THIRD QUARTER REPORT TO SHAREHOLDERS

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2015

WAJAX CORPORATION 2015	

WAJAX CORPORATION
News Release

TSX Symbol: WJX

WAJAX ANNOUNCES 2015 THIRD QUARTER EARNINGS

(Dollars in millions, except per share data)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
CONSOLIDATED RESULTS				
Revenue	**$290.9**	**$359.5**	**$948.9**	**$1065.2**
Net earnings	**$7.5**	**$11.1**	**$22.2**	**$30.0**
Basic earnings per share	**$0.38**	**$0.66**	**$1.23**	**$1.79**
SEGMENTS				
Revenue – Equipment	**$129.3**	**$179.3**	**$441.9**	**$528.0**
- Power Systems	**$65.9**	**$78.2**	**$214.3**	**$237.3**
- Industrial Components	**$96.6**	**$103.2**	**$295.3**	**$304.4**
Earnings – Equipment (1)	**$10.5**	**$12.2**	**$29.0**	**$36.5**
% margin	*8.1%*	*6.8%*	*6.6%*	*6.9%*
- Power Systems (1)	**$1.1**	**$5.4**	**$5.6**	**$13.1**
% margin	*1.7%*	*6.9%*	*2.6%*	*5.5%*
- Industrial Components (1)	**$4.7**	**$3.6**	**$13.5**	**$9.4**
% margin	*4.8%*	*3.5%*	*4.6%*	*3.1%*

Toronto, Ontario – November 3, 2015 – Wajax Corporation ("Wajax" or the "Corporation") today announced its 2015 third quarter earnings.

Third Quarter Highlights

- Consolidated third quarter revenue of $290.9 million decreased $68.6 million, or 19%, compared to last year. All three segments recorded decreased revenue in the quarter primarily as a result of the energy and mining sector related slowdowns in western Canada. The Equipment, Power Systems and Industrial Components segments reported revenue declines of 28%, 16% and 6%, respectively.

- Net earnings for the quarter of $7.5 million decreased $3.6 million, compared to $11.1 million recorded in 2014. The lower earnings were attributable to the decrease in revenue, which was partially mitigated by a $3.4 million reduction in selling and administrative expenses. Equipment segment earnings were $1.7 million lower than the previous year and included a $2.8 million gain on the monetization of mining truck inventory. Power Systems segment earnings decreased $4.3 million on reduced revenue. Industrial Components segment earnings increased $1.1 million despite lower sales, however, 2014 segment earnings included $3.1 million of restructuring costs.

  Basic earnings per share of $0.38 for the quarter decreased from $0.66 per share recorded last year. The reduction is attributable to lower net earnings and the $0.07 per share dilutive effect of the 3,197,000 common shares issued on June 12, 2015 in connection with the Corporation's bought deal equity financing.

- Consolidated backlog at September 30, 2015 of $156.1 million decreased $15.1 million compared to $171.2 million on June 30, 2015 on declines in all three businesses.(2)

- Funded net debt of $167.5 million at September 30, 2015 was essentially unchanged from June 30, 2015.(2)

Wajax declared a quarterly dividend of $0.25 per share payable on January 5, 2016 to shareholders of record on December 15, 2015.

Outlook

Commenting on third quarter results and the Corporation's outlook for the remainder of 2015, Mark Foote, President and CEO, stated:

"Third quarter results were below our expectations. Our western Canada businesses experienced a further deterioration in revenues and earnings as increasingly difficult conditions in the energy sector had a negative effect on customers in this and related markets. While all three segments were impacted by these difficult conditions, the effect continued to be most significant in the Equipment and Power Systems segments. Sales programs in other regions, intended to partially offset the effect of the west, did not deliver the expected results due to market and competitive factors. The Industrial Components segment recorded an increase in segment earnings after accounting for $3.1 million of restructuring costs recorded last year. Excluding these restructuring costs, related reductions in the segment's selling and administrative cost base and volume gains in a variety of sectors mitigated some of the negative effects of the slow western Canada market.

Reductions in consolidated selling and administrative costs of $3.4 million in the quarter and volume related service personnel staffing adjustments partially mitigated the earnings impact of lower third quarter volumes. The 2014 restructuring efforts in the Industrial Components segment continue to result in a significantly lower cost base, while at the same time improving our sales effectiveness. In the Equipment and Power Systems segments, we have reduced our western Canada workforce by approximately 15% in response to soft market conditions. In the Power Systems segment, our plan relating to the $2.1 million second quarter restructuring provision, combined with other cost reduction activities completed to date, is expected to result in annualized savings of $7.4 million. Given our expectation that challenging market conditions will continue to negatively affect revenue, we are in the process of reviewing additional areas of cost reduction which are expected to begin taking effect in 2016.

As communicated last quarter, cash was generated from the monetization of the six mining trucks previously in inventory. However, further deterioration in western Canada end markets has delayed our expectations for significant working capital and debt reduction into 2016. We will continue to focus on prudently managing assets employed in the business in response to these conditions.

We are committed to achieving our five year compounded annual earnings growth rate objective of a minimum of 7.5%. Our confidence is based on the elements of our 4 Points of Growth strategy, which include improvements in our core capabilities, organic growth programs, acquisitions and systems investments. In addition, we see opportunities to enhance earnings through further cost reductions and improvements in organizational effectiveness and markets in central and eastern Canada continue to offer the Corporation excellent growth opportunity. While we expect improvements in western Canada to eventually be a positive factor in our growth, our focus is on executing our strategy such that we are not dependent on that recovery to achieve our goals. We are very pleased with how our team continues to respond to current conditions and we are well positioned to be a stronger growth company as our outlook period progresses."

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 124 branches across Canada. The Corporation is a multi-line distributor and represents a number of leading worldwide manufacturers across its core businesses. Its customer base is diversified, spanning natural resources, construction, transportation, manufacturing, industrial processing and utilities.

Notes

(1) Segment earnings before finance costs and income taxes.
(2) "Consolidated backlog" and "funded net debt" are financial measures which do not have a standardized meaning prescribed under generally accepted accounting principles (GAAP), and may not be comparable to similar measures presented by other issuers. The Corporation's Management's Discussion and Analysis (MD&A) includes additional information regarding these financial measures, including definitions, under the heading "Non-GAAP and Additional GAAP Measures".

Cautionary Statement Regarding Forward Looking Information

This news release contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, "**forward-looking statements**"). These forward-looking statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "anticipates", "intends", "predicts", "expects", "is expected", "scheduled", "believes", "estimates", "projects" or "forecasts", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation's ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward looking statements. There can be no assurance that any forward looking statement will materialize. Accordingly, readers should not place undue reliance on forward looking statements. The forward looking statements in this news release are made as of the date of this news release, reflect management's current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this news release includes forward looking statements regarding, among other things, our cost reduction activities, including our restructuring of the Power Systems segment and the expected savings therefrom, as well as our review of additional cost reductions which are expected to begin taking effect in 2016; our expectation that challenging market conditions will continue to negatively affect our revenue; the delay of significant working capital and debt reductions into 2016; our continued focus on prudently managing our assets; our commitment to achieving our five year compounded annual growth rate objective; our confidence in our 4 Points of Growth strategy and our focus on its execution; our ability to enhance earnings through further cost reductions and improvements in organizational effectiveness; our expectation that markets in central and eastern Canada continue to offer the Corporation excellent growth opportunity; and our view that, as our outlook period progresses, we are well positioned to be a stronger growth company. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding general business and economic conditions; the supply and demand for, and the level and volatility of prices for, oil and other commodities; financial market conditions, including interest rates; our ability to execute our renewed long-term growth strategy, including our ability to develop our core capabilities, execute on our organic growth priorities, complete and effectively integrate acquisitions and to successfully implement new information technology platforms, systems and software; the future financial performance of the Corporation; our costs; market competition; our ability to attract and retain skilled staff; our ability to procure quality products and inventory; and our ongoing relations with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to, a deterioration in general business and economic conditions; volatility in the supply and demand for, and the level of prices for, oil and other commodities; a continued or prolonged decrease in the price of oil; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; levels of customer confidence and spending; market acceptance of the products we offer; termination of distribution or original equipment manufacturer agreements; unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, our inability to reduce costs in response to slow-downs in market activity, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters), our ability to attract and retain skilled staff and our ability to maintain our relationships with suppliers, employees and customers. The foregoing list of factors is not exhaustive. The forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws. Further information concerning the risks and uncertainties associated with these forward looking statements and the Corporation's business may be found in our Annual Information Form for the year ended December 31, 2014, filed on SEDAR.

The following management's discussion and analysis ("MD&A") discusses the consolidated financial condition and results of operations of Wajax Corporation ("Wajax" or the "Corporation") for the quarter ended September 30, 2015. This MD&A should be read in conjunction with the information contained in the unaudited condensed consolidated financial statements and accompanying notes for the quarter ended September 30, 2015, the annual audited consolidated financial statements and accompanying notes for the year ended December 31, 2014 and the associated MD&A. Information contained in this MD&A is based on information available to management as of November 3, 2015.

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

Responsibility of Management and the Board of Directors

Management is responsible for the information disclosed in this MD&A and the unaudited condensed consolidated financial statements and accompanying notes, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. Wajax's board of directors has approved this MD&A and the unaudited condensed consolidated financial statements and accompanying notes. In addition, Wajax's audit committee, on behalf of the board of directors, provides an oversight role with respect to all public financial disclosures made by Wajax and has reviewed this MD&A and the unaudited condensed consolidated financial statements and accompanying notes.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

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

As at September 30, 2015, Wajax's management, under the supervision of its CEO and CFO, had designed DC&P to provide reasonable assurance that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in such securities legislation. DC&P are designed to ensure that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is accumulated and communicated to Wajax's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

As at September 30, 2015, Wajax's management, under the supervision of its CEO and CFO, had designed internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board. In completing the design, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its 2013 version of Internal Control – Integrated Framework. With regard to general controls over information technology, management also used the set of practices of Control Objectives for Information and related Technology ("COBIT") created by the IT Governance Institute.

There was no change in Wajax's ICFR that occurred during the three months ended September 30, 2015 that has materially affected, or is reasonably likely to materially affect, Wajax's ICFR.

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, “forward-looking statements”). These forward-looking statements relate to future events or the Corporation’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “anticipates”, “intends”, “predicts”, “expects”, “is expected”, “scheduled”, “believes”, “estimates”, “projects” or “forecasts”, or variations of, or the negatives of, such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation’s ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward looking statements. There can be no assurance that any forward looking statement will materialize. Accordingly, readers should not place undue reliance on forward looking statements. The forward looking statements in this MD&A are made as of the date of this MD&A, reflect management’s current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this MD&A includes forward looking statements regarding, among other things, our goal of becoming Canada’s leading industrial products and services provider; our continued monitoring of costs and efforts to maintain disciplined control over inventories and receivables; our cost reduction activities, including our restructuring of the Power Systems segment and the expected savings therefrom, as well as our review of additional cost reductions which are expected to begin taking effect in 2016; our financing, working and maintenance capital requirements, as well as our capital structure and leverage ratio; our foreign exchange exposures, including the impact of fluctuations in foreign currency values; the adequacy of our debt capacity; our intention and ability to access debt and equity markets should additional capital be required; our expectation that challenging market conditions will continue to negatively affect our revenue; the delay of significant working capital and debt reductions into 2016; our continued focus on prudently managing our assets; our commitment to achieving our five year compounded annual growth rate objective; our confidence in our 4 Points of Growth strategy and our focus on its execution; our ability to enhance earnings through further cost reductions and improvements in organizational effectiveness; our expectation that markets in central and eastern Canada continue to offer the Corporation excellent growth opportunity; and our view that, as our outlook period progresses, we are well positioned to be a stronger growth company. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding general business and economic conditions; the supply and demand for, and the level and volatility of prices for, oil and other commodities; financial market conditions, including interest rates; our ability to execute our renewed long-term growth strategy, including our ability to develop our core capabilities, execute on our organic growth priorities, complete and effectively integrate acquisitions and to successfully implement new information technology platforms, systems and software; the future financial performance of the Corporation; our costs; market competition; our ability to attract and retain skilled staff; our ability to procure quality products and inventory; and our ongoing relations with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to, a deterioration in general business and economic conditions; volatility in the supply and demand for, and the level of prices for, oil and other commodities; a continued or prolonged decrease in the price of oil; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; levels of customer confidence and spending; market acceptance of the products we offer; termination of distribution or original equipment manufacturer agreements; unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, our inability to reduce costs in response to slow-downs in market activity, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters); our ability to attract and retain skilled staff and our ability to maintain our relationships with suppliers, employees and customers. The foregoing list of factors is not exhaustive. Further information concerning the risks and uncertainties associated with these forward looking statements and the Corporation’s business may be found in this MD&A under the heading “Risk Management and Uncertainties” and in our Annual Information Form for the year ended December 31, 2014, filed on SEDAR. The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws. Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgements and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Wajax Corporation Overview

Wajax is a leading Canadian distributor engaged in the sale and service support of mobile equipment, power systems and industrial components. Reflecting a diversified exposure to the Canadian economy, Wajax has three distinct product divisions which operate through a network of 124 branches across Canada.

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

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

Consolidated Results

	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Revenue	**$ 290.9**	$ 359.5	**$ 948.9**	$ 1,065.2
Gross profit	**$ 60.6**	$ 72.3	**$ 194.0**	$ 215.8
Selling and administrative expenses	**$ 47.3**	$ 50.7	**$ 151.6**	$ 161.8
Restructuring costs	**$ -**	$ 3.1	**$ 2.1**	$ 3.1
Earnings before finance costs and income taxes(1)	**$ 13.3**	$ 18.5	**$ 40.3**	$ 51.0
Finance costs	**$ 2.8**	$ 3.3	**$ 9.5**	$ 9.7
Earnings before income taxes(1)	**$ 10.5**	$ 15.2	**$ 30.9**	$ 41.2
Income tax expense	**$ 3.0**	$ 4.1	**$ 8.6**	$ 11.2
Net earnings	**$ 7.5**	$ 11.1	**$ 22.2**	$ 30.0
Basic earnings per share	**$ 0.38**	$ 0.66	**$ 1.23**	$ 1.79
Diluted earnings per share	**$ 0.37**	$ 0.65	**$ 1.21**	$ 1.76

(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.

Ongoing weakness in oil and other commodity prices in the quarter continued to have a negative effect on Wajax customers in all segments in the construction, mining, oil and gas, oil sands and on-highway markets in western Canada.

The impact was most significant in the Equipment segment, which experienced a 39% decline in equipment revenue due to lower demand and competitive market pressures, and a 5% reduction in parts and service revenues as oil sands operators and mining customers continued to idle portions of their equipment fleets and defer maintenance. The Power Systems segment experienced a decline in both off-highway and on-highway equipment and parts and service volumes due to the lower oil and gas activity in western Canada. In addition, the Industrial Components segment's western Canada operation was negatively impacted by the decline in oil and gas and oil sands activity.

Revenue
Revenue in the third quarter of 2015 of $290.9 million decreased 19%, or $68.6 million, from $359.5 million in 2014. Equipment segment revenue decreased 28%, or $50.0 million, primarily due to lower volumes in all market sectors in western Canada. Power Systems segment revenue decreased 16%, or $12.3 million, driven by a reduction in oil and gas related revenues in western Canada. Industrial Components segment revenue decreased 6%, or $6.6 million, as lower sales to oil and gas and oil sands customers in western Canada was offset partially by increased sales to forestry customers in eastern and central Canada.

For the nine months ended September 30, 2015, revenue of $948.9 million decreased 11%, or $116.3 million, from $1,065.2 million in 2014. Equipment segment revenue decreased 16%, or $86.1 million, as a result of lower construction, oil sands and mining sector volumes in western Canada, offset partially by higher forestry sector volumes. Power Systems segment revenue decreased 10%, or $23.0 million, driven by a reduction in oil and gas related revenues in western Canada and offset by gains in central and eastern Canada. Industrial Components segment revenue decreased 3%, or $9.1 million, as lower sales to oil and gas and oil sands customers in western Canada were partially offset by higher sales to forestry customers in all regions and mining customers in eastern and central Canada.

Gross profit
Gross profit in the third quarter of 2015 compared to the same quarter in the prior year decreased 16%, or $11.7 million, due to lower volumes offset partially by higher gross profit margins. Gross profit margin percentage of 20.8% increased from 20.1% in the prior year due to a $2.8 million gain on the monetization of six Hitachi mining trucks in the Equipment segment and a higher proportion of parts and service volumes offset, in part, by lower parts and service gross profit margins compared to last year. Excluding the $2.8 million gain on the monetization of the six Hitachi mining trucks, the gross profit margin percentage in the third quarter was 19.9%, reflecting lower operating gross profit margins due primarily to competitive pressure.

For the nine months ended September 30, 2015, gross profit decreased 10%, or $21.8 million, due principally to lower volumes. Gross profit margin percentage of 20.4% increased slightly from 20.3% in the prior year.

Selling and administrative expenses
Selling and administrative expenses decreased 7%, or $3.4 million, in the third quarter of 2015 compared to the same quarter last year, due mainly to lower incentive accruals, sales related expenses and workforce reductions. Selling and administrative expenses as a percentage of revenue increased to 16.2% in 2015 from 14.1% in 2014.

For the nine months ended September 30, 2015, selling and administrative expenses decreased 6%, or $10.2 million, compared to the same period last year. This was due mainly to workforce reductions as well as lower incentive accruals and sales related expenses. Selling and administrative expenses as a percentage of revenue increased to 16.0% in 2015 from 15.2% in 2014.

Finance costs
Quarterly finance costs of $2.8 million decreased $0.5 million compared to 2014 due to lower funded net debt levels mainly as a result of the $71.4 million of proceeds from the issuance of share capital in the second quarter of 2015.

For the nine months ended September 30, 2015, finance costs of $9.5 million decreased $0.2 million compared to the same period in 2014.

Income tax expense
The Corporation's effective income tax rate for the quarter and nine months ended September 30, 2015 of 28.5% and 28.0%, respectively, increased from 27.1% in the previous year. The increases were a function of an increase in the statutory income tax rate to 26.5% from 26.1% and the impact of expenses not deductible for tax purposes representing a higher percentage of total income on lower earnings in 2015 compared to 2014.

Net earnings
Quarterly net earnings decreased $3.6 million to $7.5 million, or $0.38 per share, from $11.1 million, or $0.66 per share, in the same quarter of 2014. The $3.6 million decrease in net earnings resulted primarily from lower volumes, partially offset by reduced selling and administrative expenses and finance costs compared to the same period last year. The $0.28 decrease in basic earnings per share reflects the decrease in net earnings, as described above, combined with the impact of the equity offering completed in the second quarter of 2015, which decreased basic earnings per share by $0.07.

For the nine months ended September 30, 2015, net earnings decreased $7.8 million to $22.2 million, or $1.23 per share, from $30.0 million, or $1.79 per share, in the same period in 2014. The decrease in net earnings resulted primarily from lower volumes and restructuring costs, partially offset by reduced selling and administrative expenses compared to last year. The $0.56 decrease in basic earnings per share reflects the decrease in net earnings, as described above, combined with the impact of the equity offering completed in the second quarter of 2015, which decreased basic earnings per share by $0.10.

Comprehensive income
Total comprehensive income of $7.8 million in the third quarter of 2015 included net earnings of $7.5 million and other comprehensive income of $0.3 million. The other comprehensive income of $0.3 million includes gains on derivative instruments designated as cash flow hedges outstanding at the end of the quarter net of gains reclassified to cost of inventory during the quarter.

For the nine months ended September 30, 2015, total comprehensive income of $22.4 million included net earnings of $22.2 million and other comprehensive income of $0.1 million. The other comprehensive income of $0.1 million includes gains on derivative instruments designated as cash flow hedges outstanding at the end of the quarter net of gains reclassified to cost of inventory during the quarter.

Funded net debt (See the Non-GAAP and Additional GAAP Measures section)
Funded net debt of $167.5 million at September 30, 2015 decreased $0.2 million compared to $167.3 million at June 30, 2015. This was due principally to cash generated from operating activities of $6.2 million, offset partially by dividends paid of $5.0 million and investing activities of $0.8 million. Wajax's leverage ratio of 1.98 times at September 30, 2015 increased from the June 30, 2015 ratio of 1.82 times primarily as a result of a lower trailing 12-month Adjusted EBITDA. See the Consolidated Financial Condition and the Liquidity and Capital Resources sections.

Funded net debt of $167.5 million at September 30, 2015 decreased $33.5 million compared to $201.0 million at December 31, 2014. During the period, proceeds from the issuance of share capital of $71.4 million were offset somewhat by cash used in operating activities of $16.7 million, dividends paid of $16.5 million and investing activities of $3.1 million.

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

For the nine months ended September 30, 2015, dividends declared totaled $0.98 per share. For the nine months ended September 30, 2014 monthly dividends declared totaled $1.80 per share.

On November 3, 2015, Wajax announced a fourth quarter dividend of $0.25 per share payable on January 5, 2016 to shareholders of record on December 15, 2015. See the Dividends section below.

Backlog (See the Non-GAAP and Additional GAAP Measures section)
Consolidated backlog at September 30, 2015 of $156.1 million decreased $15.1 million, or 9%, from $171.2 million at June 30, 2015 due to decreases in all segments. Consolidated backlog decreased $51.9 million, or 25%, compared to September 30, 2014 driven by decreases in the Equipment and Power Systems segments. See the Results of Operations section below for further backlog detail by segment.

Results of Operations

Equipment

	Three months ended September 30				Nine months ended September 30			
		2015		2014		**2015**		2014
Equipment[1]	**$**	**73.5**	$	120.8	**$**	**268.3**	$	331.3
Parts and service	**$**	**55.8**	$	58.5	**$**	**173.6**	$	196.7
Segment revenue	**$**	**129.3**	$	179.3	**$**	**441.9**	$	528.0
Segment earnings[2]	**$**	**10.5**	$	12.2	**$**	**29.0**	$	36.5
Segment earnings margin		***8.1%***		*6.8%*		***6.6%***		*6.9%*

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

Revenue in the third quarter of 2015 decreased 28%, or $50.0 million, to $129.3 million from $179.3 million in the third quarter of 2014. Segment earnings for the quarter decreased $1.7 million, to $10.5 million, compared to the third quarter of 2014. The following factors contributed to the Equipment segment's third quarter results:

- Equipment revenue for the third quarter decreased $47.3 million compared to the same quarter last year with specific quarter-over-quarter variances as follows:
  - Construction equipment revenue decreased $18.3 million, mainly as a result of decreases in Hitachi excavator and Bell articulated dump truck sales in western Canada due to lower market demand and competitive market pressures.
  - Mining equipment sales decreased $12.7 million as a result of higher dollar value Hitachi mining equipment deliveries in the prior year not repeated in the current year.
  - Forestry equipment revenue decreased $8.0 million due to an industry slowdown caused by fires in British Columbia, a reduction in product availability and an increase in the number of customers renting equipment with a rental purchase option.
  - Crane and utility equipment revenue decreased $6.6 million, mainly as a result of lower crane sales in western Canada and lower sales to utility customers in central and eastern Canada.
  - Material handling equipment revenue decreased $1.7 million, due principally to lower average unit value sales compared to last year.

- Parts and service volumes for the third quarter decreased $2.7 million compared to the same quarter last year. The decrease was primarily attributable to lower mining sector volumes in western Canada, including the oil sands, as customers continued to idle portions of their equipment fleet and defer maintenance due to weak oil and commodity prices.

- The segment earnings decrease of $1.7 million in the third quarter compared to the same quarter last year was mainly attributable to western Canada operations. Overall, the impact of the decline in volumes was partially offset by higher gross profit margins and a $1.9 million reduction in selling and administrative expenses compared to last year. Gross profit margins increased due to higher equipment margins resulting from a $2.8 million gain on the monetization of the six Hitachi mining trucks and the positive impact of a higher proportion of parts and service volumes compared to last year. Selling and administrative expenses decreased $1.9 million, attributable to reductions in the workforce, lower annual incentive accruals and lower sales related expenses.

Backlog of $87.2 million at September 30, 2015 decreased $4.3 million compared to June 30, 2015 due to decreases in crane and utility orders. Backlog decreased $26.9 million compared to September 30, 2014 due mainly to decreases in crane and utility and material handling equipment orders.

At the end of the third quarter, headcount in the Equipment segment's western Canada operation had been reduced by approximately 15% in response to market conditions. Headcounts in other regions are generally unchanged due to the relatively stronger market conditions in central and eastern Canada.

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

Power Systems

	Three months ended September 30				Nine months ended September 30			
		2015		2014		**2015**		2014
Equipment[(1)]	**$**	**20.7**	$	26.8	**$**	**67.4**	$	80.3
Parts and service	**$**	**45.2**	$	51.4	**$**	**146.9**	$	157.0
Segment revenue	**$**	**65.9**	$	78.2	**$**	**214.3**	$	237.3
Segment earnings before restructuring costs[(2)]	**$**	**1.1**	$	5.4	**$**	**7.7**	$	13.1
Restructuring costs	**$**	**-**	$	-	**$**	**2.1**	$	-
Segment earnings[(3)]	**$**	**1.1**	$	5.4	**$**	**5.6**	$	13.1
Segment earnings margin before restructuring costs[(2)]		***1.7%***		*6.9%*		***3.6%***		*5.5%*
Restructuring costs		***-***		-		***(1.0%)***		-
Segment earnings margin		***1.7%***		*6.9%*		***2.6%***		*5.5%*

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

Revenue in the third quarter of 2015 decreased $12.3 million, or 16%, to $65.9 million compared to $78.2 million in the same quarter of 2014. Segment earnings decreased $4.3 million to $1.1 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 decreased $6.1 million due to declines in off-highway equipment volumes to oil and gas customers in western Canada and lower power generation volumes.
- Parts and service volumes decreased $6.2 million, attributable to lower sales to on-highway and off-highway customers in western Canada resulting from the decline in oil and gas activity. These decreases were partially offset by higher sales to off-highway and power generation customers in eastern and central Canada.
- Segment earnings decreased $4.3 million due to reduced sales volumes and lower parts and service gross profit margins, offset partially by a $0.1 million decrease in selling and administrative expenses.

Backlog of $25.0 million as of September 30, 2015 decreased $8.5 million compared to June 30, 2015, due mainly to lower off-highway and power generation orders in western Canada and lower power generation orders in eastern Canada. Backlog decreased $22.3 million compared to September 30, 2014, primarily due to lower power generation backlog in western and central Canada and lower off-highway backlog in western and eastern Canada.

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

At the end of the third quarter, headcount in the Power System segment's western Canada operation had been reduced by approximately 15% in response to market conditions. Headcounts in other regions are generally unchanged due to the relatively stronger market conditions in central and eastern Canada.

Industrial Components

	Three months ended September 30				Nine months ended September 30			
		2015		2014		**2015**		2014
Segment revenue	**$**	**96.6**	$	103.2	**$**	**295.3**	$	304.4
Segment earnings before restructuring costs(1)	**$**	**4.7**	$	6.6	**$**	**13.5**	$	12.4
Restructuring costs	**$**	**-**	$	(3.1)	**$**	**-**	$	(3.1)
Segment earnings(2)	**$**	**4.7**	$	3.6	**$**	**13.5**	$	9.4
Segment earnings margin before restructuring costs(1)		***4.8%***		*6.4%*		***4.6%***		*4.1%*
Restructuring costs		***-***		*(2.9%)*		***-***		*(1.0%)*
Segment earnings margin		***4.8%***		*3.5%*		***4.6%***		*3.1%*

(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 $96.6 million in the third quarter of 2015 decreased $6.6 million, or 6%, from $103.2 million in the third quarter of 2014. Segment earnings increased $1.1 million to $4.7 million in the third quarter of 2015 compared to the same quarter in the previous year. Segment earnings before restructuring costs decreased $1.9 million to $4.7 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 third quarter results:

- Bearings and power transmission parts sales remained flat compared to the same quarter last year. Increased volumes to forestry sector customers in eastern Canada and oil sands customers in western Canada were offset by reductions to industrial, mining, metal processing and oil and gas customers.

- Fluid power and process equipment products and service revenue in the third quarter of 2015 decreased $6.6 million, or 14%, compared to the same quarter last year. The decrease was due primarily to reduced sales to oil and gas and oil sands customers in western Canada partially offset by increased volumes to other customers in central Canada.

- Segment earnings in the third quarter of 2015 increased $1.1 million compared to the same quarter last year as the negative impact of lower volumes was more than offset by $3.1 million of restructuring costs in 2014 not repeated in 2015 as well as the positive impact of a $1.4 million decrease in selling and administrative expenses. The decrease in selling and administrative expenses was mainly attributable to lower incentive accruals and sales related expenses. Segment earnings before restructuring costs decreased $1.9 million. See the Non-GAAP and Additional GAAP Measures section.

Backlog of $43.9 million as of September 30, 2015 decreased $2.3 million compared to June 30, 2015, due mainly to lower orders for process equipment in western Canada. Backlog decreased $2.7 million compared to September 30, 2014, primarily due to lower orders for fluid power and process equipment in western Canada, offset partially by higher orders in eastern Canada.

Headcount in the Industrial Components segment is generally unchanged from last year as the prior year restructuring activity had previously reduced overall headcount.

Selected Quarterly Information

The following table summarizes unaudited quarterly consolidated financial data for the eight most recently completed quarters. This quarterly information is unaudited but has been prepared on the same basis as the 2014 annual audited consolidated financial statements.

	2015			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	**$ 290.9**	$ 340.7	$ 317.2	$ 386.1	$ 359.5	$ 374.4	$ 331.4	$ 391.7
Net earnings	**$ 7.5**	$ 9.0	$ 5.7	$ 11.2	$ 11.1	$ 12.3	$ 6.7	$ 12.2
Net earnings per share								
- Basic	**$ 0.38**	$ 0.52	$ 0.34	$ 0.67	$ 0.66	$ 0.73	$ 0.40	$ 0.73
- Diluted	**$ 0.37**	$ 0.51	$ 0.34	$ 0.66	$ 0.65	$ 0.72	$ 0.39	$ 0.72

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

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

Consolidated Financial Condition

Capital Structure and Key Financial Condition Measures

	September 30 2015	June 30 2015	December 31 2014
Shareholders' equity	**$ 325.7**	$ 322.7	$ 248.5
Funded net debt[1]	**167.5**	167.3	201.0
Total capital	**$ 493.3**	$ 490.1	$ 449.5
Adjusted EBITDA[1]	**$ 84.5**	$ 92.1	$ 95.0
Funded net debt to total capital[1]	**34.0%**	34.1%	44.7%
Leverage ratio[1]	**1.98**	1.82	2.12

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

The Corporation's objective is to maintain a leverage ratio between 1.5 times and 2.0 times. However, there may be instances where the Corporation is willing to maintain a leverage ratio outside this range to either support key growth initiatives or fluctuations in working capital levels during changes in economic cycles. See the Funded Net Debt section below.

Shareholders' Equity

The Corporation's shareholders' equity at September 30, 2015 of $325.7 million increased $3.0 million from June 30, 2015, as earnings exceeded dividends declared during the quarter. For the nine months ending September 30, 2015 the Corporation's shareholders' equity increased $77.2 million, due principally from the net proceeds from the issuance of share capital of $71.4 million and earnings that 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, 2015	**Number**	**Amount**
Balance at the beginning of the quarter	19,975,883	$ 179.7
Shares issued	6,677	0.1
Balance at the end of the quarter	**19,982,560**	**$ 179.8**

At the date of this MD&A, the Corporation had 19,982,560 common shares outstanding.

At September 30, 2015, Wajax had four share-based compensation plans; the Wajax Share Ownership Plan ("SOP"), the Directors' Deferred Share Unit Plan ("DDSUP"), the Mid-Term Incentive Plan for Senior Executives ("MTIP") and the Deferred Share Unit Plan ("DSUP"). In the first quarter of 2014, all of the outstanding Deferred Share Program ("DSP") rights were settled. SOP, DSP and DDSUP rights are issued to the participants and are settled by issuing Wajax Corporation shares on a one-for-one basis. As of September 30, 2015, there were 314,951 (2014 – 277,052) SOP and DDSUP rights outstanding. The cash-settled MTIP and DSUP consist of annual grants that vest over three years and are subject to time and performance vesting criteria. A portion of the MTIP and the full amount of the DSUP grants are determined by the price of the Corporation's shares. Compensation expense for the SOP, DSP and DDSUP is determined based upon the fair value of the rights at the date of grant and charged to earnings on a straight line basis over the vesting period, with an offsetting adjustment to contributed surplus. Compensation expense for the DSUP and the share-based portion of the MTIP varies with the price of the Corporation's shares and is recognized over the vesting period. Wajax recorded compensation expense of $0.3 million for the quarter (2014 – $0.4 million) and $2.0 million for the nine months ended (2014 – $1.1 million) in respect of these plans.

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

	September 30 2015	June 30 2015	December 31 2014
Bank indebtedness (cash)	**$ 1.5**	$ (3.0)	$ 7.7
Obligations under finance lease	**10.6**	11.1	12.3
Long-term debt	**155.4**	159.2	180.9
Funded net debt(1)	**$ 167.5**	$ 167.3	$ 201.0

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

Funded net debt of $167.5 million at September 30, 2015 increased $0.2 million compared to June 30, 2015, due principally to cash generated from operating activities of $6.2 million offset by dividends paid of $5.0 million, property, plant and equipment additions of $0.9 million and finance lease payments of $0.9 million. The cash generated from operating activities of $6.2 million was net of increases in non-cash working capital of $4.4 million, rental equipment additions of $4.8 million, finance costs paid of $0.6 million and income taxes paid of $3.1 million.

Funded net debt of $167.5 million at September 30, 2015 decreased $33.5 million compared to December 31, 2014. During the period, net cash proceeds from the issuance of share capital of $71.4 million were offset somewhat by cash used in operating activities of $16.7 million, dividends paid of $16.5 million and finance lease payments of $2.9 million. The cash used in operating activities of $16.7 million included increases in non-cash working capital of $41.7 million, rental equipment additions of $18.5 million, finance costs paid of $6.9 million and income taxes paid of $8.4 million.

The Corporation’s ratio of funded net debt to capital decreased slightly to 34.0% at September 30, 2015 from 34.1% at June 30, 2015.

The Corporation’s leverage ratio of 1.98 times at September 30, 2015 increased from the June 30, 2015 ratio of 1.82 times, due to the lower trailing 12-month Adjusted EBITDA.

See the Liquidity and Capital Resources section.

Financial Instruments

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

Wajax enters into short-term currency forward contracts to hedge the exchange risk associated with the cost of certain inbound inventory and certain foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. As at September 30, 2015, Wajax had the following contracts outstanding:

- to buy U.S. $35.4 million (December 31, 2014 – to buy U.S. $41.8 million, September 30, 2014 – to buy U.S. $38.2 million), and
- to sell U.S. $2.3 million (December 31, 2014 – nil, September 30, 2014 – nil).

The U.S. dollar contracts expire between October 2015 and November 2016, with a weighted average U.S./Canadian dollar rate of 1.2976.

Wajax measures derivative instruments not accounted for as hedging items at fair value with subsequent changes in fair value being recorded in earnings. Derivatives designated as effective hedges are measured at fair value with subsequent changes in fair value being recorded in other comprehensive income until the related hedged item is recorded and affects income or inventory. The fair value of derivative instruments is estimated based upon market conditions using appropriate valuation models. The carrying values reported in the balance sheet for financial instruments are not significantly different from their fair values.

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

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

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

Contractual Obligations

There have been no material changes to the Corporation’s contractual obligations since December 31, 2014. See the Liquidity and Capital Resources section.

Off Balance Sheet Financing

Off balance sheet financing arrangements include operating lease contracts for facilities with various landlords and other equipment related mainly to office equipment. There have been no material changes to the Corporation's total obligations for all operating leases since December 31, 2014. See the Contractual Obligations section above.

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

The Equipment segment had $74.6 million (2014 – $79.1 million) of consigned inventory on-hand from a major manufacturer at September 30, 2015. In the normal course of business, Wajax receives inventory on consignment from this manufacturer which is generally sold to customers or purchased by Wajax. This consigned inventory is not included in Wajax's inventory as the manufacturer retains title to the goods. In the event the inventory consignment program was terminated, Wajax would utilize interest free financing, if any, made available by the manufacturer and/or utilize capacity under its credit facilities.

Although management currently believes Wajax has adequate debt capacity, Wajax would have to access the equity or debt markets, or reduce dividends to accommodate any shortfalls in Wajax's credit facilities. See the Liquidity and Capital Resources section.

Liquidity and Capital Resources

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

Bank and Non-bank Credit Facilities and Senior Notes

At September 30, 2015, Wajax had borrowed $34.0 million and issued $5.2 million of letters of credit for a total utilization of $39.2 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, 2015, borrowing capacity under the bank credit facility was equal to $250 million.

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

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

As of November 3, 2015, Wajax's $250 million bank credit facility, of which $210.8 million was unutilized at the end of the third quarter, along with the additional $15 million of capacity permitted under the bank credit facility, should be sufficient to meet Wajax's short-term normal course working capital and maintenance capital requirements and certain strategic investments. However, Wajax may be required to access the equity or debt markets to fund significant acquisitions.

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

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, 2015 and September 30, 2014.

	Three months ended September 30			Nine months ended September 30		
($millions)	**2015**	2014	Change	**2015**	2014	Change
Net earnings	**$ 7.5**	$ 11.1	$ (3.6)	**$ 22.2**	$ 30.0	$ (7.8)
Items not affecting cash flow	**12.0**	12.5	(0.5)	**37.3**	38.3	(1.0)
Net change in non-cash operating working capital	**(4.4)**	(10.9)	6.5	**(41.7)**	(21.1)	(20.6)
Finance costs paid	**(0.6)**	(2.1)	1.5	**(6.9)**	(7.3)	0.4
Income taxes paid	**(3.1)**	(3.2)	0.1	**(8.4)**	(10.8)	2.4
Rental equipment additions	**(4.8)**	(2.1)	(2.7)	**(18.5)**	(14.5)	(4.0)
Other non-current liabilities	**(0.4)**	0.5	(0.9)	**(0.7)**	1.5	(2.2)
Cash generated from (used in) operating activities	**$ 6.2**	$ 5.8	$ 0.4	**$ (16.7)**	$ 16.1	$ (32.8)
Cash used in investing activities	**$ (0.8)**	$ (1.7)	$ 0.9	**$ (3.1)**	$ (3.8)	$ 0.7
Cash (used in) generated from financing activities	**$ (9.9)**	$ (4.6)	$ (5.3)	**$ 26.0**	$ (21.5)	$ 47.5

Cash Generated From (Used In) Operating Activities
Cash flows generated from operating activities amounted to $6.2 million in the third quarter of 2015, compared to $5.8 million in the same quarter of the previous year. The increase of $0.4 million was mainly attributable to a decrease in cash used for non-cash working capital of $6.5 million, offset by lower earnings of $3.6 million and higher rental equipment additions of $2.7 million.

Rental equipment additions in the third quarter of 2015 of $4.8 million (2014 – $2.1 million) related primarily to lift trucks in the Equipment segment.

For the nine months ended September 30, 2015, cash flows used in operating activities amounted to $16.7 million, compared to cash generated from operating activities of $16.1 million for the same period in the previous year. The $32.8 million decrease in cash flows generated from operating activities was mainly attributable to an increased use of working capital of $20.6 million in 2015, lower net earnings of $7.8 million and higher rental equipment additions of $4.0 million.

For the nine months ended September 30, 2015, rental equipment additions of $18.5 million (2014 – $14.5 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, 2015 and September 30, 2014 include the following:

($millions)	Three months ended		Nine months ended	
Changes in Non-cash Operating Working Capital[1]	**September 30 2015**	September 30 2014	**September 30 2015**	September 30 2014
Trade and other receivables	**$ (5.6)**	$ (13.8)	**$ 7.0**	$ (14.1)
Contracts in progress	**4.1**	6.1	**(0.4)**	(5.4)
Inventories	**10.0**	(18.8)	**7.8**	(30.9)
Prepaid expenses	**2.5**	(1.4)	**1.4**	(2.2)
Accounts payable and accrued liabilities	**(15.3)**	16.8	**(56.8)**	33.5
Provisions	**(0.1)**	0.2	**(0.7)**	(2.0)
Total Changes in Non-cash Operating Working Capital	**$ (4.4)**	$ (10.9)	**$ (41.7)**	$ (21.1)

(1) Increase (decrease) in cash flow

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

- Trade and other receivables increased $5.6 million in 2015 compared to an increase of $13.8 million in 2014. The increase in 2015 resulted primarily from outstanding billings related to power generation projects in the Power Systems segment. The increase in 2014 was mainly attributable to billings related to power generation projects in the Power Systems segment and higher sales activity in the Industrial Components segment.

- Contracts in progress decreased $4.1 million in 2015 compared to a decrease of $6.1 million in 2014. The decreases in both years were due to a reduction in contract revenue recognized in advance of billings related to power generation projects in the Power Systems segment.

- Inventories decreased $10.0 million in 2015 compared to an increase of $18.8 million in 2014. The decrease in 2015 was due mainly to lower mining equipment inventory offset partially by higher material handling and forestry equipment inventory in the Equipment segment. The increase in 2014 was primarily related to higher mining and material handling inventory in the Equipment segment.

- Accounts payable and accrued liabilities decreased $15.3 million in 2015 compared to an increase of $16.8 million in 2014. The decrease in 2015 resulted from lower trade payables in all segments, due in part to the payment of equipment inventory in the Equipment segment and decreased purchasing activity, offset partially by higher accrued liabilities. The increase in 2014 resulted primarily from higher inventory trade payables in the Equipment segment.

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

- Trade and other receivables decreased $7.0 million in 2015 compared to an increase of $14.1 million in 2014. The decrease in 2015 was mainly attributable to lower sales activity in the Equipment and Industrial Components segments. The increase in 2014 resulted primarily from higher sales activity in the Equipment and Power Systems segments.

- Contracts in progress increased $0.4 million in 2015 compared to an increase of $5.4 million in 2014. The increases in both years reflect higher contract revenue recognized in advance of billings related to power generation projects in the Power Systems segment.

- Inventories decreased $7.8 million in 2015 compared to an increase of $30.9 million in 2014. The decrease in 2015 was due mainly to lower mining equipment inventory offset partially by higher construction and forestry equipment inventory in the Equipment segment and higher inventory in the Industrial Components and Power

Systems segments. The increase in 2014 was primarily related to higher construction, material handling and forestry inventory in the Equipment segment.

- Accounts payable and accrued liabilities decreased $56.8 million in 2015 compared to an increase of $33.5 million in 2014. The decrease in 2015 resulted from lower trade payables in all segments, due in part to the payment of equipment inventory in the Equipment segment on supplier financing and decreased purchasing activity. 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.

Investing Activities
During the third quarter of 2015, Wajax invested $0.8 million in property, plant and equipment additions, net of disposals, compared to $1.7 million in the third quarter of 2014.

For the nine months ended September 30, 2015, Wajax invested $3.0 million in property, plant and equipment additions, net of disposals, compared to $3.8 million in the nine months ended September 30, 2014.

Financing Activities
The Corporation used $9.9 million of cash from financing activities in the third quarter of 2015 compared to $4.6 million used in the same quarter of 2014. Financing activities in the quarter included a net bank credit facility repayment of $4.0 million (2014 – drawdown of $7.0 million), dividends paid to shareholders totaling $5.0 million (2014 – $10.1 million) and finance lease payments of $0.9 million (2014 – $0.8 million).

For the nine months ended September 30, 2015, the Corporation generated $26.0 million of cash from financing activities compared to a use of cash of $21.5 million from financing activities in the same period of 2014. Financing activities for the nine months ended September 30, 2015 included proceeds from the issuance of share capital of $71.4 million (2014 – nil), offset by a net bank credit facility repayment of $26.0 million (2014 – drawdown of $12.0 million), dividends paid to shareholders totaling $16.5 million (2014 – $30.2 million), and finance lease payments of $2.9 million (2014 – $2.7 million).

Dividends

Dividends to shareholders were declared as follows:

Record Date	Payment Date	Per Share	Amount
September 15, 2015	October 2, 2015	$ 0.25	$ 5.0
Three months ended September 30, 2015		**$ 0.25**	**$ 5.0**

On November 3, 2015, Wajax announced a third quarter dividend of $0.25 per share ($1.00 per share annualized) payable on January 5, 2016 to shareholders of record on December 15, 2015.

Non-GAAP and Additional GAAP Measures

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

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

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

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

Non-GAAP financial measures are identified and defined below:

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

Additional GAAP measures are identified and defined below:

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

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

	For the twelve months ended September 30 2015	For the twelve months ended June 30 2015	For the twelve months ended December 31 2014
Net earnings	**$ 33.4**	$ 37.0	$ 41.2
Income tax expense	**12.8**	13.9	15.3
EBT	**46.2**	50.9	56.5
Finance costs	**12.7**	13.2	13.0
EBIT	**58.9**	64.1	69.5
Depreciation and amortization	**23.8**	23.1	22.5
EBITDA	**82.7**	87.2	92.0
Restructuring costs(1)	**1.8**	4.9	2.8
Adjusted EBITDA	**$ 84.5**	$ 92.1	$ 95.0

(1) For the twelve months ended September 30, 2015 - Includes the $2.1 million Power Systems segment restructuring provision recorded in the second quarter of 2015 and the $0.3 million Industrial Components segment restructuring recovery recorded in 2014.
For the twelve months ended June 30, 2015 - Includes the $2.1 million Power Systems segment restructuring provision recorded in the second quarter of 2015 and the $2.8 million Industrial Components segment restructuring provision recorded in 2014.
For the twelve months ended December 31, 2015 - Includes the $2.8 million Industrial Components segment restructuring provision recorded in 2014.

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

	September 30	June 30	December 31
	2015	**2015**	**2014**
Bank indebtedness (cash)	**$ 1.5**	$ (3.0)	$ 7.7
Obligations under finance leases	**10.6**	11.1	12.3
Long-term debt	**155.4**	159.2	180.9
Funded net debt	**$ 167.5**	$ 167.3	$ 201.0
Leverage ratio[(1)]	**1.98**	1.82	2.12

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

Critical Accounting Estimates

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

The areas where significant judgements and assumptions are used to determine the amounts recognized in the financial statements include the allowance for doubtful accounts, inventory obsolescence and goodwill and intangible assets. In preparing the financial statements for the quarter ended September 30, 2015, the significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty are the same as those applied in the recently reported audited consolidated financial statements for the year ended December 31, 2014 which can be found on SEDAR at www.sedar.com.

Changes in Accounting Policies

No new standards have been adopted in the current period.

New standards and interpretations not yet adopted

The new standards or amendments to existing standards that may be significant to the Corporation set out below are not yet effective for the year ended December 31, 2015 and have not been applied in preparing these consolidated financial statements.

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

On January 1, 2018, the Corporation will be required to adopt IFRS 9 Financial Instruments, which is the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Additional changes to the new standard will align hedge accounting more closely with risk management. The Corporation is currently assessing the impact of this standard on its consolidated financial statements.

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

Risk Management and Uncertainties

As with most businesses, Wajax is subject to a number of marketplace and industry related risks and uncertainties which could have a material impact on operating results and Wajax's ability to pay cash dividends to shareholders. Wajax attempts to minimize many of these risks through diversification of core businesses and through the geographic diversity of its operations. In addition, Wajax has adopted an annual enterprise risk management assessment which is prepared by the Corporation's senior management and overseen by the board of directors and committees of the board. The enterprise risk management framework sets out principles and tools for identifying, evaluating, prioritizing and managing risk effectively and consistently across Wajax. There are however, a number of risks that deserve particular comment which are discussed in detail in the MD&A for the year ended December 31, 2014 which can be found on SEDAR at www.sedar.com. There have been no material changes to the business of Wajax that require an update to the discussion of the applicable risks discussed in the MD&A for the year ended December 31, 2014.

Strategic Direction and Outlook

Third quarter results were below management's expectations. The Corporation's western Canada businesses experienced a further deterioration in revenues and earnings as increasingly difficult conditions in the energy sector had a negative effect on customers in this and related markets. While all three segments were impacted by these difficult conditions, the effect continued to be most significant in the Equipment and Power Systems segments. Sales programs in other regions, intended to partially offset the effect of the west, did not deliver the expected results due to market and competitive factors. The Industrial Components segment recorded an increase in segment earnings after accounting for $3.1 million of restructuring costs recorded last year. Excluding these restructuring costs, related reductions in the segment's selling and administrative cost base and volume gains in a variety of sectors mitigated some of the negative effects of the slow western Canada market.

Reductions in consolidated selling and administrative costs of $3.4 million in the quarter and volume related service personnel staffing adjustments partially mitigated the earnings impact of lower third quarter volumes. The 2014 restructuring efforts in the Industrial Components segment continue to result in a significantly lower cost base, while at the same time improving sales effectiveness. In the Equipment and Power Systems segments, the workforce in western Canada was reduced by approximately 15% in response to soft market conditions. In the Power Systems segment, the plan relating to the $2.1 million second quarter restructuring provision, combined with other cost reduction activities completed to date, is expected to result in annualized savings of $7.4 million. Given management's expectation that challenging market conditions will continue to negatively affect revenue, management is in the process of reviewing additional areas of cost reduction, which are expected to begin taking effect in 2016.

As communicated last quarter, cash was generated from the monetization of the six mining trucks previously in inventory. However, further deterioration in western Canada end markets has delayed management's expectations for significant working capital and debt reduction into 2016. The Corporation will continue to focus on prudently managing assets employed in the business in response to these conditions.

Management is committed to achieving Wajax's five year compounded annual earnings growth rate objective of a minimum of 7.5%. Management's confidence is based on the elements of Wajax's 4 Points of Growth strategy, which include improvements in core capabilities, organic growth programs, acquisitions and systems investments. In addition, management sees opportunities to enhance earnings through further cost reductions and improvements in organizational effectiveness and markets in central and eastern Canada continue to offer the Corporation excellent growth opportunity. While management expects improvements in western Canada to eventually be a positive factor in the Corporation's growth, management's focus is on executing the strategy such that Wajax is not dependent on that recovery to achieve its goals. Management is very pleased with how its team continues to respond to current conditions and the Corporation is well positioned to be a stronger growth company as its outlook period progresses.

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, 2015

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, 2015**		December 31, 2014
ASSETS					
CURRENT					
Trade and other receivables		**$**	**176,798**		183,759
Contracts in progress			**9,469**		9,003
Inventories			**318,976**		323,764
Income taxes receivable			**196**		31
Prepaid expenses			**6,538**		7,970
Derivative instruments			**1,388**		1,343
			513,365		525,870
NON-CURRENT					
Rental equipment	3		**64,681**		59,394
Property, plant and equipment	4		**46,144**		48,665
Intangible assets			**83,195**		84,314
			194,020		192,373
		$	**707,385**	$	718,243
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT					
Bank indebtedness		**$**	**1,524**	$	7,713
Accounts payable and accrued liabilities			**192,116**		246,714
Provisions			**5,062**		5,758
Dividends payable	6		**4,996**		3,356
Obligations under finance leases			**3,994**		4,175
			207,692		267,716
NON-CURRENT					
Provisions			**3,335**		4,250
Deferred taxes	8		**58**		494
Employee benefits			**7,439**		7,257
Other liabilities			**1,123**		947
Obligations under finance leases			**6,607**		8,160
Long-term debt			**155,409**		180,903
			173,971		202,011
SHAREHOLDERS' EQUITY					
Share capital	5		**179,777**		107,454
Contributed surplus			**5,788**		5,176
Retained earnings			**139,414**		135,269
Accumulated other comprehensive income			**743**		617
Total shareholders' equity			**325,722**		248,516
		$	**707,385**	$	718,243

These condensed consolidated financial statements were approved by the Board of Directors on November 3, 2015.

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited, in thousands of Canadian dollars, except per share data)	Note	Three months ended September 30 2015	2014	Nine months ended September 30 2015	2014
Revenue		**$ 290,908**	$ 359,461	**$ 948,870**	$ 1,065,227
Cost of sales		**230,315**	287,159	**754,894**	849,383
Gross profit		**60,593**	72,302	**193,976**	215,844
Selling and administrative expenses		**47,253**	50,728	**151,582**	161,804
Restructuring costs	13	**-**	3,078	**2,060**	3,078
Earnings before finance costs and income taxes		**13,340**	18,496	**40,334**	50,962
Finance costs		**2,822**	3,303	**9,457**	9,733
Earnings before income taxes		**10,518**	15,193	**30,877**	41,229
Income tax expense	8	**2,993**	4,120	**8,633**	11,188
Net earnings		**$ 7,525**	$ 11,073	**$ 22,244**	$ 30,041
Basic earnings per share	9	**$ 0.38**	$ 0.66	**$ 1.23**	$ 1.79
Diluted earnings per share	9	**$ 0.37**	$ 0.65	**$ 1.21**	$ 1.76

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, in thousands of Canadian dollars)	Three months ended September 30 2015	2014	Nine months ended September 30 2015	2014
Net earnings	**$ 7,525**	$ 11,073	**$ 22,244**	$ 30,041
Items that may be subsequently reclassified to income				
(Gains) losses on derivative instruments designated as cash flow hedges in prior periods reclassified to cost of inventory during the period, net of tax expense of $156 (2014 – recovery of $52) and year to date, net of tax expense of $522 (2014 – $30)	**(439)**	148	**(1,474)**	(84)
Gains on derivative instruments outstanding at the end of the period designated as cash flow hedges, net of tax expense of $251 (2014 – $155) and year to date, net of tax expense of $567 (2014 – $124)	**708**	438	**1,600**	351
Other comprehensive income, net of tax	**269**	586	**126**	267
Total comprehensive income	**$ 7,794**	$ 11,659	**$ 22,370**	$ 30,308

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended September 30, 2015 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income Cash flow hedges		Total
December 31, 2014		$	107,454	5,176	135,269	617	$	248,516
Net earnings			-	-	22,244	-		22,244
Other comprehensive income			-	-	-	126		126
Total comprehensive income for the period			-	-	22,244	126		22,370
Issuance of common shares	5		72,278	-	-	-		72,278
Shares issued to settle share-based compensation plans	7		45	(45)	-	-		-
Dividends	6		-	-	(18,099)	-		(18,099)
Share-based compensation expense	7		-	657	-	-		657
September 30, 2015		**$**	**179,777**	**5,788**	**139,414**	**743**	**$**	**325,722**

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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: Cash flow hedges		Total
December 31, 2013		$	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	7		750	(750)	-	-		-
Dividends	6		-	-	(30,187)	-		(30,187)
Share-based compensation expense	7		-	625	-	-		625
September 30, 2014		**$**	**107,454**	**4,933**	**135,171**	**380**	**$**	**247,938**

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 **2015**	2014	Nine months ended September 30 **2015**	2014
OPERATING ACTIVITIES					
Net earnings		**$ 7,525**	$ 11,073	**$ 22,244**	$ 30,041
Items not affecting cash flow:					
Depreciation and amortization:					
Rental equipment		**3,674**	3,113	**10,111**	8,829
Property, plant and equipment		**2,303**	2,178	**6,691**	6,616
Intangible assets		**385**	379	**1,170**	1,264
(Gain) loss on disposal of property, plant and equipment	4	**(13)**	47	**14**	20
Share-based compensation expense	7	**175**	224	**657**	625
Non-cash rental expense		**63**	13	**123**	40
Employee benefits expense, net of payments		**28**	113	**182**	334
Unrealized (gain) loss on derivative instruments		**(452)**	(903)	**125**	(334)
Finance costs		**2,822**	3,303	**9,457**	9,733
Income tax expense	8	**2,993**	4,120	**8,633**	11,188
		19,503	23,660	**59,407**	68,356
Changes in non-cash operating working capital	10	**(4,438)**	(10,932)	**(41,737)**	(21,131)
Rental equipment additions	3	**(4,805)**	(2,127)	**(18,454)**	(14,509)
Other non-current liabilities		**(415)**	514	**(739)**	1,491
Finance costs paid		**(592)**	(2,136)	**(6,860)**	(7,305)
Income taxes paid		**(3,073)**	(3,165)	**(8,366)**	(10,832)
Cash generated from (used in) operating activities		**6,180**	5,814	**(16,749)**	16,070
INVESTING ACTIVITIES					
Property, plant and equipment additions	4	**(868)**	(1,795)	**(3,353)**	(4,039)
Proceeds on disposal of property, plant and equipment	4	**39**	120	**322**	253
Intangible assets additions		**-**	(21)	**(51)**	(40)
Cash used in investing activities		**(829)**	(1,696)	**(3,082)**	(3,826)
FINANCING ACTIVITIES					
Net (decrease) increase in bank debt		**(4,000)**	7,000	**(26,000)**	12,000
Proceeds from issuance of share capital	5	**-**	-	**71,366**	-
Deferred financing costs		**-**	(688)	**-**	(688)
Finance lease payments		**(882)**	(847)	**(2,887)**	(2,660)
Dividends paid		**(4,994)**	(10,067)	**(16,459)**	(30,180)
Cash (used in) generated from financing activities		**(9,876)**	(4,602)	**26,020**	(21,528)
Change in (bank indebtedness) cash		**(4,525)**	(484)	**6,189**	(9,284)
Cash (bank indebtedness) - beginning of period		**3,001**	(4,647)	**(7,713)**	4,153
Bank indebtedness - end of period		**$ (1,524)**	$ (5,131)	**$ (1,524)**	$ (5,131)

SEPTEMBER 30, 2015

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

1. COMPANY PROFILE

Wajax Corporation (the "Corporation") is incorporated in Canada. The address of the Corporation's registered office is 3280 Wharton Way, Mississauga, Ontario, Canada. The Corporation is a leading Canadian distributor engaged in the sale and service support of mobile equipment, power systems and industrial components. Reflecting a diversified exposure to the Canadian economy, the Corporation has three distinct product divisions which operate through a network of 124 branches across Canada.

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

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and do not include all of the disclosures required for full consolidated financial statements. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Corporation for the year ended December 31, 2014. The significant accounting policies follow those disclosed in the most recently reported audited consolidated financial statements.

Basis of measurement

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

Functional and presentation currency

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

3. RENTAL EQUIPMENT

The Corporation acquired rental equipment with a cost of $4,805 during the quarter (2014 – $2,127) and $18,454 year to date (2014 – $14,509). Equipment with a carrying amount of $1,683 during the quarter (2014 - $2,423) and $5,281 year to date (2014 – $19,079) was transferred from inventories to rental equipment. Equipment with a carrying amount of $1,669 during the quarter (2014 - $3,460) and $8,337 year to date (2014 – $21,700) was transferred from rental equipment to inventories.

4. PROPERTY, PLANT AND EQUIPMENT

The Corporation acquired property, plant and equipment with a cost of $868 during the quarter (2014 – $1,795) and $3,353 year to date (2014 – $4,039). Assets with a carrying amount of $26 during the quarter (2014 – $167) and $336 year to date (2014 – $273) were disposed of, resulting in a gain on disposal of $13 during the quarter (2014 – loss of $47) and a loss of $14 year to date (2014 – loss of $20).

5. SHARE CAPITAL

		Number of Common Shares		Amount
Balance, December 31, 2014		16,778,883	$	107,454
Issuance of common shares		3,197,000		72,278
Common shares issued to settle share-based compensation plans	7	6,677		45
Balance, September 30, 2015		**19,982,560**	**$**	**179,777**

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

6. DIVIDENDS DECLARED

During the quarter, the Corporation declared cash dividends of $0.25 per share or $4,996 (2014 – dividends of $0.60 per share or $10,067).

Year to date, the Corporation declared cash dividends of $0.9833 per share or $18,099 (2014 – dividends of $1.80 per share or $30,187).

On November 3, 2015, the Corporation declared a dividend of $0.25 per share or $4,996 for the fourth quarter of 2015.

7. SHARE-BASED COMPENSATION PLANS

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

a) Share rights plans

The Corporation recorded compensation cost of $175 for the quarter (2014 – $224) and $657 for the year to date (2014 – $625) in respect of these plans.

	Nine months ended September 30, 2015			Nine months ended September 30, 2014		
	Number of rights		Fair value at time of grant	Number of rights		Fair value at time of grant
Outstanding at beginning of year	**287,550**	**$**	**5,420**	282,573	$	5,403
Granted in the period – new grants	**22,513**		**511**	16,438		600
– dividend equivalents	**11,565**		**-**	13,404		-
Settled in the period	**(6,677)**		**(45)**	(35,363)		(750)
Outstanding at end of period	**314,951**	**$**	**5,886**	277,052	$	5,253

At September 30, 2015, 310,261 share rights were vested (September 30, 2014 – 255,025).

b) Cash-settled rights plans

The Corporation recorded compensation cost of $134 for the quarter (2014 – $216) and $1,375 for the year to date (2014 – $512) in respect of the share-based portion of the MTIP and DSUP. At September 30, 2015, the carrying amount of the share-based portion of these liabilities was $918 (September 30, 2014 – $669).

8. INCOME TAXES

Income tax expense comprises current and deferred taxes as follows:

For the nine months ended September 30		**2015**		2014
Current	**$**	**8,201**	$	9,735
Deferred – Origination and reversal of temporary differences		**432**		1,453
Income tax expense	**$**	**8,633**	$	11,188

The calculation of current tax is based on a combined federal and provincial statutory income tax rate of 26.5% (2014 – 26.1%). Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax assets and liabilities have been measured using an expected average combined statutory income tax rate of 26.9% based on the tax rates in years when the temporary differences are expected to reverse.

The reconciliation of effective income tax rate is as follows:

		2015		2014
Combined statutory income tax rate		**26.5%**		26.1%
Expected income tax expense at statutory rates	**$**	**8,182**	$	10,761
Non-deductible expenses		**430**		446
Other		**21**		(19)
Income tax expense	**$**	**8,633**	$	11,188

9. 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	
	2015	2014	**2015**	2014
Numerator for basic and diluted earnings per share:				
– net earnings	**$ 7,525**	$ 11,073	**$ 22,244**	$ 30,041
Denominator for basic earnings per share: – weighted average shares	**19,978,351**	16,778,883	**18,079,594**	16,770,709
Denominator for diluted earnings per share:				
– weighted average shares	**19,978,351**	16,778,883	**18,079,594**	16,770,709
– effect of dilutive share rights	**307,248**	262,066	**299,736**	259,977
Denominator for diluted earnings per share	**20,285,599**	17,040,949	**18,379,330**	17,030,686
Basic earnings per share	**$ 0.38**	$ 0.66	**$ 1.23**	$ 1.79
Diluted earnings per share	**$ 0.37**	$ 0.65	**$ 1.21**	$ 1.76

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

10. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Trade and other receivables	**$ (5,598)**	$ (13,834)	**$ 6,961**	$ (14,139)
Contracts in progress	**4,094**	6,053	**(466)**	(5,396)
Inventories	**9,960**	(18,826)	**7,844**	(30,917)
Prepaid expenses	**2,509**	(1,354)	**1,432**	(2,164)
Accounts payable and accrued liabilities	**(15,331)**	16,803	**(56,812)**	33,463
Provisions	**(72)**	226	**(696)**	(1,978)
Total	**$ (4,438)**	$ (10,932)	**$ (41,737)**	$ (21,131)

11. RELATED PARTY TRANSACTION

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

12. OPERATING SEGMENTS

The Corporation operates through a network of 124 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, 2015		**Equipment**		**Power Systems**		**Industrial Components**		**Segment Eliminations**		**Total**
Equipment	$	**62,150**	$	**18,332**	$	**-**	$	**-**	$	**80,482**
Parts		**37,876**		**30,756**		**94,248**		**-**		**162,880**
Service		**17,939**		**14,474**		**2,322**		**-**		**34,735**
Rental and other		**11,369**		**2,301**		**-**		**(859)**		**12,811**
Revenue	$	**129,334**	$	**65,863**	$	**96,570**	$	**(859)**	$	**290,908**
Earnings before finance costs and income taxes	$	**10,470**	$	**1,118**	$	**4,661**	$	**(2,909)**	$	**13,340**
Finance costs										**2,822**
Income tax expense										**2,993**
Net earnings									$	**7,525**

For the nine months ended September 30, 2015		**Equipment**		**Power Systems**		**Industrial Components**		**Segment Eliminations**		**Total**
Equipment	$	**235,789**	$	**59,588**	$	**-**	$	**-**	$	**295,377**
Parts		**118,869**		**98,644**		**287,348**		**-**		**504,861**
Service		**54,724**		**48,306**		**7,942**		**-**		**110,972**
Rental and other		**32,481**		**7,775**		**-**		**(2,596)**		**37,660**
Revenue	$	**441,863**	$	**214,313**	$	**295,290**	$	**(2,596)**	$	**948,870**
Earnings before restructuring costs, finance costs and income taxes	$	**28,958**	$	**7,695**	$	**13,452**	$	**(7,711)**	$	**42,394**
Restructuring costs		**-**		**2,060**		**-**		**-**		**2,060**
Earnings before finance costs and income taxes	$	**28,958**	$	**5,635**	$	**13,452**	$	**(7,711)**	$	**40,334**
Finance costs										**9,457**
Income tax expense										**8,633**
Net earnings									$	**22,244**

As at September 30, 2015	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Segment assets excluding intangible assets	**$ 310,633**	**$ 170,987**	**$ 141,759**	**$ -**	**$ 623,379**
Intangible assets	**21,546**	**13,768**	**47,811**	**70**	**83,195**
Corporate and other assets	**-**	**-**	**-**	**811**	**811**
Total assets	**$ 332,179**	**$ 184,755**	**$ 189,570**	**$ 881**	**$ 707,385**
Segment liabilities	**$ 109,431**	**$ 42,119**	**$ 57,053**	**$ -**	**$ 208,603**
Corporate and other liabilities	**-**	**-**	**-**	**173,060**	**173,060**
Total liabilities	**$ 109,431**	**$ 42,119**	**$ 57,053**	**$ 173,060**	**$ 381,663**

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	97,793	-	170,862
Service	19,519	17,236	5,394	-	42,149
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	290,232	-	529,324
Service	62,688	51,990	14,208	-	128,886
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

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

13. RESTRUCTURING COSTS

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

14. COMPARATIVE INFORMATION

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