SECOND QUARTER REPORT TO SHAREHOLDERS

FOR THE SIX MONTHS ENDED
JUNE 30, 2013

WAJAX CORPORATION 2013

WAJAX CORPORATION
News Release

TSX Symbol: WJX

WAJAX ANNOUNCES 2013 SECOND QUARTER EARNINGS

(Dollars in millions, except per share data)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
CONSOLIDATED RESULTS				
Revenue	**$362.1**	**$386.6**	**$698.3**	**$744.7**
Net earnings	**$13.5**	**$18.5**	**$23.9**	**$35.6**
Basic earnings per share	**$0.81**	**$1.11**	**$1.43**	**$2.13**
SEGMENTS				
Revenue – Equipment	**$198.6**	**$212.3**	**$366.0**	**$382.7**
- Power Systems	**$69.5**	**$81.8**	**$149.4**	**$177.7**
- Industrial Components	**$95.0**	**$94.0**	**$184.8**	**$187.2**
Net earnings – Equipment	**$13.9**	**$15.7**	**$23.8**	**$28.8**
% margin	*7.0%*	*7.4%*	*6.5%*	*7.5%*
- Power Systems	**$3.3**	**$6.4**	**$7.4**	**$15.1**
% margin	*4.7%*	*7.9%*	*4.9%*	*8.5%*
- Industrial Components	**$4.8**	**$6.2**	**$8.6**	**$13.0**
% margin	*5.1%*	*6.6%*	*4.6%*	*6.9%*

Toronto, Ontario – August 9, 2013 – Wajax Corporation ("Wajax" or the "Corporation") today announced its 2013 second quarter earnings.

Second Quarter Highlights

- Consolidated second quarter revenue of $362.1 million decreased $24.5 million, or 6%, compared to last year. Wajax Equipment revenue decreased 6%. Gains in the material handling sector and an 8% increase in parts and service volumes were more than offset by lower mining and construction sales, including the loss of the LeTourneau product line. Wajax Power Systems recorded a 15% decrease in revenue primarily on weaker activity in the western Canada oil and gas sector. Wajax Industrial Components revenue increased slightly with the inclusion of $5.9 million of revenue from two acquisitions completed during the fourth quarter of 2012. Excluding these acquisitions, segment revenue decreased 5% with the largest decline stemming from reduced activity in the western Canada oil and gas sector.

- Net earnings for the quarter of $13.5 million, or $0.81 per share, decreased compared to $18.5 million, or $1.11 per share recorded in 2012. The $6.1 million year-over-year decrease in earnings before finance costs and income taxes was more than accounted for by an approximately $7.6 million reduction related to the oil and gas and mining markets. Approximately $2.9 million of this was attributable to the loss of the LeTourneau product line. Financing costs also rose $0.9 million, mainly as a result of increased borrowings compared to last year.

- Consolidated backlog at June 30, 2013 of $199.9 million increased $19.8 million, or 11%, compared to March 31, 2013 on increases in all three segments.

- Funded net debt of $221.2 million at June 30, 2013 increased slightly compared to $219.0 million at the end of March 2013.

In the second quarter, the Equipment segment reached an agreement for the commercial trial of four Hitachi 320 ton mining trucks to Shell Canada Energy, adding to the already existing fleet of Hitachi equipment at Shell Albian Sands, Shell's oil sands mining operation in the province of Alberta. Wajax views this as an important step in the strategy to expand the Corporation's position in the mining sector.

Wajax also announced that monthly dividends of $0.20 per share were declared for the months of August, September and October.

Outlook

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

"Second quarter earnings were somewhat higher than expected, however they were lower than last year due to continued weakness in the oil and gas and mining markets. Mining related declines, including the loss of the LeTourneau product line, were partially mitigated by other mining associated aftermarket improvements, particularly related to our rotating products growth initiative.

As stated last quarter, we expect the weakness in the oil and gas market that began in the third quarter of 2012 to continue for the balance of 2013, with demand for new equipment and aftermarket services for drilling and well stimulation continuing to be soft. In mining, quoting activity remains at a reasonable level for the Equipment segment as well as Power Systems' electrical power generation business. However, lower commodity prices have resulted in mining customers reducing their capital and development spending, limiting their ability to commit to new equipment orders. We also experienced softening in market demand for construction equipment in western Canada and Quebec. In spite of this, we secured two important customer orders related to mining trucks and power generation equipment leading to an 11% increase in consolidated backlog. We are particularly pleased with the relationship we have developed with Shell Canada Energy where we have an agreement for the commercial trial of four Hitachi mining trucks.

Notwithstanding our improved backlog position, we are maintaining a cautious outlook regarding our end markets for the rest of 2013 and we continue to expect that full year 2013 earnings will be less than 2012.

We remain very confident in our opportunities for growth and are well-positioned in the mining and oil gas sectors as conditions improve. We continue to invest in our strategic initiatives, while at the same time taking prudent actions with respect to costs and working capital to manage our business in 2013."

Wajax Corporation

Wajax is a leading Canadian distributor engaged in the sale and after-sale parts and service support of equipment, power systems and industrial components, through a network of 126 branches across Canada. The Corporation is a multi-line distributor and represents a number of leading worldwide manufacturers across its core businesses. Its customer base is diversified, spanning natural resources, construction, transportation, manufacturing, industrial processing and utilities.

Cautionary Statement Regarding Forward Looking Information

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

Management's Discussion and Analysis – Q2 2013

The following management's discussion and analysis ("MD&A") discusses the consolidated financial condition and results of operations of Wajax Corporation ("Wajax" or the "Corporation") for the quarter ended June 30, 2013. This MD&A should be read in conjunction with the information contained in the unaudited Condensed Consolidated Financial Statements and accompanying notes for the quarter ended June 30, 2013, the annual audited Consolidated Financial Statements and accompanying notes for the year ended December 31, 2012 and the associated MD&A. Information contained in this MD&A is based on information available to management as of August 9, 2013.

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

Responsibility of Management and the Board of Directors

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

Disclosure Controls and Procedures and Internal Control over Financial Reporting

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

As at June 30, 2013, Wajax's management, under the supervision of its CEO and CFO, had designed DC&P to provide reasonable assurance that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in such securities legislation. DC&P are designed to ensure that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is accumulated and communicated to Wajax's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

As at June 30, 2013, Wajax's management, under the supervision of its CEO and CFO, had designed internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). In completing the design, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its 1992 version of Internal Control – Integrated Framework. With regard to general controls over information technology, management also used the set of practices of Control Objectives for Information and related Technology ("COBIT") created by the IT Governance Institute.

There was no change in Wajax's ICFR that occurred during the three months ended June 30, 2013 that has materially affected, or is reasonably likely to materially affect, Wajax's ICFR.

Cautionary Statement Regarding Forward-Looking Information

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

Wajax Corporation Overview

Wajax's core distribution businesses are engaged in the sale and after-sale parts and service support of equipment, power systems and industrial components through a network of 126 branches across Canada. Wajax is a multi-line distributor and represents a number of leading worldwide manufacturers in its core businesses. Its customer base is diversified, spanning natural resources, construction, transportation, manufacturing, industrial processing and utilities.

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

Consolidated Results

	Three months ended June 30				Six months ended June 30			
	2013		2012		**2013**		2012	
Revenue	**$**	**362.1**	$	386.6	**$**	**698.3**	$	744.7
Gross profit	**$**	**72.1**	$	79.2	**$**	**142.9**	$	157.1
Selling and administrative expenses	**$**	**51.7**	$	52.9	**$**	**106.7**	$	106.6
Earnings before finance costs and income taxes (1)	**$**	**20.3**	$	26.4	**$**	**36.2**	$	50.5
Finance costs	**$**	**2.0**	$	1.1	**$**	**3.7**	$	1.9
Earnings before income taxes (1)	**$**	**18.3**	$	25.2	**$**	**32.4**	$	48.6
Income tax expense	**$**	**4.8**	$	6.8	**$**	**8.5**	$	13.0
Net earnings	**$**	**13.5**	$	18.5	**$**	**23.9**	$	35.6
Basic earnings per share	**$**	**0.81**	$	1.11	**$**	**1.43**	$	2.13
Diluted earnings per share	**$**	**0.80**	$	1.09	**$**	**1.41**	$	2.10

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

In the Equipment segment higher lumber prices led to increased demand for forestry equipment in the second quarter. However, the segment experienced a slowdown in market demand for construction equipment in western Canada and Quebec compared to last year. Weakness in oil and gas sector activity in western Canada, which started in the third quarter of 2012, continued into the second quarter of 2013 as lower new equipment and service requirements resulted in a decline in customer spending. This decline primarily affected the Power Systems and Industrial Components segments.

Mining activity, including the oil sands market, was softer than last year as lower commodity prices combined with a lack of financing for new mines continued to influence customers to take a more cautious approach in making commitments to buy equipment. This factor, coupled with the loss of the LeTourneau mining equipment line resulted in lower quarterly mining revenue in all three segments. Partially mitigating this was the realization of meaningful growth in the Equipment segment's Rotating Products group in the oil sands market. In spite of these challenging market conditions, the Corporation was able to secure two important orders related to mining trucks and power generation equipment resulting in an 11% increase in consolidated backlog.

As such, earnings before finance costs and income taxes declined $6.1 million year-over-year. The decrease was more than accounted for by an approximately $7.6 million reduction related to the oil and gas and mining markets. In addition, approximately $2.9 million of this was attributable to the loss of the LeTourneau product line. See the Non-GAAP and Additional GAAP Measures section.

Revenue
Revenue in the second quarter of 2013 decreased 6% to $362.1 million and included $5.9 million of revenue from two businesses acquired by the Industrial Components segment (ACE Hydraulic and Kaman Canada) in the fourth quarter of 2012. Segment revenue decreased 6% in Equipment and 15% in Power Systems, and increased 1% in Industrial Components compared to the same quarter last year.

For the six months ended June 30, 2013, revenue decreased 6%, or $46.4 million, over the same period last year, including $11.3 million of revenue from the two Industrial Components acquisitions noted above.

Gross profit
Gross profit in the second quarter of 2013 decreased $7.1 million compared to the second quarter of last year due to the decrease in volumes and a lower gross profit margin percentage. The gross profit margin percentage for the quarter of 20.0% declined from 20.5% in 2012 as the negative impact of lower parts and service margins was partially offset by the positive sales mix impact from a lower proportion of equipment revenues compared to last year.

For the six months ended June 30, 2013, gross profit decreased $14.2 million due to lower volumes compared to the same period last year. The gross profit margin percentage decreased to 20.5% in 2013 from 21.1% in 2012 as the negative impact of lower parts and service margins was partially offset by the positive sales mix impact from a lower proportion of equipment revenues compared to last year.

Selling and administrative expenses
Selling and administrative expenses decreased $1.2 million in the second quarter of 2013 compared to the same quarter last year. The decrease was driven by lower annual and mid-term incentive accruals, offset somewhat by higher costs in the Equipment segment's western and central Canada operations compared to last year. In the Industrial Components segment, increases due to the two acquisitions in the fourth quarter of 2012 were offset by personnel and other cost reductions compared to last year. Selling and administrative expenses as a percentage of revenue increased to 14.3% in the second quarter of 2013 from 13.7% in the second quarter of 2012.

For the six months ended June 30, 2013, selling and administrative expenses increased $0.1 million compared to the same period last year. The impact of higher costs in the Equipment segment's western and central Canada operations and increases in the Industrial Components segment, due mainly to the two acquisitions in the fourth quarter of 2012, was offset by lower annual and mid-term incentive accruals and other cost reductions compared to last year. Selling and administrative expenses as a percentage of revenue increased to 15.3% in 2013 from 14.3% in 2012.

Finance costs
Quarterly finance costs of $2.0 million increased $0.9 million compared to the same quarter last year due to the cost of higher funded debt levels outstanding during the quarter stemming from increased working capital levels and the two Industrial Components segment acquisitions in the fourth quarter of 2012. The Corporation's higher cost of borrowing also contributed to the increase. Funded net debt includes bank debt, bank indebtedness and obligations under finance leases, net of cash. See the Liquidity and Capital Resources and the Non-GAAP and Additional GAAP Measures sections below.

For the six months ended June 30, 2013, finance costs of $3.7 million increased $1.8 million compared to the same period in 2012 due mainly to the cost of higher funded debt levels outstanding during the period driven by an increase in working capital and the two Industrial Components segment acquisitions completed in the fourth quarter of 2012. The Corporation's higher cost of borrowing also contributed to the increase.

Income tax expense
The Corporation's effective income tax rate of 26.2% for the second quarter of 2013 decreased from 26.8% the previous year due in part to the effect of reduced statutory tax rates.

For the six months ended June 30, 2013, the effective income tax rate of 26.2% decreased from 26.8% in the previous year due in part to the effect of reduced statutory tax rates.

Net earnings
Quarterly net earnings decreased $5.0 million to $13.5 million, or $0.81 per share, from $18.5 million, or $1.11 per share, in the same quarter of 2012. The decrease in net earnings was attributable to the impact of reduced volumes, a lower gross profit margin percentage and higher finance costs offset somewhat by lower selling and administrative expenses compared to the same quarter last year.

For the six months ended June 30, 2013, net earnings decreased $11.7 million to $23.9 million, or $1.43 per share, from $35.6 million, or $2.13 per share, in the same period in 2012. The decrease in net earnings resulted primarily from lower volumes, a lower gross profit margin percentage and higher finance costs compared to the same period last year.

Comprehensive income
Total comprehensive income of $13.6 million in the second quarter of 2013 included net earnings of $13.5 million and an other comprehensive gain of $0.1 million.

For the six months ended June 30, 2013, total comprehensive income of $24.2 million included net earnings of $23.9 million and an other comprehensive gain of $0.3 million.

Funded net debt
Funded net debt of $221.2 million at June 30, 2013 increased $2.2 million compared to March 31, 2013. Cash generated from operating activities for the quarter of $12.4 million was insufficient to cover dividends paid of $12.4 million, investing activities of $1.5 million and finance lease payments of $0.6 million. Wajax's leverage ratio of 2.2 times at June 30, 2013 increased from the March 31, 2013 ratio of 2.1 times. See the Consolidated Financial Condition and the Non-GAAP and Additional GAAP Measures sections below.

Funded net debt of $221.2 million at June 30, 2013 increased $47.5 million compared to December 31, 2012. Cash used in operating activities during the period of $18.2 million resulted from income taxes paid of $53.4 million. Other uses of cash included dividends paid of $25.9 million, investing activities of $2.2 million and finance lease payments of $1.3 million.

Dividends
For the second quarter ended June 30, 2013 monthly dividends declared totaled $0.67 per share. For the second quarter ended June 30, 2012 monthly dividends declared totaled $0.81 per share.

For the six months ended June 30, 2013 monthly dividends declared totaled $1.48 per share. For the six months ended June 30, 2012 monthly dividends declared totaled $1.48 per share.

On August 9, 2013, Wajax announced monthly dividends of $0.20 per share ($2.40 annualized) for each of the months of August, September and October payable on September 20, 2013, October 21, 2013 and November 20, 2013 to shareholders of record on August 30, 2013, September 30, 2013 and October 31, 2013 respectively.

Backlog
Consolidated backlog at June 30, 2013 of $199.9 million increased $19.8 million, or 11%, compared to March 31, 2013 with increases in all segments. Consolidated backlog decreased $44.1 million compared to June 30, 2012, or 18%, with reductions in all segments.

Backlog includes the total sales value of customer purchase commitments for future delivery or commissioning. See the Results of Operations section below for further backlog detail by segment.

Results of Operations

Equipment

	Three months ended June 30				Six months ended June 30			
	2013		2012		**2013**		2012	
Equipment(1)	**$**	**125.4**	$	144.4	**$**	**220.6**	$	250.7
Parts and service	**$**	**73.2**	$	67.9	**$**	**145.4**	$	132.0
Segment revenue	**$**	**198.6**	$	212.3	**$**	**366.0**	$	382.7
Segment earnings	**$**	**13.9**	$	15.7	**$**	**23.8**	$	28.8
Segment earnings margin		***7.0%***		*7.4%*		***6.5%***		*7.5%*

(1) Includes rental and other revenue.

Revenue in the second quarter of 2013 decreased $13.7 million, or 6%, to $198.6 million, from $212.3 million in the second quarter of 2012. Segment earnings for the quarter decreased $1.8 million, to $13.9 million, compared to the second quarter of 2012. The following factors contributed to the Equipment segment's second quarter results:

- Equipment revenue for the second quarter decreased $19.0 million compared to the same quarter last year. Specific quarter-over-quarter variances included the following:
  - Forestry equipment revenue increased $2.8 million, driven by higher demand for Hitachi equipment in western Canada and Tigercat product in central Canada. These increases were partially offset by lower Tigercat product volumes in western and eastern Canada compared to last year.
  - Material handling equipment revenue increased $1.3 million, due mainly to higher volumes in western Canada and higher market demand for lift trucks in central Canada.
  - Mining equipment sales decreased $18.0 million. Excluding the impact of the LeTourneau product line, for which distribution rights were discontinued in the second quarter of 2012, mining sales decreased $13.1 million on fewer Hitachi mining equipment deliveries in all regions.
  - Construction equipment revenue decreased $4.4 million mainly as a result of lower Hitachi excavator volumes in western and central Canada, which was to a degree related to weaker market demand. This decrease was partially offset by an increase in JCB equipment volumes in all regions and Bell articulated dump truck sales in western Canada.
  - Crane and utility equipment revenue decreased $0.8 million.

- Parts and service volumes for the second quarter increased $5.3 million compared to the same quarter last year. Excluding the effect of the discontinued LeTourneau product line, parts and service volumes for the second quarter increased $11.0 million, or 18%. The $11.0 million increase was due to higher mining sector volumes in western Canada, driven by growth in rotating products and the segment's installed base of Hitachi mining equipment, and higher construction sector related sales in western Canada.

- Segment earnings for the second quarter decreased $1.8 million to $13.9 million compared to the same quarter last year. This was due mainly to the negative impact of the discontinued LeTourneau product line on both volumes and gross profit margins, and a $0.4 million increase in selling and administrative expenses. These declines were offset by the positive impact on earnings of increased forestry and material handling equipment volumes and higher non-LeTourneau parts and service volumes. For the three months ended June 30, 2012, the LeTourneau product line contributed approximately $2.9 million to the segment's earnings. Selling and administrative expenses increased $0.4 million compared to last year on higher personnel and sales related expenses, primarily in western Canada, offset by lower annual and mid-term incentive accruals.

Backlog of $98.9 million at June 30, 2013 increased $9.1 million compared to March 31, 2013, as an increase in mining equipment backlog in western Canada offset a reduction in non-mining market sector backlog. Backlog decreased $35.0 million compared to June 30, 2012, due mainly to a decline in mining equipment orders.

In the second quarter, the Equipment segment reached an agreement for the commercial trial of four Hitachi EH5000 320 ton mining trucks to Shell Canada Energy, adding to the already existing fleet of Hitachi equipment at Shell Albian Sands, Shell's oil sands mining operation in the province of Alberta. Wajax views this as an important step in the strategy to expand the Corporation's position in the mining sector. The trucks are expected to be sold by Wajax to a third party who will provide them to Shell in 2013 for the commercial trial.

Power Systems

	Three months ended June 30		Six months ended June 30	
	2013	2012	**2013**	2012
Equipment[1]	**$ 17.5**	$ 28.4	**$ 47.7**	$ 68.8
Parts and service	**$ 52.0**	$ 53.4	**$ 101.7**	$ 108.9
Segment revenue	**$ 69.5**	$ 81.8	**$ 149.4**	$ 177.7
Segment earnings	**$ 3.3**	$ 6.4	**$ 7.4**	$ 15.1
Segment earnings margin	***4.7%***	*7.9%*	***4.9%***	*8.5%*

(1) Includes rental and other revenue.

Revenue in the second quarter of 2013 decreased $12.3 million, or 15%, to $69.5 million, compared to $81.8 million in the second quarter of 2012. Segment earnings decreased $3.1 million, to $3.3 million, in the second quarter compared to the second quarter of last year. The following factors impacted quarterly revenue and earnings compared to last year:

- Equipment revenue decreased $10.9 million, due mainly to a decline in off-highway and power generation sales to oil and gas customers as a result of reduced industry activity in western Canada. Lower off-highway sales to the military in eastern Canada and to mining and power generation customers in central Canada also contributed to the revenue decline.

- Parts and service volumes decreased $1.4 million compared to last year as a result of lower sales to off-highway customers on reduced activity in western Canada's oil and gas sector and central Canada's mining sector. These decreases were partially offset by increased sales to on-highway customers, primarily in western and central Canada.

- Segment earnings in the second quarter of 2013 decreased $3.1 million compared to the same quarter last year, as the impact of reduced volumes and lower margins was mitigated somewhat by a $0.7 million decrease in selling and administrative expenses. Margins declined due mainly to increased competition in western Canada particularly in the oil and gas sector. Selling and administrative expenses decreased due principally to lower annual and mid-term incentive accruals and sales related costs.

Backlog of $56.1 million as of June 30, 2013 increased $9.3 million compared to March 31, 2013 due primarily to an increase in power generation related orders. Backlog decreased $4.8 million compared to June 30, 2012.

Industrial Components

	Three months ended June 30		Six months ended June 30	
	2013	2012	**2013**	2012
Segment revenue	**$ 95.0**	$ 94.0	**$ 184.8**	$ 187.2
Segment earnings	**$ 4.8**	$ 6.2	**$ 8.6**	$ 13.0
Segment earnings margin	***5.1%***	*6.6%*	***4.6%***	*6.9%*

Revenue of $95.0 million in the second quarter of 2013 increased $1.0 million, or 1%, from $94.0 million in the second quarter of 2012 and included $5.9 million of revenue from the ACE Hydraulic and Kaman Canada businesses acquired in the fourth quarter of 2012. Segment earnings decreased $1.4 million, to $4.8 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 $4.6 million compared to the same quarter last year. This was driven by higher industrial and forestry sector volumes in western Canada as a result of the Kaman Canada acquisition and increased industrial sector sales in eastern Canada. These increases were offset by reduced sales to metal processing customers in central and eastern Canada and lower mining sector sales.

- Fluid power and process equipment products and service revenue in the second quarter of 2013 decreased $3.6 million, or 8%, compared to the same quarter last year. The decline was due mainly to lower sales to oil and gas customers in western Canada.

- Segment earnings in 2013 decreased $1.4 million compared to the same quarter last year due to the negative impact of lower gross profit margins across all regions, partially offset by the increased volumes and a $0.5 million decrease in selling and administrative expenses. The decline in gross margin resulted mainly from competitive pressures in western Canada and product sales mix. The decrease in selling and administrative expenses resulted primarily from lower annual incentive accruals and personnel costs offset partially by higher costs relating to the two acquisitions.

Backlog of $44.9 million as of June 30, 2013 increased $1.4 million compared to March 31, 2013. Backlog decreased $4.3 million compared to June 30, 2012 due mainly to lower oil and gas and mining sector related backlog offset by $1.3 million related to the Kaman Canada acquisition made in the fourth quarter of 2012.

Selected Quarterly Information

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

	2013		**2012**				**2011**	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	**$ 362.1**	$ 336.3	$ 364.9	$ 356.4	$ 386.6	$ 358.1	$ 377.2	$ 361.9
Net earnings	**$ 13.5**	$ 10.4	$ 14.2	$ 16.2	$ 18.5	$ 17.1	$ 16.6	$ 17.9
Net earnings per share								
- Basic	**$ 0.81**	$ 0.62	$ 0.85	$ 0.97	$ 1.11	$ 1.03	$ 1.00	$ 1.08
- Diluted	**$ 0.80**	$ 0.61	$ 0.84	$ 0.95	$ 1.09	$ 1.01	$ 0.98	$ 1.06

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 available on SEDAR at www.sedar.com.

Consolidated Financial Condition

Capital Structure and Key Financial Condition Measures

($millions, except ratio calculations)	**June 30 2013**	March 31 2013	December 2012
Shareholders' equity	**$ 241.7**	$ 239.1	$ 241.9
Funded net debt(1)	**221.2**	219.0	173.7
Total capital	**$ 462.9**	$ 458.1	$ 415.6
Funded net debt to total capital(1)	**47.8%**	47.8%	41.8%
Leverage ratio(1)(2)	**2.2**	2.1	1.6
Interest coverage ratio(1)(2)(3)	**15.9**	19.5	25.2

(1) See Non-GAAP and Additional GAAP Measures section.
(2) Calculation uses trailing four-quarter EBITDA.
(3) Calculation uses trailing four-quarter EBITDA and finance costs.

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

In addition, the Corporation's tolerance to interest rate risk decreases/increases as the Corporation's leverage ratio increases/decreases. The rate of interest on the Corporation's funded debt is currently all floating, which is within the Corporation's interest rate risk policy. Management is willing to maintain this level of floating rate debt given the low interest rate environment and its strong interest coverage ratio of 15.9 times.

Shareholders' Equity

The Corporation's shareholders' equity at June 30, 2013 of $241.7 million increased $2.6 million from March 31, 2013 as earnings exceeded dividends declared during the quarter. For the six months ending June 30, 2013 the Corporation's shareholder's equity decreased by $0.2 million as dividends slightly exceeded earnings for the period.

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

Issued and fully paid Shares as at June 30, 2013	**Number**	**Amount**
Balance at the beginning and end of the quarter	**16,736,447**	**$ 106.7**

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

Wajax has five share-based compensation plans; the Wajax Share Ownership Plan ("SOP"), the Deferred Share Program ("DSP"), the Directors' Deferred Share Unit Plan ("DDSUP"), the Mid-Term Incentive Plan for Senior Executives ("MTIP") and the Deferred Share Unit Plan ("DSUP"). SOP, DSP and DDSUP rights are issued to the participants and are settled by issuing Wajax Corporation shares on a one-for-one basis. As of June 30, 2013, there were 273,045 (2012 – 238,610) SOP, DSP and DDSUP rights outstanding. The cash-settled MTIP and DSUP consist of annual grants that vest over three years and are subject to time and performance vesting criteria. A portion of the MTIP and the full amount of the DSUP grants are determined by the price of the Corporation's shares. Compensation expense for the SOP, DSP and DDSUP is determined based upon the fair value of the rights at the date of grant and charged to earnings on a straight line basis over the vesting period, with an offsetting adjustment to contributed surplus. Compensation expense for the DSUP and the share-based portion of the MTIP varies with the price of the Corporation's shares and is recognized over the vesting period. Wajax recorded compensation cost of $0.3 million for the quarter (2012 – $0.3 million) and $0.4 million for the six months ended (2012 – $3.1 million) in respect of these plans.

Funded Net Debt

($millions)	**June 30 2013**	March 31 2013	December 31 2012
Bank indebtedness	**$ 1.9**	$ 1.8	$ 10.2
Obligations under finance lease	**11.5**	11.4	11.8
Bank debt	**207.9**	205.8	151.7
Funded net debt	**$ 221.2**	$ 219.0	$ 173.7

Funded net debt of $221.2 million at June 30, 2013 increased $2.2 million compared to March 31, 2013. The increase during the quarter was due to $12.4 million of cash generated from operating activities being less than dividends paid of $12.4 million, finance lease payments of $0.6 million and cash used in investing activities of $1.5 million.

Funded net debt of $221.2 million at June 30, 2013 increased $47.5 million compared to December 31, 2012. Cash used in operating activities during the period of $18.2 million resulted from income taxes paid of $53.4 million. Other uses of cash included dividends paid of $25.9 million, investing activities of $2.2 million and finance lease payments of $1.3 million.

The Corporation's ratio of funded net debt to capital remained unchanged at 47.8% at June 30, 2013 from March 31, 2013.

The Corporation's leverage ratio of 2.2 times at June 30, 2013 increased from the March 31, 2013 ratio of 2.1 times due mainly to the combined impact of increased funded net debt outstanding and lower EBITDA for the trailing four quarters.

The Corporation's interest coverage ratio declined to 15.9 times at June 30, 2013 from 19.5 times at March 31, 2013 due to the combined impact of the higher cost of increased funded net debt outstanding and lower EBITDA for the trailing four quarters.

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

Financial Instruments

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

- Wajax enters into short-term currency forward contracts to hedge the exchange risk associated with the cost of certain inbound inventory and certain foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. As at June 30, 2013, Wajax had contracts outstanding to buy U.S. $30.2 million (December 31, 2012 – to buy U.S. $26.5 million and to sell U.S. $11.1 million, June 30, 2012 – to buy U.S. $31.9 million and to sell U.S. $7.5 million). The U.S. dollar contracts expire between July 2013 and July 2014, with a weighted average U.S./Canadian dollar rate of 1.0260.

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

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

Contractual Obligations

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

Off Balance Sheet Financing

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

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

The Equipment segment had $96.1 million (2012 – $93.9 million) of consigned inventory on-hand from a major manufacturer at June 30, 2013. In the normal course of business, Wajax receives inventory on consignment from this manufacturer which is generally sold to customers or purchased by Wajax. This consigned inventory is not included in Wajax's inventory as the manufacturer retains title to the goods. In the event the inventory consignment program was terminated, Wajax would utilize interest free financing, if any, made available by the manufacturer and/or utilize capacity under its credit facilities.

Liquidity and Capital Resources

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

Bank and Non-bank Credit Facilities

At June 30, 2013, Wajax had borrowed $209.0 million and issued $6.3 million of letters of credit for a total utilization of $215.3 million of its $300 million bank credit facility. Borrowing capacity under the bank credit facility is dependent on the level of inventories on-hand and outstanding trade accounts receivables. At June 30, 2013, borrowing capacity under the bank credit facility was equal to $300 million.

Under the terms of the $300 million bank credit facility, Wajax is permitted to have additional interest bearing debt of $15 million. As such, Wajax has up to $15 million of demand inventory equipment financing capacity with two non-bank lenders. At June 30, 2013 Wajax had no utilization of these interest bearing equipment financing facilities.

A key strategy of the Equipment segment is to grow its mining business through expansion into eastern Canada and the introduction of the new Hitachi mining truck. To ensure mining equipment is available to execute its strategy, Wajax has purchased certain mining equipment (large excavators and trucks) that do not currently have committed purchase orders. Depending on the level of economic activity in the Canadian mining sector, Wajax may continue to use its debt facilities to finance a portion of this and other mining equipment scheduled to be delivered later in 2013. Given the recent decline in economic activity in the Canadian mining sector, management is now taking actions to limit mining equipment inventory levels to align with current market demand. Since March 31, 2013, Wajax has decreased its investment in Hitachi mining equipment inventory by $7.0 million to $37.4 million as at June 30, 2013, all of which is available to fill future customer purchases.

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

Cash Flow

The following table highlights the major components of cash flow as reflected in the Consolidated Statements of Cash Flows for the three and six months ended June 30, 2013.

($millions)	Three months ended June 30		Six months ended June 30	
	2013	2012	**2013**	2012
Net earnings	**$ 13.5**	$ 18.5	**$ 23.9**	$ 35.6
Items not affecting cash flow	**11.8**	12.2	**22.0**	23.3
Net change in non-cash operating working capital	**(1.7)**	(14.5)	**4.3**	(65.8)
Income taxes paid	**(2.9)**	(0.2)	**(53.4)**	(0.5)
Other cash items[(1)]	**(8.3)**	(9.6)	**(15.0)**	(18.7)
Cash generated from (used in) operating activities	**$ 12.4**	$ 6.4	**$ (18.2)**	$ (26.1)
Cash used in investing activities	**$ (1.5)**	$ (2.6)	**$ (2.2)**	$ (3.8)
Cash (used in) generated from financing activities	**$ (11.0)**	$ (13.1)	**$ 28.7**	$ 8.9

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

Cash Generated From (Used In) Operating Activities

Cash flows generated from operating activities amounted to $12.4 million in the second quarter of 2013, compared to $6.4 million in the same quarter of the previous year. The $6.0 million increase was mainly attributed to a reduction in cash used in the change in non-cash working capital of $12.8 million, offset mostly by reduced earnings of $5.0 million and higher income taxes paid of $2.7 million.

For the six months ended June 30, 2013, cash flows used in operating activities amounted to $18.2 million, compared to $26.1 million for the same period in the previous year. The $7.9 million decrease in cash flows used in operating activities was mainly attributed to cash generated from the change in non-cash working capital of $4.3 million during the current period compared to a use of $65.8 million for the same period last year, offset mostly by higher income taxes paid of $52.9 million and reduced earnings of $11.7 million. Income taxes paid of $53.4 million during the current period were comprised of 2011 and 2012 income taxes of $44.6 million and 2013 income tax installments of $8.8 million.

Significant components of non-cash operating working capital, along with changes for the three and six months ending June 30, 2013 include the following:

Changes in Non-cash Operating Working Capital(1)	Three months ended		Six months ended	
	June 30 2013	June 30 2012	**June 30 2013**	June 30 2012
Trade and other receivables	**$ 8.6**	$ (2.2)	**$ 10.6**	$ (21.6)
Inventories	**6.9**	(14.4)	**(3.8)**	(42.6)
Prepaid expenses	**(0.8)**	2.1	**0.1**	(0.8)
Accounts payable and accrued liabilities	**(16.1)**	0.6	**(1.3)**	0.2
Provisions	**(0.3)**	(0.6)	**(1.3)**	(1.0)
Total Changes in Non-cash Operating Working Capital	**$ (1.7)**	$ (14.5)	**$ 4.3**	$ (65.8)

(1) Increase (decrease) in cash flow

Significant components of the changes in non-cash operating working capital for the quarter ended June 30, 2013 compared to the same quarter in 2012 are as follows:

- Trade and other receivables decreased $8.6 million in 2013 compared to an increase of $2.2 million in 2012. The decrease in 2013 resulted primarily from lower sales activity in the Equipment and Power Systems segments. The increase last year was attributed to higher sales activity in the Equipment segment.
- Inventories decreased $6.9 million in the current year, due mainly to lower mining and construction equipment inventory in the Equipment segment. This compared to an increase of $14.4 million in 2012 as a result of higher mining equipment inventory in the Equipment segment and certain delays in customer deliveries in the Power Systems segment.
- Accounts payable and accrued liabilities decreased $16.1 million in 2013 compared to an increase of $0.6 million in 2012. The decrease in 2013 resulted primarily from lower inventory trade payables in the Equipment and Power Systems segments during the quarter.

Significant components of the changes in non-cash operating working capital for the six months ended June 30, 2013 compared to the same period in 2012 are as follows:

- Trade and other receivables decreased $10.6 million in 2013 compared to an increase of $21.6 million in 2012. The decrease in 2013 resulted primarily from lower sales activity in all segments and the collection of a large mining equipment receivable in the Equipment segment. The increase last year was driven by higher sales activity in the Equipment and Industrial Components segments.
- Inventories were $3.8 million higher in the current year compared to an increase of $42.6 million in 2012. The increase in 2012 was attributable 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 in the prior year.

Investing Activities
During the second quarter of 2013, Wajax invested $1.5 million in property, plant and equipment additions, net of disposals, compared to $2.6 million in the second quarter of 2012.

For the six months ended June 30, 2013, Wajax invested $2.1 million in property, plant and equipment additions, net of disposals, compared to $3.8 million in the same period of 2012.

Financing Activities
The Corporation used $11.0 million of cash from financing activities in the second quarter of 2013 compared to $13.1 million used in the same quarter of 2012. Financing activities in the quarter included bank debt borrowings of $2.0 million that were more than offset by dividends paid to shareholders totaling $12.4 million, or $0.74 per share, and finance lease payments of $0.6 million.

For the six months ended June 30, 2013, the Corporation generated $28.7 million of cash from financing activities compared to $8.9 million in the same period of 2012. Financing activities for the six months ended included bank debt borrowings of $56.0 million, offset by dividends paid to shareholders totaling $25.9 million, or $1.55 per share, and finance lease payments of $1.3 million.

Dividends

Dividends to shareholders were declared as follows:

Record Date	Payment Date	Per Share	Amount
April 30, 2013	May 21, 2013	$ 0.27	$ 4.5
May 31, 2013	June 20, 2013	0.20	3.3
June 28, 2013	July 22, 2013	0.20	3.3
Three months ended June 30, 2013		**$ 0.67**	**$ 11.1**

On May 10, 2013, Wajax announced a monthly dividend of $0.20 per share ($2.40 annualized) for the month of July payable on August 20, 2013 to shareholders of record on July 31, 2013.

On August 9, 2013, Wajax announced monthly dividends of $0.20 per share ($2.40 annualized) for each of the months of August, September and October payable on September 20, 2013, October 21, 2013 and November 20, 2013 to shareholders of record on August 30, 2013, September 30, 2013 and October 31, 2013 respectively. See Strategic Direction and Outlook section.

Non-GAAP and Additional GAAP Measures

The MD&A contains certain non-GAAP and additional GAAP measures that do not have a standardized meaning prescribed by GAAP. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to profit or to cash flow from operating, investing, and financing activities determined in accordance with GAAP as indicators of the Corporation’s performance. The Corporation’s management believes that:

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

Non-GAAP financial measures are identified and defined below:

Leverage ratio	At the end of a particular quarter, the leverage ratio is defined as funded net debt at the end of a particular quarter divided by trailing 12-month EBITDA. The Corporation's objective is to maintain this ratio between 1.5 times and 2.0 times.
Interest coverage ratio	At the end of a particular quarter, the interest coverage ratio is defined as trailing 12-month EBITDA divided by trailing 12-month finance costs.
Funded net debt	Funded net debt includes bank debt, bank indebtedness and obligations under finance leases, net of cash.
EBITDA	Earnings before finance costs, income tax expense, depreciation and amortization.
Funded net debt to total capital	Defined as funded net debt divided by total capital. Total capital is the funded net debt plus shareholder's equity.

Additional GAAP measures are identified and defined below:

Earnings before finance costs and income taxes (EBIT)	Defined as gross profit less selling and administrative expenses.
Earnings before income taxes	Defined as gross profit less selling and administrative expenses less finance costs.

Reconciliation of the Corporations net earnings to EBITDA is as follows:

	For the twelve months ended June 30 2013	For the twelve months ended March 31 2013	For the twelve months ended December 31 2012
Net earnings	**$ 54.3**	$ 59.2	$ 65.9
Depreciation and amortization	**19.5**	18.7	17.8
Finance costs	**6.2**	5.4	4.4
Income tax expense	**19.3**	21.2	23.8
EBITDA	**$ 99.3**	$ 104.5	$ 112.0

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

	June 30 2013	March 31 2013	December 31 2012
Bank indebtedness	**$ 1.9**	$ 1.8	$ 10.2
Obligations under finance leases	**11.5**	11.4	11.8
Bank debt	**207.9**	205.8	151.7
Funded net debt	**$ 221.2**	$ 219.0	$ 173.7
Leverage ratio	**2.2**	2.1	1.6
Interest coverage ratio	**15.9**	19.5	25.2

Critical Accounting Estimates

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

The areas where significant judgements and assumptions are used to determine the amounts recognized in the financial statements include the allowance for doubtful accounts, inventory obsolescence, goodwill and intangible assets, and warranty provision. In preparing the financial statements for the quarter ended June 30, 2013, the significant judgments made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty are the same as those applied in the recently reported audited consolidated financial statements for the year ended December 31, 2012 which can be found on SEDAR at www.sedar.com.

Changes in Accounting Policies

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

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

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

On January 1, 2013, the Corporation adopted IFRS 13 *Fair Value Measurement*, which defines fair value and sets out a framework for measuring fair value when fair value measurements are required or permitted by other standards. It also requires disclosure of the valuation techniques and inputs for financial instruments measured at fair value. The impact on the disclosures in the condensed consolidated financial statements from adopting IFRS 13 was not material.

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

New standards and interpretations not yet adopted

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

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

Risk Management and Uncertainties

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

Strategic Direction and Outlook

Second quarter earnings were somewhat higher than expected, however they were lower than last year due to continued weakness in the oil and gas and mining markets. Mining related declines, including the loss of the LeTourneau product line, were partially mitigated by other mining associated aftermarket improvements, particularly related to the rotating products growth initiative.

As stated last quarter, management expects the weakness in the oil and gas market that began in the third quarter of 2012 to continue for the balance of 2013, with demand for new equipment and aftermarket services for drilling and well stimulation continuing to be soft. In mining, quoting activity remains at a reasonable level for the Equipment segment as well as Power Systems' electrical power generation business. However, lower commodity prices have resulted in mining customers reducing their capital and development spending, limiting their ability to commit to new equipment orders. Wajax also experienced softening in market demand for construction equipment in western Canada and Quebec. In spite of this, the Corporation secured two important customer orders related to mining trucks and power generation equipment leading to an 11% increase in consolidated backlog. Management is particularly pleased with the relationship it has developed with Shell Canada Energy where the Equipment segment has an agreement for the commercial trial of four Hitachi mining trucks.

Notwithstanding the improved backlog position, management is maintaining a cautious outlook regarding the Corporation's end markets for the rest of 2013 and continues to expect that full year 2013 earnings will be less than 2012.

Management remains very confident in the Corporation's opportunities for growth and is well-positioned in the mining and oil gas sectors as conditions improve. The Corporation continues to invest in its strategic initiatives, while at the same time taking prudent actions with respect to costs and working capital to manage its business in 2013.

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

WAJAX CORPORATION

Unaudited Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2013

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

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

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at (unaudited, in thousands of Canadian dollars)	Note		**June 30, 2013**		December 31, 2012
ASSETS					
CURRENT					
Trade and other receivables		**$**	**183,997**	$	194,567
Inventories			**289,959**		285,185
Income taxes receivable			**327**		-
Prepaid expenses			**6,950**		7,089
Derivative instruments			**872**		-
			482,105		486,841
NON-CURRENT					
Rental equipment	4		**47,749**		43,731
Property, plant and equipment	5		**49,442**		50,700
Intangible assets			**86,769**		87,668
Deferred taxes	8		**3,076**		2,922
			187,036		185,021
		$	**669,141**	$	671,862
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT					
Bank indebtedness		**$**	**1,874**	$	10,195
Accounts payable and accrued liabilities			**185,212**		186,897
Provisions			**5,753**		7,033
Dividends payable			**3,347**		4,519
Income taxes payable			**-**		44,349
Obligations under finance leases			**3,449**		3,611
Derivative instruments			**-**		149
			199,635		256,753
NON-CURRENT					
Provisions			**3,547**		4,088
Employee benefits			**7,465**		7,160
Other liabilities			**888**		2,083
Obligations under finance leases			**8,026**		8,192
Bank debt			**207,888**		151,701
			227,814		173,224
SHAREHOLDERS' EQUITY					
Share capital			**106,651**		106,651
Contributed surplus			**4,721**		4,346
Retained earnings			**130,099**		130,944
Accumulated other comprehensive income (loss)			**221**		(56)
Total shareholders' equity			**241,692**		241,885
		$	**669,141**	$	671,862

These condensed consolidated financial statements were approved by the Board of Directors on August 9, 2013.

WAJAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited, in thousands of Canadian dollars, except per share data)	Note	Three months ended June 30 2013	Three months ended June 30 2012	Six months ended June 30 2013	Six months ended June 30 2012
Revenue		**$ 362,055**	$ 386,613	**$ 698,323**	$ 744,689
Cost of sales		**290,004**	307,389	**555,423**	587,576
Gross profit		**72,051**	79,224	**142,900**	157,113
Selling and administrative expenses		**51,718**	52,851	**106,718**	106,575
Earnings before finance costs and income taxes		**20,333**	26,373	**36,182**	50,538
Finance costs		**2,016**	1,128	**3,745**	1,944
Earnings before income taxes		**18,317**	25,245	**32,437**	48,594
Income tax expense	8	**4,802**	6,776	**8,512**	13,024
Net earnings		**$ 13,515**	$ 18,469	**$ 23,925**	$ 35,570
Basic earnings per share	9	**$ 0.81**	$ 1.11	**$ 1.43**	$ 2.13
Diluted earnings per share	9	**$ 0.80**	$ 1.09	**$ 1.41**	$ 2.10

WAJAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, in thousands of Canadian dollars)	Three months ended June 30 2013	Three months ended June 30 2012	Six months ended June 30 2013	Six months ended June 30 2012
Net earnings	**$ 13,515**	$ 18,469	**$ 23,925**	$ 35,570
Items that will be subsequently reclassified to income				
(Gains) losses on derivative instruments designated as cash flow hedges in prior periods reclassified to cost of inventory or finance costs during the period, net of tax expense of $47 (2012 – recovery of $106) and year to date, net of tax expense of $22 (2012 – recovery of $109)	**(132)**	289	**(62)**	297
Gains (losses) on derivative instruments outstanding at the end of the period designated as cash flow hedges, net of tax expense of $71 (2012 – $46) and year to date, net of tax expense of $120 (2012 – recovery of $147)	**201**	126	**339**	(158)
Other comprehensive income, net of tax	**69**	415	**277**	139
Total comprehensive income	**$ 13,584**	$ 18,884	**$ 24,202**	$ 35,709

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2013 (unaudited, in thousands of Canadian dollars)	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) ("AOCL") Cash flow hedges	Total
January 1, 2013		$ 106,651	4,346	130,944	(56)	$ 241,885
Net earnings		-	-	23,925	-	23,925
Other comprehensive income		-	-	-	277	277
Total comprehensive income for the period		-	-	23,925	277	24,202
Dividends	6	-	-	(24,770)	-	(24,770)
Share-based compensation expense	7	-	375	-	-	375
June 30, 2013		**$ 106,651**	**4,721**	**130,099**	**221**	**$ 241,692**

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2012 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Contributed surplus	Retained earnings	AOCL 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	6		-	-	(24,675)	-		(24,675)
Share-based compensation expense	7		-	297	-	-		297
June 30, 2012		**$**	**106,651**	**3,905**	**128,372**	**(11)**	**$**	**238,917**

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 **2013**	Three months ended June 30 2012	Six months ended June 30 **2013**	Six months ended June 30 2012
OPERATING ACTIVITIES					
Net earnings		**$ 13,515**	$ 18,469	**$ 23,925**	$ 35,570
Items not affecting cash flow:					
Depreciation and amortization:					
Rental equipment		**2,360**	1,834	**4,581**	3,400
Property, plant and equipment		**2,280**	2,084	**4,402**	4,049
Intangible assets		**460**	364	**929**	730
(Gain)/loss on disposal of property, plant and equipment	5	**(2)**	95	**(7)**	146
Share-based compensation expense	7	**191**	146	**375**	297
Non-cash rental expense		**(51)**	(147)	**(180)**	(289)
Employee benefits expense (income), net of payments		**161**	12	**305**	(6)
Unrealized (gain) loss on derivative instruments		**(465)**	(103)	**(645)**	18
Finance costs		**2,016**	1,128	**3,745**	1,944
Income tax expense	8	**4,802**	6,776	**8,512**	13,024
		25,267	30,658	**45,942**	58,883
Changes in non-cash operating working capital	10	**(1,687)**	(14,536)	**4,286**	(65,794)
Rental equipment additions	4	**(6,235)**	(9,283)	**(9,579)**	(13,567)
Other non-current liabilities		**(122)**	764	**(1,736)**	(3,501)
Finance costs paid		**(1,960)**	(1,070)	**(3,724)**	(1,669)
Income taxes paid		**(2,885)**	(165)	**(53,434)**	(475)
Cash generated from (used in) operating activities		**12,378**	6,368	**(18,245)**	(26,123)
INVESTING ACTIVITIES					
Property, plant and equipment additions	5	**(1,595)**	(2,970)	**(2,290)**	(4,179)
Proceeds on disposal of property, plant and equipment	5	**106**	347	**156**	387
Intangible assets additions		**(9)**	(26)	**(30)**	(37)
Cash used in investing activities		**(1,498)**	(2,649)	**(2,164)**	(3,829)
FINANCING ACTIVITIES					
Net increase in bank debt		**2,000**	1,000	**56,000**	33,998
Debt facility amendment costs		**-**	(232)	**-**	(232)
Finance lease payments		**(578)**	(409)	**(1,328)**	(1,395)
Dividends paid		**(12,385)**	(13,504)	**(25,942)**	(23,482)
Cash generated (used in) from financing activities		**(10,963)**	(13,145)	**28,730**	8,889
Change in bank indebtedness		**(83)**	(9,426)	**8,321**	(21,063)
(Bank indebtedness) cash - beginning of period		**(1,791)**	(5,978)	**(10,195)**	5,659
Bank indebtedness - end of period		**$ (1,874)**	$ (15,404)	**$ (1,874)**	$ (15,404)

JUNE 30, 2013
(unaudited, amounts in thousands of Canadian dollars, except share and per share data)

1. COMPANY PROFILE

Wajax Corporation (the "Corporation") is incorporated in Canada. The address of the Corporation's registered office is 3280 Wharton Way, Mississauga, Ontario, Canada. The Corporation's core distribution businesses are engaged in the sale and after-sale parts and service support of equipment, power systems and industrial components, through a network of 126 branches across Canada. The Corporation is a multi-line distributor and represents a number of leading worldwide manufacturers across its core businesses. Its customer base is diversified, spanning natural resources, construction, transportation, manufacturing, industrial processing and utilities.

2. BASIS OF PREPARATION

Statement of compliance

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

Basis of measurement

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

Functional and presentation currency

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

3. CHANGE IN ACCOUNTING POLICIES

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

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

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

On January 1, 2013, the Corporation adopted IFRS 13 *Fair Value Measurement*, which defines fair value and sets out a framework for measuring fair value when fair value measurements are required or permitted by other standards. It also requires disclosure of the valuation techniques and inputs for financial instruments measured at fair value. The impact on the disclosures in the condensed consolidated financial statements from adopting IFRS 13 was not material.

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

4. RENTAL EQUIPMENT

The Corporation acquired rental equipment with a cost of $6,235 during the quarter (2012 – $9,283) and $9,579 year to date (2012 – $13,567). Rental equipment with a carrying amount of $512 during the quarter (2012 – $339) and $980 year to date (2012 – $650) ceased to be rented and was classified as held for sale in the normal course of business and transferred to inventories.

5. PROPERTY, PLANT AND EQUIPMENT

The Corporation acquired property, plant and equipment with a cost of $1,595 during the quarter (2012 – $2,970) and $2,290 year to date (2012 – $4,179). Assets with a carrying amount of $104 during the quarter (2012 – $442) and $149 year to date (2012 – $533) were disposed of, resulting in a gain on disposal of $2 during the quarter (2012 – loss of $95) and $7 year to date (2012 – loss of $146).

6. DIVIDENDS DECLARED

During the three months ended June 30, 2013, the Corporation declared cash dividends of $0.67 per share or $11,213 (2012 – dividends of $0.81 per share or $13,533).

Year to date, the Corporation declared cash dividends of $1.48 per share or $24,770 (2012 – dividends of $1.48 per share or $24,675).

The Corporation has declared dividends of $0.20 per share or $3,347 for the month of July 2013.

7. SHARE-BASED COMPENSATION PLANS

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

a) Share Rights Plans

The Corporation recorded compensation cost of $191 for the quarter (2012 – $146) and $375 for the year to date (2012 – $297) in respect of these plans.

Share Rights Plans	**June 30, 2013**			June 30, 2012		
	Number of Rights		Fair value at time of grant	Number of Rights		Fair value at time of grant
Outstanding at beginning of year	**254,952**	**$**	**4,932**	318,113	$	4,908
Granted in the period – new grants	**7,395**		**253**	19,944		993
– dividend equivalents	**10,698**		**-**	7,556		-
Settled in the period	**-**		**-**	(107,003)		(1,280)
Outstanding at end of period	**273,045**	**$**	**5,185**	238,610	$	4,621

At June 30, 2013, 257,575 share rights were vested (2012 – 219,584).

b) Cash-settled rights plans

The Corporation recorded compensation cost of $83 for the quarter (2012 – $196) and a recovery of $4 for the year to date (2012 – cost of $2,769) in respect of the share-based portion of the MTIP and DSUP. At June 30, 2013, the carrying amount of the share-based portion of these liabilities was $903 (June 30, 2012 – $6,236).

8. INCOME TAXES

Income tax expense comprises current and deferred tax as follows:

For the six months ended June 30		2013		2012
Current	**$**	**8,764**	$	34,998
Deferred – Origination and reversal of temporary difference		**(252)**		(21,901)
– Change in tax law and rates		**-**		(73)
Income tax expense	**$**	**8,512**	$	13,024

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

The reconciliation of effective income tax rate is as follows:

		2013		2012
Combined statutory income tax rate		**26.0%**		26.2%
Expected income tax expense at statutory rates	**$**	**8,433**	$	12,731
Non-deductible expenses		**281**		244
Deferred tax related to changes in tax law and rates		**-**		(73)
Other		**(202)**		122
Income tax expense	**$**	**8,512**	$	13,024

9. 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	
	2013	2012	**2013**	2012
Numerator for basic and diluted earnings per share:				
– net earnings	**$ 13,515**	$ 18,469	**$ 23,925**	$ 35,570
Denominator for basic earnings per share: – weighted average shares	**16,736,447**	16,696,348	**16,736,447**	16,662,896
Denominator for diluted earnings per share:				
– weighted average shares	**16,736,447**	16,696,348	**16,736,447**	16,662,896
– effect of dilutive share rights	**252,006**	246,360	**249,013**	274,694
Denominator for diluted earnings per share	**16,988,453**	16,942,708	**16,985,460**	16,937,590
Basic earnings per share	**$ 0.81**	$ 1.11	**$ 1.43**	$ 2.13
Diluted earnings per share	**$ 0.80**	$ 1.09	**$ 1.41**	$ 2.10

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

10. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended June 30		Six months ended June 30	
	2013	2012	**2013**	2012
Trade and other receivables	**8,616**	$ (2,248)	**10,570**	$ (21,625)
Inventories	**6,949**	(14,365)	**(3,794)**	(42,608)
Prepaid expenses	**(796)**	2,099	**139**	(768)
Accounts payable and accrued liabilities	**(16,124)**	554	**(1,349)**	197
Provisions	**(332)**	(576)	**(1,280)**	(990)
Total	**(1,687)**	$ (14,536)	**4,286**	$ (65,794)

11. OPERATING SEGMENTS

The Corporation operates through a network of 126 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, 2013	**Equipment**	**Power Systems**	**Industrial Components**	**Segment Eliminations and Unallocated Amounts**	**Total**
Equipment	$ 114,458	$ 15,998	$ -	$ -	$ 130,456
Parts	45,215	34,745	91,005	-	170,965
Service	28,041	17,265	4,006	-	49,312
Rental and other	10,893	1,497	-	(1,068)	11,322
Revenue	$ 198,607	$ 69,505	$ 95,011	$ (1,068)	$ 362,055
Segment earnings before finance costs and income taxes	$ 13,890	$ 3,292	$ 4,823	$ -	$ 22,005
Corporate costs and eliminations	-	-	-	(1,672)	(1,672)
Earnings before finance costs and income taxes	13,890	3,292	4,823	(1,672)	20,333
Finance costs	-	-	-	2,016	2,016
Income tax expense	-	-	-	4,802	4,802
Net earnings	$ 13,890	$ 3,292	$ 4,823	$ (8,490)	$ 13,515

For the six months ended June 30, 2013	**Equipment**	**Power Systems**	**Industrial Components**	**Segment Eliminations and Unallocated Amounts**	**Total**
Equipment	$ 197,426	$ 43,821	$ -	$ -	$ 241,247
Parts	89,416	68,345	176,241	-	334,002
Service	55,940	33,393	8,524	-	97,857
Rental and other	23,214	3,806	-	(1,803)	25,217
Revenue	$ 365,996	$ 149,365	$ 184,765	$ (1,803)	$ 698,323
Segment earnings before finance costs and income taxes	$ 23,807	$ 7,358	$ 8,553	$ -	$ 39,718
Corporate costs and eliminations	-	-	-	(3,536)	(3,536)
Earnings before finance costs and income taxes	23,807	7,358	8,553	(3,536)	36,182
Finance costs	-	-	-	3,745	3,745
Income tax expense	-	-	-	8,512	8,512
Net earnings	$ 23,807	$ 7,358	$ 8,553	$ (15,793)	$ 23,925

As at June 30, 2013

	Equipment	Power Systems	Industrial Components	Segment Eliminations and Unallocated Amounts	Total
Segment assets excluding intangible assets	**$ 318,358**	**$ 137,235**	**$ 122,276**	**$ -**	**$ 577,869**
Intangible assets	**21,764**	**14,355**	**50,650**	**-**	**86,769**
Corporate and other assets	**-**	**-**	**-**	**4,503**	**4,503**
Total assets	**$ 340,122**	**$ 151,590**	**$ 172,926**	**$ 4,503**	**$ 669,141**
Segment liabilities	**$ 115,014**	**$ 37,304**	**$ 51,325**	**$ -**	**$ 203,643**
Corporate and other liabilities	**-**	**-**	**-**	**223,806**	**223,806**
Total liabilities	**$ 115,014**	**$ 37,304**	**$ 51,325**	**$ 223,806**	**$ 427,449**

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
Segment liabilities	$	156,884	$	57,407	$	47,632	$	-	$ 261,923
Corporate and other liabilities		-		-		-		163,814	163,814
Total liabilities	$	156,884	$	57,407	$	47,632	$	163,814	$ 425,737

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