THIRD QUARTER REPORT TO SHAREHOLDERS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2016

WAJAX CORPORATION 2016	

WAJAX CORPORATION
News Release

TSX Symbol: WJX

WAJAX ANNOUNCES 2016 THIRD QUARTER EARNINGS

(Dollars in millions, except per share data)	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
CONSOLIDATED RESULTS				
Revenue	**$286.6**	**$290.9**	**$908.2**	**$948.9**
Net earnings(1)(2)	**$7.6**	**$7.5**	**$2.1**	**$22.2**
Basic earnings per share(1)(2)(3)	**$0.38**	**$0.38**	**$0.11**	**$1.23**
SEGMENTS				
Revenue – Equipment	**$138.9**	**$129.3**	**$444.9**	**$441.9**
- Power Systems	**$55.5**	**$65.9**	**$180.3**	**$214.3**
- Industrial Components	**$93.3**	**$96.6**	**$285.9**	**$295.3**
Earnings – Equipment(4)	**$10.7**	**$10.5**	**$30.7**	**$29.0**
% margin	*7.7%*	*8.1%*	*6.9%*	*6.6%*
- Power Systems(2)(4)	**$0.9**	**$1.1**	**$(6.4)**	**$5.6**
% margin	*1.6%*	*1.7%*	*(3.5)%*	*2.6%*
- Industrial Components(4)	**$4.4**	**$4.7**	**$9.3**	**$13.5**
% margin	*4.7%*	*4.8%*	*3.2%*	*4.6%*

Toronto, Ontario – November 1, 2016 – Wajax Corporation ("Wajax" or the "Corporation") today announced its 2016 third quarter earnings.

Third Quarter Highlights

- Consolidated third quarter revenue of $286.6 million decreased slightly compared to last year. The Equipment segment recorded 7% higher revenue during the quarter on the sale of a large mining shovel and higher parts and service volumes. Power Systems and Industrial Components segment revenue declined 16% and 3% respectively, primarily as a result of reduced activity in the western Canada energy sector.

- Net earnings for the quarter of $7.6 million, or $0.38 per share, increased slightly compared to $7.5 million, or $0.38 per share, recorded during the same quarter last year. The higher net earnings were attributable to a decrease in selling and administrative costs, primarily resulting from restructuring activities, offset by lower revenue and gross margins. Net earnings during the quarter include $1.0 million in pre-tax insurance proceeds related to the Fort McMurray wildfires and third quarter 2015 net earnings included a $2.8 million pre-tax gain on the monetization of mining trucks.

- Consolidated backlog at September 30, 2016 of $142.1 million decreased $23.1 million compared to $165.2 million on June 30, 2016. An $8.1 million increase in Power Systems segment backlog was more than offset by declines in the Equipment and Industrial Components segments.(5)

- Funded net debt of $147.9 million at September 30, 2016 declined $10.7 million, from $158.6 million at June 30, 2016, as cash generated from operating activities exceeded investing activities and dividends.(5)

Wajax declared a quarterly dividend of $0.25 per share payable on January 4, 2017 to shareholders of record on December 15, 2016.

Outlook

Commenting on third quarter results and the Corporation's outlook for the remainder of 2016, Mark Foote, President and CEO, stated:

"As expected, third quarter net earnings improved compared to the second quarter and included $1.0 million in insurance proceeds related to the Fort McMurray wildfires. We are particularly pleased by the improvement in our Power Systems segment, where our cost reduction and margin improvement initiatives began to pay off despite continuing challenges in the western Canada market. Consolidated net earnings were up slightly compared to the previous year as savings from our restructuring activities were more fully realized. This net earnings improvement was achieved despite lower revenue and a $2.8 million gain on the monetization of mining trucks recorded in third quarter of 2015.

The reorganization announced in March 2016 is proceeding on schedule and we are on track for completion by the end of 2016. We now expect approximately $8 million of savings in 2016, with the full $15 million in estimated cost savings expected to be realized in 2017.

Consistent with the last two quarters, our outlook for the remainder of 2016 is that market conditions will remain challenging, particularly in western Canada. However, we expect fourth quarter earnings will continue to benefit from the earnings improvement initiatives implemented in the Power Systems segment and from the completion of our reorganization."

Wajax Corporation

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

Notes:

(1) Figures for the nine months ended September 30, 2016 include a $12.5 million pre-tax restructuring charge.
(2) Figures for the nine months ended September 30, 2015 include a $2.1 million pre-tax restructuring charge.
(3) For the three and nine months ended September 30, 2016, the weighted average number of basic shares outstanding were 19,840,499 (2015 – 19,978,351) and 19,929,070 (2015 - 18,079,594), respectively.
(4) Segment earnings (loss) before finance costs and income taxes.
(5) "Consolidated backlog" and "funded net debt" are financial measures which do not have a standardized meaning prescribed under generally accepted accounting principles (GAAP), and may not be comparable to similar measures presented by other issuers. The Corporation's Management's Discussion and Analysis (MD&A) includes additional information regarding these financial measures, including definitions and reconciliations to the most comparable GAAP measures, under the heading "Non-GAAP and Additional GAAP Measures".

Cautionary Statement Regarding Forward Looking Information

This news release contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, "**forward-looking statements**"). These forward-looking statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "anticipates", "intends", "predicts", "expects", "is expected", "scheduled", "believes", "estimates", "projects" or "forecasts", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation's ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward looking statements. There can be no assurance that any forward looking statement will materialize. Accordingly, readers should not place undue reliance on forward looking statements. The forward looking statements in this news release are made as of the date of this news release, reflect management's current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this news release includes forward looking statements regarding, among other things, the cost savings we expect to achieve from our ongoing strategic reorganization, including an expected $8 million during 2016 and $15 million during 2017; our outlook for the remainder of 2016, including our view that market conditions will remain challenging, particularly in western Canada; and our expectation that our fourth quarter financial results will continue to benefit from our initiatives at Power Systems, as well as the completion of our reorganization. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding general business and economic conditions; the supply and demand for, and the level and volatility of prices for, oil and other commodities; financial market conditions, including interest rates; our ability to execute our 4 Points of Growth strategy, including our ability to develop our core capabilities, execute on our organic growth priorities, complete and effectively integrate acquisitions and to successfully implement new information technology platforms, systems and software; our ability to execute our strategic reorganization and realize the benefits therefrom, including cost savings and productivity gains; the 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, 2015, filed on SEDAR.

Management's Discussion and Analysis – Q3 2016

The following management's discussion and analysis ("MD&A") discusses the consolidated financial condition and results of operations of Wajax Corporation ("Wajax" or the "Corporation") for the quarter ended September 30, 2016. This MD&A should be read in conjunction with the information contained in the unaudited condensed consolidated financial statements and accompanying notes for the quarter ended September 30, 2016, the annual audited consolidated financial statements and accompanying notes for the year ended December 31, 2015 and the associated MD&A. Information contained in this MD&A is based on information available to management as of November 1, 2016.

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

Responsibility of Management and the Board of Directors

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

Disclosure Controls and Procedures and Internal Control over Financial Reporting

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

As at September 30, 2016, Wajax's management, under the supervision of its CEO and CFO, had designed DC&P to provide reasonable assurance that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in such securities legislation. DC&P are designed to ensure that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is accumulated and communicated to Wajax's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

As at September 30, 2016, Wajax's management, under the supervision of its CEO and CFO, had designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). In completing the design, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its 2013 version of Internal Control – Integrated Framework. With regard to general controls over information technology, management also used the set of practices of Control Objectives for Information and related Technology ("COBIT") created by the IT Governance Institute.

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

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, "forward-looking statements"). These forward-looking statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "anticipates", "intends", "predicts", "expects", "is expected", "scheduled", "believes", "estimates", "projects" or "forecasts", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation's ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward looking statements. There can be no assurance that any forward looking statement will materialize. Accordingly, readers should not place undue reliance on forward looking statements. The forward looking statements in this MD&A are made as of the date of this MD&A, reflect management's current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this MD&A includes forward looking statements regarding, among other things, our 4 Points of Growth Strategy and the goals for such strategy, including our goal of becoming Canada's leading industrial products and services provider; our previously announced strategic reorganization and the benefits we expect to achieve therefrom, including, without limitation, improved operational leverage, estimated cost savings of $8 million in 2016 and $15 million per year commencing in 2017, and the enhanced ability to execute our strategy; our expected completion of the strategic reorganization by the end of 2016; our expectation that we will deliver one additional large mining shovel to a customer during the fourth quarter of 2016; our target leverage ratio range of 1.5 – 2.0 times, our expectation that we will be above such target range for at least the remainder of 2016 and our initiatives to positively impact our leverage ratio; our financing, working and maintenance capital requirements, as well as our capital structure and leverage ratio; our foreign exchange risks and exposures, including the impact of fluctuations in foreign currency values; the adequacy of our debt facilities; our intention and ability to access debt and equity markets should additional capital be required; our outlook for the remainder of 2016, including our view that market conditions will remain challenging, particularly in western Canada and our expectation that our fourth quarter financial results will continue to benefit from our initiatives at Power Systems, as well as the completion of our strategic reorganization.

These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding general business and economic conditions; the supply and demand for, and the level and volatility of prices for, oil and other commodities; financial market conditions, including interest rates; our ability to execute our 4 Points of Growth strategy, including our ability to develop our core capabilities, execute on our organic growth priorities, complete and effectively integrate acquisitions and to successfully implement new information technology platforms, systems and software; our ability to execute our strategic reorganization and realize the benefits therefrom, including cost savings and productivity gains; the 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, 2015, filed on SEDAR. The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws. Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgements and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Non-GAAP and Additional GAAP Measures

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

Wajax Corporation Overview

Wajax is a leading Canadian distributor engaged in the sale and service support of mobile equipment, power systems and industrial components through a network of 121 branches across Canada. Reflecting a diversified exposure to the Canadian economy, Wajax's customer base covers core sectors of the Canadian economy, including construction, industrial and commercial, transportation, the oil sands, forestry, oil and gas, metal processing and mining.

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

Consolidated Results

	Three months ended September 30				**Nine months ended September 30**			
		2016		2015		**2016**		2015
Revenue	**$**	**286.6**	$	290.9	**$**	**908.2**	$	948.9
Gross profit	**$**	**56.0**	$	60.6	**$**	**168.1**	$	194.0
Selling and administrative expenses	**$**	**42.6**	$	47.3	**$**	**143.9**	$	151.6
Restructuring costs	**$**	**-**	$	-	**$**	**12.5**	$	2.1
Earnings before finance costs and income taxes(1)	**$**	**13.4**	$	13.3	**$**	**11.7**	$	40.3
Finance costs	**$**	**2.9**	$	2.8	**$**	**8.4**	$	9.5
Earnings before income taxes(1)	**$**	**10.5**	$	10.5	**$**	**3.3**	$	30.9
Income tax expense	**$**	**2.9**	$	3.0	**$**	**1.2**	$	8.6
Net earnings	**$**	**7.6**	$	7.5	**$**	**2.1**	$	22.2
- **Basic earnings per share(2)(3)**	**$**	**0.38**	$	0.38	**$**	**0.11**	$	1.23
- **Diluted earnings per share(2)(3)**	**$**	**0.37**	$	0.37	**$**	**0.10**	$	1.21
Adjusted net earnings(1)(4)	**$**	**7.6**	$	7.5	**$**	**11.2**	$	23.7
- **Adjusted basic earnings per share(2)(3)(4)**	**$**	**0.38**	$	0.38	$	**0.56**	$	1.31
- **Adjusted diluted earnings per share(2)(3)(4)**	**$**	**0.37**	$	0.37	$	**0.56**	$	1.29

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

(2) Weighted average shares for calculation of basic and diluted earnings per share for the three months ended September 30, 2016 was 19,840,499 (2015 – 19,978,351) and 20,154,200 (2015 – 20,285,599), respectively.

(3) Weighted average shares for calculation of basic and diluted earnings per share for the nine months ended September 30, 2016 was 19,929,070 (2015 – 18,079,594) and 20,155,494 (2015 – 18,379,330), respectively.
(4) Net earnings excluding after-tax restructuring costs of $9.1 million (2015 – $1.5 million), or basic and diluted earnings per share of $0.46 (2015 – $0.08), for the nine months ended September 30, 2016.

Ongoing weakness in oil and gas prices continues to have a negative effect on Wajax customers, particularly in the oil and gas and construction markets in western Canada.

During the quarter, the impact of challenging western Canada market conditions was most significant in the Power Systems segment which experienced declines in off-highway, on-highway and power generation volumes due to the lower oil and gas activity. The Industrial Components segment's western Canada operation was also negatively impacted by the decline in oil and gas activity.

Although the Equipment segment delivered a large mining shovel and recorded higher mining parts and service revenues in western Canada during the quarter, the segment experienced lower demand in western Canada for construction equipment and parts and service.

Strategic Reorganization

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

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

Restructuring costs of $12.5 million, consisting principally of severance costs, were recorded in the first quarter of 2016. The net benefit of the restructuring in 2016 is expected to be approximately $8 million, with the estimated annualized cost savings of $15 million expected to be realized beginning in 2017. The net benefit of the restructuring for the nine months ending September 30, 2016 was approximately $5.0 million and the headcount reduction as at September 30, 2016 was 14.5% since the beginning of 2015. This headcount reduction also reflects lower staffing levels related to reduced economic activity in western Canada, as well as the 2015 Power Systems segment restructuring.

Revenue

Revenue in the third quarter of 2016 of $286.6 million decreased 1%, or $4.3 million, from $290.9 million in 2015. Equipment segment revenue increased 7%, or $9.6 million, due to increased mining equipment and parts and service volumes in western Canada, including the sale of a large oil sands mining shovel, offset partially by lower construction volumes in western and central Canada. Power Systems segment revenue decreased 16%, or $10.4 million, driven by a reduction in oil and gas related revenues in western Canada. Industrial Components segment revenue decreased 3%, or $3.3 million, as lower sales to oil sands and oil and gas customers in western Canada were partially offset by $2.6 million of revenue realized from the former Wilson Machine Co. Ltd. ("Wilson"), which was acquired by Wajax in the second quarter of 2016.

For the nine months ended September 30, 2016, revenue of $908.2 million decreased 4%, or $40.7 million, from $948.9 million in 2015. Equipment segment revenue increased 1%, or $3.0 million, as a result of higher mining equipment volumes, including the sale of three large mining shovels, offset partially by lower construction and forestry volumes, primarily in western Canada. Power Systems segment revenue decreased 16%, or $34.0 million, driven by a reduction in oil and gas related revenues in western Canada and lower power generation volumes. Industrial Components segment revenue decreased 3%, or $9.4 million, as higher sales in central and eastern Canada, including $4.6 million of revenue realized from the former Wilson, were more than offset by a reduction in oil sands and oil and gas related revenues in western Canada. In addition, consolidated revenue in the Corporation's Fort McMurray and Fort MacKay branches were approximately $8.3 million lower than last year, due primarily to the impact of the Fort McMurray wildfires in the second quarter of 2016.

Gross profit
Gross profit in the third quarter of 2016 decreased $4.6 million due to lower volumes and gross profit margins compared to the third quarter of 2015. The gross profit margin percentage of 19.5% decreased from 20.8% in the prior year due mainly to a $2.8 million gain on the monetization of six Hitachi mining trucks in the Equipment segment in the third quarter of 2015.

For the nine months ended September 30, 2016, gross profit decreased $25.9 million due to lower volumes and lower gross profit margins. The gross profit margin percentage of 18.5% decreased from 20.4% in the prior year mainly due to weaker parts margins in the Power Systems and Industrial Components segments and a $2.8 million gain on the monetization of six Hitachi mining trucks in the Equipment segment in the third quarter of 2015.

Selling and administrative expenses

Selling and administrative expenses decreased 10%, or $4.7 million, in the third quarter of 2016 compared to the same quarter last year. The decrease in selling and administrative expenses was attributable to headcount reductions, resulting primarily from the Corporation's 2016 strategic reorganization and reduced economic activity in western Canada, lower sales related expenses and an accrual of $1.0 million for insurance proceeds received in October 2016 related to the Fort McMurray wildfires that occurred in the second quarter of 2016. These decreases were partially offset by an increase in annual incentive accruals. Selling and administrative expenses as a percentage of revenue decreased to 14.9% in 2016 from 16.2% in 2015.

For the nine months ended September 30, 2016, selling and administrative expenses decreased 5%, or $7.7 million, compared to the same period last year. This was due to headcount reductions, resulting primarily from the Corporation's 2016 strategic reorganization and reduced economic activity in western Canada, combined with lower sales related expenses and an accrual of $1.0 million for insurance proceeds related to the Fort McMurray wildfires. These decreases were partially offset by an increase in annual incentive accruals. Selling and administrative expenses as a percentage of revenue decreased slightly to 15.8% in 2016 from 16.0% in 2015.

2016 Restructuring costs
Restructuring costs of $12.5 million ($9.1 million after-tax), consisting principally of severance costs, were recorded in the first quarter of 2016.

The net benefit of the restructuring for the quarter ending September 30, 2016 was approximately $3.0 million (approximately $5.0 million for the nine months ending September 30, 2016). The net benefit of the restructuring in 2016 is expected to approximately $8 million, with the estimated $15 million of annualized cost savings expected to be realized beginning in 2017.

Finance costs
Quarterly finance costs of $2.9 million increased $0.1 million compared to 2015.

For the nine months ended September 30, 2016, finance costs of $8.4 million decreased $1.1 million compared to the same period in 2015 due to lower debt levels, mainly as a result of the $71.4 million in net proceeds from the issuance of share capital in the second quarter of 2015.

Income tax expense
The Corporation's effective income tax rate for the quarter ended September 30, 2016 of 28.1% (2015 – 28.5%) was higher compared to the statutory rate of 26.9% (2015 – 26.5%) due to the impact of expenses not deductible for tax purposes.

The Corporation's effective income tax rate for the nine months ended September 30, 2016 of 37.0% (2015 – 28.0%) was higher compared to the statutory rate of 26.9% due to the impact of expenses not deductible for tax purposes. The impact of the expenses not deductible for tax purposes on the effective income tax rate of 37%, for the nine months ended September 30, 2016, is higher compared to other periods due to the lower level of earnings compared to other periods.

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

Net earnings
In the third quarter of 2016, net earnings increased $0.1 million to $7.6 million, or $0.38 per share, from $7.5 million, or $0.38 per share, in the same quarter of 2015.

For the nine months ended September 30, 2016, net earnings decreased $20.1 million to $2.1 million, or $0.11 per share, compared to net earnings of $22.2 million, or $1.23 per share, in the same period in 2015. The $20.1 million decrease in net earnings resulted primarily from a higher restructuring provision and lower volumes and gross profit margins. These decreases were partially offset by reduced selling and administrative expenses and finance costs compared to the same period last year.

Adjusted net earnings (See the Non-GAAP and Additional GAAP Measures section)
Adjusted net earnings for the nine months ended September 30, 2016 excludes the restructuring provision of $9.1 million after-tax, or $0.46 per share, recorded in the first quarter of 2016. Adjusted net earnings for the nine months ended September 30, 2015 excludes the restructuring provision of $1.5 million after-tax, or $0.08 per share, recorded in the first quarter of 2015 related to the Power Systems segment.

As such, adjusted net earnings for the nine months ended September 30, 2016 decreased $12.5 million to $11.2 million, or $0.56 per share, in 2016, from adjusted net earnings of $23.7 million, or $1.31 per share, in 2015. The $12.5 million decrease in adjusted net earnings resulted from lower volumes and gross margins, offset partially by reduced selling and administrative expenses and finance costs.

Comprehensive income
Total comprehensive income of $8.3 million in the third quarter of 2016 consisted of net earnings of $7.6 million and other comprehensive income of $0.7 million. The other comprehensive income resulted from $0.6 million of losses on derivative instruments designated as cash flow hedges in prior periods reclassified to cost of inventory and $0.1 million of gains on derivative instruments designated as cash flow hedges outstanding at the end of the period.

For the nine months ended September 30, 2016, the total comprehensive income of $1.3 million included net earnings of $2.1 million and an other comprehensive loss of $0.8 million. The other comprehensive loss resulted from $1.2 million of losses on derivative instruments designated as cash flow hedges outstanding at the end of the period partially offset by $0.4 million of losses on derivative instruments designated as cash flow hedges in prior periods reclassified to cost of inventory.

Funded net debt (See the Non-GAAP and Additional GAAP Measures section)
Funded net debt of $147.9 million at September 30, 2016 decreased $10.7 million compared to $158.6 million at June 30, 2016. During the quarter, cash generated from operating activities of $17.9 million was partially offset by dividends paid of $5.0 million, common shares purchased and held in trust of $1.2 million and investing activities of $0.3 million.

Funded net debt of $147.9 million at September 30, 2016 decreased $1.1 million compared to $149.0 million at December 31, 2015. During the period, cash generated from operating activities of $30.0 million was partially offset by dividends paid of $15.0 million, investing activities of $8.1 million and common shares purchased and held in trust of $3.2 million. The investing activities included the $5.6 million acquisition of Wilson in the second quarter of 2016.

On September 6, 2016, the Corporation amended its bank credit facility, extending the maturity date from August 12, 2019 to August 12, 2020. In addition, the $30 million non-revolving term portion of the facility was repaid, using proceeds from a drawdown under the revolving term portion of the facility, and the $220 million revolving term portion of the facility was increased to $250 million. The $0.4 million cost of amending the facility has been capitalized and will be amortized over the remaining term of the facility. See the Liquidity and Capital Resources section.

Dividends
For the third quarter ended September 30, 2016, quarterly dividends declared totaled $0.25 per share (2015 – $0.25 per share). For the nine months ended September 30, 2016, dividends declared totaled $0.75 per share (2015 – $0.98 per share).

On November 1, 2016, Wajax announced a fourth quarter dividend of $0.25 per share payable on January 4, 2017 to shareholders of record on December 15, 2016. See the Dividends section below.

Backlog (See the Non-GAAP and Additional GAAP Measures section)
Consolidated backlog at September 30, 2016 of $142.1 million decreased $23.1 million, or 14%, from $165.2 million at June 30, 2016. The decline was primarily driven by a $25.3 million decrease in the Equipment segment which resulted mainly from the sale of a large mining shovel in the third quarter, and lower material handling orders. During the remainder of 2016, the Equipment segment expects to deliver one additional large mining shovel to a customer in the oil sands market. Consolidated backlog decreased $14.0 million, or 9%, compared to September 30, 2015. See the Results of Operations section for further backlog detail by segment.

Fort McMurray Wildfires
As a result of the Fort McMurray wildfires, revenue in the Corporation's Fort McMurray and Fort MacKay branches declined approximately $8.3 million in the second quarter of 2016 compared to last year. The branch facilities incurred minimal damage and normal operations resumed in June 2016. The Corporation estimated its losses resulting from the wildfires, including lost profits and damages, to be at least $1.0 million, and received $1.0 million in insurance proceeds in October 2016.

Results of Operations

Equipment

	Three months ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
Equipment[(1)]	**$ 82.1**	$ 73.5	**$ 276.1**	$ 268.3
Parts and service	**$ 56.8**	$ 55.8	**$ 168.8**	$ 173.6
Segment revenue	**$ 138.9**	$ 129.3	**$ 444.9**	$ 441.9
Segment earnings[(2)]	**$ 10.7**	$ 10.5	**$ 30.7**	$ 29.0
Segment earnings margin	***7.7%***	*8.1%*	***6.9%***	*6.6%*

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

Revenue in the third quarter of 2016 increased 7%, or $9.6 million, to $138.9 million, from $129.3 million in the same quarter of 2015. Segment earnings increased $0.2 million to $10.7 million, compared to $10.5 million in the third quarter of 2015. The following factors contributed to the Equipment segment's third quarter results:

- Equipment revenue for the third quarter increased $8.6 million compared to the same quarter last year with specific quarter-over-quarter variances by product type as follows:
  - Construction equipment revenue decreased $8.4 million. Reductions in Hitachi excavator, JCB equipment and Wirtgen road building equipment volumes in western and central Canada, due to market declines and competitive market pressures, were offset partially by increased Hitachi excavator sales in eastern Canada.
  - Forestry equipment revenue increased $0.5 million, as higher equipment sales in central Canada were partially offset by lower equipment sales in eastern and western Canada.
  - Mining equipment sales increased $17.3 million, as a result of a large Hitachi mining shovel delivery into the western Canada oils sands market.
  - Crane and utility equipment revenue decreased $1.4 million, mainly as a result of lower sales to utility customers in central Canada.
  - Material handling equipment revenue increased $0.6 million.

- Parts and service volumes for the third quarter increased $1.0 million compared to the same quarter last year as higher mining sector volumes in western Canada, resulting from increased activity in the oil sands, were somewhat offset by lower construction and material handling volumes in western and eastern Canada.

- Segment earnings increased $0.2 million in the third quarter compared to the same quarter of 2015 as the positive impact of higher volumes and a $1.7 million reduction in selling and administrative expenses was offset partially by lower gross profit margins. Lower gross profit margins resulted primarily from a $2.8 million gain on the monetization of six Hitachi mining trucks in the Equipment segment in the third quarter of 2015. The $1.7 million decrease in selling and administrative expenses was due primarily to headcount reductions, lower sales related expenses and an accrual of $0.7 million for insurance proceeds related to the Fort McMurray wildfires that occurred in the second quarter of 2016.

Backlog of $68.4 million at September 30, 2016 decreased $25.3 million compared to June 30, 2016 due mainly to a large mining shovel order delivered in the third quarter and lower material handling orders. During the remainder of 2016, the Equipment segment expects to deliver one additional large mining shovel to a customer in the oil sands market. Backlog decreased $18.8 million compared to September 30, 2015 due mainly to a reduction in mining and material handing orders.

Power Systems

	Three months ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
Equipment[1]	**$ 16.5**	$ 20.7	**$ 52.8**	$ 67.4
Parts and service	**$ 39.0**	$ 45.2	**$ 127.6**	$ 146.9
Segment revenue	**$ 55.5**	$ 65.9	**$ 180.3**	$ 214.3
Segment earnings (loss) before restructuring costs[2]	**$ 0.9**	$ 1.1	**$ (6.4)**	$ 7.7
Restructuring costs	**$ -**	$ -	**$ -**	$ 2.1
Segment earnings (loss)[3]	**$ 0.9**	$ 1.1	**$ (6.4)**	$ 5.6
Segment earnings (loss) margin before restructuring costs[2]	***1.6%***	*1.7%*	***(3.5%)***	*3.6%*
Restructuring costs	***-***	*-*	***-***	*(1.0%)*
Segment earnings (loss) margin	***1.6%***	*1.7%*	***(3.5%)***	*2.6%*

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

Revenue in the third quarter decreased $10.4 million, or 16%, to $55.5 million compared to $65.9 million in the same quarter of 2015. Segment earnings decreased $0.2 million to $0.9 million, compared to $1.1 million in the third quarter of 2015. The following factors impacted quarter-over-quarter revenue and earnings:

- Equipment revenue decreased $4.2 million, due mainly to declines in off-highway equipment and power generation volumes in western Canada, resulting from the decline in oil and gas activity, and lower off-highway sales to mining customers in eastern Canada. These decreases were partially offset by higher power generation volumes in eastern Canada.

- Parts and service revenue decreased $6.2 million, attributable mainly to lower sales to on-highway and off-highway customers in western Canada, resulting from the decline in oil and gas activity, and lower sales to off-highway customers in central and eastern Canada.

- Segment earnings decreased $0.2 million in the third quarter compared to the same quarter of 2015 primarily due to lower revenue and lower gross profit margins, offset by a $2.4 million decrease in selling and administrative expenses. The lower gross profit margins, primarily parts related, resulted from approximately $0.7 million of adjustments to provisions and accruals, mainly related to inventory obsolescence. The decrease in selling and administrative expenses was primarily attributable to staffing reductions.

Backlog of $33.0 million as of September 30, 2016 increased $8.1 million compared to June 30, 2016 due primarily to higher off-highway and power generation orders in central and eastern Canada. Backlog increased $8.0 million compared to September 30, 2015 mainly on account of higher power generation and off-highway orders in eastern and central Canada partially offset by lower power generation orders in western Canada.

Industrial Components

	Three months ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
Segment revenue	**$ 93.3**	$ 96.6	**$ 285.9**	$ 295.3
Segment earnings[(1)]	**$ 4.4**	$ 4.7	**$ 9.3**	$ 13.5
Segment earnings margin	***4.7%***	*4.8%*	***3.2%***	*4.6%*

(1) Earnings before finance costs and income taxes.

Revenue of $93.3 million in the third quarter of 2016 decreased $3.3 million, or 3%, from $96.6 million in the third quarter of 2015. Segment earnings decreased $0.3 million, to $4.4 million, compared to $4.7 million in the third quarter of 2015. The following factors contributed to the segment’s third quarter results:

- Bearings and power transmission parts and service sales decreased $0.8 million primarily due to decreased oil sands and oil and gas sector volumes in western Canada offset partially by $2.6 million of revenues realized from the former Wilson, acquired in the second quarter of 2016.

- Fluid power and process equipment products and service revenue, including the oil sands services business, decreased $2.5 million compared to the same quarter last year due primarily to reduced activity in the oil sands and oil and gas sectors in western Canada.

- Segment earnings in the third quarter of 2016 decreased $0.3 million which was primarily attributable to the negative impact of lower volumes offset partially by a $0.7 million decrease in selling and administrative expenses. The $0.7 million reduction in selling and administrative expenses was mainly due to headcount reductions and lower sales related expenses partially offset by an increase in annual incentive accruals compared to last year.

Backlog of $40.7 million as of September 30, 2016 decreased $5.9 million compared to June 30, 2016 due to lower orders in all regions. Backlog decreased $3.2 million compared to September 30, 2015 mainly due to lower orders in western and central Canada.

Selected Quarterly Information

The following table summarizes unaudited quarterly consolidated financial data for the eight most recently completed quarters. This quarterly information is unaudited but has been prepared on the same basis as the 2015 annual audited consolidated financial statements.

	2016			2015				2014
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	**$ 286.6**	$ 336.6	$ 285.0	$ 324.4	$ 290.9	$ 340.7	$ 317.2	$ 386.1
Net earnings (loss)	**$ 7.6**	$ 4.3	$ (9.7)	$ (33.3)	$ 7.5	$ 9.0	$ 5.7	$ 11.2
Net earnings (loss) per share								
- Basic	**$ 0.38**	$ 0.22	$ (0.49)	$ (1.66)	$ 0.38	$ 0.52	$ 0.34	$ 0.67
- Diluted	**$ 0.37**	$ 0.21	$ (0.49)	$ (1.64)	$ 0.37	$ 0.51	$ 0.34	$ 0.66

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

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

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

Consolidated Financial Condition

Capital Structure and Key Financial Condition Measures

	September 30 2016	June 30 2016	December 31 2015
Shareholders' equity	**$ 272.9**	$ 270.2	$ 288.5
Funded net debt(1)	**147.9**	158.6	149.0
Total capital	**$ 420.8**	$ 428.9	$ 437.5
Funded net debt to total capital(1)	**35.1%**	37.0%	34.1%
Leverage ratio(1)	**2.69**	2.87	2.05

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

The Corporation's objective is to maintain a leverage ratio between 1.5 times and 2.0 times. However, there may be instances where the Corporation is willing to maintain a leverage ratio outside this range to either support key growth initiatives or fluctuations in working capital levels during changes in economic cycles. Given the difficult economic environment in western Canada, the Corporation expects to be above its target leverage ratio range for at least the remainder of 2016 as it realizes the expected savings related to the 2016 restructuring, continues to reduce staffing levels in response to the slower western Canada market and benefits from measures taken to improve gross profit margins. See the Funded Net Debt section below.

Shareholders’ Equity

The Corporation’s shareholders’ equity at September 30, 2016 of $272.9 million increased $2.7 million from June 30, 2016, as earnings exceeded dividends declared and $1.2 million in shares purchased during the quarter through two employee benefit plan trusts funded by the Corporation (for future settlement of share-based compensation plan awards). For the nine months ended September 30, 2016, the Corporation’s shareholders’ equity decreased $15.6 million, as earnings were more than offset by dividends declared and $3.2 million in shares purchased through the employee benefit plan trusts.

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, 2016	Number	Amount
Balance at the beginning of the quarter	19,870,182	$ 178.8
Shares purchased for future settlement of share-based compensation plans	(79,029)	(0.7)
Balance at the end of the quarter	**19,791,153**	**$ 178.1**

At the date of this MD&A, the Corporation had 19,791,153 common shares issued and outstanding.

At September 30, 2016, Wajax had four share-based compensation plans: the Wajax Share Ownership Plan (“SOP”), the Directors’ Deferred Share Unit Plan (“DDSUP”), the Mid-Term Incentive Plan for Senior Executives (“MTIP”) and the Deferred Share Unit Plan (“DSUP”).
SOP and DDSUP rights are granted to the participants and are settled in treasury issued common shares on a one-for-one basis. As of September 30, 2016, there were 366,584 (2015 – 314,951) SOP and DDSUP rights outstanding of which 360,826 (2015 – 310,261) were vested.

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

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

- Rights granted under the 2016 MTIP, comprised of restricted share units (“RSUs”) and performance share units (“PSUs”), and rights granted under the 2016 DSUP will be settled in market-purchased common shares of the Corporation on a one-for-one basis provided that the time and performance vesting criteria are met. As of September 30, 2016, there were 324,440 (2015 – nil) 2016 MTIP and DSUP rights outstanding, none of which were vested.

Compensation expense for the SOP, DDSUP and 2016 MTIP and DSUP is determined based upon the fair value of the rights at the date of grant and charged to earnings on a straight line basis over the vesting period, with an offsetting adjustment to contributed surplus. Compensation expense for the cash-settled DSUP and the cash settled share-based portion of the MTIP varies with the price of the Corporation’s shares and is recognized over the vesting period. Wajax recorded compensation expense of $0.6 million for the quarter (2015 – $0.2 million) and $1.3 million for the nine months ended September 30, 2016 (2015 – $0.7 million) in respect of these plans.

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

	September 30 2016	June 30 2016	December 31 2015
Cash	**$ (0.4)**	$ (3.6)	$ (13.6)
Obligations under finance lease	**9.5**	10.3	11.0
Long-term debt	**138.8**	151.9	151.6
Funded net debt[(1)]	**$ 147.9**	$ 158.6	$ 149.0

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

Funded net debt of $147.9 million at September 30, 2016 decreased $10.7 million compared to $158.6 million at June 30, 2016. During the quarter, cash generated from operating activities of $17.9 million was partially offset by dividends paid of $5.0 million, common shares purchased and held in trust of $1.2 million and investing activities of $0.3 million.

Funded net debt of $147.9 million at September 30, 2016 decreased $1.1 million compared to $149.0 million at December 31, 2015. During the period, cash generated from operating activities of $30.0 million was partially offset by dividends paid of $15.0 million, investing activities of $8.1 million and common shares purchased and held in trust of $3.2 million. The investing activities included the $5.6 million acquisition of Wilson in the second quarter of 2016.

The Corporation's ratio of funded net debt to total capital decreased to 35.1% at September 30, 2016 from 37.0% at June 30, 2016 primarily due to the lower funded net debt level at September 30, 2016.

The Corporation's leverage ratio of 2.69 times at September 30, 2016 decreased from the June 30, 2016 ratio of 2.87 times due to the lower funded net debt level. In addition to the estimated annual savings from the strategic reorganization announced in March 2016 of $15 million expected to be realized beginning in 2017, the Corporation continues to reduce staffing levels in response to the slower western Canada market and has taken measures to improve gross margins. These initiatives, combined with other strategic initiatives, are expected to have a positive impact on the Corporation's leverage ratio. See the Non-GAAP and Additional GAAP Measures section.

See the Liquidity and Capital Resources section.

Financial Instruments

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

Wajax enters into short-term currency forward contracts to hedge the exchange risk associated with the cost of certain inbound inventory and foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. As at September 30, 2016, Wajax had the following contracts outstanding:

- to buy U.S. $41.8 million (December 31, 2015 – to buy U.S. $31.8 million), and
- to sell U.S. $15.0 million (December 31, 2015 – to sell U.S. $2.0 million).

The U.S. dollar contracts expire between October 2016 and August 2017, with a weighted average U.S./Canadian dollar rate of 1.3113.

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

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

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

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

Contractual Obligations

There have been no material changes to the Corporation's contractual obligations since December 31, 2015 except for the repayment of the $30 million non-revolving portion of the bank credit facility. See the Liquidity and Capital Resources section.

Off Balance Sheet Financing

Off balance sheet financing arrangements include operating lease contracts for facilities with various landlords, a portion of the long-term lift truck rental fleet in the Equipment segment and other equipment related mainly to office equipment. There have been no material changes to the Corporation's total obligations for all operating leases since December 31, 2015. See the Contractual Obligations section above.

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

The Equipment segment had $37.2 million (June 30, 2016 – $41.2 million) of consigned inventory on-hand from a major manufacturer at September 30, 2016, net of deposits of $21.4 million (June 30, 2016 – $21.5 million). In the normal course of business, Wajax receives inventory on consignment from this manufacturer which is generally rented or sold to customers or purchased by Wajax. Under the terms of the consignment program, Wajax is required to make periodic deposits to the manufacturer on the consigned inventory that is rented to Wajax customers or on-hand for greater than nine months. This consigned inventory is not included in Wajax's inventory as the manufacturer retains title to the goods. In the event the inventory consignment program was terminated, Wajax would utilize interest free financing, if any, made available by the manufacturer and/or utilize capacity under its credit facilities.

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

Liquidity and Capital Resources

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

Bank and Non-bank Credit Facilities and Senior Notes

On September 6, 2016, the Corporation amended its bank credit facility, extending the maturity date from August 12, 2019 to August 12, 2020. In addition, the $30 million non-revolving term portion of the facility was repaid, using proceeds from a drawdown under the revolving term portion of the facility, and the $220 million revolving term portion of the facility was increased to $250 million. The $0.4 million cost of amending the facility has been capitalized and will be amortized over the remaining term of the facility.

At September 30, 2016, Wajax had borrowed $17.0 million and issued $6.4 million of letters of credit for a total utilization of $23.4 million of its $250 million revolving term bank credit facility. In addition, Wajax had $125 million in senior notes outstanding bearing an interest rate of 6.125% per annum, payable semi-annually, maturing on October 23, 2020. Borrowing capacity under the bank credit facility is dependent on the level of inventories on-hand and outstanding trade accounts receivables. At September 30, 2016, borrowing capacity under the bank credit facility was equal to $250 million.

The bank credit facility contains customary restrictive covenants, including limitations on the payment of cash dividends and an interest coverage maintenance ratio. In particular, the Corporation's interest coverage ratio must exceed 3.0 times and the Corporation is restricted from declaring dividends in the event its leverage ratio, as defined in the bank credit facility agreement, exceeds 3.25 times. The senior notes are unsecured and contain customary incurrence based covenants that, although different from those under the bank credit facility described above, are not expected to be any more restrictive than under the bank credit facility. All covenants under the bank credit facilities and senior notes were met as at September 30, 2016.

Under the terms of the bank credit facility, Wajax is permitted to have additional interest bearing debt of $15 million. As such, Wajax has up to $15 million of demand inventory equipment financing capacity with two non-bank lenders. At September 30, 2016, Wajax had no utilization of the interest bearing equipment financing facilities.

As of November 1, 2016, Wajax's $250 million bank credit facility, of which $226.6 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, 2016, $125 million of the Corporation's funded net debt, or 85%, 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, 2016 and September 30, 2015.

($millions)	Three months ended September 30 **2016**	2015	Change	Nine months ended September 30 **2016**	2015	Change
Net earnings	**$ 7.6**	$ 7.5	$ 0.1	**$ 2.1**	$ 22.2	$ (20.1)
Items not affecting cash flow	**12.7**	12.3	0.4	**30.0**	35.8	(5.8)
Net change in non-cash operating working capital	**2.8**	(4.8)	7.6	**16.7**	(41.9)	58.6
Finance costs paid	**(0.7)**	(0.6)	(0.1)	**(5.8)**	(6.9)	1.1
Income taxes paid	**-**	(3.1)	3.1	**(2.4)**	(8.4)	6.0
Rental equipment additions	**(4.5)**	(4.8)	0.3	**(9.7)**	(18.5)	8.8
Other non-current liabilities	**0.2**	(0.4)	0.6	**(0.9)**	(0.7)	(0.2)
Cash generated from (used in) operating activities	**$ 17.9**	$ 6.1	$ 11.8	**$ 30.0**	$ (18.3)	$ 48.3
Cash used in investing activities	**$ (0.3)**	$ (0.8)	$ 0.5	**$ (8.1)**	$ (3.1)	$ (5.0)
Cash (used in) generated from financing activities	**$ (20.8)**	$ (9.8)	$ (11.0)	**$ (35.1)**	$ 27.5	$ (62.6)

Cash Generated From (Used In) Operating Activities
Cash flows generated from operating activities amounted to $17.9 million in the third quarter of 2016, compared to $6.1 million in the same quarter of the previous year. The $11.8 million increase in cash flows generated from operating activities was mainly attributable to an increase in cash generated from non-cash working capital of $7.6 million and lower income taxes paid of $3.1 million.

Rental equipment additions in the third quarter of 2016 of $4.5 million (2015 – $4.8 million) related primarily to lift trucks in the Equipment segment.

For the nine months ended September 30, 2016, cash flows generated from operating activities amounted to $30.0 million, compared to cash flows used in operating activities of $18.3 million for the same period in the previous year. The $48.3 million increase in cash flows generated from operating activities was mainly attributable to an increase in cash generated from non-cash working capital of $58.6 million and lower rental equipment additions of $8.8 million offset partially by lower net earnings of $20.1 million.

For the nine months ended September 30, 2016, rental equipment additions of $9.7 million (2015 – $18.5 million) related primarily to lift trucks in the Equipment segment.

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

($millions)	Three months ended		Nine months ended	
Changes in Non-cash Operating Working Capital[1]	**September 30 2016**	September 30 2015	**September 30 2016**	September 30 2015
Trade and other receivables	**$ 0.6**	$ (5.6)	**$ (8.0)**	$ 7.0
Contracts in progress	**0.6**	4.1	**0.4**	(0.5)
Inventories	**0.2**	15.6	**20.7**	14.7
Deposits on inventory	**-**	(6.1)	**(0.5)**	(7.8)
Prepaid expenses	**(0.5)**	2.1	**0.5**	1.5
Accounts payable and accrued liabilities	**1.7**	(14.7)	**4.5**	(56.1)
Provisions	**0.2**	(0.1)	**(0.9)**	(0.7)
Total Changes in Non-cash Operating Working Capital	**$ 2.8**	$ (4.8)	**$ 16.7**	$ (41.9)

(1) Increase (decrease) in cash flow

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

- Trade and other receivables decreased $0.6 million in 2016 compared to an increase of $5.6 million in 2015. The increase in 2015 resulted primarily from outstanding billings related to power generation projects in the Power Systems segment.

- Contracts in progress decreased $0.6 million in 2016 compared to a decrease of $4.1 million in 2015. 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 $0.2 million in 2016 compared to a decrease of $15.6 million in 2015. 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.

- Deposits on inventory remained flat in 2016 compared to an increase of $6.1 million in 2015. The increase in 2015 resulted from an increase in the aging of inventory on consignment in the Equipment segment resulting in additional payments to the manufacturer. See the Off Balance Sheet Financing section.

- Accounts payable and accrued liabilities increased $1.7 million in 2016 compared to a decrease of $14.7 million in 2015. The decrease in 2015 resulted from lower trade payables in all segments, due in part to the payment of equipment inventory in the Equipment segment and decreased purchasing activity, offset partially by higher accrued liabilities.

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

- Trade and other receivables increased $8.0 million in 2016 compared to a decrease of $7.0 million in 2015. The increase in 2016 resulted primarily from an increase in the Equipment segment due to higher mining sales activity in the third quarter offset partially by lower receivables in the Power Systems segment due to lower sales activity. The decrease in 2015 was mainly attributable to lower sales activity in the Equipment and Industrial Components segments.

- Contracts in progress decreased $0.4 million in 2016 compared to an increase of $0.5 million in 2015. The decrease in 2016 was due to a reduction in contract revenue recognized in advance of billings related to power generation projects in the Power Systems segment. The increase in 2015 reflects higher contract revenue recognized in advance of billings related to power generation projects in the Power Systems segment.

- Inventories decreased $20.7 million in 2016 compared to a decrease of $14.7 million in 2015. The decrease in 2016 was due to lower inventory levels in all segments, primarily in the Industrial Components segment driven by lower sales activity and higher inventory obsolescence and in the Equipment segment driven by lower construction equipment inventory. The decrease in 2015 was mainly on account of 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.

- Deposits on inventory increased $0.5 million in 2016 compared to an increase of $7.8 million in 2015. The increase in 2015 resulted from an increase in the aging of inventory on consignment in the Equipment segment resulting in additional payments to the manufacturer. See the Off Balance Sheet Financing section.

- Accounts payable and accrued liabilities increased $4.5 million in 2016 compared to a decrease of $56.1 million in 2015. The increase in 2016 resulted from higher trade payables in the Equipment segment, due primarily to a large mining equipment payable and the balance remaining in the restructuring cost provision recorded in the first quarter of 2016. These increases were offset partially by lower trade payables and accrued liabilities in the Power Systems segment. 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.

Investing Activities

During the third quarter of 2016, Wajax invested $0.2 million (2015 – $0.8 million) in property, plant and equipment additions, net of disposals.

For the nine months ended September 30, 2016, Wajax invested $2.4 million (2015 – $3.0 million) in property, plant and equipment additions, net of disposals. In addition, during the second quarter of 2016, Wajax acquired the assets of Wilson for $5.6 million, subject to post-closing adjustments.

Financing Activities

The Corporation used $20.8 million of cash from financing activities in the third quarter of 2016 compared to $9.8 million used in the same quarter of 2015. Financing activities in the quarter included dividends paid to shareholders totaling $5.0 million (2015 – $5.0 million), common shares purchased and held by trusts funded by the Corporation totaling $1.2 million (2015 – nil), and finance lease payments of $1.0 million (2015 – $0.9 million).

For the nine months ended September 30, 2016, the Corporation used $35.1 million of cash from financing activities compared to cash generated of $27.5 million in the same period of 2015. Financing activities for the nine months ended September 30, 2016 included dividends paid to shareholders totaling $15.0 million (2015 – $16.5 million), common shares purchased and held by trusts funded by the Corporation totaling $3.2 million (2015 – nil) and finance lease payments of $3.3 million (2015 – $2.9 million).

Dividends

Dividends to shareholders were declared as follows:

Record Date	Payment Date	Per Share	Amount
March 15, 2016	April 4, 2016	$ 0.25	$ 5.0
June 15, 2016	July 5, 2016	$ 0.25	$ 5.0
September 15, 2016	October 4, 2016	$ 0.25	$ 4.9
Nine months ended September 30, 2016		**$ 0.75**	**$ 14.9**

On November 1, 2016, Wajax announced a fourth quarter dividend of $0.25 per share ($1.00 per share annualized) payable on January 4, 2017 to shareholders of record on December 15, 2016.

Non-GAAP and Additional GAAP Measures

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

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

(ii) the non-GAAP measures are commonly used as an indicator of a company's cash operating performance, profitability and ability to raise and service debt, and

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

(iv) "Adjusted net earnings (loss)" and "Basic and diluted adjusted net earnings (loss) per share" provide indications of the results by the Corporation's principal business activities prior to recognizing goodwill and intangible assets impairment and restructuring costs that are outside the Corporation's normal course of business. "Adjusted EBITDA" used in calculating the Leverage Ratio excludes goodwill and intangible assets impairment and restructuring costs which is consistent with the leverage ratio calculations under the Corporation's bank credit and senior note agreements.

Non-GAAP financial measures are identified and defined below:

Funded net debt — Funded net debt includes bank indebtedness, long-term debt and obligations under finance leases, net of cash. Funded net debt is a component relevant in calculating the Corporation's Funded Net Debt to Total Capital, which is a non-GAAP measure commonly used as an indicator of a company's ability to raise and service debt.

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

EBITDA — Net earnings (loss) before finance costs, income tax expense, depreciation and amortization. EBITDA is a non-GAAP measure commonly used as an indicator of a company's cash operating performance.

Adjusted net earnings (loss) — Net earnings (loss) before after tax restructuring costs.

Basic and diluted adjusted earnings (loss) per share — Basic and diluted earnings (loss) per share before after tax restructuring costs.

Adjusted EBITDA	EBITDA before goodwill and intangible assets impairment and restructuring costs.
Leverage ratio	The leverage ratio is defined as debt at the end of a particular quarter divided by trailing 12-month Adjusted EBITDA. The Corporation's objective is to maintain this ratio between 1.5 times and 2.0 times.
Funded net debt to total capital	Defined as funded net debt divided by total capital. Total capital is the funded net debt plus shareholder's equity.
Backlog	Backlog includes the total sales value of customer purchase commitments for future delivery or commissioning of equipment, parts and related services.

Additional GAAP measures are identified and defined below:

Earnings (loss) before finance costs and income taxes (EBIT)	Earnings (loss) before finance costs and income taxes, as presented on the Consolidated Statements of Earnings.
Earnings (loss) before income taxes (EBT)	Earnings (loss) before income taxes, as presented on the Consolidated Statements of Earnings.

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

	Three months ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
Net earnings	**$ 7.6**	$ 7.5	**$ 2.1**	$ 22.2
Restructuring costs, after-tax	**-**	-	**9.1**	1.5
Adjusted net earnings	**$ 7.6**	$ 7.5	**$ 11.2**	$ 23.7
Basic adjusted earnings per share(1)(2)	**$ 0.38**	$ 0.38	**$ 0.56**	$ 1.31
Diluted adjusted earnings per share(1)(2)	**$ 0.37**	$ 0.37	**$ 0.56**	$ 1.29

(1) At September 30, 2016 the numbers of basic and diluted shares outstanding were 19,840,499 and 20,154,200, respectively for the three months ended and 19,929,070 and 20,155,494, respectively for the nine months ended.
(2) At September 30, 2015 the numbers of basic and diluted shares outstanding were 19,978,351 and 20,285,599, respectively for the three months ended and 18,079,594 and 18,379,330, respectively for the nine months ended.

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

	For the twelve months ended September 30	For the twelve months ended June 30	For the twelve months ended December 31
	2016	**2016**	**2015**
Net loss	**$ (31.2)**	$ (31.2)	$ (11.0)
Income tax expense	**(1.1)**	(1.0)	6.3
EBT	**(32.3)**	(32.2)	(4.7)
Finance costs	**11.1**	11.1	12.2
EBIT	**(21.2)**	(21.1)	7.5
Depreciation and amortization	**24.7**	24.9	24.5
EBITDA	**3.5**	3.8	32.0
Goodwill and intangible assets impairment(1)	**41.2**	41.2	41.2
Restructuring costs(2)	**12.5**	12.5	2.1
Adjusted EBITDA	**$ 57.4**	$ 57.5	$ 75.3

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

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

	September 30 2016	June 30 2016	December 31 2015
Cash	**$ (0.4)**	$ (3.6)	$ (13.6)
Obligations under finance leases	**9.5**	10.3	11.0
Long-term debt	**138.8**	151.9	151.6
Funded net debt	**$ 147.9**	$ 158.6	$ 149.0
Letters of credit	**6.4**	6.4	5.1
Debt	**$ 154.3**	$ 165.0	$ 154.1
Leverage ratio[(1)]	**2.69**	2.87	2.05

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

Critical Accounting Estimates

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

The areas where significant judgements and assumptions are used to determine the amounts recognized in the financial statements include the allowance for doubtful accounts, inventory obsolescence and goodwill and intangible assets.

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

Allowance for doubtful accounts
The Corporation is exposed to credit risk with respect to its trade and other receivables. However, this is somewhat minimized by the Corporation's diversified customer base, of over 30,000 customers with no one customer accounting for more than 10% of the Corporation's annual consolidated sales, which covers most business sectors across Canada. In addition, the Corporation's customer base spans large public companies, small independent contractors, OEM's and various levels of government. The Corporation follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Corporation maintains provisions for possible credit losses, and any such losses to date have been within management's expectations. The provision for doubtful accounts is determined on an account-by-account basis. The $0.9 million provision for doubtful accounts at September 30, 2016 decreased $0.2 million from $1.1 million at December 31, 2015. As economic conditions change, there is risk that the Corporation could experience a greater number of defaults compared to 2015 which would result in an increased charge to earnings.

Inventory obsolescence
The value of the Corporation's new and used equipment is evaluated by management throughout the year, on a unit-by-unit basis. When required, provisions are recorded to ensure that the book value of equipment is valued at the lower of cost or estimated net realizable value. The Corporation performs an aging analysis to identify slow moving or obsolete parts inventories and estimates appropriate obsolescence provisions related thereto. The Corporation takes advantage of supplier programs that allow for the return of eligible parts for credit within specified time periods. The inventory obsolescence charged to earnings for the third quarter of 2016 was $2.2 million compared to $1.6 million in the third quarter of 2015. As economic conditions change, there is risk that the Corporation could have an increase in inventory obsolescence compared to prior periods which would result in an increased charge to earnings.

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

Changes in Accounting Policies

No new standards have been adopted in the current period.

New standards and interpretations not yet adopted

The new standards or amendments to existing standards that may be significant to the Corporation set out below are not yet effective for the year ended December 31, 2016 and have not been applied in preparing these consolidated financial statements.

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

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

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

Risk Management and Uncertainties

As with most businesses, Wajax is subject to a number of marketplace and industry related risks and uncertainties which could have a material impact on operating results and Wajax's ability to pay cash dividends to shareholders. Wajax attempts to minimize many of these risks through diversification of core businesses and through the geographic diversity of its operations. In addition, Wajax has adopted an annual enterprise risk management assessment which is prepared by the Corporation's senior management and overseen by the board of directors and committees of the board. The enterprise risk management framework sets out principles and tools for identifying, evaluating, prioritizing and managing risk effectively and consistently across Wajax. There are however, a number of risks that deserve particular comment which are discussed in detail in the MD&A for the year ended December 31, 2015 which can be found on SEDAR at www.sedar.com. Although there have been no material changes to the business of Wajax since December 31, 2015, we are updating the risks discussed in the MD&A for the year ended December 31, 2015 for the following additional external risk:

Cyber Security
Wajax's business relies on information technology including third party service providers, to process, transmit and store electronic information including that related to customers, vendors and employees. A breach in the security of the Corporation's information technology, or that of its third party service providers, could expose the business to a risk of loss, misuse of confidential information and/or business interruption.

The Corporation has general security controls in place, including security tools, and is currently implementing recommendations from a recently completed security review performed by a third party. In addition, the Corporation has policies in place regarding security over confidential customer, vendor and employee information, is commencing employee security training in late 2016, and has recovery plans in place in the event of a cyber-attack.

Despite such security controls, there is no assurance that cyber security threats can be fully detected, prevented or mitigated. Should such threats materialize and depending on the magnitude of the problem, they could have a material impact on Wajax's business, results of operations or financial condition.

Strategic Direction and Outlook

As expected, third quarter net earnings improved compared to the second quarter and included $1.0 million in insurance proceeds related to the Fort McMurray wildfires. Management is particularly pleased by the improvement in the Power Systems segment, where cost reduction and margin improvement initiatives began to pay off despite continuing challenges in the western Canada market. Consolidated net earnings were up slightly compared to the previous year as savings from restructuring activities were more fully realized. This net earnings improvement was achieved despite lower revenue and a $2.8 million gain on the monetization of mining trucks recorded in third quarter of 2015.

The reorganization announced in March 2016 is proceeding on schedule and is on track for completion by the end of 2016. Management now expects approximately $8 million of savings in 2016, with the full $15 million in estimated cost savings expected to be realized in 2017.

Consistent with the last two quarters, management's outlook for the remainder of 2016 is that market conditions will remain challenging, particularly in western Canada. However, management expects fourth quarter earnings will continue to benefit from the earnings improvement initiatives implemented in the Power Systems segment and from the completion of the reorganization.

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, 2016

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

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

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at (unaudited, in thousands of Canadian dollars)	Note		**September 30, 2016**		December 31, 2015
ASSETS					
CURRENT					
Cash		**$**	**374**	$	13,614
Trade and other receivables			**176,008**		167,176
Contracts in progress			**4,441**		4,842
Inventories			**290,917**		305,669
Deposits on inventory			**21,898**		21,419
Income taxes receivable			**1,817**		841
Prepaid expenses			**6,513**		6,978
Derivative instruments			**-**		1,611
			501,968		522,150
NON-CURRENT					
Rental equipment	3		**59,575**		64,104
Property, plant and equipment	4		**46,834**		46,217
Intangible assets			**41,251**		41,767
Deferred tax asset	10		**3,704**		3,230
			151,364		155,318
		$	**653,332**	$	677,468
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT					
Accounts payable and accrued liabilities	5	**$**	**212,198**	$	204,999
Provisions			**4,373**		5,244
Dividends payable			**4,948**		4,997
Obligations under finance leases			**3,660**		4,198
Derivative instruments			**69**		-
			225,248		219,438
NON-CURRENT					
Provisions			**2,628**		3,300
Employee benefits			**7,052**		6,752
Other liabilities			**843**		1,048
Obligations under finance leases			**5,873**		6,844
Long-term debt	6		**138,759**		151,582
			155,155		169,526
SHAREHOLDERS' EQUITY					
Share capital	7		**178,079**		179,829
Contributed surplus			**7,200**		5,930
Retained earnings			**87,670**		101,916
Accumulated other comprehensive (loss) income			**(20)**		829
Total shareholders' equity			**272,929**		288,504
		$	**653,332**	$	677,468

These condensed consolidated financial statements were approved by the Board of Directors on November 1, 2016.

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited, in thousands of Canadian dollars, except per share data)	Note	Three months ended September 30 2016	2015	Nine months ended September 30 2016	2015
Revenue		**$ 286,613**	$ 290,908	**$ 908,183**	$ 948,870
Cost of sales		**230,633**	230,315	**740,049**	754,894
Gross profit		**55,980**	60,593	**168,134**	193,976
Selling and administrative expenses		**42,607**	47,253	**143,922**	151,582
Restructuring costs	14	**-**	-	**12,500**	2,060
Earnings before finance costs and income taxes		**13,373**	13,340	**11,712**	40,334
Finance costs		**2,876**	2,822	**8,372**	9,457
Earnings before income taxes		**10,497**	10,518	**3,340**	30,877
Income tax expense	10	**2,945**	2,993	**1,236**	8,633
Net earnings		**$ 7,552**	$ 7,525	**$ 2,104**	$ 22,244
Basic earnings per share	11	**$ 0.38**	$ 0.38	**$ 0.11**	$ 1.23
Diluted earnings per share	11	**$ 0.37**	$ 0.37	**$ 0.10**	$ 1.21

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, in thousands of Canadian dollars)	Three months ended September 30 2016	2015	Nine months ended September 30 2016	2015
Net earnings	**$ 7,552**	$ 7,525	**$ 2,104**	$ 22,244
Items that may be subsequently reclassified to income				
Losses (gains) on derivative instruments designated as cash flow hedges in prior periods reclassified to cost of inventory or finance costs during the period, net of tax recovery of $235 (2015 – expense of $156) and year to date, net of tax recovery of $136 (2015 – expense of $522)	**637**	(439)	**377**	(1,474)
Gains (losses) on derivative instruments outstanding at the end of the period designated as cash flow hedges, net of tax expense of $37 (2015 – $251) and year to date, net of tax recovery of $451 (2015 – expense of $567)	**100**	708	**(1,226)**	1,600
Other comprehensive income (loss), net of tax	**737**	269	**(849)**	126
Total comprehensive income	**$ 8,289**	$ 7,794	**$ 1,255**	$ 22,370

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

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

For the nine months ended September 30, 2016 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) Cash flow hedges		Total
December 31, 2015		$	179,829	5,930	101,916	829	$	288,504
Net income			-	-	2,104	-		2,104
Other comprehensive loss			-	-	-	(849)		(849)
Total comprehensive income (loss) for the period			-	-	2,104	(849)		1,255
Shares issued to settle share-based compensation plans	9		58	(58)	-	-		-
Shares purchased and held in trust	7		(1,808)	-	(1,437)	-		(3,245)
Dividends	8		-	-	(14,913)	-		(14,913)
Share-based compensation expense	9		-	1,328	-	-		1,328
September 30, 2016		**$**	**178,079**	**7,200**	**87,670**	**(20)**	**$**	**272,929**

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

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

For the nine months ended September 30, 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			72,278	-	-	-		72,278
Shares issued to settle share-based compensation plans	9		45	(45)	-	-		-
Dividends	8		-	-	(18,099)	-		(18,099)
Share-based compensation expense	9		-	657	-	-		657
September 30, 2015		**$**	**179,777**	**5,788**	**139,414**	**743**	**$**	**325,722**

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 **2016**	Three months ended September 30 2015	Nine months ended September 30 **2016**	Nine months ended September 30 2015
OPERATING ACTIVITIES					
Net earnings		**$ 7,552**	$ 7,525	**$ 2,104**	$ 22,244
Items not affecting cash flow:					
Depreciation and amortization:					
Rental equipment		**3,676**	3,674	**10,943**	10,111
Property, plant and equipment		**2,352**	2,303	**6,655**	6,691
Intangible assets		**189**	385	**656**	1,170
(Gain) loss on disposal of property, plant and equipment	4	**(46)**	(13)	**(176)**	14
Share-based compensation expense	9	**613**	175	**1,328**	657
Non-cash rental (recovery) expense		**(8)**	63	**163**	123
Employee benefits expense, net of payments		**94**	28	**300**	182
Change in fair value of non-hedge derivative instruments		**3**	(171)	**514**	(1,198)
Finance costs		**2,876**	2,823	**8,372**	9,457
Income tax expense	10	**2,945**	2,993	**1,236**	8,633
		20,246	19,785	**32,095**	58,084
Changes in non-cash operating working capital	12	**2,794**	(4,752)	**16,692**	(41,918)
Rental equipment additions	3	**(4,524)**	(4,805)	**(9,748)**	(18,454)
Other non-current liabilities		**161**	(415)	**(877)**	(739)
Finance costs paid		**(745)**	(593)	**(5,826)**	(6,860)
Income taxes paid		**(21)**	(3,073)	**(2,371)**	(8,366)
Cash generated from (used in) operating activities		**17,911**	6,147	**29,965**	(18,253)
INVESTING ACTIVITIES					
Property, plant and equipment additions	4	**(498)**	(868)	**(3,134)**	(3,353)
Proceeds on disposal of property, plant and equipment	4	**269**	39	**766**	322
Intangible assets additions		**(105)**	-	**(140)**	(51)
Acquisition of business	16	**-**	-	**(5,573)**	-
Cash used in investing activities		**(334)**	(829)	**(8,081)**	(3,082)
FINANCING ACTIVITIES					
Net decrease in bank debt	6	**(13,000)**	(4,000)	**(13,000)**	(26,000)
Proceeds from issuance of share capital		**-**	-	**-**	71,366
Common shares purchased and held in trust	7	**(1,245)**	-	**(3,245)**	-
Deferred financing costs		**(367)**	-	**(367)**	-
Finance lease payments		**(1,044)**	(882)	**(3,254)**	(2,887)
Settlement of non-hedge derivative instruments		**(173)**	33	**(296)**	1,504
Dividends paid		**(4,967)**	(4,994)	**(14,962)**	(16,459)
Cash (used in) generated from financing activities		**(20,796)**	(9,843)	**(35,124)**	27,524
Change in cash and bank indebtedness		**(3,219)**	(4,525)	**(13,240)**	6,189
Cash (bank indebtedness) - beginning of period		**3,593**	3,001	**13,614**	(7,713)
Cash (bank indebtedness) - end of period		**$ 374**	$ (1,524)	**$ 374**	$ (1,524)

SEPTEMBER 30, 2016
(unaudited, amounts in thousands of Canadian dollars, except share and per share data)

1. COMPANY PROFILE

Wajax Corporation (the "Corporation") is incorporated in Canada. The address of the Corporation's registered office is 3280 Wharton Way, Mississauga, Ontario, Canada. The Corporation is a leading Canadian distributor engaged in the sale and service support of mobile equipment, power systems and industrial components. Reflecting a diversified exposure to the Canadian economy, the Corporation has three distinct product divisions which operate through a network of 121 branches across Canada.

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

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and do not include all of the disclosures required for full consolidated financial statements. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Corporation for the year ended December 31, 2015. The significant accounting policies follow those disclosed in the most recently reported audited consolidated financial statements.

Basis of measurement

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

Functional and presentation currency

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

3. RENTAL EQUIPMENT

The Corporation acquired rental equipment with a cost of $4,524 during the quarter (2015 – $4,805) and $9,748 year to date (2015 – $18,454). Equipment with a carrying amount of $770 during the quarter (2015 - $1,683) and $3,491 year to date (2015 – $5,281) was transferred from inventories to rental equipment. Equipment with a carrying amount of $1,993 during the quarter (2015 - $1,669) and $6,825 year to date (2015 – $8,337) was transferred from rental equipment to inventories.

4. PROPERTY, PLANT AND EQUIPMENT

The Corporation acquired property, plant and equipment with a cost of $498 during the quarter (2015 – $868) and $6,119 year to date (2015 – $3,353). Assets with a carrying amount of $223 during the quarter (2015 – $26) and $590 year to date (2015 – $336) were disposed of, resulting in a gain on disposal of $46 during the quarter (2015 – $13) and $176 year to date (2015 – loss of $14).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		September 30, 2016		December 31, 2015
Trade payables	**$**	**105,900**	$	91,090
Deferred income – contract revenue		**37**		270
Deferred income – other		**7,301**		7,431
Supplier payables with extended terms		**31,659**		44,255
Payroll, bonuses and incentives		**21,150**		18,235
Restructuring accrual		**6,187**		1,667
Accrued liabilities		**39,964**		42,051
Accounts payable and accrued liabilities	**$**	**212,198**	$	204,999

6. LONG-TERM DEBT

On September 6, 2016, the Corporation amended its bank credit facility, extending the maturity date from August 12, 2019 to August 12, 2020. In addition, the $30,000 non-revolving term portion of the facility was repaid, using proceeds from a drawdown under the revolving term portion of the facility, and the $220,000 revolving term portion of the facility was increased to $250,000. The $367 cost of amending the facility has been capitalized and will be amortized over the remaining term of the facility.

7. SHARE CAPITAL

		Number of Common Shares		Amount
Issued and outstanding, December 31, 2015		19,986,241	$	179,829
Common shares issued to settle share-based compensation plans	9	5,880		58
Issued and outstanding, September 30, 2016		19,992,121	$	179,887
Shares purchased and held in trust for future settlement of RSUs		(200,968)		(1,808)
Issued and outstanding, net of shares held in trust, September 30 2016		**19,791,153**	**$**	**178,079**

For the future settlement of RSUs, the Corporation purchased 79,029 common shares during the quarter and 200,968 common shares year to date on the open market through an Employee Benefit Plan Trust. The cash consideration paid for the purchase was $1,245 during the quarter and $3,245 year to date, the reduction in share capital was $711 during the quarter and $1,808 year to date and the premium charged to Retained Earnings was $534 during the quarter and $1,437 year to date.

8. DIVIDENDS DECLARED

During the three months ended September 30, 2016, the Corporation declared cash dividends of $0.25 per share or $4,948 (2015 – dividends of $0.25 per share or $4,996).

Year to date, the Corporation declared cash dividends of $0.75 per share or $14,913 (2015 – dividends of $0.9833 per share or $18,099).

On November 1, 2016, the Corporation declared a fourth quarter 2016 dividend of $0.25 per share or $4,948.

9. SHARE-BASED COMPENSATION PLANS

The Corporation has four share-based compensation plans: the Wajax Share Ownership Plan (“SOP”), the Directors’ Deferred Share Unit Plan (“DDSUP”), the Mid-Term Incentive Plan for Senior Executives (“MTIP”) and the Deferred Share Unit Plan (“DSUP”).

a) Treasury share rights plans

The Corporation recorded compensation cost of $178 for the quarter (2015 – $175) and $544 for the year to date (2015 – $657) in respect of the SOP and DDSUP plans.

	Nine months ended September 30, 2016			Nine months ended September 30, 2015		
	Number of rights		Fair value at time of grant	Number of rights		Fair value at time of grant
Outstanding at beginning of year	**325,144**	**$**	**6,009**	287,550	$	5,420
Granted in the period – new grants	**31,757**		**499**	22,513		511
– dividend equivalents	**15,563**		**-**	11,565		-
Settled in the period	**(5,880)**		**(58)**	(6,677)		(45)
Outstanding at end of period	**366,584**	**$**	**6,450**	314,951	$	5,886

At September 30, 2016, 360,826 share rights were vested (September 30, 2015 – 310,261).

b) Market-purchased share rights plans

In March 2016, the MTIP and DSUP were amended such that all new grants under the MTIP, comprised of restricted share units (“RSUs”) and performance share units (“PSUs”), and all new grants under the DSUP will be settled in market-purchased common shares of the Corporation on a one-for-one basis provided that the time and performance vesting criteria are met. Whenever dividends are paid on the Corporation’s shares, additional rights with a value equal to the dividends are credited to the participants’ accounts with the same vesting conditions as the original MTIP and DSUP rights. Grants prior to March 2016 under these plans will be settled in cash. The Corporation recorded compensation cost of $435 for the quarter (2015 - $nil) and $784 for the year to date (2015 – $nil) in respect of these plans. The following new MTIP and DSUP rights are outstanding:

	Nine months ended September 30, 2016	
	Number of Rights	Fair value at time of grant
Outstanding at beginning of year	**-**	**$ -**
Granted in the period – new grants	**324,702**	**5,549**
– dividend equivalents	**5,329**	**-**
Forfeitures	**(5,591)**	**(96)**
Outstanding at end of period	**324,440**	**$ 5,453**

At September 30, 2016, no rights were vested.

c) Cash-settled rights plans

The Corporation recorded compensation expense of $131 for the quarter (2015 – $134) and compensation cost of $238 for the year to date (2015 – $1,375) in respect of the share-based portion of the MTIP and DSUP for grants dated before March, 2016. At September 30, 2016, the carrying amount of the share-based portion of these liabilities was $1,097 (September 30, 2015 – $918).

10. INCOME TAXES

Income tax expense comprises current and deferred tax as follows:

For the nine months ended September 30	**2016**	2015
Current	**$ 1,394**	$ 8,201
Deferred – Origination and reversal of temporary differences	**(158)**	432
Income tax expense	**$ 1,236**	$ 8,633

The calculation of current tax is based on a combined federal and provincial statutory income tax rate of 26.9% (2015 – 26.5%). Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax assets and liabilities have been measured using an expected average combined statutory income tax rate of 26.9% based on the tax rates in years when the temporary differences are expected to reverse.

The reconciliation of effective income tax rate is as follows:

	2016	2015
Combined statutory income tax rate	**26.9%**	26.5%
Expected income tax expense at statutory rates	**$ 899**	$ 8,182
Non-deductible expenses	**336**	430
Other	**1**	21
Income tax expense	**$ 1,236**	$ 8,633

11. EARNINGS PER SHARE

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

	Three months ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
Numerator for basic and diluted earnings per share:				
– net earnings	**$ 7,552**	$ 7,525	**$ 2,104**	$ 22,244
Denominator for basic earnings per share: – weighted average shares, net of shares held in trust	**19,840,499**	19,978,351	**19,929,070**	18,079,594
Denominator for diluted earnings per share: – weighted average shares, net of shares held in trust	**19,840,499**	19,978,351	**19,929,070**	18,079,594
– effect of dilutive share rights	**313,701**	307,248	**226,424**	299,736
Denominator for diluted earnings per share	**20,154,200**	20,285,599	**20,155,494**	18,379,330
Basic earnings per share	**$ 0.38**	$ 0.38	**$ 0.11**	$ 1.23
Diluted earnings per share	**$ 0.37**	$ 0.37	**$ 0.10**	$ 1.21

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

12. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
Trade and other receivables	**$ 604**	$ (5,598)	**$ (7,999)**	$ 6,961
Contracts in progress	**626**	4,094	**401**	(466)
Inventories	**231**	15,552	**20,670**	14,705
Deposits on inventory	**(1)**	(6,096)	**(479)**	(7,786)
Prepaid expenses	**(518)**	2,060	**517**	1,450
Accounts payable and accrued liabilities	**1,674**	(14,692)	**4,453**	(56,086)
Provisions	**178**	(72)	**(871)**	(696)
Total	**$ 2,794**	$ (4,752)	**$ 16,692**	$ (41,918)

13. OPERATING SEGMENTS

The Corporation operates through a network of 121 branches in Canada in three core businesses which reflect the internal organization and management structure according to the nature of the products and services provided. The Corporation's three core businesses are: i) the distribution, modification and servicing of equipment; ii) the distribution, servicing and assembly of power systems; and iii) the distribution, servicing and assembly of industrial components.

For the three months ended September 30, 2016	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Equipment	$ 73,107	$ 13,494	$ -	$ -	$ 86,601
Parts	38,819	27,255	88,490	-	154,564
Service	17,953	11,783	4,780	-	34,516
Rental and other	8,976	2,965	-	(1,009)	10,932
Revenue	$ 138,855	$ 55,497	$ 93,270	$ (1,009)	$ 286,613
Earnings before finance costs and income taxes	$ 10,682	$ 908	$ 4,368	$ (2,585)	$ 13,373
Finance costs					2,876
Income tax expense					2,945
Net earnings					$ 7,552

For the nine months ended September 30, 2016	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Equipment	$ 249,159	$ 44,249	$ -	$ -	$ 293,408
Parts	117,650	89,108	274,132	-	480,890
Service	51,147	38,454	11,739	-	101,340
Rental and other	26,898	8,515	-	(2,868)	32,545
Revenue	$ 444,854	$ 180,326	$ 285,871	$ (2,868)	$ 908,183
Earnings (loss) before restructuring costs, finance costs and income taxes	$ 30,669	$ (6,385)	$ 9,259	$ (9,331)	$ 24,212
Restructuring costs				(12,500)	(12,500)
Earnings (loss) before finance costs and income taxes	$ 30,669	$ (6,385)	$ 9,259	$ (21,831)	$ 11,712
Finance costs					8,372
Income tax expense					1,236
Net earnings					$ 2,104

As at September 30, 2016	**Equipment**	**Power Systems**	**Industrial Components**	**Segment Eliminations**	**Total**
Segment assets excluding intangible assets	**$ 330,608**	**$ 140,568**	**$ 133,844**	**$ -**	**$ 605,020**
Intangible assets	**21,551**	**56**	**19,612**	**32**	**41,251**
Corporate and other assets	**-**	**-**	**-**	**7,061**	**7,061**
Total assets	**$ 352,159**	**$ 140,624**	**$ 153,456**	**$ 7,093**	**$ 653,332**
Segment liabilities	**$ 127,459**	**$ 32,173**	**$ 57,584**	**$ -**	**$ 217,216**
Corporate and other liabilities	**-**	**-**	**-**	**163,187**	**163,187**
Total liabilities	**$ 127,459**	**$ 32,173**	**$ 57,584**	**$ 163,187**	**$ 380,403**

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	$ 316,905	$ 170,987	$ 141,759	$ -	$ 629,651
Intangible assets	21,546	13,768	47,811	70	83,195
Corporate and other assets	-	-	-	811	811
Total assets	$ 338,451	$ 184,755	$ 189,570	$ 881	$ 713,657
Segment liabilities	$ 115,703	$ 42,119	$ 57,053	$ -	$ 214,875
Corporate and other liabilities	-	-	-	173,060	173,060
Total liabilities	$ 115,703	$ 42,119	$ 57,053	$ 173,060	$ 387,935

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

14. RESTRUCTURING COSTS

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

15. COMPARATIVE INFORMATION

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

16. ACQUISITION OF BUSINESS

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

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

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

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