30, 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 June 30, 2012	Number	Amount
Balance at the beginning of the quarter	16,629,444	$105.4
Rights exercised	107,003	1.3
Balance at the end of the quarter	**16,736,447**	**$106.7**

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 $0.3 million for the quarter (2011 - $1.1 million) and $3.1 million for the six months ended (2011 - $2.5 million) in respect of these plans.

Critical Accounting Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and revenue and expenses during the reporting period. 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.

The areas where significant judgements and assumptions are used to determine the amounts recognized in the financial statements include the provision for doubtful accounts, inventory obsolescence, asset impairment, classification of leases, impairment of intangible assets, warranty provision and the measurement of employee defined benefit obligations. In preparing the financial statements for the quarter ended June 30, 2012, 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, 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 first quarter of 2012, the Corporation 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 12% in the second quarter of 2012 compared to the same quarter in 2011. The Equipment segment had record sales of Hitachi construction excavators in western Canada in the second quarter and mining equipment sales exceeded amounts recorded last year. Results from the Power Systems segment fell short of management's expectation on softness in the western Canada energy sector and lower margins in Ontario.

With market forecasters continuing to lower their expectations for growth in the global and Canadian economies as a result of the European debt crisis and a slowing Chinese economy, management is slightly more cautious regarding the outlook for Wajax for the remainder of 2012. While most of the Corporation's end markets continue to hold up well and quoting activity particularly in mining remains buoyant, management has seen a weakening of oil and gas drilling and well servicing activities in western Canada. This, combined with phasing out of the LeTourneau aftermarket business in the second quarter leads management to expect that results for the full year of 2012 will be modestly higher than 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 and six months ended June 30, 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		**June 30, 2012**		December 31, 2011
ASSETS					
CURRENT					
Cash		**$**	**-**	$	5,659
Trade and other receivables			**195,858**		174,233
Inventories			**284,782**		241,524
Prepaid expenses			**8,801**		8,033
			489,441		429,449
NON-CURRENT					
Rental equipment	3		**37,577**		28,060
Property, plant and equipment	4		**49,610**		47,924
Intangible assets			**83,800**		84,493
Deferred taxes	9		**4,226**		-
			175,213		160,477
		$	**664,654**	$	589,926
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT					
Bank indebtedness		**$**	**15,404**	$	-
Trade and other payables			**180,532**		163,108
Accrued liabilities			**66,697**		84,050
Provisions			**4,714**		5,704
Dividends payable			**4,519**		3,326
Income taxes payable			**36,922**		2,398
Obligations under finance leases			**3,647**		3,646
Derivative instruments			**34**		208
			312,469		262,440
NON-CURRENT					
Provisions			**4,788**		4,010
Deferred taxes	9		**-**		17,694
Employee benefits			**6,837**		6,843
Other liabilities			**1,365**		5,644
Obligations under finance leases			**7,381**		6,688
Bank debt	5		**92,897**		59,021
			113,268		99,900
SHAREHOLDERS' EQUITY					
Share capital	6		**106,651**		105,371
Contributed surplus			**3,905**		4,888
Retained earnings			**128,372**		117,477
Accumulated other comprehensive loss			**(11)**		(150)
Total shareholders' equity			**238,917**		227,586
		$	**664,654**	$	589,926

These condensed consolidated financial statements were approved by the Board of Directors on August 10, 2012.

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited, in thousands of Canadian dollars, except per share data)	Note	Three months ended June 30 **2012**	2011	Six months ended June 30 **2012**	2011
Revenue		**$ 386,613**	$ 334,069	**$ 744,689**	$ 637,998
Cost of sales		**307,389**	261,539	**587,576**	499,605
Gross profit		**79,224**	72,530	**157,113**	138,393
Selling and administrative expenses		**52,851**	49,044	**106,575**	95,887
Earnings before finance costs and income taxes		**26,373**	23,486	**50,538**	42,506
Finance costs		**1,128**	1,109	**1,944**	2,085
Earnings before income taxes		**25,245**	22,377	**48,594**	40,421
Income tax expense	9	**6,776**	5,839	**13,024**	11,067
Net earnings		**$ 18,469**	$ 16,538	**$ 35,570**	$ 29,354
Basic earnings per share	10	**$ 1.11**	$ 0.99	**$ 2.13**	$ 1.77
Diluted earnings per share	10	**$ 1.09**	$ 0.98	**$ 2.10**	$ 1.74

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, in thousands of Canadian dollars)	Three months ended June 30 **2012**	2011	Six months ended June 30 **2012**	2011
Net earnings	**$ 18,469**	$ 16,538	**$ 35,570**	$ 29,354
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 $106 (2011 – $160) and year to date, net of tax of $109 (2011 – $390)	**289**	422	**297**	1,029
Gains (losses) on derivative instruments designated as cash flow hedges during the period, net of tax of $46 (2011 – $16) and year to date, net of tax of $147 (2011 – $87)	**126**	34	**(158)**	(238)
Other comprehensive income, net of tax	**415**	456	**139**	791
Total comprehensive income	**$ 18,884**	$ 16,994	**$ 35,709**	$ 30,145

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

						Accumulated other comprehensive (loss) income ("AOCL")	
For the six months ended June 30, 2012 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Contributed surplus	Retained earnings	Cash flow hedges	Total
January 1, 2012		$	105,371	4,888	117,477	(150)	$ 227,586
Net earnings			-	-	35,570	-	35,570
Other comprehensive income			-	-	-	139	139
Total comprehensive income for the period			-	-	35,570	139	35,709
Shares issued to settle share-based compensation plans			1,280	(1,280)	-	-	-
Dividends	7		-	-	(24,675)	-	(24,675)
Share-based compensation expense	8		-	297	-	-	297
June 30, 2012		**$**	**106,651**	**3,905**	**128,372**	**(11)**	**$ 238,917**

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 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			-	-	-	29,354	-		29,354
Other comprehensive income			-	-	-	-	791		791
Total comprehensive income for the period			-	-	-	29,354	791		30,145
Dividends	7		-	-	-	(15,964)	-		(15,964)
Share-based compensation expense	8		-	-	912	-	-		912
June 30, 2011		**$**	**105,371**	**-**	**4,843**	**105,195**	**(986)**	**$**	**214,423**

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

(unaudited, in thousands of Canadian dollars)	Note	Three months ended June 30 **2012**	Three months ended June 30 2011	Six months ended June 30 **2012**	Six months ended June 30 2011
OPERATING ACTIVITIES					
Net earnings		**$ 18,469**	$ 16,538	**$ 35,570**	$ 29,354
Items not affecting cash flow:					
Depreciation and amortization					
Rental equipment		**1,834**	1,104	**3,400**	2,066
Property, plant and equipment		**1,204**	1,059	**2,312**	2,035
Assets under finance lease		**880**	726	**1,737**	1,446
Intangible assets		**364**	301	**730**	581
Loss (gain) on disposal of property, plant and equipment	4	**95**	-	**146**	(16)
Share-based compensation expense	8	**146**	367	**297**	912
Non-cash rental income		**(147)**	(79)	**(289)**	(49)
Employee benefits expense (income), net of payments		**12**	(76)	**(6)**	(254)
Non-cash (gain) loss on derivative instruments		**(103)**	-	**18**	-
Finance costs		**1,128**	1,109	**1,944**	2,085
Income tax expense	9	**6,776**	5,839	**13,024**	11,067
Cash flows from operating activities before changes in operating assets and liabilities		**30,658**	26,888	**58,883**	49,227
Changes in operating assets and liabilities:					
Trade and other receivables		**(2,248)**	(21,717)	**(21,625)**	(38,376)
Inventories		**(14,365)**	(1,586)	**(42,608)**	(12,107)
Prepaid expenses		**2,099**	(1,198)	**(768)**	101
Trade and other payables		**654**	4,719	**17,713**	(601)
Accrued liabilities		**(100)**	5,454	**(17,516)**	2,611
Provisions		**(576)**	594	**(990)**	394
		(14,536)	(13,734)	**(65,794)**	(47,978)
Cash flows generated from (used in) operating activities		**16,122**	13,154	**(6,911)**	1,249
Rental equipment additions	3	**(9,283)**	(6,027)	**(13,567)**	(11,709)
Provisions, non-current		**145**	(102)	**778**	37
Other liabilities		**619**	771	**(4,279)**	(1,849)
Finance costs paid		**(1,070)**	(970)	**(1,669)**	(1,826)
Income taxes paid		**(165)**	(206)	**(475)**	(37)
Net cash flows generated from (used in) operating activities		**6,368**	6,620	**(26,123)**	(14,135)
INVESTING ACTIVITIES					
Property, plant and equipment additions	4	**(2,970)**	(996)	**(4,179)**	(1,964)
Proceeds on disposal of property, plant and equipment	4	**347**	3	**387**	57
Intangible assets additions		**(26)**	(218)	**(37)**	(243)
Acquisition of business		**-**	(21,603)	**-**	(21,603)
Net cash flows used in investing activities		**(2,649)**	(22,814)	**(3,829)**	(23,753)
FINANCING ACTIVITIES					
Increase in bank debt	5	**1,000**	14,000	**33,998**	14,000
Debt facility amendment costs	5	**(232)**	-	**(232)**	-
Finance lease payments		**(409)**	(667)	**(1,395)**	(1,593)
Dividends paid		**(13,504)**	(7,982)	**(23,482)**	(25,443)
Net cash flows (used in) generated from financing activities		**(13,145)**	5,351	**8,889**	(13,036)
Net change in cash		**(9,426)**	(10,843)	**(21,063)**	(50,924)
(Bank indebtedness) cash - beginning of period		**(5,978)**	2,873	**5,659**	42,954
Bank indebtedness - end of period		**$ (15,404)**	$ (7,970)	**$ (15,404)**	$ (7,970)

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

JUNE 30, 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, power systems and industrial components, 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 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, 2011. The significant accounting policies follow those disclosed in the most recently reported audited consolidated financial statements.

Basis of measurement

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

3. RENTAL EQUIPMENT

The Corporation acquired rental equipment with a cost of $9,283 during the quarter (2011 – $6,027) and $13,567 year to date (2011 – $11,709). Rental equipment with a carrying amount of $339 during the quarter (2011 – $922) and $650 year to date (2011 – $2,066) ceased to be rented and was classified as held for sale in the normal course of business and transferred to inventories.

4. PROPERTY, PLANT AND EQUIPMENT

The Corporation acquired property, plant and equipment with a cost of $2,970 during the quarter (2011 – $996) and $4,179 year to date (2011 – $1,964). Assets with a carrying amount of $442 during the quarter (2011 – $3) and $533 year to date (2011 – $41) were disposed of, resulting in losses on disposal of $95 during the quarter (2011 – nil) and $146 year to date (2011 – gain of $16).

5. BANK DEBT

On May 24, 2012, the Corporation amended its bank credit facility to increase the limit of the revolving term portion of the facility by $50,000 on substantially the same terms and conditions as the existing facility. The fully secured facility, due August 12, 2016, is now comprised of a $30,000 non-revolving term portion and a $195,000 revolving term portion. The $232 cost of amending the facility has been capitalized and will be amortized over the remaining term of the facility.

6. SHARE CAPITAL

	Number of Shares		Amount
Balance, January 1, 2012	16,629,444	$	105,371
Shares issued to settle share-based compensation plans	107,003		1,280
Balance, June 30, 2012	**16,736,447**	**$**	**106,651**

7. DIVIDENDS DECLARED

During the three months ended June 30, 2012, the Corporation declared cash dividends of $0.81 per share or $13,533 (June 30, 2011, dividends of $0.51 per share or $8,481).

Year to date, the Corporation declared cash dividends of $1.48 per share or $24,675 (June 30, 2011, dividends of $0.96 per share or $15,964).

The Corporation has declared dividends of $4,519 ($0.27 per share) for the month of July 2012.

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 $146 for the quarter (2011 – $367) and $297 for the year to date (2011 – $912) in respect of these plans.

Share Ownership Plan	**June 30, 2012**			June 30, 2011		
	Number of Rights		Fair value at time of grant	Number of Rights		Fair value at time of grant
Outstanding at beginning of year	**111,306**	**$**	**1,024**	101,999	$	1,024
Granted in the period – new grants	**14,311**		**726**	-		-
– dividend equivalents	**1,239**		**-**	4,285		-
Settled in the period	**(55,522)**		**(471)**	-		-
Outstanding at end of period	**71,334**	**$**	**1,279**	106,284	$	1,024

At June 30, 2012, 52,308 SOP rights were vested (June 30, 2011 – 97,524).

Deferred Share Program	**June 30, 2012**			June 30, 2011		
	Number of Rights		Fair value at time of grant	Number of Rights		Fair value at time of grant
Outstanding at beginning of year	**30,216**	**$**	**750**	24,165	$	600
Granted in the period – new grants	**-**		**-**	3,989		150
– dividend equivalents	**929**		**-**	1,098		-
Outstanding at end of period	**31,145**	**$**	**750**	29,252	$	750

All DSP rights have vested at June 30, 2012 (no rights had vested at June 30, 2011).

Directors' Deferred Share Unit Plan	**June 30, 2012**			June 30, 2011		
	Number of Rights		Fair value at time of grant	Number of Rights		Fair value at time of grant
Outstanding at beginning of year	**176,591**	**$**	**3,134**	147,797	$	2,509
Granted in the period – new grants	**5,633**		**267**	7,017		264
– dividend equivalents	**5,388**		**-**	6,252		-
Settled in the period	**(51,481)**		**(809)**	-		-
Outstanding at end of period	**136,131**	**$**	**2,592**	161,066	$	2,773

DDSUP rights vest immediately upon grant.

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

The Corporation recorded compensation cost of $60 for the quarter (2011 – $771) and $2,575 for the year to date (2011 – $1,559) in respect of the share-based portion of the MTIP. At June 30, 2012, the carrying amount of the share-based portion of the MTIP liability was $5,873 (2011 – $5,411).

c) Deferred Share Unit Plan ("DSUP")

The Corporation recorded compensation cost of $136 for the quarter (2011 – nil) and $194 for the year to date (2011 – nil) in respect of the DSUP. At June 30, 2012, the carrying amount of the DSUP liability was $363 (2011 – nil).

9. INCOME TAXES

Income tax expense comprises current and deferred tax as follows:

For the six months ended June 30		2012		2011
Current	$	**34,998**	$	506
Deferred – Origination and reversal of temporary difference		**(21,901)**		11,057
– Change in tax law and rates		**(73)**		(496)
Income tax expense	$	**13,024**	$	11,067

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 26.1% 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 six months ended June 30		2012		2011
Combined statutory income tax rate		**26.2%**		27.7%
Expected income tax expense at statutory rates	$	**12,731**	$	11,196
Non-deductible expenses		**244**		418
Deferred tax related to changes in tax law and rates		**(73)**		(496)
Other		**122**		(51)
Income tax expense	$	**13,024**	$	11,067

Recognized deferred tax assets and liabilities

Recognized deferred tax assets and liabilities are comprised as follows:

		June 30, 2012		December 31, 2011
Accrued liabilities	$	**5,658**	$	5,249
Provisions		**1,299**		2,504
Employee benefits		**1,843**		1,752
Property, plant and equipment		**(1,725)**		(1,773)
Finance leases		**(376)**		(195)
Intangible assets		**(2,516)**		(2,355)
Deferred financing costs		**(32)**		(29)
Partnership income not currently taxable		**(259)**		(23,236)
Tax loss carryforwards		**331**		333
Derivative instruments		**3**		56
Net deferred tax assets (liabilities)	$	**4,226**	$	(17,694)

10. EARNINGS PER SHARE

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

	Three months ended June 30		Six months ended June 30	
	2012	2011	**2012**	2011
Numerator for basic and diluted earnings per share:				
– net earnings	**$ 18,469**	$ 16,538	**$ 35,570**	$ 29,354
Denominator for basic earnings per share: – weighted average shares	**16,696,348**	16,629,444	**16,662,896**	16,629,444
Denominator for diluted earnings per share:				
– weighted average shares	**16,696,348**	16,629,444	**16,662,896**	16,629,444
– effect of dilutive share rights	**246,360**	284,656	**274,694**	280,641
Denominator for diluted earnings per share	**16,942,708**	16,914,100	**16,937,590**	16,910,085
Basic earnings per share	**$ 1.11**	$ 0.99	**$ 2.13**	$ 1.77
Diluted earnings per share	**$ 1.09**	$ 0.98	**$ 2.10**	$ 1.74

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

11. 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, servicing and assembly of power systems; and iii) the distribution, servicing and assembly of industrial components.

For the three months ended June 30, 2012	Equipment	Power Systems	Industrial Components	Segment Eliminations and Unallocated Amounts	Total
Equipment	$ 135,822	$ 27,110	$	$	$ 162,932
Parts	43,968	34,276	89,456		167,700
Service	23,942	19,143	4,503		47,588
Rental and other	8,574	1,242		(1,423)	8,393
Revenue	$ 212,306	$ 81,771	$ 93,959	$ (1,423)	$ 386,613
Segment earnings before finance costs and income taxes	$ 15,690	$ 6,424	$ 6,205	$	$ 28,319
Corporate costs and eliminations				(1,946)	(1,946)
Earnings before finance costs and income taxes	15,690	6,424	6,205	(1,946)	26,373
Finance costs				1,128	1,128
Income tax expense				6,776	6,776
Net earnings	$ 15,690	$ 6,424	$ 6,205	$ (9,850)	$ 18,469

For the six months ended June 30, 2012	Equipment	Power Systems	Industrial Components	Segment Eliminations and Unallocated Amounts	Total
Equipment	$ 234,532	$ 66,135	$	$	$ 300,667
Parts	84,677	72,624	177,576		334,877
Service	47,316	36,224	9,664		93,204
Rental and other	16,147	2,690		(2,896)	15,941
Revenue	$ 382,672	$ 177,673	$ 187,240	$ (2,896)	$ 744,689
Segment earnings before finance costs and income taxes	$ 28,829	$ 15,111	$ 13,012	$	$ 56,952
Corporate costs and eliminations				(6,414)	(6,414)
Earnings before finance costs and income taxes	28,829	15,111	13,012	(6,414)	50,538
Finance costs				1,944	1,944
Income tax expense				13,024	13,024
Net earnings	$ 28,829	$ 15,111	$ 13,012	$ (21,382)	$ 35,570
As at June 30, 2012					
Segment assets excluding intangible assets	$ 299,651	$ 152,376	$ 124,301	$	$ 576,328
Intangible assets	21,968	14,626	47,195	11	83,800
Corporate and other assets				4,526	4,526
Total assets	$ 321,619	$ 167,002	$ 171,496	$ 4,537	$ 664,654

For the three months ended	Equipment		Industrial	Segment	Total

June 30, 2011		Power Systems	Components	Eliminations and Unallocated Amounts	
Equipment	$ 91,086	$ 35,113	$	$	$ 126,199
Parts	43,954	29,368	84,965		158,287
Service	21,730	15,560	4,930		42,220
Rental and other	7,411	991		(1,039)	7,363
Revenue	$ 164,181	$ 81,032	$ 89,895	$ (1,039)	$ 334,069
Segment earnings before finance costs and income taxes	$ 11,951	$ 8,271	$ 6,544	$	$ 26,766
Corporate costs and eliminations				(3,280)	(3,280)
Earnings before finance costs and income taxes	11,951	8,271	6,544	(3,280)	23,486
Finance costs				1,109	1,109
Income tax expense				5,839	5,839
Net earnings	$ 11,951	$ 8,271	$ 6,544	$ (10,228)	$ 16,538

For the six months ended June 30, 2011	Equipment	Power Systems	Industrial Components	Segment Eliminations and Unallocated Amounts	Total
Equipment	$ 171,586	$ 68,847	$	$	$ 240,433
Parts	88,777	53,449	161,695		303,921
Service	40,816	28,963	8,924		78,703
Rental and other	14,445	2,704		(2,208)	14,941
Revenue	$ 315,624	$ 153,963	$ 170,619	$ (2,208)	$ 637,998
Segment earnings before finance costs and income taxes	$ 23,142	$ 15,285	$ 10,989	$	$ 49,416
Corporate costs and eliminations				(6,910)	(6,910)
Earnings before finance costs and income taxes	23,142	15,285	10,989	(6,910)	42,506
Finance costs				2,085	2,085
Income tax expense				11,067	11,067
Net earnings	$ 23,142	$ 15,285	$ 10,989	$ (20,062)	$ 29,354

As at June 30, 2011					
Segment assets excluding intangible assets	$ 238,974	$ 123,109	$ 117,713	$	$ 479,796
Intangible assets	21,663	14,916	48,074	12	84,665
Corporate and other assets				362	362
Total assets	$ 260,637	$ 138,025	$ 165,787	$ 374	$ 564,823

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.

12. COMPARATIVE INFORMATION

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