SECOND QUARTER REPORT TO SHAREHOLDERS

FOR THE SIX MONTHS ENDED
JUNE 30, 2015

WAJAX CORPORATION 2015	WAJAX Corporation

WAJAX CORPORATION
News Release

TSX Symbol: WJX

WAJAX ANNOUNCES 2015 SECOND QUARTER EARNINGS

(Dollars in millions, except per share data)	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
CONSOLIDATED RESULTS				
Revenue	**$340.7**	**$374.4**	**$658.0**	**$705.8**
Net earnings (1)	**$9.0**	**$12.3**	**$14.7**	**$19.0**
Basic earnings per share (1)	**$0.52**	**$0.73**	**$0.86**	**$1.13**
SEGMENTS				
Revenue – Equipment	**$166.9**	**$188.2**	**$312.5**	**$348.7**
- Power Systems	**$73.9**	**$82.0**	**$148.5**	**$159.1**
- Industrial Components	**$100.8**	**$105.2**	**$198.7**	**$201.3**
Earnings – Equipment (2)	**$11.7**	**$13.6**	**$18.5**	**$24.3**
% margin	*7.0%*	*7.2%*	*5.9%*	*7.0%*
- Power Systems (1) (2)	**$1.1**	**$4.2**	**$4.5**	**$7.7**
% margin	*1.5%*	*5.1%*	*3.0%*	*4.8%*
- Industrial Components (2)	**$5.4**	**$4.6**	**$8.8**	**$5.8**
% margin	*5.4%*	*4.4%*	*4.4%*	*2.9%*

Toronto, Ontario – August 7, 2015 – Wajax Corporation ("Wajax" or the "Corporation") today announced its 2015 second quarter earnings.

Second Quarter Highlights

- Consolidated second quarter revenue of $340.7 million decreased $33.7 million, or 9%, compared to last year. All three segments recorded decreased revenue in the quarter as a result of the energy and mining sector related slowdowns in western Canada. The Equipment, Power Systems and Industrial Components segments reported revenue declines of 11%, 10% and 4% respectively. Revenue gains were realized in central and eastern Canada in all three segments, particularly related to gains in the forestry sector in the Equipment segment and in the bearing and power transmission product category in the Industrial Components segment.

- Net earnings for the quarter of $9.0 million, decreased $3.3 million compared to $12.3 million, recorded in 2014. The lower earnings were attributable to the decreased revenue and a $2.1 million pre-tax restructuring charge recorded in the Power Systems segment. The restructuring of the Power Systems segment is expected to realign branch support activities, including the centralization of supply chain management, and certain other administrative support functions. The restructuring, combined with other cost reductions related to reduced economic activity in western Canada, are anticipated to result in annualized pre-tax savings of approximately $7.4 million, of which $4.2 million is expected to be achieved in 2015.

Basic earnings per share of $0.52 for the quarter decreased from $0.73 per share recorded last year. The reduction is attributable to the reduced net earnings and a $0.02 per share dilutive effect of 3,197,000 common shares issued on June 12, 2015 in connection with the completion of the corporation's bought deal financing announced May 26, 2015.

- Consolidated backlog(3) at June 30, 2015 of $171.2 million decreased slightly, compared to $173.3 million on March 31, 2015.

- Funded net debt(3) of $167.3 million at June 30, 2015 decreased $84.7 million compared to $252.0 million at March 31, 2015. This was due principally to cash generated from operating activities of $15.5 million and net cash proceeds of $71.4 million from the issuance of share capital, offset partially by dividends paid of $1.4 million.

Wajax declared a quarterly dividend of $0.25 per share payable on October 2, 2015 to shareholders of record on September 15, 2015.

Outlook

Commenting on first quarter results and the outlook for the remainder of 2015, Mark Foote, President and CEO, stated:

"As expected, weakness in the western Canada economy resulted in lower second quarter revenue and earnings. While all three segments were impacted by the western Canada slowdown, the effect was most significant in the Equipment and Power Systems segments. Despite the headwinds in western Canada, the Industrial Components segment recorded an increase in segment earnings as a result of cost reductions implemented last year and improved bearing and power transmission parts sales. In addition, revenue in central and eastern Canada improved in all three businesses.

As stated last quarter, our focus in 2015 continues to be centered on three objectives; cost management; managing our asset base and debt level, and; executing a prudent investment plan to support our 4 Points of Growth strategy.

With respect to cost management, reductions in consolidated selling and administrative costs of $2.9 million in the quarter and volume related service personnel staffing adjustments, partially mitigated the earnings impact of lower second quarter volumes. Our 2014 restructuring efforts in the Industrial Components segment continue to result in a significant improvement in earnings based on both cost reduction and improved selling effectiveness. In the Equipment segment we have reduced our western Canada workforce by more than 10% in response to soft market conditions. While similar reductions have been implemented in the Power Systems segment, in the second quarter we recorded a $2.1 million restructuring provision based on plans to further reduce costs in this business. This restructuring combined with the segment's volume related cost reductions are anticipated to result in annualized savings of approximately $7.4 million.

Our debt was reduced by $84.7 million in the quarter. $71.4 million of this was attributable to the application of the cash proceeds from the common share offering completed in June, providing us with additional financial flexibility to execute our 4 Points of Growth strategy. The remainder was attributable to cash generated from operating activities, including a reduction of working capital as we begin to reduce assets employed in the business in response to the market conditions in western Canada. In addition, subsequent to the second quarter we monetized the mining trucks we had in inventory which is expected to result in a further working capital reduction in the third quarter.

We continued to execute our 4 Points of Growth strategy with a controlled pace in the second quarter. We are continuing to move forward on all components of our strategy including activities related to our core capabilities, organic growth initiatives, ERS acquisitions and systems implementation.

With commodity markets and the western Canada economy anticipated to be soft for the foreseeable future, we continue to expect that 2015 will be a challenging year. Consequently we continue to expect 2015 full year earnings to be less than the previous year. We are pleased with the performance of our team and remain very confident that our growth strategy and responsiveness to market conditions will result in an improving business in the medium term and a strong growth company for the future."

Wajax Corporation

Wajax is a leading Canadian distributor engaged in the sale, rental and after-sale parts and service support of equipment, power systems and industrial components, through a network of 123 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.

Notes

(1) 2015 figures include a $2.1 million pre-tax restructuring charge.
(2) Segment earnings before finance costs and income taxes.
(3) These financial measures do not have a standardized meaning prescribed under generally accepted accounting principles (GAAP), and may not be comparable to similar measures presented by other issuers. The Corporation's Management's Discussion and Analysis (MD&A) includes additional information regarding these financial measures, including definitions, under the heading "Non-GAAP and Additional GAAP Measures".

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 cost reduction measures, including restructuring activities within our Power Systems segment and the expected benefits and cost savings therefrom; our continued focus on cost management, managing our asset base and debt level, and executing a prudent investment plan to support our "4 Points of Growth" strategy; our execution of the “4 Points of Growth” strategy, including our progress on initiatives related to our core capabilities, organic growth initiatives, ERS acquisitions and systems implementation; our expectation that challenging end-market conditions will remain throughout 2015; our expectation for full year earnings; and our confidence that our growth strategy and responsiveness to market conditions will result in an improving business in the medium term and a strong growth company for the future. 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, oil and other commodities; financial market conditions, including interest rates; our ability to execute our renewed long-term growth strategy, including our ability to develop our core capabilities, execute on our organic growth priorities, complete and effectively integrate acquisitions and to successfully implement new information technology platforms, systems and software; 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, oil and other commodities; a continued or prolonged decrease in the price of oil; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; levels of customer confidence and spending; 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, our inability to reduce costs in response to slow-downs in market activity, 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, 2014, filed on SEDAR.

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, 2015. 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, 2015, the annual audited consolidated financial statements and accompanying notes for the year ended December 31, 2014 and the associated MD&A. Information contained in this MD&A is based on information available to management as of August 7, 2015.

Unless otherwise indicated, all financial information within this MD&A is in millions of Canadian dollars, except ratio calculations, share, share rights 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, 2015, 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, 2015, 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") as published by the International Accounting Standards Board. In completing the design, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its 2013 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, 2015 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 renewed long-term growth strategy and the goals of such strategy, including our goal of becoming Canada's leading industrial products and services provider; our "4 Points of Growth" framework to grow the Corporation; our cost reduction measures, including restructuring activities within our Power Systems segment, and the expected benefits and cost-savings therefrom; our efforts to monitor our costs and asset base, and to maintain disciplined control over inventories and receivables; continued investment in maintenance and repair-related strategic initiatives at Industrial Components; our financing, working and maintenance capital requirements, as well as our capital structure and leverage ratio; our foreign exchange exposure; our continued focus on cost management, managing our asset base and debt level, and executing a prudent investment plan to support the "4 Points of Growth" strategy; our execution of the "4 Points of Growth" strategy, including our progress on initiatives related to our core capabilities, organic growth initiatives, ERS acquisitions and systems implementation; our expectation that challenging end-market conditions will remain throughout 2015; our expectation for full year earnings; and our confidence that our growth strategy and responsiveness to market conditions will result in an improving business in the medium term and a strong growth company for the future. 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, oil and other commodities; financial market conditions, including interest rates; our ability to execute our renewed long-term growth strategy, including our ability to develop our core capabilities, execute on our organic growth priorities, complete and effectively integrate acquisitions and to successfully implement new information technology platforms, systems and software; 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, oil and other commodities; a continued or prolonged decrease in the price of oil; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; levels of customer confidence and spending; 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, our inability to reduce costs in response to slow-downs in market activity, 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, 2014, 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 judgements 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 is a leading Canadian distributor engaged in the sale and service support of mobile equipment, power systems and industrial components. Reflecting a diversified exposure to the Canadian economy, Wajax has three distinct product divisions which operate through a network of 123 branches across Canada.

Wajax's customer base covers core sectors of the Canadian economy, including construction, industrial and commercial, transportation, the oil sands, forestry, oil and gas, metal processing and mining.

The Corporation's goal is to be Canada's leading industrial products and services provider, distinguished through: sales force excellence, breadth and efficiency of repair and maintenance operations and an ability to work closely with existing and new vendor partners to constantly expand its product offering to customers.

Consolidated Results

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Revenue	**$ 340.7**	$ 374.4	**$ 658.0**	$ 705.8
Gross profit	**$ 69.4**	$ 74.6	**$ 133.4**	$ 143.5
Selling and administrative expenses	**$ 51.6**	$ 54.5	**$ 104.3**	$ 111.1
Restructuring costs	**$ 2.1**	$ -	**$ 2.1**	$ -
Earnings before finance costs and income taxes(1)	**$ 15.8**	$ 20.1	**$ 27.0**	$ 32.5
Finance costs	**$ 3.3**	$ 3.2	**$ 6.6**	$ 6.4
Earnings before income taxes(1)	**$ 12.5**	$ 16.9	**$ 20.4**	$ 26.0
Income tax expense	**$ 3.5**	$ 4.6	**$ 5.6**	$ 7.1
Net earnings	**$ 9.0**	$ 12.3	**$ 14.7**	$ 19.0
Basic earnings per share(2)	**$ 0.52**	$ 0.73	**$ 0.86**	$ 1.13
Diluted earnings per share(2)	**$ 0.51**	$ 0.72	**$ 0.85**	$ 1.11

(1) These amounts do not have a standardized meaning prescribed by generally accepted accounting principles ("GAAP"). See the Non-GAAP and Additional GAAP Measures section.

(2) On June 12, 2015, the Corporation completed an equity offering of 3,197,000 common shares. The basic and diluted weighted average number of shares for the three months ended June 30, 2015 was 17,446,388 (2014 – 16,778,883) and 17,750,630 (2014 – 17,029,049), respectively. The basic and diluted weighted average number of shares for the six months ended June 30, 2015 was 17,114,480 (2014 – 16,766,554) and 17,409,880 (2014 – 17,023,348), respectively.

Ongoing weakness in oil and other commodity prices had a negative effect on Wajax customers in the construction, mining, oil and gas and oil sands markets in western Canada. The impact was most significant in the Equipment segment, which experienced a 42% decline in construction equipment revenue due to lower demand and a 13% reduction in parts and service revenues as oil sands operators and mining customers continued to idle portions of their equipment fleets and defer maintenance. In addition, the Power Systems segment's western Canada operations were negatively impacted by the decline in oil and gas activity. Partly offsetting these conditions, the Equipment and Industrial Components segments benefited from strength in the forestry sector across Canada and all segments improved their revenue in central and eastern Canada.

Revenue
Revenue in the second quarter of 2015 decreased 9%, or $33.7 million, from $374.4 million in 2014. Equipment segment revenue decreased 11%, or $21.3 million, as a result of lower construction equipment volumes and lower mining sector parts and service volumes in western Canada, offset partially by higher forestry equipment volumes in all regions. Power Systems segment revenue decreased 10%, or $8.1 million, driven by a reduction in oil and gas related revenues in western Canada. Segment revenue in Industrial Components decreased 4%, or $4.4 million, as higher bearing and power transmission parts sales in eastern Canada were more than offset by lower fluid power and process equipment product and service revenue in western Canada.

For the six months ended June 30, 2015, revenue decreased 7%, or $47.8 million, from $705.8 million in 2014. Equipment segment revenue decreased 10%, or $36.2 million, as a result of lower construction equipment volumes and lower mining sector volumes in western Canada, offset partially by higher forestry equipment volumes in all regions. Power Systems segment revenue decreased 7%, or $10.6 million, driven by a reduction in oil and gas related off-highway revenues in western Canada. Segment revenue in Industrial Components decreased 1%, or $2.6 million, as higher bearing and power transmission parts sales, in all regions, were more than offset by lower fluid power and process equipment product and service revenue in western Canada.

Gross profit
Gross profit in the second quarter of 2015 decreased 7%, or $5.2 million, mainly due to lower volumes compared to the second quarter of 2014 offset partially by higher gross profit margins. The gross profit margin percentage of 20.4% increased from 19.9% in the prior year due to higher product support gross profit margins.

For the six months ended June 30, 2015, gross profit decreased 7%, or $10.1 million, due principally to lower volumes. The gross profit margin percentage of 20.3% remained unchanged compared to 2014.

Selling and administrative expenses
Selling and administrative expenses decreased 5%, or $2.9 million in the second quarter of 2015, compared to the same quarter last year due mainly to workforce reductions and lower incentive accruals and sales related expenses. Selling and administrative expenses as a percentage of revenue increased to 15.1% in 2015 from 14.5% in 2014.

For the six months ended June 30, 2015, selling and administrative expenses decreased 6%, or $6.8 million, compared to the same period last year. This was due mainly to workforce reductions as well as lower incentives accruals and sales related expenses. These decreases were partially offset by a $1.0 million increase in bad debt expenses. Selling and administrative expenses as a percentage of revenue increased to 15.9% in 2015 from 15.7% in 2014.

Restructuring costs
Restructuring costs of $2.1 million, consisting of severance costs, were recorded in the second quarter of 2015 in the Power Systems segment. The restructuring is expected to realign branch support activities, including the centralization of supply chain management and certain other administrative support functions. The restructuring, combined with cost reductions related to reduced economic activity in western Canada, are anticipated to result in annualized savings of approximately $7.4 million, of which approximately $4.2 million is expected to be achieved in 2015.

Finance costs
Quarterly finance costs of $3.3 million increased $0.1 million compared to 2014.

For the six months ended June 30, 2015, finance costs of $6.6 million increased $0.2 million compared to the same period in 2014.

Income tax expense
The Corporation’s effective income tax rate for the quarter and six months ended June 30, 2015 of 27.8% and 27.7%, respectively, increased from 27.2% and 27.1%, respectively, in the previous year. The increases were a function of an increase in the statutory income tax rate to 26.5% from 26.1% and the impact of expenses not deductible for tax purposes representing a higher percentage of total income on lower earnings in 2015 compared to 2014.

Net earnings
Quarterly net earnings decreased $3.3 million to $9.0 million, or $0.52 per share, from $12.3 million, or $0.73 per share, in the same quarter of 2014. The $3.3 million decrease in net earnings resulted primarily from lower volumes and restructuring costs, partially offset by reduced selling and administrative expenses compared to the same period last year. The $0.21 decrease in basic earnings per share reflects the decrease in net earnings, as described above, combined with the impact of the equity offering completed in the quarter, which decreased basic earnings per share by $0.02. See the Issuance of Share Capital section below.

For the six months ended June 30, 2015, net earnings decreased $4.3 million to $14.7 million, or $0.86 per share, from $19.0 million, or $1.13 per share, in the same period in 2014. The decrease in net earnings resulted primarily from lower volumes and restructuring costs, partially offset by reduced selling and administrative expenses compared to last year.

Issuance of share capital
On June 12, 2015, Wajax completed a “bought deal” equity offering of 3,197,000 common shares for total gross proceeds of $74.8 million. This included 417,000 common shares issued pursuant to the exercise in full of an over-allotment option granted to the underwriters. Issuance costs relating to the equity offering totaled $3.4 million, $2.5 million after tax, including the underwriters’ fee and other expenses. The $71.4 million in net cash proceeds from the offering were used to reduce outstanding borrowings under the revolving portion of the Corporation’s bank credit facility, providing Wajax with additional financial flexibility to execute its long-term growth strategy.

Comprehensive income
Total comprehensive income of $8.5 million in the second quarter of 2015 included net earnings of $9.0 million offset by an other comprehensive loss of $0.5 million. The other comprehensive loss of $0.5 million includes gains reclassified to cost of inventory or finance costs during the quarter net of gains on derivative instruments designated as cash flow hedges outstanding at the end of the quarter.

For the six months ended June 30, 2015, total comprehensive income of $14.6 million included net earnings of $14.7 million offset slightly by an other comprehensive loss of $0.1 million.

Funded net debt (See the Non-GAAP and Additional GAAP Measures section)
Funded net debt of $167.3 million at June 30, 2015 decreased $84.7 million compared to $252.0 million at March 31, 2015. This was due principally to cash generated from operating activities of $15.5 million and net proceeds from the issuance of share capital of $71.4 million offset partially by dividends paid of $1.4 million. Wajax’s leverage ratio of 1.82 times at June 30, 2015 decreased from the March 31, 2015 ratio of 2.68 times primarily as a result of the decrease in funded net debt resulting from the issuance of share capital. See the Issuance of Share Capital, Consolidated Financial Condition and the Liquidity and Capital Resources sections.

Funded net debt of $167.3 million at June 30, 2015 decreased $33.7 million compared to $201.0 million at December 31, 2014. During the period, proceeds from the issuance of share capital of $71.4 million were offset somewhat by cash used in operating activities of $22.9 million, dividends paid of $11.5 million and finance lease payments of $2.0 million. The cash used in operating activities of $22.9 million included increases in non-cash working capital of $37.3 million, primarily attributable to lower accounts payable and accrued liabilities.

Dividends
For the second quarter ended June 30, 2015, quarterly dividends declared totaled $0.25 per share. For the second quarter ended June 30, 2014, monthly dividends declared totaled $0.60 per share.

For the six months ended June 30, 2015, dividends declared totaled $0.73 per share. For the six months ended June 30, 2014 monthly dividends declared totaled $1.20 per share.

On August 7, 2015, Wajax announced a third quarter dividend of $0.25 per share payable on October 2, 2015 to shareholders of record on September 15, 2015. See the Dividends section below.

Backlog (See the Non-GAAP and Additional GAAP Measures section)
Consolidated backlog at June 30, 2015 of $171.2 million decreased $2.1 million, or 1%, from $173.3 million at March 31, 2015 as decreases in the Equipment and Industrial Components segments were offset partially by an increase in the Power Systems segment. Consolidated backlog decreased $53.3 million, or 24%,

compared to June 30, 2014 on decreases in the Equipment and Power Systems segments, offset partially by an increase in the Industrial Components segment. 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			
	2015		2014		**2015**		2014	
Equipment[(1)]	**$**	**106.2**	$	118.3	**$**	**194.7**	$	210.4
Parts and service	**$**	**60.7**	$	69.9	**$**	**117.8**	$	138.3
Segment revenue	**$**	**166.9**	$	188.2	**$**	**312.5**	$	348.7
Segment earnings[(2)]	**$**	**11.7**	$	13.6	**$**	**18.5**	$	24.3
Segment earnings margin		***7.0%***		*7.2%*		***5.9%***		*7.0%*

(1) Includes rental and other revenue.
(2) Earnings before finance costs and income taxes.

Revenue in the second quarter of 2015 decreased 11%, or $21.3 million, to $166.9 million from $188.2 million in the second quarter of 2014. Segment earnings for the quarter decreased $1.9 million, to $11.7 million, compared to the second quarter of 2014. The following factors contributed to the Equipment segment's second quarter results:

- Equipment revenue for the second quarter decreased $12.1 million compared to the same quarter last year with specific quarter-over-quarter variances as follows:
  - Construction equipment revenue decreased $24.7 million mainly as a result of decreases in Hitachi excavator sales in western Canada due to lower market demand and competitive market pressures.
  - Mining equipment sales decreased $0.2 million mainly as a result of lower dollar value Hitachi mining equipment deliveries in western Canada partially offset by higher deliveries in eastern Canada.
  - Forestry equipment revenue increased $12.9 million as strength in the lumber market led to higher sales of Tigercat equipment across Canada.
  - Crane and utility equipment revenue decreased $2.9 million mainly as a result of lower crane sales in western Canada and lower sales to utility customers in central Canada.
  - Material handling equipment revenue increased $2.8 million due principally to higher unit value sales in western Canada.

- Parts and service volumes for the second quarter decreased $9.2 million compared to the same quarter last year. The decrease was primarily attributable to lower mining sector volumes in western Canada, including the oil sands, as customers continued to idle portions of their equipment fleet and defer maintenance due to weak oil and commodity prices. Lower construction sector volumes in western Canada due to slowing economic activity also contributed to the decrease in parts and service volumes.

- The segment earnings decrease of $1.9 million in the second quarter compared to the same quarter last year was mainly attributable to western Canada operations. Overall, the impact of the decline in volumes was partially offset by slightly higher gross profit margins and a $1.0 million reduction in selling and administrative expenses compared to last year. Gross profit margins increased slightly due to higher parts and service margins. Selling and administrative expenses decreased $1.0 million attributable to reductions in the workforce and sales related expenses.

Backlog of $91.5 million at June 30, 2015 decreased $1.8 million compared to March 31, 2015. Backlog decreased $46.1 million compared to June 30, 2014 due to decreases in crane and utility, mining and material handling equipment orders.

Subsequent to the second quarter, the Equipment segment monetized six Hitachi mining trucks in inventory, which will result in a third quarter 2015 gain of approximately $2.8 million.

The segment will continue to monitor costs and maintain disciplined control over inventories and receivables as market conditions and customer demand in western Canada change.

Power Systems

	Three months ended June 30				Six months ended June 30			
	2015		2014		**2015**		2014	
Equipment[1]	**$**	**24.8**	$	28.1	**$**	**46.8**	$	53.4
Parts and service	**$**	**49.1**	$	53.9	**$**	**101.7**	$	105.7
Segment revenue	**$**	**73.9**	$	82.0	**$**	**148.5**	$	159.1
Segment earnings before restructuring costs[2]	**$**	**3.2**	$	4.2	**$**	**6.6**	$	7.7
Restructuring costs	**$**	**2.1**	$	-	**$**	**2.1**	$	-
Segment earnings[3]	**$**	**1.1**	$	4.2	**$**	**4.5**	$	7.7
Segment earnings margin before restructuring costs[2]		***4.3%***		*5.1%*		***4.4%***		*4.8%*
Restructuring costs		***(2.8%)***		-		***(1.4%)***		-
Segment earnings margin		***1.5%***		*5.1%*		***3.0%***		*4.8%*

(1) Includes rental and other revenue.
(2) Earnings before restructuring costs, finance costs and income taxes. See the Non-GAAP and Additional GAAP Measures section.
(3) Earnings before finance costs and income taxes.

Revenue in the second quarter of 2015 decreased $8.1 million, or 10%, to $73.9 million compared to $82.0 million in the same quarter of 2014. Segment earnings decreased $3.1 million to $1.1 million in the second quarter compared to the same quarter in the previous year. Segment earnings before restructuring costs decreased $1.0 million to $3.2 million in the quarter compared to last year. See the Non-GAAP and Additional GAAP Measures section. The following factors impacted quarter-over-quarter revenue and earnings:

- Equipment revenue decreased $3.3 million as declines in off-highway equipment volumes to oil and gas customers in western Canada were partially offset by stronger off-highway revenues to mining customers in central Canada and increased power generation equipment volumes.
- Parts and service volumes decreased $4.8 million attributable to lower sales to on-highway and off-highway customers in western Canada resulting from the decline in oil and gas activity. These decreases were partially offset by higher sales to power generation customers in all regions.
- Segment earnings decreased $3.1 million compared to the same quarter last year due mainly to reduced sales volumes and $2.1 million of restructuring costs consisting of severance costs, offset partially by a $0.2 million decrease in selling and administrative expenses.

During the quarter, the Power Systems segment began implementation of restructuring activities to realign branch support activities, including the centralization of supply chain management and certain other administrative support functions. The restructuring, combined with other cost reductions realized to date and cost reductions related to reduced economic activity in western Canada, are anticipated to result in annualized savings of approximately $7.4 million of which approximately $4.2 million is expected to be achieved in 2015. In addition, the segment continues to maintain disciplined control over inventories and receivables.

Backlog of $33.5 million as of June 30, 2015 increased $3.8 million compared to March 31, 2015, due mainly to higher power generation orders. Backlog decreased $10.2 million compared to June 30, 2014, primarily due to lower power generation backlog in western Canada and lower off-highway backlog in western and eastern Canada.

Industrial Components

	Three months ended June 30				Six months ended June 30			
	2015		2014		**2015**		2014	
Segment revenue	**$**	**100.8**	$	105.2	**$**	**198.7**	$	201.3
Segment earnings[(1)]	**$**	**5.4**	$	4.6	**$**	**8.8**	$	5.8
Segment earnings margin		***5.4%***		*4.4%*		***4.4%***		*2.9%*

(1) Earnings before finance costs and income taxes.

Revenue of $100.8 million in the second quarter of 2015 decreased $4.4 million, or 4%, from $105.2 million in the second quarter of 2014. Segment earnings increased $0.8 million to $5.4 million in the second quarter of 2015 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 $1.3 million, or 2%, compared to the same quarter last year. The increase was driven by higher sales to mining and forestry customers in all regions offset somewhat by lower volumes to oil and gas customers in western Canada and lower volumes to steel and metal customers in all regions.

- Fluid power and process equipment products and service revenue in the second quarter of 2015 decreased $5.7 million, or 12%, compared to the same quarter last year. The decrease was due primarily to reduced sales to oil and gas and oil sands customers in western Canada.

- Segment earnings in the second quarter of 2015 increased $0.8 million compared to the same quarter last year as the negative impact of lower volumes was more than offset by the positive impact of a $1.7 million decrease in selling and administrative expenses. The decrease in selling and administrative expenses was mainly attributable to restructuring activities in 2014 and lower sales related expenses.

Backlog of $46.2 million as of June 30, 2015 decreased $4.1 million compared to March 31, 2015, due mainly to lower orders for bearings and power transmissions in western Canada and process equipment in eastern Canada. Backlog increased $3.0 million compared to June 30, 2014 primarily due to higher orders for process equipment in eastern Canada.

The segment's cost structure and asset base continues to be monitored and adjusted in response to any further changes in market conditions. However, while respecting the current economic environment, the segment will continue to make investments in organic growth and acquisitions that focus on growing maintenance and repair related revenues which are viewed to be more resilient in a market downturn.

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 2014 annual audited consolidated financial statements.

	2015		2014				2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	**$ 340.7**	$ 317.2	$ 386.1	$ 359.5	$ 374.4	$ 331.4	$ 391.7	$ 338.5
Net earnings	**$ 9.0**	$ 5.7	$ 11.2	$ 11.1	$ 12.3	$ 6.7	$ 12.2	$ 11.6
Net earnings per share								
- Basic	**$ 0.52**	$ 0.34	$ 0.67	$ 0.66	$ 0.73	$ 0.40	$ 0.73	$ 0.69
- Diluted	**$ 0.51**	$ 0.34	$ 0.66	$ 0.65	$ 0.72	$ 0.39	$ 0.72	$ 0.68

Although Wajax experienced weaker first quarter results in 2015 and 2014, due to various factors including reduced activity in oil and gas and mining markets, quarterly fluctuations in revenue and net earnings are difficult to predict. A normally weaker first quarter for the Equipment segment can be offset by seasonally stronger activity in the oil and gas sector, primarily affecting the Power Systems and Industrial Components segments. As well, large deliveries of mining trucks and shovels and power generation packages can shift the revenue and net earnings throughout the year.

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

Consolidated Financial Condition

Capital Structure and Key Financial Condition Measures

	June 30 2015	March 31 2015	December 31 2014
Shareholders' equity	**$ 322.7**	$ 246.7	$ 248.5
Funded net debt(1)	**167.3**	252.0	201.0
Total capital	**$ 490.1**	$ 498.7	$ 449.5
Funded net debt to total capital(1)	**34.1%**	50.5%	44.7%
Leverage ratio(1)	**1.82**	2.68	2.12

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

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 this range to either support key growth initiatives or fluctuations in working capital levels during changes in economic cycles. See the Funded Net Debt section below.

In addition, the Corporation's tolerance to interest rate risk decreases/increases as the Corporation's leverage ratio increases/decreases. At June 30, 2015, $125 million of the Corporation's funded net debt, or 75%, was at a fixed interest rate which is within the Corporation's interest rate risk policy. See the Liquidity and Capital Resources section.

Shareholders' Equity

The Corporation's shareholders' equity at June 30, 2015 of $322.7 million increased $76.0 million from March 31, 2015 and $74.2 million from December 31, 2014 due principally from the net proceeds from the issuance of share capital of $72.3 million. The Corporation's share capital, included in shareholders' equity on the balance sheet, consists of:

Issued and fully paid common shares as at June 30, 2015	**Number**	**Amount**
Balance at the beginning of the quarter	16,778,883	$ 107.4
Shares issued	3,197,000	72.3
Balance at the end of the quarter	**19,975,883**	**$ 179.7**

As discussed above, on June 12, 2015, the Corporation completed an equity offering of 3,197,000 common shares at a price of $23.40 per common share, resulting in a $72.3 million increase in share capital. See the Issuance of Share Capital in the Consolidated Results section.

At the date of this MD&A, the Corporation had 19,975,883 common shares outstanding.

At June 30, 2015, Wajax had four share-based compensation plans; the Wajax Share Ownership Plan ("SOP"), the Directors' Deferred Share Unit Plan ("DDSUP"), the Mid-Term Incentive Plan for Senior Executives ("MTIP") and the Deferred Share Unit Plan ("DSUP"). In the first quarter of 2014, all of the outstanding Deferred Share Program ("DSP") rights were settled. SOP, DSP and DDSUP rights are issued to the participants and are settled by issuing Wajax Corporation shares on a one-for-one basis. As of June 30, 2015, there were 310,789 (2014 – 268,739) SOP 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 expense of $0.4 million for the quarter (2014 – $0.3 million) and $0.5 million for the six months ended (2014 – $0.7 million) in respect of these plans.

Funded Net Debt (**See the Non-GAAP and Additional GAAP Measures section**)

	June 30 2015	March 31 2015	December 31 2014
(Cash) bank indebtedness	**$ (3.0)**	$ 4.2	$ 7.7
Obligations under finance lease	**11.1**	11.7	12.3
Long-term debt	**159.2**	236.1	180.9
Funded net debt[(1)]	**$ 167.3**	$ 252.0	$ 201.0

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

Funded net debt of $167.3 million at June 30, 2015 decreased $84.7 million compared to March 31, 2015 due principally to cash generated from operating activities of $15.5 million and net cash proceeds from the issuance of share capital of $71.4 million offset partially by dividends paid of $1.4 million. The cash generated from operating activities of $15.5 million included decreases in non-cash working capital of $6.6 million, rental fleet additions of $7.5 million, finance costs paid of $5.0 million and income taxes paid of $2.5 million.

Funded net debt of $167.3 million at June 30, 2015 decreased $33.7 million compared to December 31, 2014. During the period, net cash proceeds from the issuance of share capital of $71.4 million were offset somewhat by cash used in operating activities of $22.9 million, dividends paid of $11.5 million and finance lease payments of $2.0 million. The cash used in operating activities of $22.9 million included increases in non-cash working capital of $37.3 million, rental fleet additions of $13.6 million, finance costs paid of $6.3 million and income taxes paid of $5.3 million.

The Corporation's ratio of funded net debt to capital decreased to 34.1% at June 30, 2015 from 50.5% at March 31, 2015, driven by the decrease in funded net debt resulting primarily from net cash proceeds from the issuance of share capital of $71.4 million.

The Corporation's leverage ratio of 1.82 times at June 30, 2015 decreased from the March 31, 2015 ratio of 2.68 times, primarily due to the lower funded net debt outstanding.

See the Issuance of Share Capital and Liquidity and Capital Resources sections.

Financial Instruments

Wajax uses derivative financial instruments in the management of its foreign currency and interest rate exposures. Wajax's policy restricts the use of derivative financial instruments for trading or speculative purposes.

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, 2015, Wajax had the following contracts outstanding:

- to buy U.S. $35.7 million (December 31, 2014 – to buy U.S. $41.8 million, June 30, 2014 – to buy U.S. $33.0 million),
- to buy Euro €0.1 million (December 31, 2014 – nil, June 30, 2014 – nil), and
- to sell U.S. $13.6 million (December 31, 2014 – nil, June 30, 2014 – nil).

The U.S. dollar contracts expire between July 2015 and May 2016, with a weighted average U.S./Canadian dollar rate of 1.2415.

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 or inventory. The fair value of derivative instruments is estimated based upon market conditions using appropriate valuation models. The carrying values reported in the balance sheet for financial instruments are not significantly different from their fair values.

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

Wajax will periodically institute price increases to offset the negative impact of foreign exchange rate increases and volatility on imported goods to ensure margins are not eroded. However, a sudden strengthening of the U.S. dollar relative to the Canadian dollar can have a negative impact mainly on parts margins in the short term prior to price increases taking effect.

Wajax is exposed to the risk of non-performance by counterparties to short-term currency forward contracts. These counterparties are large financial institutions that maintain high short-term and long-term credit ratings. 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, 2014. See the Liquidity and Capital Resources section.

Off Balance Sheet Financing

Off balance sheet financing arrangements include operating lease contracts for facilities with various landlords and other equipment related mainly to office equipment. There have been no material changes to the Corporation's total obligations for all operating leases since December 31, 2014. 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 \$88.3 million (2014 – \$73.8 million) of consigned inventory on-hand from a major manufacturer at June 30, 2015. 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 reduce dividends to accommodate any shortfalls in Wajax's credit facilities. See the Liquidity and Capital Resources section.

Liquidity and Capital Resources

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

Bank and Non-bank Credit Facilities and Senior Notes

At June 30, 2015, Wajax had borrowed \$38.0 million and issued \$5.6 million of letters of credit for a total utilization of \$43.6 million of its \$250 million bank credit facility. In addition, Wajax had \$125 million of senior notes outstanding bearing an interest rate of 6.125% per annum, payable semi-annually, maturing on October 23, 2020. Borrowing capacity under the bank credit facility is dependent on the level of inventories on-hand and outstanding trade accounts receivables. At June 30, 2015, borrowing capacity under the bank credit facility was equal to \$250 million.

The bank credit facility contains customary restrictive covenants including limitations on the payment of cash dividends and the maintenance of certain financial ratios all of which were met as at June 30, 2015. In particular, the Corporation is restricted from declaring dividends in the event the Corporation's leverage ratio, as defined in the bank credit facility agreement, exceeds 3.25 times. The senior notes are unsecured and contain customary incurrence based covenants that, although different from those under the bank credit facility described above, are not expected to be any more restrictive than under the bank credit facility. All covenants were met as at June 30, 2015.

Under the terms of the bank credit facility, Wajax is permitted to have additional interest bearing debt of \$15 million. As such, Wajax has up to \$15 million of demand inventory equipment financing capacity with three non-bank lenders. At June 30, 2015, Wajax had no utilization of the interest bearing equipment financing facilities.

As of August 7, 2015, Wajax's \$250 million bank credit facility, of which \$206.4 million was unutilized at the end of the second quarter, 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 and certain strategic investments. However, Wajax may be required to access the equity or debt markets to fund significant acquisitions.

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, 2015 and June 30, 2014.

($millions)	Three months ended June 30			Six months ended June 30		
	2015	2014	Change	**2015**	2014	Change
Net earnings	**$ 9.0**	$ 12.3	$ (3.3)	**$ 14.7**	$ 19.0	$ (4.3)
Items not affecting cash flow	**14.4**	14.5	(0.1)	**25.2**	25.7	(0.5)
Net change in non-cash operating working capital	**6.6**	(3.2)	9.8	**(37.3)**	(10.2)	(27.1)
Finance costs paid	**(5.0)**	(4.1)	(0.9)	**(6.3)**	(5.2)	(1.1)
Income taxes paid	**(2.5)**	(3.2)	0.7	**(5.3)**	(7.7)	2.4
Rental equipment additions	**(7.5)**	(5.6)	(1.9)	**(13.6)**	(12.4)	(1.2)
Other non-current liabilities	**0.5**	0.7	(0.2)	**(0.3)**	1.1	(1.4)
Cash generated from (used in) operating activities	**$ 15.5**	$ 11.4	$ 4.1	**$ (22.9)**	$ 10.3	$ (33.2)
Cash used in investing activities	**$ (0.3)**	$ (1.0)	$ 0.7	**$ (2.3)**	$ (2.1)	$ (0.2)
Cash (used in) generated from financing activities	**$ (7.9)**	$ (11.1)	$ 3.2	**$ 35.9**	$ (16.9)	$ 52.8

Cash Generated From (Used In) Operating Activities

Cash flows generated from operating activities amounted to $15.5 million in the second quarter of 2015, compared to $11.4 million in the same quarter of the previous year. The increase of $4.1 million was mainly attributable to an increase in cash generated from changes in non-cash working capital of $9.8 million, partially offset by lower earnings of $3.3 million and higher rental equipment additions of $1.9 million.

Rental equipment additions of $7.5 million (2014 – $5.6 million) related to lift trucks in the Equipment segment and power generation equipment in the Power Systems segment.

For the six months ended June 30, 2015, cash flows used in operating activities amounted to $22.9 million, compared to cash generated from operating activities of $10.3 million for the same period in the previous year. The $33.2 million decrease in cash flows used in operating activities was mainly attributable to an increased use of working capital of $27.1 million in 2015 and lower net earnings of $4.3 million.

For the six months ended June 30, 2015, rental equipment additions of $13.6 million (2014 – $12.4 million) related to lift trucks in the Equipment segment and power generation equipment in the Power Systems segment.

Significant components of non-cash operating working capital, along with changes for the three and six months ended June 30, 2015 and June 30, 2014 include the following:

($millions)	Three months ended		Six months ended	
Changes in Non-cash Operating Working Capital[1]	**June 30 2015**	June 30 2014	**June 30 2015**	June 30 2014
Trade and other receivables	**$ 11.8**	$ (7.7)	**$ 12.6**	$ (0.3)
Contracts in progress	**(3.6)**	(5.5)	**(4.6)**	(11.4)
Inventories	**8.0**	(4.2)	**(2.1)**	(12.1)
Prepaid expenses	**(0.5)**	1.1	**(1.1)**	(0.8)
Accounts payable and accrued liabilities	**(9.0)**	13.4	**(41.5)**	16.7
Provisions	**(0.2)**	(0.4)	**(0.6)**	(2.2)
Total Changes in Non-cash Operating Working Capital	**$ 6.6**	$ (3.2)	**$ (37.3)**	$ (10.2)

(1) Increase (decrease) in cash flow

Significant components of the changes in non-cash operating working capital for the quarter ended June 30, 2015 compared to the quarter ended June 30, 2014 are as follows:

- Trade and other receivables decreased $11.8 million in 2015 compared to an increase of $7.7 million in 2014. The decrease in 2015 resulted primarily from improved collections in the Equipment segment and the collection of a large power generation receivable in the Power Systems segment. The increase in 2014 was mainly attributable to higher sales activity in the Power Systems and Industrial Components segments.

- Contracts in progress increased $3.6 million in 2015 compared to an increase of $5.5 million in 2014. The increases in both years reflect higher contract revenue recognized in advance of billings related to power generation projects in the Power Systems segment.

- Inventories decreased $8.0 million in 2015 compared to an increase of $4.2 million in 2014. The decrease in 2015 was due mainly to lower mining and forestry equipment in the Equipment segment. The increase in 2014 was primarily related to higher inventory in the Power Systems segment.

- Accounts payable and accrued liabilities decreased $9.0 million in 2015 compared to an increase of $13.4 million in 2014. The decrease in 2015 resulted from lower trade payables in all segments, due in part to the payment of equipment inventory in the Equipment segment, offset partially by higher accrued liabilities in the Equipment and Power Systems segments. The increase in 2014 resulted primarily from higher inventory trade payables in all segments.

Significant components of the changes in non-cash operating working capital for the six months ended June 30, 2015 compared to the six months ended June 30, 2014 are as follows:

- Trade and other receivables decreased $12.6 million in 2015 compared to an increase of $0.3 million in 2014. The decrease in 2015 was mainly attributable to lower sales activity and improved collection efforts in the Power Systems and in the Industrial Components segment.

- Contracts in progress increased $4.6 million in 2015 compared to an increase of $11.4 million in 2014. The increases in both years reflect higher contract revenue recognized in advance of billings related to power generation projects in the Power Systems segment.

- Inventories increased $2.1 million in 2015 compared to an increase of $12.1 million in 2014. The increase in 2014 was primarily related to higher stock levels in the Equipment segment.

- Accounts payable and accrued liabilities decreased $41.5 million in 2015 compared to an increase of $16.7 million in 2014. The decrease in 2015 resulted from lower trade payables in all segments, due in part to the payment of mining equipment inventory in the Equipment segment. The increase in 2014 resulted primarily from higher trade payables and supplier financed inventory in the Equipment segment reduced somewhat by lower trade payables in the Industrial Components segment.

Investing Activities
During the second quarter of 2015, Wajax invested $0.3 million in property, plant and equipment additions, net of disposals, compared to $1.0 million in the second quarter of 2014.

For the six months ended June 30, 2015, Wajax invested $2.2 million in property, plant and equipment additions, net of disposals, compared to $2.1 million in the six months ended June 30, 2014.

Financing Activities
The Corporation used $7.9 million of cash from financing activities in the second quarter of 2015 compared to $11.1 million used in the same quarter of 2014. Financing activities in the quarter included a net bank credit facility repayment of $77.0 million (2014 – nil), dividends paid to shareholders totaling $1.4 million (2014 – $10.1 million) and finance lease payments of $0.9 million (2014 – $1.0 million) offset by proceeds from the issuance of share capital of $71.4 million (2014 – nil).

For the six months ended June 30, 2015, the Corporation generated $35.9 million of cash from financing activities compared to a use of cash of $16.9 million from financing activities in the same period of 2014. Financing activities for the six months ended June 30, 2015 included proceeds from the issuance of share capital of $71.4 million (2014 – nil), offset by a net bank credit facility repayment of $22.0 million (2014 – drawdown of $5.0 million), dividends paid to shareholders totaling $11.5 million (2014 – $20.1 million), and finance lease payments of $2.0 million (2014 – $1.8 million).

Dividends

Dividends to shareholders were declared as follows:

Record Date	Payment Date	Per Share	Amount
June 15, 2015	July 3, 2015	$ 0.25	$ 5.0
Three months ended June 30, 2015		**$ 0.25**	**$ 5.0**

On August 7, 2015, Wajax announced a third quarter dividend of $0.25 per share ($1.00 per share annualized) payable on October 2, 2015 to shareholders of record on September 15, 2015.

Non-GAAP and Additional GAAP Measures

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

(i) these measures are commonly reported and widely used by investors and management,

(ii) the non-GAAP measures are commonly used as an indicator of a company's cash operating performance, profitability and ability to raise and service debt, in particular "Adjusted EBITDA" used in calculating the Leverage Ratio excludes the restructuring costs which is consistent with the leverage ratio calculations under the Corporation's bank credit and senior note agreements, and

(iii) the additional GAAP measures are commonly used to assess a company's earnings performance excluding its capital, tax structures and restructuring costs.

Non-GAAP financial measures are identified and defined below:

Funded net debt	Funded net debt includes bank indebtedness, long-term debt and obligations under finance leases, net of cash.
EBITDA	Net earnings before finance costs, income tax expense, depreciation and amortization.
Adjusted EBITDA	EBITDA before restructuring costs.
Leverage ratio	The leverage ratio is defined as funded net debt at the end of a particular quarter divided by trailing 12-month Adjusted EBITDA. The Corporation's objective is to maintain this ratio between 1.5 times and 2.0 times.
Funded net debt to total capital	Defined as funded net debt divided by total capital. Total capital is the funded net debt plus shareholder's equity.
Backlog	Backlog includes the total sales value of customer purchase commitments for future delivery or commissioning of equipment, parts and related services.

Additional GAAP measures are identified and defined below:

Earnings before finance costs and income taxes (EBIT)	Earnings before finance costs and income taxes, as presented on the Consolidated Statements of Earnings
Earnings before income taxes (EBT)	Earnings before income taxes, as presented on the Consolidated Statements of Earnings.
Segment earnings before restructuring costs	Segment earnings before restructuring costs, finance costs and income taxes.
Segment earnings margin before restructuring costs	Segment earnings before restructuring costs, finance costs and income taxes divided by segment revenue.

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

	For the twelve months ended June 30 2015	**For the twelve months ended March 31 2015**	**For the twelve months ended December 31 2014**
Net earnings	**$ 37.0**	$ 40.3	$ 41.2
Income tax expense	**13.9**	15.0	15.3
EBT	**50.9**	55.3	56.5
Finance costs	**13.2**	13.1	13.0
EBIT	**64.1**	68.4	69.5
Depreciation and amortization	**23.1**	22.8	22.5
EBITDA	**87.2**	91.2	92.0
Restructuring costs(1)	**4.9**	2.8	2.8
Adjusted EBITDA	**$ 92.1**	$ 94.1	$ 95.0

(1) Includes the $2.1 million Power Systems segment restructuring provision recorded in the second quarter of 2015 and the $2.8 million Industrial Components segment restructuring provision recorded in 2014.

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

	June 30 2015	March 31 2015	December 31 2014
(Cash) bank indebtedness	**$ (3.0)**	$ 4.2	$ 7.7
Obligations under finance leases	**11.1**	11.7	12.3
Long-term debt	**159.2**	236.1	180.9
Funded net debt	**$ 167.3**	$ 252.0	$ 201.0
Leverage ratio[(1)]	**1.82**	2.68	2.12

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

Critical Accounting Estimates

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

The areas where significant judgements and assumptions are used to determine the amounts recognized in the financial statements include the allowance for doubtful accounts, inventory obsolescence and goodwill and intangible assets. In preparing the financial statements for the quarter ended June 30, 2015, the significant judgements 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, 2014 which can be found on SEDAR at www.sedar.com.

Changes in Accounting Policies

No new standards have been adopted in the current period.

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, 2015 and have not been applied in preparing these consolidated financial statements.

On January 1, 2016, the Corporation will be required to adopt the amendments to IAS 1 Presentation of Financial Statements, which will facilitate improved financial statement disclosures. The Corporation does not expect IAS 1 to have a material impact on its consolidated financial statements.

On January 1, 2018, the Corporation will be required to adopt IFRS 9 Financial Instruments, which is 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. Additional changes to the new standard will align hedge accounting more closely with risk management. The Corporation is currently assessing the impact of this standard on its consolidated financial statements.

On January 1, 2018, the Corporation will be required to adopt IFRS 15 Revenue from Contracts with Customers. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. 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, 2014 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, 2014.

Strategic Direction and Outlook

As expected, weakness in the western Canada economy resulted in lower second quarter revenue and earnings. While all three segments were impacted by the western Canada slowdown, the affect was most significant in the Equipment and Power Systems segments. Despite the headwinds in western Canada, the Industrial Components segment recorded an increase in segment earnings as a result of cost reductions implemented last year and improved bearing and power transmission parts sales. In addition, revenue in central and eastern Canada improved in all three businesses.

As stated last quarter, the Corporation's focus in 2015 continues to be centered on three objectives; cost management; managing our asset base and debt level, and; executing a prudent investment plan to support our 4 Points of Growth strategy.

With respect to cost management, reductions in consolidated selling and administrative costs of $2.9 million in the quarter and volume related service personnel staffing adjustments, partially mitigated the earnings impact of lower second quarter volumes. The 2014 restructuring efforts in the Industrial Components segment continue to result in a significant improvement in earnings based on both cost reduction and improved selling effectiveness. The Equipment segment reduced its western Canada workforce by more than 10% in response to soft market conditions. While similar reductions have been implemented in the Power Systems segment, in the second quarter a $2.1 million restructuring provision was recorded based on plans to further reduce costs in this business. This restructuring combined with the segment's volume related cost reductions are anticipated to result in annualized savings of approximately $7.4 million.

Debt was reduced by $84.7 million in the quarter. $71.4 million of this was attributable to the common share offering completed in June providing Wajax with additional financial flexibility to execute its 4 Points of Growth strategy. The remainder was attributable to cash generated from operating activities, including a reduction of working capital as the Corporation began to reduce assets employed in the business in response to the market conditions in western Canada. In addition, subsequent to the second quarter the Corporation monetized the mining trucks in inventory, which is expected to result in a further reduction in working capital in the third quarter.

Wajax continued to execute its 4 Points of Growth strategy with a controlled pace in the second quarter. The Corporation will continue to move forward on all components of its strategy including activities related to core capabilities, organic growth initiatives, ERS acquisitions and systems implementation.

With commodity markets and the western Canada economy anticipated to be soft for the foreseeable future, management continues to expect that 2015 will be a challenging year. Consequently management continues to expect 2015 full year earnings to be less than the previous year. Management is pleased with the performance of its team and remains very confident that its growth strategy and responsiveness to market conditions will result in an improving business in the medium term and a strong growth company for the future.

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, 2015

WAJAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at (unaudited, in thousands of Canadian dollars)	Note		**June 30, 2015**		December 31, 2014
ASSETS					
CURRENT					
Cash		**$**	**3,001**	$	-
Trade and other receivables			**171,200**		183,759
Contracts in progress			**13,563**		9,003
Inventories			**328,950**		323,764
Income taxes receivable			**235**		31
Prepaid expenses			**9,047**		7,970
Derivative instruments			**573**		1,343
			526,569		525,870
NON-CURRENT					
Rental equipment	3		**63,536**		59,394
Property, plant and equipment	4		**47,217**		48,665
Intangible assets			**83,580**		84,314
			194,333		192,373
		$	**720,902**	$	718,243
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT					
Bank indebtedness		**$**	**-**	$	7,713
Accounts payable and accrued liabilities			**205,326**		246,714
Provisions			**5,134**		5,758
Dividends payable	6		**4,994**		3,356
Obligations under finance leases			**4,056**		4,175
			219,510		267,716
NON-CURRENT					
Provisions			**3,804**		4,250
Deferred taxes	8		**82**		494
Employee benefits			**7,411**		7,257
Other liabilities			**1,069**		947
Obligations under finance leases			**7,040**		8,160
Long-term debt			**159,237**		180,903
			178,643		202,011
SHAREHOLDERS' EQUITY					
Share capital	5		**179,732**		107,454
Contributed surplus			**5,658**		5,176
Retained earnings			**136,885**		135,269
Accumulated other comprehensive income			**474**		617
Total shareholders' equity			**322,749**		248,516
		$	**720,902**	$	718,243

These condensed consolidated financial statements were approved by the Board of Directors on August 7, 2015.

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited, in thousands of Canadian dollars, except per share data)	Note	Three months ended June 30 **2015**	2014	Six months ended June 30 **2015**	2014
Revenue		**$ 340,747**	$ 374,396	**$ 657,962**	$ 705,765
Cost of sales		**271,350**	299,798	**524,579**	562,224
Gross profit		**69,397**	74,598	**133,383**	143,541
Selling and administrative expenses		**51,562**	54,462	**104,330**	111,075
Restructuring costs	13	**2,060**	-	**2,060**	-
Earnings before finance costs and income taxes		**15,775**	20,136	**26,993**	32,466
Finance costs		**3,325**	3,246	**6,634**	6,430
Earnings before income taxes		**12,450**	16,890	**20,359**	26,036
Income tax expense	8	**3,464**	4,588	**5,640**	7,068
Net earnings		**$ 8,986**	$ 12,302	**$ 14,719**	$ 18,968
Basic earnings per share	9	**$ 0.52**	$ 0.73	**$ 0.86**	$ 1.13
Diluted earnings per share	9	**$ 0.51**	$ 0.72	**$ 0.85**	$ 1.11

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, in thousands of Canadian dollars)	Three months ended June 30 **2015**	2014	Six months ended June 30 **2015**	2014
Net earnings	**$ 8,986**	$ 12,302	**$ 14,719**	$ 18,968
Items that may be subsequently reclassified to income				
Gains on derivative instruments designated as cash flow hedges in prior periods reclassified to cost of inventory during the period, net of tax expense of $232 (2014 – $46) and year to date, net of tax expense of $367 (2014 – $82)	**(653)**	(131)	**(1,035)**	(232)
Gains (losses) on derivative instruments outstanding at the end of the period designated as cash flow hedges, net of tax expense of $57 (2014 – recovery of $101) and year to date, net of tax expense of $317 (2014 – recovery of $31)	**161**	(285)	**892**	(87)
Other comprehensive loss, net of tax	**(492)**	(416)	**(143)**	(319)
Total comprehensive income	**$ 8,494**	$ 11,886	**$ 14,576**	$ 18,649

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2015 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income Cash flow hedges		Total
January 1, 2015		$	107,454	5,176	135,269	617	$	248,516
Net earnings			-	-	14,719	-		14,719
Other comprehensive loss			-	-	-	(143)		(143)
Total comprehensive income for the period			-	-	14,719	(143)		14,576
Issuance of common shares	5		72,278	-	-	-		72,278
Dividends	6		-	-	(13,103)	-		(13,103)
Share-based compensation expense	7		-	482	-	-		482
June 30, 2015		**$**	**179,732**	**5,658**	**136,885**	**474**	**$**	**322,749**

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2014 (unaudited, in thousands of Canadian dollars)	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss Cash flow hedges	Total
January 1, 2014		$ 106,704	5,058	135,317	113	$ 247,192
Net earnings		-	-	18,968	-	18,968
Other comprehensive loss		-	-	-	(319)	(319)
Total comprehensive income for the period		-	-	18,968	(319)	18,649
Shares issued to settle share-based compensation plans	7	750	(750)	-	-	-
Dividends	6	-	-	(20,120)	-	(20,120)
Share-based compensation expense	7	-	401	-	-	401
June 30, 2014		**$ 107,454**	**4,709**	**134,165**	**(206)**	**$ 246,122**

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 **2015**	Three months ended June 30 2014	Six months ended June 30 **2015**	Six months ended June 30 2014
OPERATING ACTIVITIES					
Net earnings		**$ 8,986**	$ 12,302	**$ 14,719**	$ 18,968
Items not affecting cash flow:					
Depreciation and amortization:					
Rental equipment		**3,443**	2,890	**6,437**	5,716
Property, plant and equipment		**2,117**	2,304	**4,388**	4,438
Intangible assets		**396**	453	**785**	885
Loss (gain) on disposal of property, plant and equipment	4	**23**	18	**27**	(27)
Share-based compensation expense	7	**231**	204	**482**	401
Non-cash rental expense		**21**	13	**60**	27
Employee benefits expense, net of payments		**49**	114	**154**	221
Unrealized gain on derivative instruments		**1,324**	659	**577**	569
Finance costs		**3,325**	3,246	**6,634**	6,430
Income tax expense	8	**3,464**	4,588	**5,640**	7,068
		23,379	26,791	**39,903**	44,696
Changes in non-cash operating working capital	10	**6,603**	(3,215)	**(37,299)**	(10,199)
Rental equipment additions	3	**(7,508)**	(5,594)	**(13,649)**	(12,382)
Other non-current liabilities		**514**	690	**(324)**	977
Finance costs paid		**(5,043)**	(4,054)	**(6,267)**	(5,169)
Income taxes paid		**(2,493)**	(3,242)	**(5,293)**	(7,667)
Cash generated from (used in) operating activities		**15,452**	11,376	**(22,929)**	10,256
INVESTING ACTIVITIES					
Property, plant and equipment additions	4	**(501)**	(996)	**(2,485)**	(2,244)
Proceeds on disposal of property, plant and equipment	4	**172**	34	**283**	133
Intangible assets additions		**(3)**	(19)	**(51)**	(19)
Cash used in investing activities		**(332)**	(981)	**(2,253)**	(2,130)
FINANCING ACTIVITIES					
Net decrease in bank debt		**(77,000)**	-	**(22,000)**	5,000
Proceeds from issuance of share capital	5	**71,366**	-	**71,366**	-
Finance lease payments		**(893)**	(983)	**(2,005)**	(1,813)
Dividends paid		**(1,398)**	(10,067)	**(11,465)**	(20,113)
Cash (used in) generated from financing activities		**(7,925)**	(11,050)	**35,896**	(16,926)
Change in cash (bank indebtedness)		**7,195**	(655)	**10,714**	(8,800)
(Bank indebtedness) cash - beginning of period		**(4,194)**	(3,992)	**(7,713)**	4,153
Cash (bank indebtedness) - end of period		**$ 3,001**	$ (4,647)	**$ 3,001**	$ (4,647)

JUNE 30, 2015
(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 is a leading Canadian distributor engaged in the sale and service support of mobile equipment, power systems and industrial components. Reflecting a diversified exposure to the Canadian economy, the Corporation has three distinct product divisions which operate through a network of 123 branches across Canada.

The Corporation's customer base covers core sectors of the Canadian economy, including construction, industrial and commercial, transportation, the oil sands, forestry, oil and gas, metal processing and mining.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 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 the Corporation for the year ended December 31, 2014. The significant accounting policies follow those disclosed in the most recently reported audited consolidated financial statements.

Basis of measurement

The condensed 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 total of the fair value of the plan assets 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 $7,508 during the quarter (2014 – $5,594) and $13,649 year to date (2014 – $12,382). Rental equipment with a carrying amount of $1,134 during the quarter (2014 – $1,407) and $3,070 year to date (2014 – $1,584) 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 $501 during the quarter (2014 – $996) and $2,485 year to date (2014 – $2,244). Assets with a carrying amount of $195 during the quarter (2014 – $52) and $310 year to date (2014 – $106) were disposed of, resulting in a loss on disposal of $23 during the quarter (2014 – $18) and $27 year to date (2014 – gain of $27).

5. SHARE CAPITAL

	Number of Common Shares		Amount
Balance, December 31, 2014	16,778,883	$	107,454
Issuance of common shares	3,197,000		72,278
Balance, June 30, 2015	**19,975,883**	**$**	**179,732**

On June 12, 2015, the Corporation completed a public offering of 3,197,000 common shares of the Corporation at a price of $23.40 per common share, for aggregate gross proceeds of approximately $74,810. The Corporation paid issuance costs and professional fees related to the offering in the amount of $2,532, net of deferred tax expense of $912.

6. DIVIDENDS DECLARED

During the quarter, the Corporation declared cash dividends of $0.25 per share or $4,994 (2014 – dividends of $0.60 per share or $10,067).

Year to date, the Corporation declared cash dividends of $0.7333 per share or $13,103 (2014 – dividends of $1.20 per share or $20,120).

The Corporation has declared a dividend of $0.25 per share or $4,994 for the third quarter of 2015.

7. SHARE-BASED COMPENSATION PLANS

The Corporation has five share-based compensation plans: the Wajax Share Ownership Plan, the Deferred Share Program (“DSP”), the Directors’ Deferred Share Unit Plan, 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 $231 for the quarter (2014 – $204) and $482 for the year to date (2014 – $401) in respect of these plans.

	Six months ended June 30, 2015			Six months ended June 30, 2014		
	Number of rights		Fair value at time of grant	Number of rights		Fair value at time of grant
Outstanding at beginning of year	**287,550**	**$**	**5,420**	282,573	$	5,403
Granted in the period – new grants	**15,283**		**352**	12,537		452
– dividend equivalents	**7,956**		**-**	8,992		-
Settled in the period	**-**		**-**	(35,363)		(750)
Outstanding at end of period	**310,789**	**$**	**5,772**	268,739	$	5,105

At June 30, 2015, 305,324 share rights were vested (June 30, 2014 – 247,068).

b) Cash-settled rights plans

The Corporation recorded compensation cost of $172 for the quarter (2014 – $129) and $40 for the year to date (2014 – $295) in respect of the share-based portion of the MTIP and DSUP. At June 30, 2015, the carrying amount of the share-based portion of these liabilities was $784 (June 30, 2014 – $453).

8. INCOME TAXES

Income tax expense comprises current and deferred tax as follows:

For the six months ended June 30		2015		2014
Current	**$**	**5,089**	$	6,210
Deferred – Origination and reversal of temporary differences		**551**		858
Income tax expense	**$**	**5,640**	$	7,068

The calculation of current tax is based on a combined federal and provincial statutory income tax rate of 26.5% (2014 – 26.1%). 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 26.9% 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:

		2015		2014
Combined statutory income tax rate		**26.5%**		26.1%
Expected income tax expense at statutory rates	**$**	**5,395**	$	6,795
Non-deductible expenses		**303**		297
Other		**(58)**		(24)
Income tax expense	**$**	**5,640**	$	7,068

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	
	2015	2014	**2015**	2014
Numerator for basic and diluted earnings per share:				
– net earnings	**$ 8,986**	$ 12,302	**$ 14,719**	$ 18,968
Denominator for basic earnings per share: – weighted average shares	**17,446,388**	16,778,883	**17,114,480**	16,766,554
Denominator for diluted earnings per share:				
– weighted average shares	**17,446,388**	16,778,883	**17,114,480**	16,766,554
– effect of dilutive share rights	**304,242**	250,166	**295,400**	256,794
Denominator for diluted earnings per share	**17,750,630**	17,029,049	**17,409,880**	17,023,348
Basic earnings per share	**$ 0.52**	$ 0.73	**$ 0.86**	$ 1.13
Diluted earnings per share	**$ 0.51**	$ 0.72	**$ 0.85**	$ 1.11

No share rights were excluded from the above calculations as all share rights are dilutive.

10. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Trade and other receivables	**$ 11,828**	$ (7,730)	**$ 12,559**	$ (305)
Contracts in progress	**(3,557)**	(5,496)	**(4,560)**	(11,449)
Inventories	**7,966**	(4,186)	**(2,116)**	(12,091)
Prepaid expenses	**(464)**	1,141	**(1,077)**	(810)
Accounts payable and accrued liabilities	**(8,971)**	13,414	**(41,481)**	16,660
Provisions	**(199)**	(358)	**(624)**	(2,204)
Total	**$ 6,603**	$ (3,215)	**$ (37,299)**	$ (10,199)

11. RELATED PARTY TRANSACTION

Certain directors and key management personnel participated in the public offering of common shares (Note 5), purchasing a total of 42,000 common shares for consideration of $983.

12. OPERATING SEGMENTS

The Corporation operates through a network of 123 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, 2015	**Equipment**	**Power Systems**	**Industrial Components**	**Segment Eliminations**	**Total**
Equipment	$ 95,698	$ 22,184	$ -	$ -	$ 117,882
Parts	41,646	32,765	97,750	-	172,161
Service	19,109	16,306	3,021	-	38,436
Rental and other	10,483	2,611	-	(826)	12,268
Revenue	$ 166,936	$ 73,866	$ 100,771	$ (826)	$ 340,747
Earnings before restructuring costs, finance costs and income taxes	$ 11,673	$ 3,155	$ 5,392	$ (2,385)	$ 17,835
Restructuring costs	-	2,060	-	-	2,060
Earnings before finance costs and income taxes	$ 11,673	$ 1,095	$ 5,392	$ (2,385)	$ 15,775
Finance costs					3,325
Income tax expense					3,464
Net earnings					$ 8,986

For the six months ended June 30, 2015	**Equipment**	**Power Systems**	**Industrial Components**	**Segment Eliminations**	**Total**
Equipment	$ 173,639	$ 41,256	$ -	$ -	$ 214,895
Parts	80,993	67,888	193,100	-	341,981
Service	36,785	33,832	5,620	-	76,237
Rental and other	21,112	5,474	-	(1,737)	24,849
Revenue	$ 312,529	$ 148,450	$ 198,720	$ (1,737)	$ 657,962
Earnings before restructuring costs, finance costs and income taxes	$ 18,488	$ 6,577	$ 8,791	$ (4,803)	$ 29,053
Restructuring costs	-	2,060	-	-	2,060
Earnings before finance costs and income taxes	$ 18,488	$ 4,517	$ 8,791	$ (4,803)	$ 26,993
Finance costs					6,634
Income tax expense					5,640
Net earnings					$ 14,719

As at June 30, 2015	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Segment assets excluding intangible assets	**$ 325,377**	**$ 166,773**	**$ 142,256**	**$ -**	**$ 634,406**
Intangible assets	**21,549**	**13,828**	**48,112**	**91**	**83,580**
Corporate and other assets	**-**	**-**	**-**	**2,916**	**2,916**
Total assets	**$ 346,926**	**$ 180,601**	**$ 190,368**	**$ 3,007**	**$ 720,902**
Segment liabilities	**$ 125,513**	**$ 40,036**	**$ 59,834**	**$ -**	**$ 225,383**
Corporate and other liabilities	**-**	**-**	**-**	**172,770**	**172,770**
Total liabilities	**$ 125,513**	**$ 40,036**	**$ 59,834**	**$ 172,770**	**$ 398,153**

For the three months ended June 30, 2014	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Equipment	$ 107,472	$ 25,678	$ -	$ -	$ 133,150
Parts	47,893	36,405	99,782	-	184,080
Service	21,969	17,495	5,423	-	44,887
Rental and other	10,835	2,428	-	(984)	12,279
Revenue	$ 188,169	$ 82,006	$ 105,205	$ (984)	$ 374,396
Earnings before finance costs and income taxes	$ 13,571	$ 4,172	$ 4,623	$ (2,230)	$ 20,136
Finance costs					3,246
Income tax expense					4,588
Net earnings					$ 12,302

For the six months ended June 30, 2014	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Equipment	$ 189,808	$ 49,062	$ -	$ -	$ 238,870
Parts	95,097	70,926	192,440	-	358,463
Service	43,169	34,754	8,813	-	86,736
Rental and other	20,632	4,388	-	(3,324)	21,696
Revenue	$ 348,706	$ 159,130	$ 201,253	$ (3,324)	$ 705,765
Earnings before finance costs and income taxes	$ 24,288	$ 7,679	$ 5,788	$ (5,289)	$ 32,466
Finance costs					6,430
Income tax expense					7,068
Net earnings					$ 18,968

As at June 30, 2014	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Segment assets excluding intangible assets	$ 317,135	$ 157,111	$ 140,095	$ -	$ 614,341
Intangible assets	21,560	14,090	49,350	78	85,078
Corporate and other assets	-	-	-	2,775	2,775
Total assets	$ 338,695	$ 171,201	$ 189,445	$ 2,853	$ 702,194
Segment liabilities	$ 135,453	$ 44,156	$ 57,585	$ -	$ 237,194
Corporate and other liabilities	-	-	-	218,878	218,878
Total liabilities	$ 135,453	$ 44,156	$ 57,585	$ 218,878	$ 456,072

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

13. RESTRUCTURING COSTS

During the quarter, restructuring costs of $2,060 were recorded in the Power Systems segment. The restructuring will realign branch support activities, including the centralization of supply chain management, and provides for initial savings related to the consolidation of the Wajax computer platforms. It is anticipated that the restructuring will be complete by the first quarter of 2016.

14. SUBSEQUENT EVENT

Subsequent to the second quarter, the Equipment segment monetized six Hitachi mining trucks in inventory, which will result in a third quarter 2015 gain of approximately $2,802.

15. COMPARATIVE INFORMATION

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