THIRD QUARTER REPORT TO SHAREHOLDERS

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2014

WAJAX CORPORATION 2014	

WAJAX CORPORATION
News Release

TSX Symbol: WJX

WAJAX ANNOUNCES 2014 THIRD QUARTER EARNINGS

(Dollars in millions, except per share data)	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	2014	2013
CONSOLIDATED RESULTS				
Revenue	**$359.5**	**$338.5**	**$1065.2**	**$1,036.8**
Net earnings	**$11.1**	**$11.5**	**$30.0**	**$35.5**
Basic earnings per share	**$0.66**	**$0.69**	**$1.79**	**$2.12**
Adjusted net earnings (1)	**$13.3**	**$11.5**	**32.2**	**$35.5**
Basic adjusted earnings per share (1)(4)	**$0.79**	**$0.69**	**1.92**	**$2.12**
SEGMENTS				
Revenue – Equipment	**$179.3**	**$171.6**	**$528.0**	**$516.7**
- Power Systems	**$78.2**	**$69.2**	**$237.3**	**$218.6**
- Industrial Components	**$103.2**	**$98.9**	**$304.4**	**$304.6**
Earnings – Equipment (2)	**$12.2**	**$11.3**	**$36.5**	**$32.0**
% margin	*6.8%*	*6.6%*	*6.9%*	*6.2%*
- Power Systems (2)	**$5.4**	**$3.7**	**$13.1**	**$11.1**
% margin	*6.9%*	*5.4%*	*5.5%*	*5.1%*
- Industrial Components (2)	**$3.6**	**$4.8**	**$9.4**	**$16.4**
% margin	*3.5%*	*4.9%*	*3.1%*	*5.4%*
Earnings before restructuring costs (3)				
- Industrial Components	**$6.6**	**$4.8**	**$12.4**	**$16.4**
% margin	*6.4%*	*4.9%*	*4.1%*	*5.4%*

This press release contains the following Non-GAAP and Additional GAAP measures that do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP"): Funded net debt; Adjusted net earnings; Basic and diluted adjusted net earnings; Segment earnings before restructuring costs and Backlog. See the accompanying Management Discussion and Analysis for the third quarter of 2014 ("Q3 2014 MD&A") Non-GAAP and Additional GAAP Measures section.

(1) Net earnings excluding $2.2 million, or $0.13 per share, of after-tax restructuring costs.
(2) Segment earnings before finance costs and income taxes.
(3) Segment earnings before restructuring costs, finance costs and income taxes.
(4) At September 30, 2014 the numbers of basic and diluted shares outstanding were 16,778,883 and 17,040,949, respectively for the three months ended and 16,770,709 and 17,030,686, respectively for the nine months ended.

Toronto, Ontario – November 4, 2014 – Wajax Corporation ("Wajax" or the "Corporation") today announced its 2014 third quarter results.

Third Quarter Highlights

- Consolidated third quarter revenue of $359.5 million increased $21.0 million, or 6%, compared to last year on increased sales in all three segments. Higher mining and forestry equipment sales in the Equipment segment offset reduced mining related parts and service volumes, resulting in a 4% increase in revenue. Revenue in the Power System segment increased 13% on higher volumes to oil and gas and on-highway customers and the Industrial Components segment sales increased 4% on improved bearing and power transmission parts sales in all regions.

- Net earnings for the quarter were $11.1 million, or $0.66 per share, compared to $11.5 million, or $0.69 per share in 2013. Included in current year's earnings is $3.1 million of pre-tax restructuring costs recorded in the Industrial Components segment related to the restructuring of the sales force and branch management organization. This restructuring is expected to result in improved sales team effectiveness and annual pre-tax cost savings in excess of $5.0 million.

- Excluding the after-tax restructuring costs, adjusted net earnings for the quarter were $13.3 million, or $0.79 per share, compared to $11.5 million, or $0.69 per share recorded in 2013. Equipment segment earnings increased $0.9 million, or 9%, on higher equipment sales and higher margins. Power Systems segment earnings increased $1.7 million, or 44%, as a result of increased volumes to oil and gas and on-highway customers. Industrial Components segment earnings before restructuring costs increased $1.8 million, or 38%, on higher revenues and gross profit margins and lower selling and administrative costs.

- Consolidated backlog of $208.0 million at September 30, 2014 decreased $16.5 million compared to June 30, 2014 on declines in the Equipment segment, which were partially offset by increases in the Power Systems and Industrial Components segments.

- Funded net debt of $224.7 million at September 30, 2014 increased $6.5 million compared to $218.2 million at the end of June 2014, mainly as a result of an increase in non-cash operating working capital in the quarter.

Effective November 4, 2014, Stuart Auld was appointed Senior Vice President, Information Systems. Stuart has extensive IT, operations and finance experience from large multi-divisional and multi-branch organizations.

During the quarter the corporation amended its bank credit facility, extending the maturity a further three years to August 12, 2019 on more favourable terms than its previous agreement. The new terms include the allowance for dividend payments as long as the Corporation's leverage ratio, as defined in the agreement, is less than 3.25x, which is 0.25x higher than the previous agreement and equal to the level in the senior notes agreement.

The Corporation declared monthly dividends of $0.20 per share ($2.40 annualized) for the months of November and December, 2014 and January and February, 2015.

Outlook

Commenting on the third quarter results and the outlook for the remainder of 2014, Mark Foote, President and CEO, stated:

"We are pleased with our team's performance in the third quarter. Revenue and adjusted net earnings were higher than the previous year on strength in all three segments. In spite of lower mining parts and service volumes, the Equipment segment recorded increased earnings on higher equipment sales and improved margins. The Power Systems segment benefitted from improved activity in the oil and gas sector and on-highway trucking. The Industrial Components segment gained momentum as the group began to benefit from its restructuring activities, while at the same time increasing revenue and backlog. Planned restructuring in Industrial Components was completed in the third quarter and we continue to expect annual pre-tax savings to exceed $5 million as a result of these changes.

We have adopted a more cautious outlook for the rest of 2014, given recent and continuing weakness in commodity markets. Our expectation regarding key market demand in Canada for the remainder of the year is mixed. Capital goods purchases and certain aspects of maintenance spending by mining and oil sands customers may be constrained, adversely impacting the Equipment segment and, to a lesser degree, the Power Systems segment. However, the Power Systems segment continues to expect some improvement in the conventional oil and gas sector relative to last year. The Industrial Components segment continues to build backlog in a number of market sectors and, coupled with the lower cost base, the group is expected to outperform results posted in the fourth quarter of last year. Our expectation for full year net earnings continues to support our current dividend of $0.20 per share which we have confirmed for November and December of 2014 and January and February of 2015."

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.

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, the expected cost savings from the restructuring of our Industrial Components segment, our outlook for the remainder of 2014, including our expectations for demand in several of our key markets, including mining and oil sands and conventional oil and gas, and the anticipated effect on Equipment and Power Systems segments, our fourth quarter outlook for the Industrial Components segment, and our outlook for full year net earnings continuing to support our current dividend level. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding general business and economic conditions, the supply and demand for, and the level and volatility of prices for, commodities, financial market conditions, including interest rates, the future financial performance of the Corporation, our costs, market competition, our ability to attract and retain skilled staff, our ability to procure quality products and inventory and our ongoing relations with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to, a deterioration in general business and economic conditions, volatility in the supply and demand for, and the level of prices for, commodities, fluctuations in financial market conditions, including interest rates, the level of demand for, and prices of, the products and services we offer, market acceptance of the products we offer, termination of distribution or original equipment manufacturer agreements, unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters), our ability to attract and retain skilled staff and our ability to maintain our relationships with suppliers, employees and customers. The foregoing list of factors is not exhaustive. The forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws. Further information concerning the risks and uncertainties associated with these forward looking statements and the Corporation's business may be found in our Annual Information Form for the year ended December 31, 2013, filed on SEDAR.

Management's Discussion and Analysis – Q3 2014

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 September 30, 2014. 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 September 30, 2014, the annual audited Consolidated Financial Statements and accompanying notes for the year ended December 31, 2013 and the associated MD&A. Information contained in this MD&A is based on information available to management as of November 4, 2014.

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 September 30, 2014, 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 September 30, 2014, Wajax's management, under the supervision of its CEO and CFO, had designed internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). In completing the design, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its 1992 version of Internal Control – Integrated Framework. With regard to general controls over information technology, management also used the set of practices of Control Objectives for Information and related Technology ("COBIT") created by the IT Governance Institute.

There was no change in Wajax's ICFR that occurred during the three months ended September 30, 2014 that has materially affected, or is reasonably likely to materially affect, Wajax's ICFR.

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, "**forward-looking statements**"). These forward-looking statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "anticipates", "intends", "predicts", "expects", "is expected", "scheduled", "believes", "estimates", "projects" or "forecasts", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation's ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward looking statements. There can be no assurance that any forward looking statement will materialize. Accordingly, readers should not place undue reliance on forward looking statements. The forward looking statements in this MD&A are made as of the date of this MD&A, reflect management's current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this MD&A includes forward looking statements regarding, among other things, our plans for revenue and earnings growth, our objective with respect to the future payment of dividends, our financing and capital requirements, as well as our capital structure and leverage ratio, the expected benefits and cost savings from the restructuring of our Industrial Components segment, our outlook for the remainder of 2014, including our expectations for demand in several of our key markets, including mining and oil sands and conventional oil and gas, and the anticipated effect on the Equipment and Power Systems segments, our fourth quarter outlook for the Industrial Components segment and our outlook for full year net earnings continuing to support our current dividend level. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding general business and economic conditions, the supply and demand for, and the level and volatility of prices for, commodities, financial market conditions, including interest rates, the future financial performance of the Corporation, our costs, market competition, our ability to attract and retain skilled staff, our ability to procure quality products and inventory and our ongoing relations with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to, a deterioration in general business and economic conditions, volatility in the supply and demand for, and the level of prices for, commodities, fluctuations in financial market conditions, including interest rates, the level of demand for, and prices of, the products and services we offer, market acceptance of the products we offer, termination of distribution or original equipment manufacturer agreements, unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters), our ability to attract and retain skilled staff and our ability to maintain our relationships with suppliers, employees and customers. The foregoing list of factors is not exhaustive. Further information concerning the risks and uncertainties associated with these forward looking statements and the Corporation's business may be found in this MD&A under the heading "Risk Management and Uncertainties" and in our Annual Information Form for the year ended December 31, 2013, filed on SEDAR. The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws. Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Wajax Corporation Overview

Wajax's core distribution businesses are engaged in the sale, rental and after-sale parts and service support of mobile equipment, power systems and industrial components through a network of 121 branches across Canada. Wajax is a multi-line distributor and represents a number of leading worldwide manufacturers in its core businesses. Its customer base is diversified, spanning natural resources, construction, transportation, manufacturing, industrial processing and utilities.

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

Consolidated Results

	Three months ended September 30		Nine months ended September 30	
	2014	2013	**2014**	2013
Revenue	**$ 359.5**	$ 338.5	**$ 1,065.2**	$ 1,036.8
Gross profit	**$ 72.8**	$ 68.7	**$ 217.7**	$ 210.3
Selling and administrative expenses	**$ 51.2**	$ 50.9	**$ 163.7**	$ 156.3
Restructuring costs	**$ 3.1**	$ -	**$ 3.1**	$ -
Earnings before finance costs and income taxes [1]	**$ 18.5**	$ 17.9	**$ 51.0**	$ 54.0
Finance costs	**$ 3.3**	$ 2.1	**$ 9.7**	$ 5.9
Earnings before income taxes [1]	**$ 15.2**	$ 15.7	**$ 41.2**	$ 48.1
Income tax expense	**$ 4.1**	$ 4.2	**$ 11.2**	$ 12.7
Net earnings	**$ 11.1**	$ 11.5	**$ 30.0**	$ 35.5
- **Basic earnings per share**	**$ 0.66**	$ 0.69	**$ 1.79**	$ 2.12
- **Diluted earnings per share**	**$ 0.65**	$ 0.68	**$ 1.76**	$ 2.09
Adjusted net earnings [1] [2]	**$ 13.3**	$ 11.5	**$ 32.2**	$ 35.5
- **Basic adjusted earnings per share** [1] [2]	**$ 0.79**	$ 0.69	**$ 1.92**	$ 2.12
- **Diluted adjusted earnings per share** [1] [2]	**$ 0.78**	$ 0.68	**$ 1.89**	$ 2.09

(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) Net earnings excluding $2.2 million, or $0.13 per share, of after-tax restructuring costs.

Overall market conditions in the quarter were mixed. Oil and gas sector activity in western Canada was somewhat stronger with increases in the Power Systems segment's equipment and parts and service sales and higher bearings and transmission parts volumes in the Industrial Components segment. However, the Industrial Components segment experienced a decline in oil and gas related fluid power and process equipment product and service revenues.

Although mining parts and service sales in the Equipment segment, including those in the oil sands market, remained soft as customers deferred spending, mining equipment sales improved with additional deliveries compared to last year.

The Equipment segment was positively impacted in the quarter by increased demand for forestry equipment, however overall market demand in Canada for large excavators was down slightly, quarter-over-quarter.

Revenue

Revenue in the third quarter of 2014 increased 6%, or $21.0 million, from $338.5 million in 2013. Equipment segment's revenue increased 4%, or $7.7 million, as increases in mining and forestry equipment volumes offset lower mining parts and service sales. Power Systems segment revenue increased 13%, or $9.0 million, due mainly to higher volumes in western Canada, and Industrial Components segment revenue increased 4%, or $4.3 million, driven by stronger bearings and power transmission sales in all regions.

For the nine months ended September 30, 2014, revenue increased 3%, or $28.5 million, over the same period last year.

Gross profit

Higher volumes in all three segments were the primary contributors to the $4.1 million, or 6%, increase in gross profit in the third quarter of 2014 compared to last year. The gross profit margin percentage of 20.3% remained the same compared to 2013.

For the nine months ended September 30, 2014, gross profit increased $7.4 million due mainly to higher volumes compared to the same period last year. The gross profit margin percentage of 20.4% increased slightly from 20.3% in 2013.

Selling and administrative expenses

Selling and administrative expenses increased $0.3 million in the third quarter of 2014, compared to the same quarter last year. Selling and administrative expenses as a percentage of revenue decreased to 14.3% in 2014 from 15.0% in 2013.

For the nine months ended September 30, 2014, selling and administrative expenses increased $7.4 million compared to the same period last year. The increase was due mainly to higher personnel related costs, including higher annual employee incentive accruals. Selling and administrative expenses as a percentage of revenue increased to 15.4% in 2014 from 15.1% in 2013.

Restructuring costs

Restructuring costs of $3.1 million were recorded in the third quarter of 2014 in the Industrial Components segment to improve the effectiveness and to simplify the sales force and branch management organization. The restructuring plan has been completed and, in addition to the improvements noted, is expected to result in annual pre-tax cost savings in excess of $5.0 million.

Finance costs

Quarterly finance costs of $3.3 million increased $1.2 million compared to 2013 due primarily to the higher cost of borrowing resulting from the Corporation's issuance of $125 million of senior notes on October 23, 2013. See the Liquidity and Capital Resources section.

For the nine months ended September 30, 2014, finance costs of $9.7 million increased $3.8 million compared to the same period in 2013. The increase was due primarily to the higher cost of borrowing resulting from the issuance of the senior notes.

Income tax expense

The Corporation's effective income tax rate of 27.1% for the quarter increased from 26.5% in the previous year due to the reversal of certain tax accruals in 2013.

For the nine months ended September 30, 2014, the effective income tax rate of 27.1% increased slightly from 26.3% in the previous year due to the reversal of certain tax accruals in 2013.

Net earnings

Quarterly net earnings decreased $0.4 million to $11.1 million, or $0.66 per share, from $11.5 million, or $0.69 per share, in the same quarter of 2013. The decrease in net earnings resulted primarily from the $3.1 million restructuring costs and increased finance costs, which was partially offset by the positive impact of higher volumes compared to the same period last year.

For the nine months ended September 30, 2014, net earnings decreased $5.5 million to $30.0 million, or $1.79 per share, from $35.5 million, or $2.12 per share, in the same period in 2013. The decrease in net earnings resulted primarily from additional selling and administrative expenses, the $3.1 million restructuring provision and increased finance costs. These decreases in earnings more than offset the positive impact of higher volumes compared to the same periods last year.

Adjusted net earnings (See the Non-GAAP and Additional GAAP Measures section)
For both the quarter and nine months ended September 30, 2014, adjusted net earnings excludes $2.2 million, or $0.13 per share, of after-tax restructuring costs recorded in the Industrial Components segment.

As such, quarterly adjusted net earnings increased $1.8 million to $13.3 million, or $0.79 per share, from $11.5 million, or $0.69 per share, in the same quarter of 2013. The increase in adjusted net earnings resulted primarily from the positive impact of higher volumes partially offset by increased finance costs compared to the same period last year.

For the nine months ended September 30, 2014, adjusted net earnings decreased $3.3 million to $32.2 million, or $1.92 per share, from $35.5 million, or $2.12 per share, in the same period in 2013. The decrease in adjusted net earnings resulted primarily from additional selling and administrative expenses and increased finance costs that more than offset the positive impact of higher volumes compared to the same period last year.

Comprehensive income
Total comprehensive income of $11.7 million in the third quarter of 2014 included net earnings of $11.1 million and other comprehensive income of $0.6 million.

For the nine months ended September 30, 2014, total comprehensive income of $30.3 million included net earnings of $30.0 million and other comprehensive income of $0.3 million.

Funded net debt (See the Non-GAAP and Additional GAAP Measures section)
Funded net debt of $224.7 million at September 30, 2014 increased $6.5 million compared to $218.2 million at June 30, 2014. During the period, cash generated from operating activities of $5.8 million was more than offset by dividends paid of $10.1 million, investing activities of $1.7 million and finance lease payments of $0.8 million.

Wajax's leverage ratio of 2.33 times at September 30, 2014 decreased slightly from the June 30, 2014 ratio of 2.35 times. See the Consolidated Financial Condition section.

Funded net debt of $224.7 million at September 30, 2014 increased $19.7 million compared to December 31, 2013. Cash generated from operating activities during the period of $16.1 million was offset by dividends paid of $30.2 million, investing activities of $3.8 million and finance lease payments of $2.7 million.

On August 6, 2014, the Corporation amended its bank credit facility on more favorable terms, including a three year extension of the maturity date from August 12, 2016 to August 12, 2019. The Corporation's restriction from declaring dividends in the event the Corporation's leverage ratio, as defined in the bank credit facility agreement, exceeds 3.0 times has been amended to restrict the declaration of dividends in the event the leverage ratio exceeds 3.25 times. In addition, the fully secured facility of $250 million is now comprised of a $30 million non-revolving term portion and a $220 million revolving term portion. The $0.7 million cost of amending the facility has been capitalized and will be amortized over the remaining term of the facility. See the Liquidity and Capital Resources section.

Dividends
For the third quarter ended September 30, 2014, monthly dividends declared totaled $0.60 per share. For the third quarter ended September 30, 2013, monthly dividends declared totaled $0.60 per share.

For the nine months ended September 30, 2014 monthly dividends declared totaled $1.80 per share. For the nine months ended September 30, 2013 monthly dividends declared totaled $2.08 per share.

On August 6, 2014, Wajax announced a monthly dividend of $0.20 per share ($2.40 annualized) for the month of October payable on November 20, 2014 to shareholders of record on October 31, 2014. On November 4, 2014, Wajax announced monthly dividends of $0.20 per share ($2.40 annualized) for each of the months of November and December, 2014 and January and February, 2015 payable on December 22, 2014, January 20, 2015, February 20, 2015 and March 20, 2015 to shareholders of record on November 28, 2014, December 31, 2014, January 30, 2015 and February 27, 2015, respectively. See the Strategic Direction and Outlook section.

Backlog (See the Non-GAAP and Additional GAAP Measures section)
Consolidated backlog at September 30, 2014 of $208.0 million decreased $16.5 million, or 7%, from $224.5 million at June 30, 2014 as a decrease in the Equipment segment was partially offset by increases in the Power Systems and Industrial Components segments. Consolidated backlog increased $3.2 million, or 2%, compared to September 30, 2013. Backlog includes the total sales value of customer purchase commitments for future delivery or commissioning. See the Results of Operations section for further backlog detail by segment.

Comparative information
During the second quarter of 2014, accountability for the oil sands based rotating products group was transferred from the Equipment segment to the Industrial Components segment. As a result, the rotating products group's results for 2014, along with comparative information, have been reclassified from the Equipment segment to the Industrial Components segment.

Senior Vice President, Information Systems
Effective November 4, 2014, Stuart Auld was appointed Senior Vice President, Information Systems. Stuart has extensive IT, operations and finance experience from large multi-divisional and multi-branch organizations.

Results of Operations

Equipment

	Three months ended September 30		Nine months ended September 30	
	2014	2013	**2014**	2013
Equipment[1]	**$ 120.8**	$ 104.8	**$ 331.3**	$ 322.8
Parts and service	**$ 58.5**	$ 66.8	**$ 196.7**	$ 193.9
Segment revenue	**$ 179.3**	$ 171.6	**$ 528.0**	$ 516.7
Segment earnings[2]	**$ 12.2**	$ 11.3	**$ 36.5**	$ 32.0
Segment earnings margin	***6.8%***	*6.6%*	***6.9%***	*6.2%*

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

Revenue in the third quarter of 2014 increased $7.7 million, to $179.3 million, from $171.6 million in the same quarter of 2013. Segment earnings for the quarter increased $0.9 million, to $12.2 million, compared to the same quarter in the previous year. The following factors contributed to the Equipment segment's quarter-over-quarter results:

- Equipment revenue for the third quarter increased $16.0 million compared to the same quarter last year with specific variances as follows:
  - Mining equipment sales increased $10.6 million, mainly as a result of higher Hitachi mining equipment deliveries in western Canada.
  - Forestry equipment revenue increased $9.3 million as strength in the lumber market led to higher market demand for Tigercat equipment in all regions and Hitachi equipment in western Canada.
  - Crane and utility equipment revenue increased $1.1 million as a result of sales to utility customers in central Canada.

- Material handling equipment revenue decreased $3.6 million, due primarily to sales in 2013 of higher dollar value units in eastern Canada which were not repeated in 2014.
- Construction equipment revenue decreased $1.4 million attributable primarily to decreases in JCB equipment volumes offset partially by increased Bell ADT equipment deliveries in western Canada.

- Parts and service volumes for the third quarter decreased $8.3 million compared to the same quarter last year. The decrease was primarily attributable to lower mining sector volumes in western Canada, resulting from lower rebuild volumes, offset partially by higher forestry sector sales in all regions.

- Segment earnings for the third quarter increased $0.9 million compared to the same quarter last year. The impact of higher volumes and margins more than offset a $0.2 million increase in selling and administrative expenses.

Backlog of $114.1 million at September 30, 2014 decreased $23.5 million compared to June 30, 2014, due mainly to lower mining sector and crane and utility sector backlog. Backlog increased $14.0 million compared to September 30, 2013 due mainly to increases material handling, crane and utility and mining sector backlog.

Power Systems

	Three months ended September 30				Nine months ended September 30			
		2014		2013		**2014**		2013
Equipment[1]	**$**	**26.8**	$	21.6	**$**	**80.3**	$	69.3
Parts and service	**$**	**51.4**	$	47.6	**$**	**157.0**	$	149.3
Segment revenue	**$**	**78.2**	$	69.2	**$**	**237.3**	$	218.6
Segment earnings[2]	**$**	**5.4**	$	3.7	**$**	**13.1**	$	11.1
Segment earnings margin		***6.9%***		*5.4%*		***5.5%***		*5.1%*

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

Revenue in the third quarter of 2014 increased $9.0 million, or 13%, to $78.2 million compared to $69.2 million in the same quarter of 2013. Segment earnings increased $1.7 million to $5.4 million in the third quarter compared to the same quarter in the previous year. The following factors impacted quarter-over-quarter revenue and earnings:

- Equipment revenue increased $5.2 million due mainly to higher off-highway equipment sales to oil and gas customers in western Canada and mining customers in eastern Canada. In addition, higher power generation and rental volumes contributed to the increase.

- Parts and service volumes increased $3.8 million compared to the same quarter last year as a result of increased sales to on-highway customers in all regions and higher sales to off-highway oil and gas customers in western Canada.

- Segment earnings increased $1.7 million compared to the same quarter last year as the impact of increased sales activity and a $0.1 million reduction in selling and administrative expenses was partially offset by lower rental gross margins. In addition, a $0.8 million equipment inventory obsolescence provision taken in the quarter was offset by other provisions released into income.

Backlog of $47.3 million as of September 30, 2014 increased $3.6 million compared to June 30, 2014 driven by increases in power generation orders. Backlog decreased $15.6 million compared to September 30, 2013 as the impact of lower power generation orders in all regions was partially offset by an increase in off-highway backlog in western Canada.

Industrial Components

	Three months ended September 30		Nine months ended September 30	
	2014	2013	**2014**	2013
Segment revenue	**$ 103.2**	$ 98.9	**$ 304.4**	$ 304.6
Segment earnings before restructuring costs(1)	**$ 6.6**	$ 4.8	**$ 12.4**	$ 16.4
Restructuring costs	**$ (3.1)**	$ -	**$ (3.1)**	$ -
Segment earnings(2)	**$ 3.6**	$ 4.8	**$ 9.4**	$ 16.4
Segment earnings margin before restructuring costs(1)	***6.4%***	*4.9%*	***4.1%***	*5.4%*
Restructuring costs	***(2.9%)***	-	***(1.0%)***	-
Segment earnings margin	***3.5%***	*4.9%*	***3.1%***	*5.4%*

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

Revenue of $103.2 million in the third quarter of 2014 increased $4.3 million, from $98.9 million in the third quarter of 2013. Segment earnings decreased $1.2 million to $3.6 million in the third quarter of 2014 compared to the same quarter in the previous year. Segment earnings before restructuring costs increased $1.8 million to $6.6 million in the quarter compared to last year. See the Non-GAAP and Additional GAAP Measures section. The following factors contributed to the segment's quarter-over-quarter results:

- Bearings and power transmission parts sales increased $6.0 million, or 12%, with higher sales in all regions driven by strength in the mining, metal processing, industrial, oil and gas and forestry sectors.

- Fluid power and process equipment products and service revenue, including the rotating products group, in the third quarter of 2014 decreased $1.7 million, or 4%, compared to the same quarter last year. The decrease was due mainly to reduced oil and gas, mining and transportation sector sales. These decreases were partially offset by higher sales of rotating product to oil sands customers.

- Segment earnings in the third quarter of 2014 decreased $1.2 million compared to the same quarter last year. The positive impact of higher volumes, slightly higher gross profit margins and a $0.5 million decrease in selling and administrative expenses was more than offset by $3.1 million of restructuring costs consisting primarily of severance costs. Segment earnings before restructuring costs increased $1.8 million. See the Non-GAAP and Additional GAAP Measures section.

  The Industrial Components segment restructuring is expected to improve the effectiveness and to simplify the sales force and branch management organization. The restructuring plan has been completed and, in addition to the improvements noted, is expected to result in annual pre-tax cost savings in excess of $5.0 million.

Backlog of $46.6 million as of September 30, 2014 increased $3.4 million compared to June 30, 2014, driven by higher orders in western and eastern Canada. Backlog increased $4.8 million compared to September 30, 2013, driven by higher orders in all regions.

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 2013 annual audited Consolidated Financial Statements.

	2014			2013				2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	**$ 359.5**	$ 374.4	$ 331.4	$ 391.7	$ 338.5	$ 362.0	$ 336.3	$ 364.9
Net earnings	**$ 11.1**	$ 12.3	$ 6.7	$ 12.2	$ 11.5	$ 13.5	$ 10.4	$ 14.2
Net earnings per share								
- Basic	**$ 0.66**	$ 0.73	$ 0.40	$ 0.73	$ 0.69	$ 0.81	$ 0.62	$ 0.85
- Diluted	**$ 0.65**	$ 0.72	$ 0.39	$ 0.72	$ 0.68	$ 0.80	$ 0.61	$ 0.84

Quarterly fluctuations in revenue and net earnings are difficult to predict. A normally weaker first quarter for the Equipment segment can be offset by seasonally stronger activity in the oil and gas sector, primarily affecting the Power Systems and Industrial Components segments. As well, large deliveries of mining trucks and shovels and power generation packages can shift the revenue and net earnings throughout the year.

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

Consolidated Financial Condition

Capital Structure and Key Financial Condition Measures

	September 30 2014	June 30 2014	December 31 2013
Shareholders' equity	**$ 247.9**	$ 246.1	$ 247.2
Funded net debt(1)	**224.7**	218.2	205.0
Total capital	**$ 472.6**	$ 464.3	$ 452.2
Funded net debt to total capital(1)	**47.5%**	47.0%	45.3%
Leverage ratio(1)	**2.33**	2.35	2.15

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

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

In addition, the Corporation's tolerance to interest rate risk decreases/increases as the Corporation's leverage ratio increases/decreases. At September 30, 2014, $125 million of the Corporation's funded net debt, or 56%, was at a fixed interest rate which is within the Corporation's interest rate risk policy. See the Liquidity and Capital Resources section.

Shareholders' Equity

The Corporation's shareholders' equity at September 30, 2014 of $247.9 million increased $1.8 million from June 30, 2014, as earnings exceeded dividends declared during the quarter. For the nine months ending September 30, 2014 the Corporation's shareholder's equity increased $0.7 million, as earnings and share-based compensation expense charged to contributed surplus exceeded 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 September 30, 2014	Number	Amount
Balance at the beginning and end of the quarter	**16,778,883**	**$ 107.5**

At the date of this MD&A, the Corporation had 16,778,883 common shares outstanding.

At September 30, 2014, Wajax had five 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"), the Deferred Share Unit Plan ("DSUP") and the Deferred Share Program ("DSP"). During the first quarter of 2014 all of the outstanding DSP rights were settled. SOP, DSP and DDSUP rights are issued to the participants and are settled by issuing Wajax Corporation shares on a one-for-one basis. As of September 30, 2014, there were 277,052 (2013 – 280,967) SOP, DSP and DDSUP rights outstanding. The cash-settled MTIP and DSUP consist of annual grants that vest over three years and are subject to time and performance vesting criteria. A portion of the MTIP and the full amount of the DSUP grants are determined by the price of the Corporation's shares. Compensation expense for the SOP, DSP and DDSUP is determined based upon the fair value of the rights at the date of grant and charged to earnings on a straight line basis over the vesting period, with an offsetting adjustment to contributed surplus. Compensation expense for the DSUP and the share-based portion of the MTIP varies with the price of the Corporation's shares and is recognized over the vesting period. Wajax recorded compensation cost of $0.4 million for the quarter (2013 – $0.3 million) and $1.1 million for the nine months ended (2013 – $0.7 million) in respect of these plans.

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

	September 30 2014	June 30 2014	December 31 2013
Bank indebtedness (cash)	**$ 5.1**	$ 4.6	$ (4.2)
Obligations under finance lease	**11.9**	12.3	13.3
Long-term debt	**207.7**	201.3	195.9
Funded net debt[(1)]	**$ 224.7**	$ 218.2	$ 205.0

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

Funded net debt of $224.7 million at September 30, 2014 increased $6.5 million compared to June 30, 2014. During the quarter, $5.8 million of cash generated from operating activities was more than offset by dividends paid of $10.1 million, cash used in investing activities of $1.7 million and finance lease payments of $0.8 million. The $5.8 million of cash generated from operating activities included increases in non-cash working capital of $10.9 million and rental fleet additions of $2.1 million.

Funded net debt of $224.7 million at September 30, 2014 increased $19.7 million compared to December 31, 2013. Cash generated from operating activities during the period of $16.1 million was offset by dividends paid of $30.2 million, investing activities of $3.8 million and finance lease payments of $2.7 million. The cash generated from operating activities of $16.1 million included increases in non-cash working capital of $21.1 million and rental fleet additions of $14.5 million.

The Corporation's ratio of funded net debt to capital increased slightly to 47.5% at September 30, 2014 from 47.0% at June 30, 2014.

The Corporation’s leverage ratio of 2.33 times at September 30, 2014 decreased from the June 30, 2014 ratio of 2.35 times.

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. Significant derivative financial instruments outstanding at the end of the period were as follows:

- Wajax enters into short-term currency forward contracts to hedge the exchange risk associated with the cost of certain inbound inventory and certain foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. As at September 30, 2014, Wajax had contracts outstanding to buy U.S. $38.2 million (December 31, 2013 – to buy U.S. $31.1 million, September 30, 2013 – to buy U.S. $26.8 million). The U.S. dollar contracts expire between October 2014 and December 2015, with a weighted average U.S./Canadian dollar rate of 1.0938.

Wajax measures derivative instruments not accounted for as hedging items at fair value with subsequent changes in fair value being recorded in earnings. Derivatives designated as effective hedges are measured at fair value with subsequent changes in fair value being recorded in other comprehensive income until the related hedged item is recorded and affects income or inventory. The fair value of derivative instruments is estimated based upon market conditions using appropriate valuation models. The carrying values reported in the balance sheet for financial instruments are not significantly different from their fair values. A change in foreign currency, relative to the Canadian dollar, on transactions with customers that include unhedged foreign currency exposures is not expected to have a material impact on the Corporation’s results of operations or financial condition.

Wajax is exposed to the risk of non-performance by counterparties to short-term currency forward contracts. These counterparties are large financial institutions and although they recently experienced an outlook downgrade to “Negative” by Standard & Poor’s, they 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, 2013 except for the amendment of the bank credit agreement. See the Liquidity and Capital Resources section.

Off Balance Sheet Financing

Off balance sheet financing arrangements include operating lease contracts for facilities with various landlords and other equipment related mainly to office equipment. There have been no material changes to the Corporation’s total obligations for all operating leases since December 31, 2013. See the Contractual Obligations section.

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

The Equipment segment had $79.1 million (2013 – $104.2 million) of consigned inventory on-hand from a major manufacturer at September 30, 2014. In the normal course of business, Wajax receives inventory on consignment from this manufacturer which is generally sold to customers or purchased by Wajax. This consigned inventory is not included in Wajax’s inventory as the manufacturer retains title to the goods. In the event the inventory consignment program was terminated, Wajax would utilize interest free financing, if any, made available by the manufacturer and/or utilize capacity under its credit facilities.

Liquidity and Capital Resources

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

Bank and Non-bank Credit Facilities and Senior Notes

On August 6, 2014, the Corporation amended its bank credit facility on more favourable terms including a three year extension of the maturity date from August 12, 2016 to August 12, 2019. The Corporation's restriction from declaring dividends in the event the Corporation's leverage ratio, as defined in the bank credit facility agreement, exceeds 3.0 times has been amended to restrict the declaration of dividends in the event the leverage ratio exceeds 3.25 times, which is the same level as under the senior note agreement. In addition, the fully secured facility of $250 million is now comprised of a $30 million non-revolving term portion and a $220 million revolving term portion. The reduction in the term portion of the facility from $60 million to $30 million provides additional flexibility regarding the Corporation's debt levels. The $0.7 million cost of amending the facility has been capitalized and will be amortized over the remaining term of the facility.

At September 30, 2014, Wajax had borrowed $87.0 million and issued $5.5 million of letters of credit for a total utilization of $92.5 million of its $250 million bank credit facility. In addition, Wajax had $125 million of senior notes outstanding bearing an interest rate of 6.125% per annum, payable semi-annually, maturing on October 23, 2020. Borrowing capacity under the bank credit facility is dependent on the level of inventories on-hand and outstanding trade accounts receivables. At September 30, 2014, borrowing capacity under the bank credit facility was equal to $250 million.

The bank credit facility contains customary restrictive covenants including limitations on the payment of cash dividends and the maintenance of certain financial ratios all of which were met as at September 30, 2014. Wajax is restricted from the declaration of monthly dividends in the event the Corporation's leverage ratio, as defined in the bank credit facility agreement, exceeds 3.25 times.

The senior notes are unsecured and contain customary incurrence based covenants that, although different from those under the bank credit facility described above, are not expected to be any more restrictive than under the bank credit facility. All covenants were met as at September 30, 2014.

Under the terms of the bank credit facility, Wajax is permitted to have additional interest bearing debt of $15 million. As such, Wajax has up to $15 million of demand inventory equipment financing capacity with three non-bank lenders. At September 30, 2014 Wajax had no utilization of the interest bearing equipment financing facilities.

As of November 4, 2014, Wajax's $250 million bank credit facility, along with the additional $15 million of capacity permitted under the bank credit facility should be sufficient to meet Wajax's short-term normal course working capital and maintenance capital requirements. However, Wajax may be required to access the equity or debt markets or reduce dividends in order to fund significant acquisitions and growth related working capital and capital expenditures.

Credit Rating
In October 2014, Dominion Bond Rating Service completed its six month review of the Corporation's credit rating which resulted in an unchanged corporate credit rating of BB (high).

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 nine months ended September 30, 2014 and September 30, 2013.

	Three months ended September 30		Nine months ended September 30	
	2014	2013	**2014**	2013
Net earnings	**$ 11.1**	$ 11.5	**$ 30.0**	$ 35.5
Items not affecting cash flow	**12.5**	12.8	**38.3**	34.8
Net change in non-cash operating working capital	**(10.9)**	(3.4)	**(21.1)**	0.9
Income taxes paid	**(3.2)**	(4.2)	**(10.8)**	(57.6)
Other cash items[1]	**(3.7)**	(7.0)	**(20.3)**	(22.1)
Cash generated from (used in) operating activities	**$ 5.8**	$ 9.7	**$ 16.1**	$ (8.5)
Cash used in investing activities	**$ (1.7)**	$ (1.6)	**$ (3.8)**	$ (3.8)
Cash (used in) generated from financing activities	**$ (4.6)**	$ (6.9)	**$ (21.5)**	$ 21.9

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

Cash Generated From (Used In) Operating Activities
Cash generated from operating activities amounted to $5.8 million in the third quarter of 2014, compared to $9.7 million in the same quarter of the previous year. The reduction of $3.9 million was mainly attributed to an increase in cash used for non-cash working capital of $7.5 million, offset mostly by a decrease in cash used in other items of $3.3 million related primarily to lower rental fleet additions.

For the nine months ended September 30, 2014, cash generated from operating activities amounted to $16.1 million, compared to $8.5 million of cash used in operating activities for the same period in the previous year. The $24.6 million increase in cash generated from operating activities was mainly attributable to lower income taxes paid in the period of $46.8 million partially offset by a use of working capital of $21.1 million in 2014 compared to $0.9 million of cash generated from changes in non-cash working capital in 2013.

Other cash items for the nine months ended September 30, 2014 include rental equipment additions of $14.5 million (2013 – $14.4 million) related to lift trucks in the Equipment segment and power generation equipment in the Power Systems segment.

Significant components of non-cash operating working capital, along with changes for the three and nine months ended September 30, 2014 and September 30, 2013 include the following:

Changes in Non-cash Operating Working Capital[1]	Three months ended				Nine months ended			
	September 30 2014		September 30 2013		**September 30 2014**		September 30 2013	
Trade and other receivables	**$**	**(13.8)**	$	(1.3)	**$**	**(14.1)**	$	9.2
Contract revenue recognized in advance of billings		**6.1**		-		**(5.4)**		-
Inventories		**(18.8)**		(12.7)		**(30.9)**		(16.5)
Prepaid expenses		**(1.4)**		0.9		**(2.2)**		1.0
Accounts payable and accrued liabilities		**16.8**		9.9		**33.5**		8.6
Provisions		**0.2**		(0.2)		**(2.0)**		(1.4)
Total Changes in Non-cash Operating Working Capital	**$**	**(10.9)**	$	(3.4)	**$**	**(21.1)**	$	0.9

(1) Increase (decrease) in cash flow

Significant components of the changes in non-cash operating working capital for the quarter ended September 30, 2014 compared to the quarter ended September 30, 2013 are as follows:

- Trade and other receivables increased $13.8 million in 2014 compared to an increase of $1.3 million in 2013. The increase in 2014 was mainly attributable to billings related to power generation project revenue recognized in prior periods in the Power Systems segment and higher sales activity in the Industrial Components segment.

- Contract revenue recognized in advance of billings declined by $6.1 million in 2014 due mainly to billings related to power generation projects in the Power Systems segment.

- Inventories increased $18.8 million in 2014 compared to an increase of $12.7 million in 2013. The increase in 2014 was primarily related to higher mining and material handling inventory in the Equipment segment. The increase in 2013 was due mainly to higher mining and forestry equipment inventory in the Equipment segment.

- Accounts payable and accrued liabilities increased $16.8 million in 2014 compared to an increase of $9.9 million in 2013. The increase in 2014 resulted primarily from higher inventory trade payables in the Equipment segment. The increase in 2013 resulted primarily from higher inventory trade payables in the Equipment and Power Systems segments.

Significant components of the changes in non-cash operating working capital for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 are as follows:

- Trade and other receivables increased $14.1 million in 2014 compared to a decrease of $9.2 million in 2013. The increase in 2014 resulted primarily from higher sales activity in the Equipment and Power Systems segments. The decrease in 2013 resulted primarily from lower sales activity in all segments and the collection of a large mining equipment receivable in the Equipment segment.

- Contract revenue recognized in advance of billings increased by $5.4 million in 2014 due to power generation project revenue recognized in the Power Systems segment.

- Inventories increased $30.9 million in 2014 compared to an increase of $16.5 million in 2013. The increase in 2014 was primarily related to higher construction, material handling and forestry inventory in the Equipment segment. The increase in 2013 resulted primarily from higher mining and construction equipment inventory in the Equipment segment.

- Accounts payable and accrued liabilities increased $33.5 million in 2014 compared to an increase of $8.6 million in 2013. The increase in 2014 resulted primarily from higher trade payables in the Equipment segment reduced somewhat by lower trade payables in the Power Systems and Industrial Components segments. The increase in 2013 resulted primarily from higher inventory trade payables in the Equipment and Power Systems segments.

Investing Activities
During the third quarter of 2014, Wajax invested $1.7 million in property, plant and equipment additions, net of disposals, compared to $1.6 million in the third quarter of 2013.

For the nine months ended September 30, 2014 and September 30, 2013, Wajax invested $3.8 million in property, plant and equipment additions, net of disposals.

Financing Activities
The Corporation used $4.6 million of cash from financing activities in the third quarter of 2014 compared to $6.9 million used in the same quarter of 2013. Financing activities for the three months ended September 30, 2014 included a net bank credit facility drawdown of $7.0 million (2013 – $4.0 million), for general corporate purposes, offset by dividends paid to shareholders totaling $10.1 million (2013 – $10.0 million) and finance lease payments of $0.8 million (2013 – $0.6 million).

For the nine months ended September 30, 2014, the Corporation used $21.5 million of cash from financing activities compared to generating $21.9 million cash from financing activities in the same period of 2013. Financing activities for the nine months ended September 30, 2014 included a net bank credit facility drawdown of $12.0 million (2013 – $60.0 million), for general corporate purposes, offset by dividends paid to shareholders totaling $30.2 million (2013 – $36.0 million), and finance lease payments of $2.7 million (2013 – $1.9 million).

Dividends

Dividends to shareholders were declared as follows:

Record Date	Payment Date	Per Share	Amount
July 31, 2014	August 20, 2014	$ 0.20	$ 3.4
August 29, 2014	September 22, 2014	0.20	3.4
September 30, 2014	October 20, 2014	0.20	3.4
Three months ended September 30, 2014		**$ 0.60**	**$ 10.1**

On August 6, 2014, Wajax announced a monthly dividend of $0.20 per share ($2.40 annualized) for the month of October payable on November 20, 2014 to shareholders of record on October 31, 2014.

On November 4, 2014 Wajax announced monthly dividends of $0.20 per share ($2.40 annualized) for each of the months of November and December, 2014 and January and February, 2015 payable on December 22, 2014, January 20, 2015, February 20, 2015 and March 20, 2015 to shareholders of record on November 28, 2014, December 31, 2014, January 30, 2015 and February 27, 2015, respectively. See the Strategic Direction and Outlook section.

Non-GAAP and Additional GAAP Measures

The MD&A contains certain non-GAAP and additional GAAP measures that do not have a standardized meaning prescribed by GAAP. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to 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;

(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;

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

(iv) "Adjusted net earnings" and "segment earnings before restructuring costs" provide indications of the results by our principal business activities prior to recognizing restructuring costs that are outside our normal course of business. "Adjusted EBITDA" used in calculating the Leverage Ratio excludes the restructuring costs which is consistent with the leverage ratio calculations under the Corporation's bank credit and senior note agreements. The restructuring costs are attributable to the restructuring plan completed in the Industrial Components segment to improve the effectiveness and to simplify the sales force and branch management organization.

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.
Adjusted net earnings	Net earnings before restructuring costs.
Basic and diluted adjusted net earnings per share	Basic and diluted earnings per share before after-tax restructuring costs.
EBITDA	Net earnings before finance costs, income tax expense, depreciation and amortization.
Adjusted EBITDA	EBITDA before restructuring costs.
Leverage ratio	The leverage ratio is defined as funded net debt at the end of a particular quarter divided by trailing 12-month Adjusted EBITDA.
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.

Additional GAAP measures are identified and defined below:

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

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

	For the twelve months ended September 30 2014	For the twelve months ended June 30 2014	For the twelve months ended December 31 2013
Net earnings	**$ 42.3**	$ 42.7	$ 47.7
Income tax expense	**15.5**	15.6	17.0
EBT	**57.8**	58.3	64.7
Finance costs	**12.8**	11.6	9.0
EBIT	**70.6**	69.9	73.7
Depreciation and amortization	**22.9**	22.7	21.6
EBITDA	**93.5**	92.7	95.3
Restructuring costs	**3.1**	-	-
Adjusted EBITDA	**$ 96.6**	$ 92.7	$ 95.3

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

	Three months ended September 30		Nine months ended September 30	
	2014	2013	**2014**	2013
Net earnings	**$ 11.1**	$ 11.5	**$ 30.0**	$ 35.5
Restructuring costs, after-tax	**2.2**	-	**2.2**	-
Adjusted net earnings	**$ 13.3**	$ 11.5	**$ 32.2**	$ 35.5
Basic adjusted earnings per share (1)	**$ 0.79**	$ 0.69	**$ 1.92**	$ 2.12
Diluted adjusted earnings per share (1)	**$ 0.78**	$ 0.68	**$ 1.89**	$ 2.09

(1) At September 30, 2014 the numbers of basic and diluted shares outstanding were 16,778,883 and 17,040,949, respectively for the three months ended and 16,770,709 and 17,030,686, respectively for the nine months ended.

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

	September 30 2014	June 30 2014	December 31 2013
Bank indebtedness (cash)	**$ 5.1**	$ 4.6	$ (4.2)
Obligations under finance leases	**11.9**	12.3	13.3
Long-term debt	**207.7**	201.3	195.9
Funded net debt	**$ 224.7**	$ 218.2	$ 205.0
Leverage ratio[1]	**2.33**	2.35	2.15

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

Critical Accounting Estimates

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

The areas where significant judgements and assumptions are used to determine the amounts recognized in the financial statements include the allowance for doubtful accounts, inventory obsolescence and the valuation of goodwill and intangible assets. In preparing the financial statements for the quarter ended September 30, 2014, the significant judgments made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty are the same as those applied in the audited consolidated financial statements for the year ended December 31, 2013 which can be found on SEDAR at www.sedar.com.

Changes in Accounting Policies

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

On January 1, 2014, the Corporation adopted the amendments to IAS 32 Offsetting Financial Assets and Liabilities ("IAS 32"), which clarifies when an entity has a right to set-off and when a settlement mechanism provides for net settlement or gross settlement. The impact on the current year's condensed consolidated financial statements from adopting IAS 32 was not material.

On January 1, 2014, the Corporation adopted IFRS Interpretations Committee 21 Levies ("IFRIC 21"), which provides guidance on accounting for levies in accordance with the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The impact on the current year's condensed consolidated financial statements from adopting IFRIC 21 was not material.

New standards and interpretations not yet adopted

The new standards or amendments to existing standards that may be significant to the Corporation set out below are not yet effective for the year ended December 31, 2014 and have not been applied in preparing these consolidated financial statements.

The Corporation will be required to adopt IFRS 9 Financial Instruments, which is the result of the first phase of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date has been tentatively set at January 1, 2018. 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.

The Corporation will be required to adopt IFRS 15 Revenue from Contracts with Customers effective January 1, 2017. 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 judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Corporation is currently assessing the impact of this standard on its consolidated financial statements.

Risk Management and Uncertainties

As with most businesses, Wajax is subject to a number of marketplace and industry related risks and uncertainties which could have a material impact on operating results and Wajax's ability to pay cash dividends to shareholders. Wajax attempts to minimize many of these risks through diversification of core businesses and through the geographic diversity of its operations. In addition, Wajax has adopted an annual enterprise risk management assessment which is prepared by the Corporation's senior management and overseen by the Board of Directors and Committees of the Board. The enterprise risk management framework sets out principles and tools for identifying, evaluating, prioritizing and managing risk effectively and consistently across Wajax. There are however, a number of risks that deserve particular comment which are discussed in detail in the MD&A for the year ended December 31, 2013 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, 2013.

Strategic Direction and Outlook

Management is pleased with the Corporation's performance in the third quarter. Revenue and adjusted net earnings were higher than the previous year on strength in all three segments. See the Non-GAAP and Additional GAAP Measures section. In spite of lower mining parts and service volumes, the Equipment segment recorded increased earnings on higher equipment sales and improved margins. The Power Systems segment benefitted from improved activity in the oil and gas sector and on-highway trucking. The Industrial Components segment gained momentum as the group began to benefit from its restructuring activities, while at the same time increasing revenue and backlog. Planned restructuring in Industrial Components was completed in the third quarter and management continues to expect annual pre-tax savings to exceed $5 million as a result of these changes.

Management has adopted a more cautious outlook for the rest of 2014, given recent and continuing weakness in commodity markets. Management's expectation regarding key market demand in Canada for the remainder of the year is mixed. Capital goods purchases and certain aspects of maintenance spending by mining and oil sands customers may be constrained, adversely impacting the Equipment segment and, to a lesser degree, the Power Systems segment. However, the Power Systems segment continues to expect some improvement in the conventional oil and gas sector relative to last year. The Industrial Components segment continues to build backlog in a number of market sectors and, coupled with the lower cost base, the group is expected to outperform results posted in the fourth quarter of last year. Management's expectation for full year net earnings continues to support the Corporation's current monthly dividend of $0.20 per share which has been declared for November and December of 2014 and January and February of 2015.

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 nine months ended September 30, 2014

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.

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   F I N A N C I A L   P O S I T I O N

As at (unaudited, in thousands of Canadian dollars)	Note		**September 30, 2014**		December 31, 2013
ASSETS					
CURRENT					
Cash		**$**	**-**	$	4,153
Trade and other receivables			**202,113**		187,974
Contract revenue recognized in advance of billings			**5,632**		236
Inventories			**322,837**		289,299
Income taxes receivable			**1,290**		203
Prepaid expenses			**8,144**		5,980
Derivative instruments			**1,018**		323
			541,034		488,168
NON-CURRENT					
Rental equipment	4		**55,344**		52,285
Property, plant and equipment	5		**48,114**		49,716
Intangible assets			**84,720**		85,944
Deferred taxes			**-**		1,076
			188,178		189,021
		$	**729,212**	$	677,189
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT					
Bank indebtedness		**$**	**5,131**	$	-
Accounts payable and accrued liabilities			**236,757**		201,358
Provisions			**5,033**		7,011
Dividends payable	8		**3,356**		3,349
Obligations under finance leases			**3,944**		4,053
			254,221		215,771
NON-CURRENT					
Provisions			**4,206**		2,939
Deferred taxes	10		**473**		-
Employee benefits			**5,883**		5,549
Other liabilities			**848**		624
Obligations under finance leases			**7,904**		9,208
Long-term debt	6		**207,739**		195,906
			227,053		214,226
SHAREHOLDERS' EQUITY					
Share capital	7		**107,454**		106,704
Contributed surplus			**4,933**		5,058
Retained earnings			**135,171**		135,317
Accumulated other comprehensive income			**380**		113
Total shareholders' equity			**247,938**		247,192
		$	**729,212**	$	677,189

These condensed consolidated financial statements were approved by the Board of Directors on November 4, 2014.

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 E A R N I N G S

(unaudited, in thousands of Canadian dollars, except per share data)	Note	Three months ended September 30 2014	Three months ended September 30 2013	Nine months ended September 30 2014	Nine months ended September 30 2013
Revenue		**$ 359,461**	$ 338,475	**$ 1,065,227**	$ 1,036,769
Cost of sales		**286,668**	269,742	**847,495**	826,442
Gross profit		**72,793**	68,733	**217,732**	210,327
Selling and administrative expenses		**51,219**	50,882	**163,692**	156,294
Restructuring costs	14	**3,078**	-	**3,078**	-
Earnings before finance costs and income taxes		**18,496**	17,851	**50,962**	54,033
Finance costs		**3,303**	2,146	**9,733**	5,891
Earnings before income taxes		**15,193**	15,705	**41,229**	48,142
Income tax expense	10	**4,120**	4,160	**11,188**	12,671
Net earnings		**$ 11,073**	$ 11,545	**$ 30,041**	$ 35,471
Basic earnings per share	11	**$ 0.66**	$ 0.69	**$ 1.79**	$ 2.12
Diluted earnings per share	11	**$ 0.65**	$ 0.68	**$ 1.76**	$ 2.09

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 O M P R E H E N S I V E I N C O M E

(unaudited, in thousands of Canadian dollars)	Three months ended September 30 2014	Three months ended September 30 2013	Nine months ended September 30 2014	Nine months ended September 30 2013
Net earnings	**$ 11,073**	$ 11,545	**$ 30,041**	$ 35,471
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 during the period, net of tax recovery of $52 (2013 – expense of $51) and year to date, net of tax expense of $30 (2013 – $73)	**148**	(145)	**(84)**	(206)
Gains (losses) on derivative instruments outstanding at the end of the period designated as cash flow hedges, net of tax expense of $155 (2013 – recovery of $16) and year to date, net of tax expense of $124 (2013 – $104)	**438**	(46)	**351**	292
Other comprehensive income (loss), net of tax	**586**	(191)	**267**	86
Total comprehensive income	**$ 11,659**	$ 11,354	**$ 30,308**	$ 35,557

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 nine months ended September 30, 2014 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income ("AOCI") Cash flow hedges		Total
January 1, 2014		$	106,704	5,058	135,317	113	$	247,192
Net earnings			-	-	30,041	-		30,041
Other comprehensive income			-	-	-	267		267
Total comprehensive income for the period			-	-	30,041	267		30,308
Shares issued to settle share-based compensation plans	9		750	(750)	-	-		-
Dividends	8		-	-	(30,187)	-		(30,187)
Share-based compensation expense	9		-	625	-	-		625
September 30, 2014		**$**	**107,454**	**4,933**	**135,171**	**380**	**$**	**247,938**

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended September 30, 2013 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Contributed surplus	Retained earnings	AOCI Cash flow hedges		Total
January 1, 2013		$	106,651	4,346	130,944	(56)	$	241,885
Net earnings			-	-	35,471	-		35,471
Other comprehensive income			-	-	-	86		86
Total comprehensive income for the period			-	-	35,471	86		35,557
Dividends	8		-	-	(34,812)	-		(34,812)
Share-based compensation expense	9		-	560	-	-		560
September 30, 2013		**$**	**106,651**	**4,906**	**131,603**	**30**	**$**	**243,190**

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

C O N D E N S E D   C O N S O L I D A T E D   S T A T E M E N T S   O F   C A S H   F L O W S

(unaudited, in thousands of Canadian dollars)	Note	Three months ended September 30 **2014**	2013	Nine months ended September 30 **2014**	2013
OPERATING ACTIVITIES					
Net earnings		**$ 11,073**	$ 11,545	**$ 30,041**	$ 35,471
Items not affecting cash flow:					
Depreciation and amortization:					
Rental equipment		**3,113**	2,613	**8,829**	7,194
Property, plant and equipment		**2,178**	2,449	**6,616**	6,851
Intangible assets		**379**	458	**1,264**	1,387
Loss (gain) on disposal of property, plant and equipment	5	**47**	(22)	**20**	(29)
Share-based compensation expense	9	**224**	185	**625**	560
Non-cash rental expense		**13**	18	**40**	(162)
Employee benefits expense, net of payments		**113**	154	**334**	459
Unrealized (gain) loss derivative instruments		**(903)**	643	**(334)**	(2)
Finance costs		**3,303**	2,146	**9,733**	5,891
Income tax expense	10	**4,120**	4,160	**11,188**	12,671
		23,660	24,349	**68,356**	70,291
Changes in non-cash operating working capital	12	**(10,932)**	(3,415)	**(21,131)**	871
Rental equipment additions	4	**(2,127)**	(4,846)	**(14,509)**	(14,425)
Other non-current liabilities		**514**	(164)	**1,491**	(1,900)
Finance costs paid		**(2,136)**	(2,011)	**(7,305)**	(5,735)
Income taxes paid		**(3,165)**	(4,174)	**(10,832)**	(57,608)
Cash generated from (used in) operating activities		**5,814**	9,739	**16,070**	(8,506)
INVESTING ACTIVITIES					
Property, plant and equipment additions	5	**(1,795)**	(1,684)	**(4,039)**	(3,974)
Proceeds on disposal of property, plant and equipment	5	**120**	58	**253**	214
Intangible assets additions		**(21)**	-	**(40)**	(30)
Cash used in investing activities		**(1,696)**	(1,626)	**(3,826)**	(3,790)
FINANCING ACTIVITIES					
Net increase in bank debt		**7,000**	4,000	**12,000**	60,000
Deferred financing costs	6	**(688)**	(275)	**(688)**	(275)
Finance lease payments		**(847)**	(553)	**(2,660)**	(1,881)
Dividends paid		**(10,067)**	(10,042)	**(30,180)**	(35,984)
Cash (used in) generated from financing activities		**(4,602)**	(6,870)	**(21,528)**	21,860
Change in (bank indebtedness) cash		**(484)**	1,243	**(9,284)**	9,564
(Bank indebtedness) cash - beginning of period		**(4,647)**	(1,874)	**4,153**	(10,195)
Bank indebtedness - end of period		**$ (5,131)**	$ (631)	**$ (5,131)**	$ (631)

SEPTEMBER 30, 2014
(unaudited, amounts in thousands of Canadian dollars, except share and per share data)

1. COMPANY PROFILE

Wajax Corporation (the "Corporation") is incorporated in Canada. The address of the Corporation's registered office is 3280 Wharton Way, Mississauga, Ontario, Canada. The Corporation's core distribution businesses are engaged in the sale, rental and after-sale parts and service support of mobile 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.

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, 2013. The significant accounting policies follow those disclosed in the most recently reported audited consolidated financial statements except as disclosed in Note 3.

Basis of measurement

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

Functional and presentation currency

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

3. CHANGE IN ACCOUNTING POLICIES

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

On January 1, 2014, the Corporation adopted the amendments to IAS 32 *Offsetting Financial Assets and Liabilities* ("IAS 32"), which clarifies when an entity has a right to set-off and when a settlement mechanism provides for net settlement or gross settlement. The impact on the current year's condensed consolidated financial statements from adopting IAS 32 was not material.

On January 1, 2014, the Corporation adopted IFRS Interpretations Committee ("IFRIC") 21 *Levies* ("IFRIC 21"), which provides guidance on accounting for levies in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The impact on the current year's condensed consolidated financial statements from adopting IFRIC 21 was not material.

4. RENTAL EQUIPMENT

The Corporation acquired rental equipment with a cost of $2,127 during the quarter (2013 – $4,846) and $14,509 year to date (2013 – $14,425). Rental equipment with a carrying amount of $1,037 during the quarter (2013 – $596) and $2,621 year to date (2013 – $1,576) ceased to be rented and was classified as held for sale in the normal course of business and transferred to inventories.

5. PROPERTY, PLANT AND EQUIPMENT

The Corporation acquired property, plant and equipment with a cost of $1,795 during the quarter (2013 – $1,684) and $4,039 year to date (2013 – $3,974). Assets with a carrying amount of $167 during the quarter (2013 – $36) and $273 year to date (2013 – $185) were disposed of, resulting in a loss on disposal of $47 during the quarter (2013 – gain of $22) and $20 year to date (2013 – gain of $29).

6. LONG-TERM DEBT

On August 6, 2014, the Corporation amended its bank credit facility on more favorable terms including a three year extension of the maturity date from August 12, 2016 to August 12, 2019. The Corporation's restriction from declaring dividends in the event the Corporation's leverage ratio, as defined in the bank credit facility agreement, exceeds 3.0 times has been amended to restrict the declaration of dividends in the event the leverage ratio exceeds 3.25 times, which is the same level as under the senior note agreement. In addition, the fully secured facility of $250,000 is now comprised of a $30,000 non-revolving term portion and a $220,000 revolving term portion. The reduction in the term portion of the facility from $60,000 to $30,000 provides additional flexibility regarding the Corporation's debt levels. The $688 cost of amending the facility has been capitalized and will be amortized over the remaining term of the facility.

7. SHARE CAPITAL

	Note	Number of Common Shares		Amount
Balance, December 31, 2013		16,743,520	$	106,704
Common shares issued to settle share-based compensation plans	9	35,363		750
Balance, September 30, 2014		**16,778,883**	**$**	**107,454**

8. DIVIDENDS DECLARED

During the quarter, the Corporation declared cash dividends of $0.60 per share or $10,067 (2013 – dividends of $0.60 per share or $10,042).

Year to date, the Corporation declared cash dividends of $1.80 per share or $30,187 (2013 – dividends of $2.08 per share or $34,812).

The Corporation has declared dividends of $0.20 per share or $3,356 for each of October, November, December 2014, and January 2015.

9. SHARE-BASED COMPENSATION PLANS

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

a) Share rights plans

The Corporation recorded compensation cost of $224 for the quarter (2013 – $185) and $625 for the year to date (2013 – $560) in respect of these plans.

	Nine months ended September 30, 2014			Nine months ended September 30, 2013		
	Number of rights		Fair value at time of grant	Number of rights		Fair value at time of grant
Outstanding at beginning of year	**282,573**	**$**	**5,403**	254,952	$	4,932
Granted in the period – new grants	**16,438**		**600**	10,759		253
– dividend equivalents	**13,404**		**-**	15,256		-
Settled in the period	**(35,363)**		**(750)**	-		-
Outstanding at end of period	**277,052**	**$**	**5,253**	280,967	$	5,185

During the year the Corporation settled all 35,363 DSP rights outstanding.

At September 30, 2014, 255,025 share rights were vested (September 30, 2013 – 265,239).

b) Cash-settled rights plans

The Corporation recorded compensation cost of $216 for the quarter (2013 – $159) and $512 for the year to date (2013 – $155) in respect of the share-based portion of the MTIP and DSUP. At September 30, 2014, the carrying amount of the share-based portion of these liabilities was $669 (September 30, 2013 – $1,140).

10. INCOME TAXES

Income tax expense comprises current and deferred tax as follows:

For the nine months ended September 30		**2014**		2013
Current	**$**	**9,735**	$	11,720
Deferred – Origination and reversal of temporary differences		**1,453**		951
Income tax expense	**$**	**11,188**	$	12,671

The calculation of current tax is based on a combined federal and provincial statutory income tax rate of 26.1% (2013 – 26.1%). Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax assets and liabilities have been measured using an expected average combined statutory income tax rate of 26.1% 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:

		2014		2013
Combined statutory income tax rate		**26.1%**		26.1%
Expected income tax expense at statutory rates	**$**	**10,761**	$	12,565
Non-deductible expenses		**446**		422
Other		**(19)**		(316)
Income tax expense	**$**	**11,188**	$	12,671

11. EARNINGS PER SHARE

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

	Three months ended September 30				Nine months ended September 30			
		2014		2013		**2014**		2013
Numerator for basic and diluted earnings per share:								
– net earnings	**$**	**11,073**	$	11,545	**$**	**30,041**	$	35,471
Denominator for basic earnings per share: – weighted average shares		**16,778,883**		16,736,447		**16,770,709**		16,736,447
Denominator for diluted earnings per share:								
– weighted average shares		**16,778,883**		16,736,447		**16,770,709**		16,736,447
– effect of dilutive share rights		**262,066**		263,682		**259,977**		255,118
Denominator for diluted earnings per share		**17,040,949**		17,000,129		**17,030,686**		16,991,565
Basic earnings per share	**$**	**0.66**	$	0.69	**$**	**1.79**	$	2.12
Diluted earnings per share	**$**	**0.65**	$	0.68	**$**	**1.76**	$	2.09

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

12. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended September 30		Nine months ended September 30	
	2014	2013	**2014**	2013
Trade and other receivables	**$ (13,834)**	$ (1,335)	**$ (14,139)**	$ 9,235
Contract revenue recognized in advance of billings	**6,053**	-	**(5,396)**	-
Inventories	**(18,826)**	(12,718)	**(30,917)**	(16,512)
Prepaid expenses	**(1,354)**	877	**(2,164)**	1,016
Accounts payable and accrued liabilities	**16,803**	9,919	**33,463**	8,570
Provisions	**226**	(158)	**(1,978)**	(1,438)
Total	**$ (10,932)**	$ (3,415)	**$ (21,131)**	$ 871

13. 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 September 30, 2014	**Equipment**	**Power Systems**	**Industrial Components**	**Segment Eliminations**	**Total**
Equipment	**$ 108,557**	**$ 24,508**	**$ -**	**$ -**	**$ 133,065**
Parts	**38,927**	**34,142**	**93,785**	**-**	**166,854**
Service	**19,519**	**17,236**	**9,402**	**-**	**46,157**
Rental and other	**12,295**	**2,304**	**-**	**(1,214)**	**13,385**
Revenue	**$ 179,298**	**$ 78,190**	**$ 103,187**	**$ (1,214)**	**$ 359,461**
Earnings before restructuring costs, finance costs and income taxes	**$ 12,223**	**$ 5,387**	**$ 6,644**	**$ (2,680)**	**$ 21,574**
Restructuring costs	**-**	**-**	**3,078**	**-**	**3,078**
Earnings before finance costs and income taxes	**$ 12,223**	**$ 5,387**	**$ 3,566**	**$ (2,680)**	**$ 18,496**
Finance costs					**3,303**
Income tax expense					**4,120**
Net earnings					**$ 11,073**

For the nine months ended September 30, 2014	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Equipment	$ 298,365	$ 73,570	$ -	$ -	$ 371,935
Parts	134,024	105,068	278,085	-	517,177
Service	62,688	51,990	26,355	-	141,033
Rental and other	32,927	6,692	-	(4,537)	35,082
Revenue	$ 528,004	$ 237,320	$ 304,440	$ (4,537)	$ 1,065,227
Earnings before restructuring costs, finance costs and income taxes	$ 36,511	$ 13,066	$ 12,432	$ (7,969)	$ 54,040
Restructuring costs	-	-	3,078	-	3,078
Earnings before finance costs and income taxes	$ 36,511	$ 13,066	$ 9,354	$ (7,969)	$ 50,962
Finance costs					9,733
Income tax expense					11,188
Net earnings					$ 30,041

As at September 30, 2014	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Segment assets excluding intangible assets	$ 335,633	$ 164,539	$ 141,966	$ -	$ 642,138
Intangible assets	21,557	14,025	49,047	91	84,720
Corporate and other assets	-	-	-	2,354	2,354
Total assets	$ 357,190	$ 178,564	$ 191,013	$ 2,445	$ 729,212
Segment liabilities	$ 144,677	$ 44,494	$ 63,679	$ -	$ 252,850
Corporate and other liabilities	-	-	-	228,424	228,424
Total liabilities	$ 144,677	$ 44,494	$ 63,679	$ 228,424	$ 481,274

For the three months ended September 30, 2013	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Equipment	$ 93,961	$ 19,548	$ -	$ -	$ 113,509
Parts	46,031	32,074	87,899	-	166,004
Service	20,740	15,504	11,045	-	47,289
Rental and other	10,899	2,077	-	(1,303)	11,673
Revenue	$ 171,631	$ 69,203	$ 98,944	$ (1,303)	$ 338,475
Earnings before finance costs and income taxes	$ 11,250	$ 3,740	$ 4,827	$ (1,966)	$ 17,851
Finance costs					2,146
Income tax expense					4,160
Net earnings					$ 11,545

For the nine months ended September 30, 2013	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Equipment	$ 288,968	$ 63,369	$ -	$ -	$ 352,337
Parts	130,037	100,737	273,636	-	504,410
Service	63,851	48,579	30,982	-	143,412
Rental and other	33,834	5,883	-	(3,107)	36,610
Revenue	$ 516,690	$ 218,568	$ 304,618	$ (3,107)	$ 1,036,769
Earnings before finance costs and income taxes	$ 32,001	$ 11,098	$ 16,436	$ (5,502)	$ 54,033
Finance costs					5,891
Income tax expense					12,671
Net earnings					$ 35,471

As at September 30, 2013	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Segment assets excluding intangible assets	$ 312,918	$ 144,752	$ 136,190	$ -	$ 593,860
Intangible assets	21,689	14,287	50,303	-	86,279
Corporate and other assets	-	-	-	4,451	4,451
Total assets	$ 334,607	$ 159,039	$ 186,493	$ 4,451	$ 684,590
Segment liabilities	$ 120,973	$ 43,392	$ 51,739	$ -	$ 216,104
Corporate and other liabilities	-	-	-	225,296	225,296
Total liabilities	$ 120,973	$ 43,392	$ 51,739	$ 225,296	$ 441,400

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

During the year, the Rotating Equipment business has been moved from the Equipment to the Industrial Components segment due to a change in operational reporting structure. Segment information for comparative periods has been reclassified to reflect the change.

14. RESTRUCTURING COSTS

Restructuring costs of $3,078 were recorded in the Industrial Components segment to improve the effectiveness and to simplify the sales force and branch management organization. The current restructuring plan has been completed.

15. COMPARATIVE INFORMATION

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