SECOND QUARTER REPORT TO SHAREHOLDERS

FOR THE THREE MONTHS ENDED
JUNE 30, 2016

WAJAX CORPORATION 2016	

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

WAJAX ANNOUNCES 2016 SECOND QUARTER RESULTS

(Dollars in millions, except per share data)	Three Months Ended June 30		Six Months Ended June 30	
	2016	2015	2016	2015
CONSOLIDATED RESULTS				
Revenue	**$336.6**	**$340.7**	**$621.6**	**$658.0**
Net earnings (loss) (1)(2)	**$4.3**	**$9.0**	**$(5.4)**	**$14.7**
Basic earnings per share (loss) (1)(2)(3)	**$0.22**	**$0.52**	**$(0.27)**	**$0.86**
SEGMENTS				
Revenue – Equipment	**$178.0**	**$166.9**	**$306.0**	**$312.5**
- Power Systems	**$61.9**	**$73.9**	**$124.8**	**$148.5**
- Industrial Components	**$97.5**	**$100.8**	**$192.6**	**$198.7**
Earnings (Loss) – Equipment (4)	**$13.3**	**$11.7**	**$20.0**	**$18.5**
% margin	*7.5%*	*7.0%*	*6.5%*	*5.9%*
- Power Systems (2)(4)	**$(4.7)**	**$1.1**	**$(7.3)**	**$4.5**
% margin	*(7.6)%*	*1.5%*	*(5.8)%*	*3.0%*
- Industrial Components (4)	**$3.6**	**$5.4**	**$4.9**	**$8.8**
% margin	*3.7%*	*5.4%*	*2.5%*	*4.4%*

Toronto, Ontario – August 5, 2016 – Wajax Corporation ("Wajax" or the "Corporation") today announced its 2016 second quarter results.

Second Quarter Highlights

- Consolidated second quarter revenue of $336.6 million decreased $4.1 million, or 1%, compared to last year. Equipment segment revenue increased 7% compared to the previous year as a result of the delivery of two large mining shovels in the quarter. Power Systems and Industrial Components segment revenue declined 16% and 3%, respectively, primarily attributable to reduced activity in the western Canada energy sector.

- The Corporation recorded net earnings for the quarter of $4.3 million, or $0.22 per share, compared to net earnings of $9.0 million, or $0.52 per share, recorded in 2015. Equipment segment earnings increased $1.6 million compared to the previous year on higher revenue and lower selling and administrative costs. Power Systems and Industrial Components segment earnings declined $5.8 million and $1.8 million, respectively, on lower sales and gross margins, partially offset by lower selling and administrative costs.

- The wildfires which occurred in the Fort McMurray area during the second quarter resulted in the temporary shutdown of the Corporation's three branches in Fort McMurray and its branch in Fort MacKay. As a result, revenue in these branches declined approximately $8.3 million during the quarter compared to the second quarter of 2015. The branch facilities incurred minimal damage and normal operations resumed during June 2016. The Corporation currently estimates that its loss from the Fort McMurray wildfires, including lost profits and damages, was at least $1.0 million, of which the majority is expected to be recovered via proceeds from insurance coverage.

- Consolidated backlog at June 30, 2016 of $165.2 million decreased $40.6 million compared to March 31, 2016. The decline was primarily related to the Equipment segment delivery of two large mining shovel orders in the second quarter.(5)

- Funded net debt of $158.6 million at June 30, 2016 increased $0.4 million in the quarter.(5)

Wajax declared a 2016 third quarter dividend of $0.25 per share, payable on October 4, 2016 to shareholders of record on September 15, 2016.

The Corporation also announced the planned retirement of John Hamilton, Senior Vice President, Finance and Chief Financial Officer, to be effective by March 31, 2017. Mr. Hamilton joined Wajax in 1999 in his current role and has been integral to the Corporation's operations and long-term success throughout his 17 year tenure. A search for Mr. Hamilton's successor will begin in August 2016.

Outlook

Commenting on second quarter results and the outlook for the remainder of 2016, Mark Foote, President and CEO, stated:

"Second quarter segment earnings for the Equipment and Industrial Components segments exceeded our expectations, however, results for the Power System segment were disappointing. We are particularly encouraged by results in our Equipment segment, where revenue and earnings exceeded amounts recorded last year despite a more challenging western Canada market and the business disruption caused by the Fort McMurray wildfires. In the Power Systems segment, lower selling and administrative costs could not overcome the significant decline in revenue and margins, mainly in western Canada. While the Fort McMurray wildfires negatively impacted all three segments, we expect to recover most of our losses via proceeds from insurance coverage.

The reorganization announced in March 2016 is proceeding on schedule and we are on track to complete it by the end of 2016. We expect to realize savings in 2016 of between $6 million and $7 million, with the full $15 million in estimated cost savings expected to be realized in 2017. In addition, we continue to reduce staffing levels in response to a slower western Canada market, particularly in the Power Systems segment and are taking measures to improve gross margins.

Consistent with last quarter, our outlook for 2016 is that market conditions will remain very challenging. We continue to expect that revenue and margins will be under pressure due to difficult market conditions in western Canada and reductions in resource customer capital and operating expenditures. During the second half of this year, we continue to expect that earnings will improve compared to the first half of 2016, excluding the restructuring charge, driven by cost reductions and margin improvements, particularly in the Power Systems segment. With respect to our dividend, the current quarterly amount of $0.25 per share is being maintained for the third quarter with the expectation of improved earnings going forward. We will continue to consider the amount of our dividend quarterly, taking into account the Corporation's forecasted earnings, leverage and other investment opportunities.

While conditions remain challenging, we are beginning to realize the potential for improved operational execution as we transition to a lower cost functional organization. As a result of these restructuring efforts, we have increased confidence in the enhanced earnings possibilities from the execution of our 4 Points of Growth strategy.

Finally, on behalf of our entire team and the Board of Directors, I would like to thank John Hamilton for his ongoing contribution to Wajax and for his assistance in managing our upcoming CFO transition. John has been invaluable in helping us manage through recent difficult market conditions and we are pleased he will remain with us until early 2017."

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 121 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) 2016 six month figures include a $12.5 million pre-tax restructuring charge.
(2) 2015 figures include a $2.1 million pre-tax restructuring charge.
(3) For the three and six months ended June 30, 2016, the number of weighted average basic shares outstanding was 19,956,921 (2015 – 17,446,388) and 19,973,842 (2015 17,114,480) respectively.
(4) Segment earnings (loss) before finance costs and income taxes.
(5) "Consolidated backlog" and "funded net debt" are financial measures which 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 and reconciliations to the most comparable GAAP measures, 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 expectation that we will recover most of the losses we incurred as a result of the Fort McMurray wildfires via proceeds from insurance coverage; our previously announced strategic organization, including its expected completion by the end of 2016, estimated cost savings of between $6 and $7 million in 2016 and $15 million in 2017; our outlook for 2016, including the expected effect of challenging market conditions in western Canada and reduced resource customer capital and operating expenditures, and our expectation for earnings in the second half of 2016; the maintenance of our dividend for the third quarter on the expectation of improved earnings going forward; the realization of our potential for improved operational execution; and our confidence in the enhanced earnings possibilities presented by the execution of our 4 Points of Growth strategy by the reorganized Wajax. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding the acceptance by our insurers of our claims related to the Fort McMurray wildfires, 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 4 Points of 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; our ability to execute our strategic reorganization and realize the benefits therefrom, including cost savings and productivity gains; 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, the non-acceptance or contesting by our insurers of some or a significant portion of our insurance claims related to the Fort McMurray wildfires, 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, 2015, filed on SEDAR.

Management's Discussion and Analysis – Q2 2016

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, 2016. 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, 2016, the annual audited consolidated financial statements and accompanying notes for the year ended December 31, 2015 and the associated MD&A. Information contained in this MD&A is based on information available to management as of August 5, 2016.

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, 2016, 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, 2016, Wajax's management, under the supervision of its CEO and CFO, had designed internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). In completing the design, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its 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.

In March 2016, Wajax announced that it will be transitioning from its current three independent product divisions to a leaner and more integrated organization based on three main functional groups (Business Development, Service Operations and Vendor Development) supported by centralized support functions (Supply Chain, Information Systems, Human Resources, Environmental Health and Safety and Finance). Wajax anticipates that there will be material changes to its ICFR as it implements the new structure throughout 2016. In particular, there will be changes to the current system of management oversight as managers transition to their new roles. Wajax also anticipates material changes to its ICFR when its Power Systems segment adopts the Equipment segment's computer system as part of the transition. Management will be assessing the impact of the transition on Wajax's ICFR as the changes occur.

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 4 Points of Growth Strategy and the goals for such strategy, including our goal of becoming Canada's leading industrial products and services provider; our previously announced strategic reorganization and the benefits we expect to achieve therefrom, including, without limitation, improved operational leverage, estimated cost savings of between $6 and $7 million in 2016 and $15 million per year commencing in 2017, and the enhanced ability to execute our strategy; our expected completion of the strategic reorganization by the end of 2016; our expectation that we will deliver two large mining shovels to customers in the second half of 2016; our belief that we can leverage our sales force and larger geographic footprint to significantly grow the Wilson Machine Co. Ltd. business; our expectation that we will recover most of the losses we incurred as a result of the Fort McMurray wildfires via proceeds from insurance coverage; our target leverage ratio range of 1.5 – 2.0 times, our expectation that we will be above such target range for at least the remainder of 2016 and our initiatives to positively impact our leverage ratio; our financing, working and maintenance capital requirements, as well as our capital structure and leverage ratio; our foreign exchange risks and exposures, including the impact of fluctuations in foreign currency values; the adequacy of our debt facilities; our intention and ability to access debt and equity markets should additional capital be required; our outlook for 2016, including the expected effect of challenging market conditions in western Canada and reduced resource customer capital and operating expenditures; our expectation for earnings in the second half of 2016; the maintenance of our dividend for the third quarter on the expectation of improved earnings going forward; the realization of our potential for improved operational execution; and our confidence in the enhanced earnings possibilities presented by the execution of our 4 Points of Growth strategy by the reorganized Wajax.

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 4 Points of 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; our ability to execute our strategic reorganization and realize the benefits therefrom, including cost savings and productivity gains; the acceptance by our insurers of our claims related to the Fort McMurray wildfires; 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; the non-acceptance or contesting by our insurers of some or a significant portion of our insurance claims related to the Fort McMurray wildfires; 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, 2015, 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.

Non-GAAP and Additional GAAP Measures

This MD&A contains both non-GAAP and additional GAAP measures that do not have a standardized meaning prescribed by GAAP. These measures are defined and reconciled to the most comparable GAAP measure in the Non-GAAP and Additional GAAP Measures section.

Wajax Corporation Overview

Wajax is a leading Canadian distributor engaged in the sale and service support of mobile equipment, power systems and industrial components through a network of 121 branches across Canada. Reflecting a diversified exposure to the Canadian economy, 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	
	2016	2015	**2016**	2015
Revenue	**$ 336.6**	$ 340.7	**$ 621.6**	$ 658.0
Gross profit	**$ 57.4**	$ 69.4	**$ 112.2**	$ 133.4
Selling and administrative expenses	**$ 48.6**	$ 51.6	**$ 101.3**	$ 104.3
Restructuring costs	**$ -**	$ 2.1	**$ 12.5**	$ 2.1
Earnings (loss) before finance costs and income taxes[1]	**$ 8.8**	$ 15.8	**$ (1.7)**	$ 27.0
Finance costs	**$ 2.8**	$ 3.3	**$ 5.5**	$ 6.6
Earnings (loss) before income taxes[1]	**$ 6.0**	$ 12.5	**$ (7.2)**	$ 20.4
Income tax expense (recovery)	**$ 1.7**	$ 3.5	**$ (1.7)**	$ 5.6
Net earnings (loss)	**$ 4.3**	$ 9.0	**$ (5.4)**	$ 14.7
- **Basic earnings (loss) per share[2][3]**	**$ 0.22**	$ 0.52	**$ (0.27)**	$ 0.86
- **Diluted earnings (loss) per share[2][3]**	**$ 0.21**	$ 0.51	**$ (0.27)**	$ 0.85

Adjusted net earnings(1)(4)	**$ 4.3**	$ 10.5	**$ 3.7**	$ 16.2
- **Adjusted basic earnings per share**(2)(3)(4)	**$ 0.22**	$ 0.60	**$ 0.19**	$ 0.95
- **Adjusted diluted earnings per share**(2)(3)(4)	**$ 0.21**	$ 0.59	**$ 0.19**	$ 0.93

(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) Weighted average shares for calculation of basic and diluted earnings (loss) per share for the three months ended June 30, 2016 was 19,956,921 (2015 – 17,446,388) and 20,216,067 (2015 – 17,750,630), respectively.

(3) Weighted average shares for calculation of basic and diluted earnings (loss) per share for the six months ended June 30, 2016 was 19,973,842 (2015 – 17,114,480) and 19,973,842 (2015 – 17,409,880), respectively.

(4) Net earnings excluding after-tax restructuring costs of $1.5 million, or basic and diluted earnings per share of $0.09, for the three months ended June 30, 2015.
Net earnings excluding after-tax restructuring costs of $9.1 million (2015 – $1.5 million), or basic and diluted earnings per share of $0.46 (2015 – $0.09), for the six months ended June 30, 2016.

Ongoing weakness in oil and gas prices continues to have a negative effect on Wajax customers, particularly in the oil and gas, oil sands, construction and related markets in western Canada. In addition, revenue was negatively impacted by the wildfires which occurred in early May that affected the community of Fort McMurray, Alberta, and surrounding areas (the "Fort McMurray wildfires"), and forced the temporary shutdown of the Corporation's three Fort McMurray branches and the branch in Fort MacKay, north of Fort McMurray.

The impact of the challenging western Canada market conditions was most significant in the Power Systems segment which experienced declines in off-highway, on-highway and power generation volumes due to the lower oil and gas activity in western Canada. Although the Equipment segment experienced lower demand for construction equipment and related parts and service in western Canada, the segment delivered two large mining shovels during the quarter. The Industrial Components segment's western Canada operation was also negatively impacted by the decline in oil and gas activity. Conversely, revenues in central and eastern Canada increased compared to last year, with gains in various markets including material handling, forestry and other industrial sectors.

Strategic Reorganization

On March 1, 2016, Wajax announced that one of its main objectives for the year would be transitioning from its present organizational structure, consisting of three independent product divisions, to a leaner and more integrated organization structure based on three main functional groups: Business Development, Service Operations and Vendor Development. These groups will be supported by centralized functions including Supply Chain, Information Systems, Human Resources, Environmental Health and Safety and Finance. This new structure is intended to improve the Corporation's cross-company customer focus, closely align resources to the 4 Points of Growth strategy, improve operational leverage and lower costs through productivity gains and the elimination of redundancy inherent in the current structure.

The Corporation is currently in the process of implementing workforce reductions and role changes to align the organization to the new functional structure. The transition to the new structure is expected to be completed by the end of 2016 and reporting under the new structure will commence in 2017.

Restructuring costs of $12.5 million, consisting principally of severance costs, were recorded in the first quarter of 2016. The net benefit of the restructuring in 2016 is expected to be between $6 million and $7 million, with the estimated annualized cost savings of $15 million expected to be realized beginning in 2017. Upon successful completion of the restructuring, the Corporation will have reduced headcount across Canada by over 10% since the beginning of 2015. This headcount reduction also reflects lower staffing levels related to reduced economic activity in western Canada, as well as the 2015 Power Systems segment restructuring. The net benefit of the restructuring for the quarter ending June 30, 2016 was approximately $1.6 million and headcount reduction as at June 30, 2016 was 9.9% since the beginning of 2015.

Revenue

Revenue in the second quarter of 2016 of $336.6 million decreased 1%, or $4.1 million, from $340.7 million in 2015. Equipment segment revenue increased 7%, or $11.1 million, due to increased mining equipment volumes in western Canada, as a result of the sale of two large mining shovels, offset partially by lower forestry and material handling sales. Power Systems segment revenue decreased 16%, or $12.0 million, driven by a reduction in oil and gas related revenues in western Canada and lower power generation revenues in all regions. Industrial Components segment revenue decreased 3%, or $3.3 million, as lower sales to oil sands and oil and gas customers in western Canada were offset partially by increased sales in eastern and central Canada, including $1.9 million of revenue related to the April 20, 2016 acquisition of Montreal-based Wilson Machine Co. Ltd. ("Wilson"). In addition, revenue in the Corporation's Fort McMurray and Fort MacKay branches declined approximately $8.3 million in the second quarter of 2016, compared to last year, due primarily to the impact of the Fort McMurray wildfires.

For the six months ended June 30, 2016, revenue decreased 6%, or $36.4 million, from $658.0 million in 2015. Equipment segment revenue decreased 2%, or $6.5 million, as a result of lower construction, forestry and material handling volumes, primarily in western Canada, offset partially by higher mining equipment volumes in western Canada. Power Systems segment revenue decreased 16%, or $23.7 million, driven by a reduction in oil and gas related revenues in western Canada and lower power generation volumes. Industrial Components segment revenue decreased 3%, or $6.1 million, as higher sales in central and eastern Canada, including $1.9 million of revenue related to the Wilson acquisition, were more than offset by a reduction in oil sands and oil and gas related revenues in western Canada. The Fort McMurray wildfires also contributed to lower revenue in all segments.

Gross profit

Gross profit in the second quarter of 2016 decreased $12.0 million due to lower volumes and gross profit margins compared to the second quarter of 2015. The gross profit margin percentage of 17.1% decreased from 20.4% in the prior year due mainly to lower parts margins in the Power Systems and Industrial Components segments.

For the six months ended June 30, 2016, gross profit decreased $21.2 million due to lower volumes and lower gross profit margins. The gross profit margin percentage of 18.0% decreased from 20.3% in the prior year as weaker margins in the Power Systems and Industrial Components segments were partially offset by higher equipment margins in the Equipment segment.

Selling and administrative expenses

Selling and administrative expenses decreased 6%, or $3.0 million, in the second quarter of 2016 compared to the same quarter last year. The decrease in selling and administrative expenses was attributable to headcount reductions resulting primarily from the Corporation's 2016 strategic reorganization and lower sales related expenses in all segments. Selling and administrative expenses as a percentage of revenue decreased to 14.4% in 2016 from 15.1% in 2015.

For the six months ended June 30, 2016, selling and administrative expenses decreased 3%, or $3.0 million, compared to the same period last year. This was due to workforce reductions resulting primarily from the Corporation's 2016 strategic reorganization and the Power Systems segment 2015 restructuring combined with lower sales related, severance and bad debt expenses compared to last year. These decreases were partially offset by an increase in annual incentive accruals combined with expenses related to the deployment of computer systems. Selling and administrative expenses as a percentage of revenue increased to 16.3% in 2016 from 15.9% in 2015.

2016 Restructuring

The net benefit of the Corporation's 2016 restructuring for the quarter ending June 30, 2016 was approximately $1.6 million (approximately $2.0 million for the six months ending June 30, 2016). The net benefit of the restructuring in 2016 is expected to be between $6 million and $7 million, with the estimated $15 million of annualized cost savings expected to be realized beginning in 2017.

Finance costs

Quarterly finance costs of $2.8 million decreased $0.5 million compared to 2015 due to lower funded net debt levels mainly as a result of the $71.4 million in proceeds from the issuance of share capital in the second quarter of 2015. See the Liquidity and Capital Resources section.

For the six months ended June 30, 2016, finance costs of $5.5 million decreased $1.1 million compared to the same period in 2015 due to lower funded net debt levels mainly as a result of the $71.4 million in proceeds from the issuance of share capital in the second quarter of 2015.

Income tax expense

The Corporation's effective income tax rate for the quarter ended June 30, 2016 of 28.3% (2015 – 27.8%) was higher compared to the statutory rate of 26.9% (2015 – 26.5%) due to the impact of expenses not deductible for tax purposes.

The Corporation's effective income tax recovery rate for the six months ended June 30, 2016 of 23.9% was lower compared to the statutory rate of 26.9% due to the impact of expenses not deductible for tax purposes. The Corporation's effective income tax rate for the six months ended June 30, 2015 of 27.7% was higher compared to the statutory rate of 26.5% due to the impact of expenses not deductible for tax purposes.

The 2016 statutory income tax rate of 26.9%, increased compared to the 2015 rate due mainly to the increase in the Alberta provincial income tax rate.

Net earnings (loss)

In the second quarter of 2016, net earnings decreased $4.7 million to $4.3 million, or $0.22 per share, from $9.0 million, or $0.52 per share, in the same quarter of 2015. The $4.7 million decrease in net earnings resulted primarily from lower volumes and gross profit margins offset partially by a reduction in selling and administrative expenses and finance costs. The $0.30 per share 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 second quarter of 2015, which reduced the second quarter 2016 basic earnings per share by $0.03.

For the six months ended June 30, 2016, the Corporation incurred a net loss of $5.4 million, or $0.27 per share, compared to net earnings of $14.7 million, or $0.86 per share, in the same period in 2015. The $20.1 million decrease in net earnings resulted primarily from a higher restructuring provision and lower volumes and gross profit margins. These decreases were partially offset by reduced selling and administrative expenses and finance costs compared to last year. For the six months ended June 30, 2016, the $1.13 per share 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 second quarter of 2015, which reduced the basic loss per share by $0.05.

Adjusted net earnings (See the Non-GAAP and Additional GAAP Measures section)

Adjusted net earnings for the six months ended June 30, 2016 excludes the restructuring provision of $9.1 million after-tax, or $0.46 per share, in the first quarter of 2016. Adjusted net earnings for the six months ended June 30, 2015 excludes the restructuring provision of $1.5 million after-tax, or $0.09 per share, recorded in the first quarter of 2015 related to the Power Systems segment.

As such, adjusted net earnings for the six months ended June 30, 2016 decreased $12.5 million to $3.7 million, or $0.19 per share, in 2016 from adjusted net earnings of $16.2 million, or $0.95 per share, in 2015. The $12.5 million decrease in adjusted net earnings resulted from lower volumes and gross margins, offset partially by reduced selling and administrative expenses and finance costs.

Comprehensive income (loss)

Total comprehensive income of $4.3 million in the second quarter of 2016 consisted of net earnings of $4.3 million.

For the six months ended June 30, 2016, the total comprehensive loss of $7.0 million included a net loss of $5.4 million and an other comprehensive loss of $1.6 million. The other comprehensive loss resulted from $0.3 million of gains on derivative instruments designated as cash flow hedges in prior periods reclassified to cost of inventory and $1.3 million of losses on derivative instruments designated as cash flow hedges outstanding at the end of the period.

Funded net debt (See the Non-GAAP and Additional GAAP Measures section)

Funded net debt of $158.6 million at June 30, 2016 increased $0.4 million compared to $158.2 million at March 31, 2016. Cash generated from operating activities of $14.4 million was offset by investing activities of $6.9 million, dividends paid of $5.0 million and common shares purchased and held in trust of $2.0 million. The investing activities included the $5.6 million acquisition of Wilson. See the Acquisition of Wilson and Shareholders' Equity sections.

Funded net debt of $158.6 million at June 30, 2016 increased $9.6 million compared to $149.0 million at December 31, 2015. During the period, cash generated from operating activities of $12.1 million was offset by dividends paid of $10.0 million, investing activities of $7.7 million and common shares purchased and held in trust of $2.0 million. The investing activities included the $5.6 million acquisition of Wilson in the second quarter of 2016.

Dividends

For the second quarter ended June 30, 2016, quarterly dividends declared totaled $0.25 per share (2015 – $0.25 per share). For the six months ended June 30, 2016, dividends declared totaled $0.50 per share (2015 – $0.73 per share).

On August 5, 2016, Wajax announced a third quarter dividend of $0.25 per share payable on October 4, 2016 to shareholders of record on September 15, 2016. See the Dividends section below.

Backlog (See the Non-GAAP and Additional GAAP Measures section)
Consolidated backlog at June 30, 2016 of $165.2 million decreased $40.6 million, or 20%, from $205.8 million at March 31, 2016. The decline was primarily driven by a $38.6 million decrease in the Equipment segment which resulted mainly from the sale of two large mining shovels in the second quarter, and lower crane and utility orders. During the remainder of 2016, the Equipment segment expects to deliver two additional large mining shovels representing total revenue of more than $36 million to customers in the oil sands market. Consolidated backlog decreased $6.0 million, or 4%, compared to June 30, 2015. See the Results of Operations section for further backlog detail by segment.

Acquisition of Wilson
Effective April 20, 2016, the Corporation acquired the assets of Wilson for $5.6 million, subject to post-closing adjustments. Wilson is a North American leader in the manufacturing and repair of precision rotating machinery and gearboxes with annual sales of approximately $6 million and its major customers in eastern Canada align well with Wajax's existing customer base. Wilson's service offerings are an ideal fit for Wajax's 4 Points of Growth strategy and management believes it can leverage the Corporation's sales force and larger geographic footprint to significantly grow the business.

Fort McMurray Wildfires
As a result of the Fort McMurray wildfires, revenue in the Corporation's Fort McMurray and Fort MacKay branches declined approximately $8.3 million in the second quarter of 2016 compared to last year. The branch facilities incurred minimal damage and normal operations resumed in June 2016. The Corporation currently estimates its loss resulting from the Fort McMurray wildfires, including lost profits and damages, was at least $1.0 million, of which the majority is expected to be recovered via proceeds from insurance coverage.

CFO Succession
On August 5, 2016, the Corporation announced the planned retirement of John Hamilton, Senior Vice President, Finance and Chief Financial Officer, to be effective by March 31, 2017. Mr. Hamilton joined Wajax in 1999 in his current role and has been integral to the Corporation's operations and long-term success throughout his 17 year tenure. A search for Mr. Hamilton's replacement will begin in August 2016.

Results of Operations

Equipment

	Three months ended June 30		Six months ended June 30	
	2016	2015	**2016**	2015
Equipment[(1)]	**$ 120.3**	$ 106.2	**$ 194.0**	$ 194.7
Parts and service	**$ 57.7**	$ 60.7	**$ 112.0**	$ 117.8
Segment revenue	**$ 178.0**	$ 166.9	**$ 306.0**	$ 312.5
Segment earnings[(2)]	**$ 13.3**	$ 11.7	**$ 20.0**	$ 18.5
Segment earnings margin	***7.5%***	*7.0%*	***6.5%***	*5.9%*

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

Revenue in the second quarter of 2016 increased 7%, or $11.1 million, to $178.0 million, from $166.9 million in the same quarter of 2015. Segment earnings increased 14%, or $1.6 million, to $13.3 million, compared to $11.7 million in the first quarter of 2015. The following factors contributed to the Equipment segment's second quarter results:

- Equipment revenue for the second quarter increased $14.1 million compared to the same quarter last year with specific quarter-over-quarter variances by product type as follows:
  - Construction equipment revenue decreased $0.3 million. Reductions in Hitachi excavator, Wirtgen road building and JCB equipment volumes were offset by increased Bell articulated trucks sales.
  - Forestry equipment revenue decreased $6.1 million, mainly as a result of lower Hitachi and Tigercat equipment sales in western Canada offset partially by higher sales in central Canada.

- Mining equipment sales increased $22.1 million, mainly as a result of two large Hitachi mining shovel deliveries in the quarter compared to lower dollar value deliveries in the prior year.
- Crane and utility equipment revenue increased $1.9 million, mainly as a result of higher sales to utility customers in central and eastern Canada offset by lower crane sales in western Canada.
- Material handling equipment revenue decreased $3.5 million, mainly as a result of lower unit value sales in western Canada offset partially by higher volumes in central Canada.

- Parts and service volumes for the second quarter decreased $3.0 million compared to the same quarter last year due mainly to the impact of the Fort McMurray wildfires and lower construction sector volumes in western Canada.

- Segment earnings increased $1.6 million in the second quarter compared to the same quarter of 2015 primarily due to a $1.5 million reduction in selling and administrative expenses as a result of headcount reductions and lower sales related expenses compared to last year. The positive impact of higher volumes in the quarter was offset by the negative impact of a lower gross profit percentage resulting from a lower proportion of parts and service volumes compared to last year.

Backlog of $93.7 million at June 30, 2016 decreased $38.6 million compared to March 31, 2016 due mainly to two large mining shovel orders delivered to customers in the second quarter and lower crane and utility orders. During the remainder of 2016, the Equipment segment expects to deliver two additional large mining shovels, representing total revenue of more than $36 million, to customers in the oil sands market. Backlog increased $2.2 million compared to June 30, 2015.

Power Systems

	Three months ended June 30		Six months ended June 30	
	2016	2015	**2016**	2015
Equipment(1)	**$ 18.0**	$ 24.8	**$ 36.3**	$ 46.7
Parts and service	**$ 43.9**	$ 49.1	**$ 88.5**	$ 101.7
Segment revenue	**$ 61.9**	$ 73.9	**$ 124.8**	$ 148.5
Segment (loss) earnings before restructuring costs(2)	**$ (4.7)**	$ 3.2	**$ (7.3)**	$ 6.6
Restructuring costs	**$ -**	$ 2.1	**$ -**	$ 2.1
Segment (loss) earnings(3)	**$ (4.7)**	$ 1.1	**$ (7.3)**	$ 4.5
Segment (loss) earnings margin before restructuring costs(2)	***(7.6%)***	*4.3%*	***(5.8%)***	*4.4%*
Restructuring costs	***-***	*(2.8%)*	***-***	*(1.4%)*
Segment (loss) earnings margin	***(7.6%)***	*1.5%*	***(5.8%)***	*3.0%*

(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 decreased $12.0 million, or 16%, to $61.9 million compared to $73.9 million in the same quarter of 2015. In the second quarter of 2016, the segment experienced a segment loss of $4.7 million compared to segment earnings of $1.1 million in the previous year. The following factors impacted quarter-over-quarter revenue and earnings:

- Equipment revenue decreased $6.8 million due to declines in off-highway equipment volumes to oil and gas customers in western Canada and lower power generation volumes in all regions.

- Parts and service revenue decreased $5.2 million, mainly attributable to lower sales to off-highway customers in western Canada resulting from the decline in oil and gas activity and the impact of the Fort McMurray wildfires. Gains in on-highway volumes in central and eastern Canada were offset by weaker on-highway sales in western Canada.

- Segment earnings decreased $5.8 million to a segment loss of $4.7 million in the second quarter of 2016 compared to segment earnings of $1.1 million in the same period last year. Segment loss before restructuring costs of $4.7 million in the second quarter of 2016 compared to segment earnings before restructuring costs of $3.2 million in the previous year. The $7.9 million decrease was due mainly to lower revenue in western Canada and lower gross profit margins offset partially by a $1.9 million decrease in selling and administrative expenses. The lower gross profit margins, primarily parts related, resulted from a combination of negative product mix, approximately $2.0 million of adjustments to provisions and accruals, mainly related to inventory obsolescence and vendor rebates, and other competitive pricing pressures. The decrease in selling and administrative expenses was primarily attributable to headcount reductions and lower sales related expenses.

Backlog of $24.9 million as of June 30, 2016 decreased $3.8 million compared to March 31, 2016 due primarily to lower power generation orders in all regions. Backlog decreased $8.6 million compared to June 30, 2015 due primarily to lower off-highway and power generation orders in western Canada offset partially by higher orders in eastern Canada.

The Corporation continues to reduce staffing levels in response to the slower western Canada market and is taking measures to improve gross margins.

Industrial Components

	Three months ended June 30				Six months ended June 30			
	2016		2015		**2016**		2015	
Segment revenue	**$**	**97.5**	$	100.8	**$**	**192.6**	$	198.7
Segment earnings[(1)]	**$**	**3.6**	$	5.4	**$**	**4.9**	$	8.8
Segment earnings margin		***3.7%***		*5.4%*		***2.5%***		*4.4%*

(1) Earnings before finance costs and income taxes.

Revenue of $97.5 million in the second quarter of 2016 decreased $3.3 million, or 3%, from $100.8 million in the second quarter of 2015. Segment earnings decreased $1.8 million, to $3.6 million, compared to $5.4 million in the second quarter of 2015. The following factors contributed to the segment's second quarter results:

- Bearings and power transmission parts and service sales increased $2.2 million primarily due to higher sales in eastern Canada, which included $1.9 million resulting from the Wilson acquisition, and higher sales in central Canada to mining and industrial customers. These increases were offset partially by decreased oil sands and mining sector volumes in western Canada.

- Fluid power and process equipment products and service revenue, including the oil sands services business, decreased $5.5 million compared to the same quarter last year. Reduced activity in the oil sands and oil and gas sectors in western Canada, due in part to the Fort McMurray wildfires, was partially offset by gains in eastern Canada.

- Segment earnings in the second quarter of 2016 decreased $1.8 million due to the negative impact of lower volumes and gross profit margins offset partially by a $0.7 million decrease in selling and administrative expenses. Lower gross profit margins resulted from higher inventory obsolescence charges of $0.9 million and lower margins in western Canada due in part to the impact of the Fort McMurray wildfires. The $0.7 million reduction in selling and administrative expenses was mainly due to headcount reductions and lower sales related expenses compared to last year.

Backlog of $46.6 million as of June 30, 2016 increased $1.8 million compared to March 31, 2016. Backlog increased $0.4 million compared to June 30, 2015.

Effective April 20, 2016, the Corporation completed its acquisition of the assets of Wilson for $5.6 million, subject to post-closing adjustments. Wilson is a North American leader in the manufacturing and repair of precision rotating machinery and gearboxes with annual sales of approximately $6 million and its major customers in eastern Canada align well with Wajax's existing customer base.

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 2015 annual audited consolidated financial statements.

	2016		2015				2014	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	**$ 336.6**	$ 285.0	$ 324.4	$ 290.9	$ 340.7	$ 317.2	$ 386.1	$ 359.5
Net earnings (loss)	**$ 4.3**	$ (9.7)	$ (33.3)	$ 7.5	$ 9.0	$ 5.7	$ 11.2	$ 11.1
Net earnings (loss) per share								
- Basic	**$ 0.22**	$ (0.49)	$ (1.66)	$ 0.38	$ 0.52	$ 0.34	$ 0.67	$ 0.66
- Diluted	**$ 0.21**	$ (0.49)	$ (1.64)	$ 0.37	$ 0.51	$ 0.34	$ 0.66	$ 0.65

Although quarterly fluctuations in revenue and net earnings are difficult to predict, during times of weak energy sector activity, the first quarter will tend to have seasonally lower results. As well, large deliveries of mining trucks and shovels and power generation packages can shift the revenue and net earnings throughout the year.

The first quarter 2016 net loss of $9.7 million included an after-tax restructuring provision of $9.1 million. Excluding the restructuring provision, first quarter 2016 adjusted net loss was $0.6 million. The fourth quarter 2015 net loss of $33.3 million included after-tax goodwill and intangible assets impairment of $37.3 million. Excluding the goodwill and intangible assets impairment, fourth quarter 2015 adjusted net earnings was $4.0 million. See the Non-GAAP and Additional GAAP Measures section.

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 2016	March 31 2016	December 31 2015
Shareholders' equity	**$ 270.2**	$ 272.4	$ 288.5
Funded net debt(1)	**158.6**	158.2	149.0
Total capital	**$ 428.9**	$ 430.6	$ 437.5
Funded net debt to total capital(1)	**37.0%**	36.7%	34.1%
Leverage ratio(1)	**2.87**	2.48	2.05

(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. Given the difficult economic environment in western Canada, the Corporation expects to be above its target leverage ratio range for at least the remainder of 2016 as it realizes the expected savings related to the 2016 restructuring, continues to reduce staffing levels in response to the slower western Canada market and takes measures to improve gross profit margins. See the Funded Net Debt section below.

Shareholders' Equity

The Corporation's shareholders' equity at June 30, 2016 of $270.2 million decreased $2.2 million from March 31, 2016, as dividends declared and $2.0 million in shares purchased during the quarter through an employee benefit plan trust funded by the Corporation (for future settlement of share-based compensation plan awards) exceeded earnings. For the six months ended June 30, 2016 the Corporation's shareholders' equity decreased $18.3 million, due principally from the net loss and dividends declared during the period.

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

Issued and fully paid common shares as at June 30, 2016	**Number**	**Amount**
Balance at the beginning of the quarter	19,992,121	$ 179.9
Shares purchased for future settlement of share-based compensation plans	(121,939)	(1.1)
Balance at the end of the quarter	**19,870,182**	**$ 178.8**

At the date of this MD&A, the Corporation had 19,870,182 common shares issued and outstanding.

At June 30, 2016, 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").

SOP and DDSUP rights are granted to the participants and are settled in treasury issued common shares on a one-for-one basis. As of June 30, 2016, there were 349,910 (2015 – 310,789) SOP and DDSUP rights outstanding of which 344,152 (2015 – 305,324) were vested.

The MTIP and DSUP consist of annual grants that vest over three years and are subject to time and performance vesting criteria.

- Rights granted under the MTIP and DSUP prior to 2016 are cash settled and a portion of the MTIP and the full amount of the DSUP grants are determined by the price of the Corporation's shares.

- Rights granted under the 2016 MTIP and DSUP comprise of restricted share units ("RSUs") and performance share units ("PSUs") which will be settled in market-purchased common shares of the Corporation on a one-for-one basis provided that the time and performance vesting criteria are met. As of June 30, 2016, there were 319,111 (2015 – nil) 2016 MTIP and DSUP rights outstanding, none of which were vested.

Compensation expense for the SOP, DDSUP and 2016 MTIP and DSUP 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 cash-settled DSUP and the cash settled 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 $0.5 million for the quarter (2015 – $0.4 million) and $0.8 million for the six months ended June 30, 2016 (2015 – $0.5 million) in respect of these plans.

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

	June 30 2016	March 31 2016	December 31 2015
Cash	**$ (3.6)**	$ (4.5)	$ (13.6)
Obligations under finance lease	**10.3**	10.9	11.0
Long-term debt	**151.9**	151.8	151.6
Funded net debt(1)	**$ 158.6**	$ 158.2	$ 149.0

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

Funded net debt of $158.6 million at June 30, 2016 increased $0.4 million compared to $158.2 million at March 31, 2016. Cash generated from operating activities of $14.4 million was offset by investing activities of $6.9 million, dividends paid of $5.0 million and common shares purchased and held in trust of $2.0 million. The investing activities included the $5.6 million acquisition of Wilson. See the Acquisition of Wilson and Shareholders' Equity sections.

Funded net debt of $158.6 million at June 30, 2016 increased $9.6 million compared to $149.0 million at December 31, 2015. During the period, cash generated from operating activities of $12.1 million was offset by dividends paid of $10.0 million, investing activities of $7.7 million and common shares purchased and held in trust of $2.0 million. The investing activities included the $5.6 million acquisition of Wilson in the second quarter of 2016.

The Corporation's ratio of funded net debt to total capital increased slightly to 37.0% at June 30, 2016 from 36.7% at March 31, 2016 primarily due to the lower shareholders' equity as a result of the dividends declared and shares purchased for future settlement of share-based compensation plans during the quarter exceeding earnings.

The Corporation's leverage ratio of 2.87 times at June 30, 2016 increased from the March 31, 2016 ratio of 2.48 times due to the negative impact of lower trailing 12-month Adjusted EBITDA. In addition to the estimated annual savings from the strategic reorganization announced in March 2016 of $15 million, the Corporation continues to reduce staffing levels in response to the slower western Canada market, particularly in the Power Systems segment, and is taking measures to improve gross margins. These initiatives, combined with other strategic initiatives, are expected to have a positive impact on the Corporation's leverage ratio. See the Non-GAAP and Additional GAAP Measures section.

See the Liquidity and Capital Resources section.

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 foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. As at June 30, 2016, Wajax had the following contracts outstanding:

- to buy U.S. $46.2 million (December 31, 2015 – to buy U.S. $31.8 million), and
- to sell U.S. $16.4 million (December 31, 2015 – to sell U.S. $2.0 million).

The U.S. dollar contracts expire between July 2016 and January 2017, with a weighted average U.S./Canadian dollar rate of 1.3062.

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 over the longer term.

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, 2015. 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, a portion of the long-term lift truck rental fleet in the Equipment segment 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, 2015. 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 $41.2 million (March 31, 2016 – $48.8 million) of consigned inventory on-hand from a major manufacturer at June 30, 2016, net of deposits of $21.5 million (March 31, 2016 – $21.2 million). In the normal course of business, Wajax receives inventory on consignment from this manufacturer which is generally rented or sold to customers or purchased by Wajax. Under the terms of the consignment program, Wajax is required to make periodic deposits to the manufacturer on the consigned inventory that is rented to Wajax customers or on-hand for greater than nine months. 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, 2016, Wajax had borrowed $30.0 million and issued $6.4 million of letters of credit for a total utilization of $36.4 million of its $250 million bank credit facility comprised of a non-revolving facility of $30 million and revolving facility of $220 million. In addition, Wajax had $125 million in 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, 2016, 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 an interest coverage maintenance ratio. In particular, the Corporation's interest coverage ratio must exceed 3.0 times and the Corporation is restricted from declaring dividends in the event its 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 under the bank credit facilities and senior notes were met as at June 30, 2016.

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 two non-bank lenders. At June 30, 2016, Wajax had no utilization of the interest bearing equipment financing facilities.

As of August 5, 2016, Wajax's $250 million bank credit facility, of which $213.6 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.

In addition, the Corporation's tolerance to interest rate risk decreases/increases as the Corporation's leverage ratio increases/decreases. At June 30, 2016, $125 million of the Corporation's funded net debt, or 79%, was at a fixed interest rate which is within the Corporation's interest rate risk policy.

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, 2016 and June 30, 2015.

($millions)	Three months ended June 30			Six months ended June 30		
	2016	2015	Change	**2016**	2015	Change
Net earnings	**$ 4.3**	$ 9.0	$ (4.7)	**$ (5.4)**	$ 14.7	$ (20.1)
Items not affecting cash flow	**11.4**	13.2	(1.8)	**17.3**	23.6	(6.3)
Net change in non-cash operating working capital	**7.7**	6.7	1.0	**13.9**	(37.2)	51.1
Finance costs paid	**(4.5)**	(5.0)	0.5	**(5.1)**	(6.3)	1.2
Income taxes paid	**(0.8)**	(2.5)	1.7	**(2.4)**	(5.3)	2.9
Rental equipment additions	**(3.3)**	(7.5)	4.2	**(5.2)**	(13.6)	8.4
Other non-current liabilities	**(0.3)**	0.5	(0.8)	**(1.0)**	(0.3)	(0.7)
Cash generated from (used in) operating activities	**$ 14.4**	$ 14.3	$ 0.1	**$ 12.1**	$ (24.4)	$ 36.5
Cash used in investing activities	**$ (6.9)**	$ (0.3)	$ (6.6)	**$ (7.7)**	$ (2.3)	$ (5.4)
Cash (used in) generated from financing activities	**$ (8.4)**	$ (6.8)	$ (1.6)	**$ (14.3)**	$ 37.4	$ (51.7)

Cash Generated From (Used In) Operating Activities
Cash flows generated from operating activities amounted to $14.4 million in the second quarter of 2016, compared to $14.3 million in the same quarter of the previous year. Lower rental equipment additions of $4.2 million, reduced income taxes paid of $1.7 million and lower finance costs paid of $0.5 million were offset by lower earnings of $4.7 million and items not affecting cash flow of $1.8 million.

Rental equipment additions in the second quarter of 2016 of $3.3 million (2015 – $7.5 million) related primarily to lift trucks in the Equipment segment.

For the six months ended June 30, 2016, cash flows generated from operating activities amounted to $12.1 million, compared to cash flows used in operating activities of $24.4 million for the same period in the previous year. The $36.5 million increase in cash flows generated from operating activities was mainly attributable to an increase in cash generated from non-cash working capital of $51.1 million and lower rental equipment additions of $8.4 million offset partially by lower net earnings of $20.1 million.
For the six months ended June 30, 2016, rental equipment additions of $5.2 million (2015 – $13.6 million) related primarily to lift trucks in the Equipment segment.

Significant components of non-cash operating working capital, along with changes for the three and six months ended June 30, 2016 and June 30, 2015 include the following:

($millions)	Three months ended		Six months ended	
Changes in Non-cash Operating Working Capital[1]	**June 30 2016**	June 30 2015	**June 30 2016**	June 30 2015
Trade and other receivables	**$ (13.6)**	$ 11.8	**$ (8.6)**	$ 12.6
Contracts in progress	**(3.5)**	(3.6)	**(0.2)**	(4.6)
Inventories	**26.6**	9.9	**20.4**	(0.8)
Deposits on inventory	**(0.3)**	(3.4)	**(0.5)**	(1.7)
Prepaid expenses	**(0.2)**	(0.1)	**1.0**	(0.6)
Accounts payable and accrued liabilities	**(1.0)**	(7.7)	**2.8**	(41.4)

Provisions		**(0.3)**		(0.2)		**(1.0)**		(0.6)
Total Changes in Non-cash Operating Working Capital	**$**	**7.7**	$	6.7	**$**	**13.9**	$	(37.2)

(1) Increase (decrease) in cash flow

Significant components of the changes in non-cash operating working capital for the quarter ended June 30, 2016 compared to the quarter ended June 30, 2015 are as follows:

- Trade and other receivables increased $13.6 million in 2016 compared to a decrease of $11.8 million in 2015. The increase in 2016 resulted primarily from an increase in the Equipment segment due to higher mining sales activity in the second quarter offset by lower receivables in the Power Systems and Industrial Components segments compared to the last quarter. 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.

- Contracts in progress increased $3.5 million in 2016 compared to an increase of $3.6 million in 2015. 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 $26.6 million in 2016 compared to a decrease of $9.9 million in 2015. The decrease in 2016 was due mainly to lower construction and mining inventory in the Equipment segment. The decrease in 2015 was due mainly to lower mining and forestry equipment in the Equipment segment.

- Accounts payable and accrued liabilities decreased $1.0 million in 2016 compared to a decrease of $7.7 million in 2015. 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.

Significant components of the changes in non-cash operating working capital for the six months ended June 30, 2016 compared to the six months ended June 30, 2015 are as follows:

- Trade and other receivables increased $8.6 million in 2016 compared to a decrease of $12.6 million in 2015. The increase in 2016 resulted primarily from an increase in the Equipment segment due to higher mining sales activity in the second quarter offset partially by lower receivables in the Power Systems segment due to lower sales activity. 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 $0.2 million in 2016 compared to an increase of $4.6 million in 2015. The increase in 2015 reflects higher contract revenue recognized in advance of billings related to power generation projects in the Power Systems segment.

- Inventories decreased $20.4 million in 2016 compared to an increase of $0.8 million in 2015. The decrease in 2016 was due to lower inventory levels in all segments, primarily in the Equipment segment driven by lower construction equipment inventory.

- Accounts payable and accrued liabilities increased $2.8 million in 2016 compared to a decrease of $41.4 million in 2015. The increase in 2016 resulted from the restructuring cost provision recorded in the first quarter offset partially by lower trade payables in the Power Systems segment. 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.

Investing Activities

During the second quarter of 2016, Wajax invested $1.3 million (2015 – $0.3 million) in property, plant and equipment additions, net of disposals. For the six months ended June 30, 2016, Wajax invested $2.1 million (2015 – $2.2 million) in property, plant and equipment additions, net of disposals.

In addition, during the second quarter of 2016, the Corporation acquired the assets of Wilson for $5.6 million, subject to post-closing adjustments.

Financing Activities

The Corporation used $8.4 million of cash from financing activities in the second quarter of 2016 compared to $6.8 million used in the same quarter of 2015. Financing activities in the quarter included dividends paid to shareholders totaling $5.0 million (2015 – $1.4 million), common shares purchased and held by a trust funded by the Corporation totaling $2.0 million (2015 – nil), and finance lease payments of $1.1 million (2015 – $0.9 million).

For the six months ended June 30, 2016, the Corporation used $14.3 million of cash from financing activities compared to cash generated of $37.4 million in the same period of 2015. Financing activities for the six months ended June 30, 2016 included dividends paid to shareholders totaling $10.0 million (2015 – $11.5 million), common shares purchased and held by a trust funded by the Corporation totaling $2.0 million (2015 – nil) and finance lease payments of $2.2 million (2015 – $2.0 million).

Dividends

Dividends to shareholders were declared as follows:

Record Date	Payment Date	Per Share	Amount
March 15, 2016	April 4, 2016	$ 0.25	$ 5.0
June 15, 2016	July 5, 2016	$ 0.25	$ 5.0
Six months ended June 30, 2016		**$ 0.50**	**$ 10.0**

On August 5, 2016, Wajax announced a third quarter dividend of $0.25 per share ($1.00 per share annualized) payable on October 4, 2016 to shareholders of record on September 15, 2016.

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, and
- (iii) the additional GAAP measures are commonly used to assess a company's earnings performance excluding its capital, tax structures, goodwill and intangible assets impairment and restructuring costs.
- (iv) "Adjusted net earnings (loss)" and "Basic and diluted adjusted net earnings (loss) per share" provide indications of the results by the Corporation's principal business activities prior to recognizing goodwill and intangible assets impairment and restructuring costs that are outside the Corporation's normal course of business. "Adjusted EBITDA" used in calculating the Leverage Ratio excludes goodwill and intangible assets impairment and restructuring costs which is consistent with the leverage ratio calculations under the Corporation's bank credit and senior note agreements.

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. Funded net debt is a component relevant in calculating the Corporation's Funded Net Debt to Total Capital, which is a non-GAAP measure commonly used as an indicator of a company's ability to raise and service debt.

Debt — Debt is funded net debt plus letters of credit. Debt is a component relevant in calculating the Corporation's Leverage Ratio, which is a non-GAAP measure commonly used as an indicator of a company's ability to raise and service debt.

EBITDA	Net earnings (loss) before finance costs, income tax expense, depreciation and amortization.
Adjusted net earnings (loss)	Net earnings (loss) before after tax restructuring costs.
Basic and diluted adjusted earnings (loss) per share	Basic and diluted earnings (loss) per share before after tax restructuring costs.
Adjusted EBITDA	EBITDA before goodwill and intangible assets impairment and restructuring costs.
Leverage ratio	The leverage ratio is defined as 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 (loss) before finance costs and income taxes (EBIT)	Earnings (loss) before finance costs and income taxes, as presented on the Consolidated Statements of Earnings.
Earnings (loss) before income taxes (EBT)	Earnings (loss) before income taxes, as presented on the Consolidated Statements of Earnings.

Reconciliation of the Corporation's net earnings (loss) to adjusted net earnings and basic and diluted adjusted earnings per share is as follows:

	Three months ended June 30		Six months ended June 30	
	2016	2015	**2016**	2015
Net earnings (loss)	**$ 4.3**	$ 9.0	**$ (5.4)**	$ 14.7
Restructuring costs, after-tax	**-**	1.5	**9.1**	1.5
Adjusted net earnings	**$ 4.3**	$ 10.5	**$ 3.7**	$ 16.2
Basic adjusted earnings per share(1)(2)	**$ 0.22**	$ 0.60	**$ 0.19**	$ 0.95
Diluted adjusted earnings per share(1)(2)	**$ 0.21**	$ 0.59	**$ 0.19**	$ 0.93

(1) At June 30, 2016 the numbers of basic and diluted shares outstanding were 19,956,921 and 20,216,067, respectively for the three months ended and 19,973,842 and 19,973,842, respectively for the six months ended.

(2) At June 30, 2015 the numbers of basic and diluted shares outstanding were 17,446,388 and 17,750,630, respectively for the three months ended and 17,114,480 and 17,409,880, respectively for the six months ended.

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

	For the twelve months ended June 30 2016	For the twelve months ended March 31 2016	For the twelve months ended December 31 2015
Net loss	**$ (31.2)**	$ (26.5)	$ (11.0)
Income tax expense	**(1.0)**	0.7	6.3
EBT	**(32.2)**	(25.8)	(4.7)
Finance costs	**11.1**	11.6	12.2
EBIT	**(21.1)**	(14.2)	7.5
Depreciation and amortization	**24.9**	24.7	24.5
EBITDA	**3.8**	10.5	32.0
Goodwill and intangible assets impairment(1)	**41.2**	41.2	41.2
Restructuring costs(2)	**12.5**	14.6	2.1
Adjusted EBITDA	**$ 57.5**	$ 66.4	$ 75.3

(1) Includes the goodwill and intangible assets impairment of $41.2 million recorded in the fourth quarter of 2015.
(2) For the twelve months ended June 30, 2016 - Includes the $12.5 million Wajax restructuring provision recorded in the first quarter of 2016.
For the twelve months ended March 31, 2016 - Includes the $12.5 million Wajax restructuring provision recorded in the first quarter of 2016 and the $2.1 million Power Systems segment restructuring provision recorded in the second quarter of 2015.
For the twelve months ended December 31, 2015 - Includes the $2.1 million Power Systems segment restructuring provision recorded in the second quarter of 2015.

Calculation of the Corporation's funded net debt, debt and leverage ratio is as follows:

	June 30 2016	March 31 2016	December 31 2015
Cash	**$ (3.6)**	$ (4.5)	$ (13.6)
Obligations under finance leases	**10.3**	10.9	11.0
Long-term debt	**151.9**	151.8	151.6
Funded net debt	**$ 158.6**	$ 158.2	$ 149.0
Letters of credit	**6.4**	6.4	5.1
Debt	**$ 165.0**	$ 164.6	$ 154.1
Leverage ratio(1)	**2.87**	2.48	2.05

(1) Calculation uses trailing four-quarter Adjusted EBITDA and finance costs.
This leverage ratio is calculated for purposes of monitoring the Corporation's objective target leverage ratio of between 1.5 times and 2.0 times. The calculation contains some differences from the leverage ratios calculated under the Corporation's bank credit facility and senior note agreements ("the agreements"), the resulting leverage ratios under the agreements are not significantly different. See the Liquidity and Capital Resources section.

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.

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next fiscal year are as follows:

Allowance for doubtful accounts
The Corporation is exposed to credit risk with respect to its trade and other receivables. However, this is somewhat minimized by the Corporation's diversified customer base, of over 30,000 customers with no one customer accounting for more than 10% of the Corporation's annual consolidated sales, which covers most business sectors across Canada. In addition, the Corporation's customer base spans large public

companies, small independent contractors, OEM's and various levels of government. The Corporation follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Corporation maintains provisions for possible credit losses, and any such losses to date have been within management's expectations. The provision for doubtful accounts is determined on an account-by-account basis. The $1.0 million provision for doubtful accounts at June 30, 2016 decreased $0.7 million from $1.7 million at June 30, 2015. As economic conditions change, there is risk that the Corporation could experience a greater number of defaults compared to 2015 which would result in an increased charge to earnings.

Inventory obsolescence
The value of the Corporation's new and used equipment is evaluated by management throughout the year, on a unit-by-unit basis. When required, provisions are recorded to ensure that the book value of equipment is valued at the lower of cost or estimated net realizable value. The Corporation performs an aging analysis to identify slow moving or obsolete parts inventories and estimates appropriate obsolescence provisions related thereto. The Corporation takes advantage of supplier programs that allow for the return of eligible parts for credit within specified time periods. The inventory obsolescence charged to earnings for the second quarter of 2016 was $3.7 million compared to $1.0 million in the second quarter of 2015. As economic conditions change, there is risk that the Corporation could have an increase in inventory obsolescence compared to prior periods which would result in an increased charge to earnings.

Goodwill and intangible assets
The Corporation performs annual impairment tests of its goodwill and intangible assets unless there is an early indication that the assets may be impaired in which case the impairment tests would occur earlier. There was no early indication of impairment in the quarter ending June 30, 2016.

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, 2016 and have not been applied in preparing these 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 and business.

On January 1, 2018, the Corporation will be required to adopt IFRS 9 Financial Instruments, which will 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 and business.

On January 1, 2019, the Corporation will be required to adopt IFRS 16 Leases. The new standard contains a single lease accounting model for lessees, whereby all leases with a term longer than 12 months are recognized on-balance sheet through a right-of-use asset and lease liability. The model features a front-loaded total lease expense recognized through a combination of depreciation and interest. Lessor accounting remains similar to current requirements. The Corporation is currently assessing the impact of this standard on its consolidated financial statements and business.

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, 2015 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, 2015.

Strategic Direction and Outlook

Second quarter segment earnings for the Equipment and Industrial Components segments exceeded management's expectations, however, results for the Power System segment were disappointing. Management is particularly encouraged by results in the Equipment segment, where revenue and earnings exceeded amounts recorded last year despite a more challenging western Canada market and the business disruption caused by the Fort McMurray wildfires. In the Power Systems segment, lower selling and administrative costs could not overcome the significant decline in revenue and margins, mainly in western Canada. While the Fort McMurray wildfires negatively impacted all three segments, management expects to recover most of the losses via proceeds from insurance coverage.

The reorganization announced in March 2016 is proceeding on schedule and the Corporation is on track to complete it by the end of 2016. Management expects to realize savings in 2016 of between $6 million and $7 million, with the full $15 million in estimated cost savings expected to be realized in 2017. In addition, the Corporation continues to reduce staffing levels in response to a slower western Canada market, particularly in the Power Systems segment and is taking measures to improve gross margins.

Consistent with last quarter, management's outlook for 2016 is that market conditions will remain very challenging. Management continues to expect that revenue and margins will be under pressure due to difficult market conditions in western Canada and reductions in resource customer capital and operating expenditures. During the second half of this year, management continues to expect that earnings will improve compared to the first half of 2016, excluding the restructuring charge, driven by cost reductions and margin improvements, particularly in the Power Systems segment. With respect to the Corporation's dividend, the current quarterly amount of $0.25 per share is being maintained for the third quarter with the expectation of improved earnings going forward. Management will continue to consider the amount of the dividend quarterly, taking into account the Corporation's forecasted earnings, leverage and other investment opportunities.

While conditions remain challenging, Wajax is beginning to realize the potential for improved operational execution as it transitions to a lower cost functional organization. As a result of these restructuring efforts, management has increased confidence in the enhanced earnings possibilities from the execution of the Corporation's 4 Points of Growth strategy.

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, 2016

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

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

WAJAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at (unaudited, in thousands of Canadian dollars)	Note		**June 30, 2016**		December 31, 2015
ASSETS					
CURRENT					
Cash		**$**	**3,593**	$	13,614
Trade and other receivables			**176,743**		167,176
Contracts in progress			**5,067**		4,842
Inventories			**289,925**		305,669
Deposits on inventory			**21,897**		21,419
Income taxes receivable			**4,671**		841
Prepaid expenses			**5,995**		6,978
Derivative instruments			**-**		1,611
			507,891		522,150
NON-CURRENT					
Rental equipment	3		**59,950**		64,104
Property, plant and equipment	4		**48,636**		46,217
Intangible assets			**41,335**		41,767
Deferred tax asset	9		**4,046**		3,230
			153,967		155,318
		$	**661,858**	$	677,468
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT					
Accounts payable and accrued liabilities	5	**$**	**208,582**	$	204,999
Provisions			**4,195**		5,244
Dividends payable			**4,968**		4,997
Obligations under finance leases			**3,946**		4,198
			221,691		219,438
NON-CURRENT					
Provisions			**2,506**		3,300
Employee benefits			**6,958**		6,752
Other liabilities			**804**		1,048
Obligations under finance leases			**6,355**		6,844
Derivative instruments			**1,384**		-
Long-term debt			**151,941**		151,582
			169,948		169,526
SHAREHOLDERS' EQUITY					
Share capital	6		**178,790**		179,829
Contributed surplus			**6,587**		5,930
Retained earnings			**85,599**		101,916
Accumulated other comprehensive (loss) income			**(757)**		829
Total shareholders' equity			**270,219**		288,504
		$	**661,858**	$	677,468

These condensed consolidated financial statements were approved by the Board of Directors on August 5, 2016.

WAJAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited, in thousands of Canadian dollars, except per share data)	Note	Three months ended June 30 **2016**	2015	Six months ended June 30 **2016**	2015
Revenue		**$ 336,583**	$ 340,747	**$ 621,570**	$ 657,962
Cost of sales		**279,154**	271,350	**509,416**	524,579
Gross profit		**57,429**	69,397	**112,154**	133,383
Selling and administrative expenses		**48,635**	51,562	**101,315**	104,330
Restructuring costs	13	**-**	2,060	**12,500**	2,060
Earnings (loss) before finance costs and income taxes		**8,794**	15,775	**(1,661)**	26,993
Finance costs		**2,799**	3,325	**5,496**	6,634
Earnings (loss) before income taxes		**5,995**	12,450	**(7,157)**	20,359
Income tax expense (recovery)	9	**1,696**	3,464	**(1,709)**	5,640
Net earnings (loss)		**$ 4,299**	$ 8,986	**$ (5,448)**	$ 14,719
Basic earnings (loss) per share	10	**$ 0.22**	$ 0.52	**$ (0.27)**	$ 0.86
Diluted earnings (loss) per share	10	**$ 0.21**	$ 0.51	**$ (0.27)**	$ 0.85

WAJAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, in thousands of Canadian dollars)	Three months ended June 30 **2016**	2015	Six months ended June 30 **2016**	2015
Net earnings (loss)	**$ 4,299**	$ 8,986	**$ (5,448)**	$ 14,719
Items that may be subsequently reclassified to income				
Losses (gains) on derivative instruments designated as cash flow hedges in prior periods reclassified to cost of inventory or finance costs during the period, net of tax recovery of $132 (2015 – expense of $232) and year to date, net of tax expense of $99 (2015 – $367)	**359**	(653)	**(260)**	(1,035)
(Losses) gains on derivative instruments outstanding at the end of the period designated as cash flow hedges, net of tax recovery of $139 (2015 – expense of $57) and year to date, net of tax recovery of $488 (2015 – expense of $317)	**(377)**	161	**(1,326)**	892
Other comprehensive loss, net of tax	**(18)**	(492)	**(1,586)**	(143)
Total comprehensive income (loss)	**$ 4,281**	$ 8,494	**$ (7,034)**	$ 14,576

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2016 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) Cash flow hedges		Total
December 31, 2015		$	179,829	5,930	101,916	829	$	288,504
Net loss			-	-	(5,448)	-		(5,448)
Other comprehensive loss			-	-	-	(1,586)		(1,586)
Total comprehensive loss for the period			-	-	(5,448)	(1,586)		(7,034)
Shares issued to settle share-based compensation plans	8		58	(58)	-	-		-
Shares purchased and held in trust	6		(1,097)	-	(903)	-		(2,000)
Dividends	7		-	-	(9,966)	-		(9,966)
Share-based compensation expense	8		-	715	-	-		715
June 30, 2016		**$**	**178,790**	**6,587**	**85,599**	**(757)**	**$**	**270,219**

W A J A X C O R P O R A T I O N

C O N D E N S E D C O N S O L I D A T E D S T A T E M E N T S O F C H A N G E S I N S H A R E H O L D E R S ' E Q U I T Y

For the 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
December 31, 2014		$	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			72,278	-	-	-		72,278
Dividends	7		-	-	(13,103)	-		(13,103)
Share-based compensation expense	8		-	482	-	-		482
June 30, 2015		**$**	**179,732**	**5,658**	**136,885**	**474**	**$**	**322,749**

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

		Three months ended June 30		Six months ended June 30	
(unaudited, in thousands of Canadian dollars)	Note	**2016**	2015	**2016**	2015
OPERATING ACTIVITIES					
Net earnings (loss)		**$ 4,299**	$ 8,986	**$ (5,448)**	$ 14,719
Items not affecting cash flow:					
Depreciation and amortization:					
Rental equipment		**3,641**	3,443	**7,267**	6,437
Property, plant and equipment		**2,279**	2,117	**4,303**	4,388
Intangible assets		**180**	396	**467**	785
(Gain) loss on disposal of property, plant and equipment	4	**(102)**	23	**(130)**	27
Share-based compensation expense	8	**529**	231	**715**	482
Non-cash rental expense		**159**	21	**171**	60
Employee benefits expense, net of payments		**83**	49	**206**	154
Change in fair value of non-hedge derivative instruments		**87**	86	**511**	(1,027)
Finance costs		**2,799**	3,325	**5,496**	6,634
Income tax expense (recovery)	9	**1,696**	3,464	**(1,709)**	5,640
		15,650	22,141	**11,849**	38,299
Changes in non-cash operating working capital	11	**7,678**	6,736	**13,898**	(37,166)
Rental equipment additions	3	**(3,321)**	(7,508)	**(5,224)**	(13,649)
Other non-current liabilities		**(313)**	514	**(1,038)**	(324)
Finance costs paid		**(4,542)**	(5,043)	**(5,081)**	(6,267)
Income taxes paid		**(765)**	(2,493)	**(2,350)**	(5,293)
Cash generated from (used in) operating activities		**14,387**	14,347	**12,054**	(24,400)
INVESTING ACTIVITIES					
Property, plant and equipment additions	4	**(1,510)**	(501)	**(2,636)**	(2,485)
Proceeds on disposal of property, plant and equipment	4	**242**	172	**497**	283
Intangible assets additions		**(35)**	(3)	**(35)**	(51)
Acquisition of business	15	**(5,573)**	-	**(5,573)**	-
Cash used in investing activities		**(6,876)**	(332)	**(7,747)**	(2,253)
FINANCING ACTIVITIES					
Net decrease in bank debt		**-**	(77,000)	**-**	(22,000)
Proceeds from issuance of share capital		**-**	71,366	**-**	71,366
Common shares purchased and held in trust	**6**	**(2,000)**	-	**(2,000)**	-
Finance lease payments		**(1,065)**	(893)	**(2,210)**	(2,005)
Settlement of non-hedge derivative instruments		**(336)**	1,105	**(123)**	1,471
Dividends paid		**(4,998)**	(1,398)	**(9,995)**	(11,465)
Cash (used in) generated from financing activities		**(8,399)**	(6,820)	**(14,328)**	37,367
Change in cash and bank indebtedness		**(888)**	7,195	**(10,021)**	10,714
Cash (bank indebtedness) - beginning of period		**4,481**	(4,194)	**13,614**	(7,713)
Cash - end of period		**$ 3,593**	$ 3,001	**$ 3,593**	$ 3,001

JUNE 30, 2016

(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 121 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, 2015. 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 $3,321 during the quarter (2015 – $7,508) and $5,224 year to date (2015 – $13,649). Equipment with a carrying amount of $938 during the quarter (2015 - $3,046) and $2,722 year to date (2015 – $3,598) was transferred from inventories to rental equipment. Equipment with a carrying amount of $1,866 during the quarter (2015 - $4,180) and $4,833 year to date (2015 – $6,669) was transferred from rental equipment to inventories.

4. PROPERTY, PLANT AND EQUIPMENT

The Corporation acquired property, plant and equipment with a cost of $4,495 during the quarter (2015 – $501) and $5,621 year to date (2015 – $2,485). Assets with a carrying amount of $140 during the quarter (2015 – $195) and $367 year to date (2015 – $310) were disposed of, resulting in a gain on disposal of $102 during the quarter (2015 – loss of $23) and $130 year to date (2015 – loss of $27).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2016		December 31, 2015
Trade payables	**$**	**108,563**	$	91,090
Deferred income – contract revenue		**106**		270
Deferred income – other		**8,121**		7,431
Supplier payables with extended terms		**29,034**		44,255
Payroll, bonuses and incentives		**18,256**		18,235
Restructuring accrual		**8,537**		1,667
Accrued liabilities		**35,965**		42,051
Accounts payable and accrued liabilities	**$**	**208,582**	$	204,999

6. SHARE CAPITAL

		Number of Common Shares		Amount
Issued and outstanding, December 31, 2015		19,986,241	$	179,829
Common shares issued to settle share-based compensation plans	8	5,880		58
Issued and outstanding, June 30, 2016		19,992,121	$	179,887
Shares held in trust, December 31, 2015		-		-
Purchased for future settlement of RSUs		(121,939)		(1,097)
Shares held in trust, June 30, 2016		(121,939)		(1,097)
Issued and outstanding, net of shares held in trust, June 30, 2016		**19,870,182**	**$**	**178,790**

In June 2016, the Corporation purchased 121,939 common shares on the open market through an Employee Benefit Plan trust for the future settlement of RSUs. The cash consideration paid for the purchase was $2,000, the reduction in share capital was $1,097 and the premium charged to Retained Earnings was $903.

7. DIVIDENDS DECLARED

During the three months ended June 30, 2016, the Corporation declared cash dividends of $0.25 per share or $4,968 (2015 – dividends of $0.25 per share or $4,994).

Year to date, the Corporation declared cash dividends of $0.50 per share or $9,966 (2015 – dividends of $0.7333 per share or $13,103).

On August 5, 2016, the Corporation declared a third quarter 2016 dividend of $0.25 per share or $4,968.

8. SHARE-BASED COMPENSATION PLANS

The Corporation has 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").

a) Treasury share rights plans

The Corporation recorded compensation cost of $179 for the quarter (2015 – $231) and $365 for the year to date (2015 – $482) in respect of the SOP and DDSUP plans.

	Six months ended June 30, 2016			Six months ended June 30, 2015		
	Number of rights		Fair value at time of grant	Number of rights		Fair value at time of grant
Outstanding at beginning of year	**325,144**	**$**	**6,009**	287,550	$	5,420
Granted in the period – new grants	**20,926**		**336**	15,283		352
– dividend equivalents	**9,720**		**-**	7,956		-
Settled in the period	**(5,880)**		**(58)**	-		-
Outstanding at end of period	**349,910**	**$**	**6,287**	310,789	$	5,772

At June 30, 2016, 344,152 share rights were vested (June 30, 2015 – 305,324).

b) Market-purchased share rights plans

In March 2016, the MTIP and DSUP were amended such that all new grants under these plans will be comprised of restricted share units ("RSUs") and performance share units ("PSUs") which will be settled with market-purchased shares of the Corporation provided that the time and performance vesting criteria are met. Whenever dividends are paid on the Corporation's shares, additional RSUs and PSUs with a value equal to the dividends are credited to the participants' accounts with the same vesting conditions as the original RSUs and PSUs. Grants under these plans prior to March 2016 will be settled in cash. The Corporation recorded compensation cost of $350 for the quarter and for the year to date (2015 – $nil) in respect of these plans. The following RSUs and PSUs under the plans are outstanding:

	Six months ended June 30, 2016		
	Number of Rights		Fair value at time of grant
Outstanding at beginning of year	**-**	**$**	**-**
Granted in the period – new grants	**324,702**		**5,549**
– dividend equivalents	**-**		**-**
Forfeitures	**(5,591)**		**(96)**
Outstanding at end of period	**319,111**	**$**	**5,453**

At June 30, 2016, no RSUs or PSUs were vested.

c) Cash-settled rights plans

The Corporation recorded compensation recovery of $12 for the quarter (2015 – cost of $172) and compensation cost of $107 for the year to date (2015 – $40) in respect of the share-based portion of the MTIP and DSUP for grants dated before March, 2016. At June 30, 2016, the carrying amount of the share-based portion of these liabilities was $965 (June 30, 2015 – $784).

9. INCOME TAXES

Income tax expense comprises current and deferred tax as follows:

For the six months ended June 30		2016		2015
Current	**$**	**(1,480)**	$	5,089
Deferred – Origination and reversal of temporary differences		**(229)**		551
Income tax (recovery) expense	**$**	**(1,709)**	$	5,640

The calculation of current tax is based on a combined federal and provincial statutory income tax rate of 26.9% (2015 – 26.5%). 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:

		2016		2015
Combined statutory income tax rate		**26.9%**		26.5%
Expected income tax expense at statutory rates	**$**	**(1,925)**	$	5,395
Non-deductible expenses		**240**		303
Other		**(24)**		(58)
Income tax (recovery) expense	**$**	**(1,709)**	$	5,640

10. EARNINGS PER SHARE

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

	Three months ended June 30		Six months ended June 30	
	2016	2015	**2016**	2015
Numerator for basic and diluted earnings per share:				
– net earnings (loss)	**$ 4,299**	$ 8,986	**$ (5,448)**	$ 14,719
Denominator for basic earnings per share: – weighted average shares, net of shares held in trust	**19,956,921**	17,446,388	**19,973,842**	17,114,480
Denominator for diluted earnings per share: – weighted average shares, net of shares held in trust	**19,956,921**	17,446,388	**19,973,842**	17,114,480
– effect of dilutive share rights	**259,146**	304,242	**-**	295,400
Denominator for diluted earnings per share	**20,216,067**	17,750,630	**19,973,842**	17,409,880
Basic earnings per share	**$ 0.22**	$ 0.52	**$ (0.27)**	$ 0.86
Diluted earnings per share	**$ 0.21**	$ 0.51	**$ (0.27)**	$ 0.85

Excluded from the calculation for the six months ended June 30, 2016 are 232,643 outstanding share rights (2015 – nil) as they are currently anti-dilutive. These share rights could potentially dilute earnings per share in future periods.

11. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended June 30		Six months ended June 30	
	2016	2015	**2016**	2015
Trade and other receivables	**$ (13,561)**	$ 11,828	**$ (8,603)**	$ 12,559
Contracts in progress	**(3,496)**	(3,557)	**(225)**	(4,560)
Inventories	**26,589**	9,870	**20,439**	(847)
Deposits on inventory	**(260)**	(3,421)	**(478)**	(1,690)
Prepaid expenses	**(223)**	(92)	**1,035**	(610)
Accounts payable and accrued liabilities	**(1,034)**	(7,693)	**2,779**	(41,394)
Provisions	**(337)**	(199)	**(1,049)**	(624)
Total	**$ 7,678**	$ 6,736	**$ 13,898**	$ (37,166)

12. OPERATING SEGMENTS

The Corporation operates through a network of 121 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, 2016	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Equipment	$ 111,792	$ 15,517	$ -	$ -	$ 127,309
Parts	40,316	30,691	93,097	-	164,104
Service	17,331	13,242	4,425	-	34,998
Rental and other	8,544	2,481		(853)	10,172
Revenue	$ 177,983	$ 61,931	$ 97,522	$ (853)	$ 336,583
Earnings (loss) before restructuring costs, finance costs and income taxes	$ 13,331	$ (4,726)	$ 3,625	$ (3,436)	$ 8,794
Restructuring costs	-	-	-	-	-
Earnings (loss) before finance costs and income taxes	$ 13,331	$ (4,726)	$ 3,625	$ (3,436)	$ 8,794
Finance costs					2,799
Income tax expense					1,696
Net earnings					$ 4,299

For the six months ended June 30, 2016	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Equipment	$ 176,051	$ 30,755	$ -	$ -	$ 206,806
Parts	78,831	61,853	185,642	-	326,326
Service	33,194	26,671	6,959	-	66,824
Rental and other	17,922	5,550	-	(1,858)	21,614
Revenue	$ 305,998	$ 124,829	$ 192,601	$ (1,858)	$ 621,570
Earnings (loss) before restructuring costs, finance costs and income taxes	$ 19,987	$ (7,293)	$ 4,891	$ (6,746)	$ 10,839
Restructuring costs				12,500	12,500
Earnings (loss) before finance costs and income taxes	$ 19,987	$ (7,293)	$ 4,891	$ (19,246)	$ (1,661)
Finance costs					5,496
Income tax recovery					(1,709)
Net loss					$ (5,448)

As at June 30, 2016		Equipment		Power Systems		Industrial Components		Segment Eliminations		Total
Segment assets excluding intangible assets	**$**	**326,553**	**$**	**148,599**	**$**	**135,431**	**$**	**-**	**$**	**610,583**
Intangible assets		**21,556**		**-**		**19,758**		**21**		**41,335**
Corporate and other assets		**-**		**-**		**-**		**9,940**		**9,940**
Total assets	**$**	**348,109**	**$**	**148,599**	**$**	**155,189**	**$**	**9,961**	**$**	**661,858**

Segment liabilities	**$**	**118,545**	**$**	**39,714**	**$**	**57,897**	**$**	**-**	**$**	**216,156**
Corporate and other liabilities		**-**		**-**		**-**		**175,483**		**175,483**
Total liabilities	**$**	**118,545**	**$**	**39,714**	**$**	**57,897**	**$**	**175,483**	**$**	**391,639**

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	$ 330,696	$ 166,773	$ 142,256	$ -	$ 639,725
Intangible assets	21,549	13,828	48,112	91	83,580
Corporate and other assets	-	-	-	2,916	2,916
Total assets	$ 352,245	$ 180,601	$ 190,368	$ 3,007	$ 726,221
Segment liabilities	$ 130,832	$ 40,036	$ 59,834	$ -	$ 230,702
Corporate and other liabilities	-	-	-	172,770	172,770
Total liabilities	$ 130,832	$ 40,036	$ 59,834	$ 172,770	$ 403,472

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

13. RESTRUCTURING COSTS

On March 1, 2016, the Corporation announced that it will be transitioning from its current three independent product divisions to a leaner and more integrated organization. The new organization will be based on three main functional groups: business development, service operations and vendor development. These groups will be supported by centralized functions including supply chain, information systems, human resources, environmental health and safety and finance. The new structure is intended to improve the Corporation’s cross-company customer focus, closely align resources to the Corporation’s strategy, improve operational leverage, and lower costs through productivity gains and the elimination of redundancy inherent in the current structure. During the first half of 2016, the Corporation recorded restructuring costs of $12,500 relating to the strategic reorganization.

14. COMPARATIVE INFORMATION

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

15. ACQUISITION OF BUSINESS

On April 20, 2016, the Corporation's Industrial Components segment acquired the assets of Montreal-based Wilson Machine Co. Ltd. ("Wilson"), a North American leader in the manufacturing and repair of precision rotating machinery and gearboxes with annual revenues of approximately $6,000.

Recognized amounts of identifiable assets acquired and liabilities assumed for the acquisition are equal to their fair values, and are as follows:

Trade and other receivables	$	832
Inventories		2,584
Prepaid expenses		52
Property, plant and equipment		2,985
Accounts payable and accrued liabilities		(880)
Tangible net assets acquired	$	5,573
Consideration paid	$	5,573

The consideration paid is subject to post-closing adjustments and therefore the purchase price equation is subject to change.