FOURTH QUARTER REPORT TO SHAREHOLDERS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014

WAJAX CORPORATION 2014	

WAJAX CORPORATION
News Release

TSX Symbol: WJX

WAJAX ANNOUNCES 2014 FOURTH QUARTER EARNINGS, RENEWED LONG-TERM GROWTH STRATEGY AND NEW DIVIDEND POLICY

(Dollars in millions, except per share data)	Three Months Ended December 31		Year Ended December 31	
	2014	2013	2014	2013
CONSOLIDATED RESULTS				
Revenue	$386.1	$391.7	$1,451.3	$1,428.5
Net earnings	$11.2	$12.2	$41.2	$47.7
Basic earnings per share	$0.67	$0.73	$2.46	$2.85
SEGMENTS				
Revenue - Equipment	$191.8	$209.0	$719.8	$725.7
- Power Systems	$88.3	$85.4	$325.7	$304.0
- Industrial Components	$107.5	$98.1	$412.0	$402.7
Earnings - Equipment(1)	$12.4	$13.6	$48.9	$45.6
% margin	*6.5%*	*6.5%*	*6.8%*	*6.3%*
- Power Systems(1)	$3.5	$6.0	$16.5	$17.1
% margin	*3.9%*	*7.0%*	*5.1%*	*5.6%*
- Industrial Components(1)	$6.2	$2.0	$15.5	$18.4
% margin	*5.7%*	*2.0%*	*3.8%*	*4.6%*

(1) Segment earnings before finance costs and income taxes.

Toronto, Ontario – March 3, 2015 – Wajax Corporation ("Wajax" or the "Corporation") today announced its 2014 fourth quarter earnings, a renewed long-term growth strategy and a new dividend policy.

Fourth Quarter Highlights

- Consolidated fourth quarter revenue of $386.1 million decreased $5.6 million, or 1%, compared to last year. An 8% reduction in Equipment Segment revenue was mainly attributable to reduced mining equipment and parts and service sales. Power Systems segment revenue increased 3% on higher on-highway related parts and service volumes and Industrial Components segment revenue increased 10% driven by higher bearings and power transmission parts sales across all regions.

- Net earnings for the quarter were $11.2 million, or $0.67 per share, compared to $12.2 million, or $0.73 per share, recorded in 2013. Equipment segment earnings decreased slightly, due to the lower volume, while Power Systems segment earnings decreased $2.5 million as increased revenue was more than offset by lower margins and higher selling and administrative costs. Industrial Components segment earnings increased $4.2 million on higher volumes and margins and lower selling and administrative costs, while Wajax corporate costs increased $1.5 million, primarily as a result of increased incentive expenses compared to last year.

- Consolidated backlog of $177.7 million at December 31, 2014 decreased $30.3 million compared to September 30, 2014 with reductions in all three segments. Consolidated backlog increased $22.6 million compared to the same period last year.

- Funded net debt at December 31, 2014 of $201.0 million decreased $23.7 million compared to September 30, 2014, primarily as a result of a $28.3 million reduction in non-cash operating working capital.

Renewed Long-Term Growth Strategy

Wajax also today announced a renewed long-term growth strategy. The renewed strategy follows an extensive review of the Corporation's competitive position and shareholder value creation. The Corporation's goal is to be Canada's leading industrial products and services provider, distinguished through:

- The excellence of its sales force;
- The breadth and efficiency of its repair and maintenance operations; and
- Its ability to work closely with existing and new vendor partners to constantly expand its offering to customers.

As one of Canada's most diversified industrial distributors, the renewed strategy builds upon the Corporation's dedicated team, national branch network, diverse end market expertise, world-class vendor base and strong customer relationships. These existing strengths will be leveraged through the following "4 Points of Growth":

1) Development of Core Capabilities;
2) Clear organic growth priorities;
3) Building the Corporation's capacity to complete and integrate Engineered Repair Services acquisitions; and
4) Investment in systems that will improve operational efficiencies and customer service.

The Corporation has also established financial targets for the 5-year timeframe from 2015 – 2019. Goals over that period are to grow net earnings at a minimum compounded annual growth rate of 7.5% and to target a leverage ratio range of 1.5 – 2.0 times. (See the Strategy and Non-GAAP and Additional GAAP Measures sections of the accompanying Management's Discussion and Analysis).

Dividends

In order to increase the funds available to invest in this strategy, provide additional liquidity in this time of economic uncertainty and bring more stability to dividend payments over the business cycle, the board of directors has approved a change to the Corporation's dividend policy and a reduction in the dividend amount. The previous policy of paying a monthly dividend based on a minimum of 75% of expected net earnings has been changed to implement a quarterly dividend with an initial target amount of $0.25 per share. The Corporation has declared a dividend of $0.0833 per share for March 2015, payable on April 20, 2015 to shareholders of record on March 31, 2015 and a second quarter dividend of $0.25 per share, payable on July 3, 2015 to shareholders of record on June 15, 2015.

Outlook

Commenting on the fourth quarter of 2014, the Corporation's renewed strategy and looking forward to 2015, Mark Foote, President and CEO, stated;

"Fourth quarter earnings were marginally below our expectations. Our Equipment and Industrial Components segments performed at, or better than our forecasts, however the Power Systems segment fell short of expectations where weak gross margins and higher costs resulted in a shortfall in expected earnings. Corrective cost reduction actions in Power Systems are currently underway.

Regarding our renewed long-term strategy, Wajax's goal is to be Canada's leading industrial products and services provider, and our '4 Points of Growth' framework provides a strong platform that will form the long-term basis for Wajax's activities and investments to improve product and service offerings to customers. We are very confident that the direction we have set will improve the rate and durability of our growth and establish a strong and unique position in the market.

While we are focused on the long term, we will manage carefully through what we expect will be a challenging 2015. Ongoing weakness in oil and other commodity prices is anticipated to have a negative effect on our customers in the mining, oil and gas and oil sands markets which represented 28% of our total revenue in 2014. As a result, we expect that the 52% of revenue derived from western Canada will come under pressure in 2015. In addition, the lower Canadian dollar will also have a short-term negative affect on earnings before selling prices in affected markets were readjusted. In an effort to minimize the impact on profitability and leverage in the short-term, all divisions are prudently reducing costs in affected areas and closely managing working capital as customer demand patterns become more firmly established.

Respecting these issues, we plan to push forward with a prudent investment plan to support our renewed strategy, balancing current conditions with the long-term benefit these programs deliver."

Wajax Corporation

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

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

Cautionary Statement Regarding Forward Looking Information

This news release contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, "**forward-looking statements**"). These forward-looking statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "anticipates", "intends", "predicts", "expects", "is expected", "scheduled", "believes", "estimates", "projects" or "forecasts", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation's ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward looking statements. There can be no assurance that any forward looking statement will materialize. Accordingly, readers should not place undue reliance on forward looking statements. The forward looking statements in this news release are made as of the date of this news release, reflect management's current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this news release includes forward looking statements regarding, among other things, our renewed long-term growth strategy and the goals for such strategy, including our goal of becoming Canada's leading industrial products and services provider; our "4 Points of Growth" framework to grow the Corporation; our financial targets for the 5-year timeframe from 2015 – 2019, including our goal of growing our net earnings at a minimum compounded annual growth rate of 7.5% and our target leverage ratio range of 1.5 – 2.0 times; our plan to increase the funds available to invest in our renewed long-term growth strategy, increase liquidity and enhance the stability of our dividends by adopting a new dividend policy and reducing our dividend amount; the frequency of our dividend payments and the expected target dividend amount; our belief that our renewed strategy will improve the rate and durability of our growth; our outlook for 2015 and some of the challenges expected during the year, including the anticipated negative effects of downward pressure on oil and commodity prices on key end markets such as mining, oil and gas and oil sands; and the expected effects of our cost reduction efforts and efforts to manage working capital. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding general business and economic conditions; the supply and demand for, and the level and volatility of prices for, oil and other commodities; financial market conditions, including interest rates; our ability to execute our renewed long-term growth strategy, including our ability to develop our core capabilities, execute on our organic growth priorities, complete and effectively integrate acquisitions and to successfully implement new information technology platforms, systems and software; the future financial performance of the Corporation; our costs; market competition; our ability to attract and retain skilled staff; our ability to procure quality products and inventory; and our ongoing relations with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to, a deterioration in general business and economic conditions; volatility in the supply and demand for, and the level of prices for, oil and other commodities; a continued or prolonged decrease in the price of oil; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; levels of customer confidence and spending; market acceptance of the products we offer; termination of distribution or original equipment manufacturer agreements; unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, our inability to reduce costs in response to slow-downs in market activity, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters), our ability to attract and retain skilled staff and our ability to maintain our relationships with suppliers, employees and customers. The foregoing list of factors is not exhaustive. The forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws. Further information concerning the risks and uncertainties associated with these forward looking statements and the Corporation's business may be found in our Annual Information Form for the year ended December 31, 2014, filed on SEDAR.

Management's Discussion and Analysis – 2014

The following management's discussion and analysis ("MD&A") discusses the consolidated financial condition and results of operations of Wajax Corporation ("Wajax" or the "Corporation") for the year ended December 31, 2014. This MD&A should be read in conjunction with the information contained in the Corporation's Consolidated Financial Statements and accompanying notes for the year ended December 31, 2014. Information contained in this MD&A is based on information available to management as of March 3, 2015.

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

Responsibility of Management and the Board of Directors

Management is responsible for the information disclosed in this MD&A and the 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 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 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 December 31, 2014, Wajax's management, under the supervision of its CEO and CFO, had designed DC&P to provide reasonable assurance that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in such securities legislation. DC&P are designed to ensure that information required to be disclosed by Wajax in annual filings, interim filings or other reports filed or submitted under applicable securities legislation is accumulated and communicated to Wajax's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

As at December 31, 2014, Wajax's management, under the supervision of its CEO and CFO, had designed internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). In completing the design, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its 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.

During the year, Wajax's management, under the supervision of its CEO and CFO, evaluated the effectiveness and operation of its DC&P and ICFR. This evaluation included a risk evaluation, documentation of key processes and tests of effectiveness conducted on a sample basis throughout the year. Due to the inherent limitations in all control systems, an evaluation of the DC&P and ICFR can only provide reasonable assurance over the effectiveness of the controls. As a result, DC&P and ICFR are not expected to prevent and detect all misstatements due to error or fraud. The CEO and CFO have concluded that Wajax's DC&P and ICFR were effective as at December 31, 2014.

There was no change in Wajax's ICFR that occurred during the three months ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, Wajax's ICFR.

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, "forward-looking statements"). These forward-looking statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "anticipates", "intends", "predicts", "expects", "is expected", "scheduled", "believes", "estimates", "projects" or "forecasts", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation's ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward looking statements. There can be no assurance that any forward looking statement will materialize. Accordingly, readers should not place undue reliance on forward looking statements. The forward looking statements in this MD&A are made as of the date of this MD&A, reflect management's current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this MD&A includes forward looking statements regarding, among other things, our renewed long-term growth strategy and the goals for such strategy, including our goal of becoming Canada's leading industrial products and services provider; our "4 Points of Growth" framework to grow the Corporation; our financial targets for the 5-year timeframe from 2015 – 2019, including our goal of growing our net earnings at a minimum compounded annual growth rate of 7.5% and our target leverage ratio range of 1.5 – 2.0 times; our planned investments and strategies with respect to our core capabilities, organic growth initiatives, acquisitions and information systems/technology, and the expected benefits therefrom; the expected benefits and cost savings from the restructuring of our Industrial Components segment; our financing and working capital requirements, as well as our capital structure and leverage ratio; our foreign exchange exposure; our plan to increase the funds available to invest in our renewed long-term growth strategy, increase liquidity and enhance the stability of our dividends by adopting a new dividend policy and reducing our dividend amount; the frequency of our dividend payments and the expected target dividend amount; our belief that our renewed strategy will improve the rate and durability of our growth; our outlook for 2015 and some of the challenges expected during the year, including the anticipated negative effects of downward pressure on oil and commodity prices on key end markets such as mining, oil and gas and oil sands; and the expected effects of our cost reduction efforts and efforts to manage working capital. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions regarding general business and economic conditions; the supply and demand for, and the level and volatility of prices for, oil and other commodities; financial market conditions, including interest rates; our ability to execute our renewed long-term growth strategy, including our ability to develop our core capabilities, execute on our organic growth priorities, complete and effectively integrate acquisitions and to successfully implement new information technology platforms, systems and software; the future financial performance of the Corporation; our costs; market competition; our ability to attract and retain skilled staff; our ability to procure quality products and inventory; and our ongoing relations with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to, a deterioration in general business and economic conditions; volatility in the supply and demand for, and the level of prices for, oil and other commodities; a continued or prolonged decrease in the price of oil; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; levels of customer confidence and spending; market acceptance of the products we offer; termination of distribution or original equipment manufacturer agreements; unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, our inability to reduce costs in response to slow-downs in market activity, unavailability of quality products or inventory, supply disruptions, job action and unanticipated events related to health, safety and environmental matters); our ability to attract and retain skilled staff and our ability to maintain our relationships with suppliers, employees and customers. The foregoing list of factors is not exhaustive. Further information concerning the risks and uncertainties associated with these forward looking statements and the Corporation's business may be found in this MD&A under the heading "Risk Management and Uncertainties" and in our Annual Information Form for the year ended December 31, 2014, filed on SEDAR. The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws. Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgements and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Wajax Corporation Overview

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

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

Strategy

On March 3, 2015, the Corporation announced a renewed long-term growth strategy. 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.

As one of Canada's most diversified industrial distributors, the renewed strategy builds upon the Corporation's dedicated team, national branch network, diverse end market expertise, world-class vendor base and strong customer relationships. These existing strengths will be leveraged through the following "4 Points of Growth":

5) Development of Core Capabilities;
6) Clear organic growth priorities;
7) Building the Corporation's capacity to complete and integrate Engineered Repair Services acquisitions; and
8) Investment in systems that will improve operational efficiencies and customer service.

The Corporation has also established financial targets for the 5-year timeframe from 2015 – 2019. Goals over that period are to grow net earnings at a minimum compounded annual growth rate ("CAGR") of 7.5% and to target a leverage ratio range of 1.5 – 2.0 times. (See the Non-GAAP and Additional GAAP Measures section.).

Wajax's objective is to improve long-term shareholder value through earnings growth (both in terms of growth rate and durability), investment in organizational capabilities and a strengthened competitive position.

The following is a summary of the "4 Points of Growth" and related initiatives going forward to drive the strategy:

1) Core Capabilities

The following "Core Capabilities" are the organizational skills that drive Wajax's business. The Corporation will invest to achieve excellence and continually improve the services provided to customers and the added value delivered for vendors.

Wajax Sales Force

Investing in Wajax's sales force is expected to have a direct effect on relationships with customers leading to improved short-term revenue and earnings and building a stronger future sales pipeline. In addition, the excellence of the Wajax sales force is a major driver in developing even stronger vendor relationships and attracting new vendors to broaden the Corporation's product offerings. Specific initiatives supporting this core capability include:

- Implementation of a new, customized Wajax sales process and increased investment in training for sales representatives and leaders.
- Implementation of a company-wide Customer Relationship Management (CRM) solution to support the new sales process and improve access to customer information across each segment of Wajax.
- Development of Strategic Account programs to increase efficiencies and enhance growth with major customers.

Wajax Repair and Maintenance Operations
The Corporation's focus is to improve the efficiency and profitability of current service operations and to expand the range of services. Specific initiatives to support this core capability include:

- Establishing aggressive profit improvement goals and enhanced measurement systems for service operations, and increased levels of operational support and improved training.
- Expanding the range of services with a heavy focus in the Industrial Components segment, where the Corporation's branch network, engineering and technical teams continue to build new capabilities, including shop and field maintenance, and on-site project and process management. For further information, see the "Organic Growth" and "Acquisitions" sections following.

Product and Vendor Development Capability
Due to the Corporation's national branch network, broad range of customers and diverse end market experience, Wajax is uniquely positioned to work with existing and new vendors to extend the scope of products and services offered, with a focus on end markets that offer the highest aftermarket opportunity. Strategic initiatives to support this core capability include:

- Creation of end market teams which combine experts from each segment to identify and develop new product and service opportunities based on customers' needs.
- Implementation of new measurement systems to monitor new product and service development. The Corporation is focused on building a multi-year pipeline which will contribute significantly to future growth.

2) Organic Growth
The Corporation expects that the majority of its earnings growth over the 5-year timeframe from 2015 – 2019 will come from investing in its core capabilities, improvements in its base business and from the following four major organic growth initiatives:

***Engineered Repair Services (ERS)* –** Using experience gained in providing products and services to mining, oil and gas and oil sands customers, the Corporation's strategy is to significantly grow the Industrial Components segment's ERS business. Through field sales, major accounts groups, engineering teams and the branch network, Wajax is extending its product and service range to better meet customers' day-to-day plant maintenance and repair needs. In 2014, revenue from ERS was approximately $69 million.

- Wajax capabilities include field and shop repair and maintenance, in-house process and product engineering, turn-key solutions development and on-site project and process management and asset management.
- These services will promote the full range of industrial components products offered by Industrial Components, including hydraulics, process pumps, bearings and power transmission.

Electrical Power Generation (EPG) – Wajax's objective is to significantly grow the Power System segment's EPG business in the estimated $900 million Canadian market by leveraging strong vendor relationships and what Wajax considers to be the industry's best team of EPG professionals. EPG revenue in 2014 was approximately $95 million and the business has achieved a CAGR growth rate of approximately 6.4% over the past three years.

- In partnership with the Power Systems segment's primary vendor, MTU On-Site Energy, Wajax offers a broad range of generator set options and services for both diesel and natural gas applications. The segment's project capabilities range from small commercial standby systems to very large prime power projects.
- Growth opportunities are in project and product sales, rental, service and the expansion of preventative maintenance and inspection services.

Mining Equipment – Wajax's strategy is to work in partnership with Hitachi to continue to be a leader in the sales and servicing of hydraulic mining shovels and to become a new force in the large (>140 MT) rigid-frame mining truck market. Trucks and shovels are major purchasing decisions for mining customers due to their integral role in production costs. The total revenue in the Equipment segment in 2014 from Hitachi related mining (including oil sands) equipment, parts and service was approximately $111 million.

- Hitachi is a world leader in hydraulic mining shovels. Wajax is Hitachi's Canadian national partner with 2014 Canadian market share estimated at 30%.

- Success in the Canadian mining truck market will provide Wajax with long-term growth potential in an aftermarket rich equipment category.

Oil and Gas Products and Services – Wajax's strategy is to build on its strong market share and expertise in core oil and gas equipment components (engines, transmissions and hydraulics). Extending the Corporation's range of products and services will improve its growth and resiliency in this important end market. In 2014, the estimated Wajax consolidated revenue from oil and gas products and services was approximately $113 million.

- In partnership with the Power Systems segment's primary vendors, MTU, Detroit and Allison, Wajax is continuing to introduce new products that address the high horsepower demands of drilling and well stimulation customers, as well as emerging emissions requirements.
- The Power Systems and Industrial Components segments are extending their range of products and services to improve their responsiveness to the needs of customers and to increase their share of the maintenance, modification and refurbishment market. New products include mud pumps and bi-fuel conversion kits which allow diesel engines to run partially on natural gas. New services include repair and custom rebuild programs targeted at the estimated 2,500 major pieces of equipment operated by drilling, service and pressure pumping companies in Canada.

3) Acquisitions

Wajax is focused on building capacity to acquire and integrate regional Engineered Repair Services companies into the Industrial Components segment's ERS business. Acquisitions are intended to accelerate the growth achieved organically and to expand repair and maintenance capabilities. Ideal targets are expected to have revenue in the range of $10 - $20 million, with operating profit margins of 10% – 20% generated from markets with high MRO (maintenance, repair and operations) requirements such as mining; generally low capital requirements; and capabilities and product distribution rights that will enhance or complement Wajax's existing ERS business. Based on Wajax's current knowledge and view of the Canadian marketplace, it is anticipated that the Corporation will allocate up to $100 million in capital to the acquisition of ERS companies over the 5-year timeframe.

4) Systems

Wajax plans to increase its investment in systems over the 5-year timeframe to improve operational efficiencies, support for its sales and service teams and to increase the integration and operational consistency of the three segments. Specific initiatives include:

- The phased implementation of a common operating system for each segment, replacing the systems currently in use.
- Implementation of a company-wide Customer Relationship Management (CRM) solution to support the Corporation's new sales process and improve access to customer information across all segments.
- Implementation of common training systems to increase the Corporation's effectiveness in managing the safety, recruitment and development of the Wajax team.

Based on current estimates, Wajax plans to invest up to an incremental $30 million in systems (capital and operating expenses) over the 5-year timeframe. Decisions on specific systems vendors are expected to be made in 2015 and no significant spending is expected to begin before 2016.

Annual Consolidated Results

		2014		2013
Revenue	**$**	**1,451.3**	$	1,428.5
Gross profit	**$**	**291.7**	$	283.3
Selling and administrative expenses	**$**	**219.3**	$	209.7
Restructuring costs	**$**	**2.8**	$	-
Earnings before finance costs and income taxes(1)	**$**	**69.6**	$	73.7
Finance costs	**$**	**13.0**	$	9.0
Earnings before income taxes(1)	**$**	**56.6**	$	64.7
Income tax expense	**$**	**15.3**	$	17.0
Net earnings	**$**	**41.2**	$	47.7
- **Basic earnings per share**	**$**	**2.46**	$	2.85
- **Diluted earnings per share**	**$**	**2.42**	$	2.81

(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.

Revenue by Geographic Region

	2014	2013
Western Canada	52%	53%
Central Canada	21%	20%
Eastern Canada *	27%	27%

* Includes Quebec and the Atlantic provinces.

Revenue by Segment (2)

	2014	2013
Equipment	50%	51%
Power Systems	22%	21%
Industrial Components	28%	28%

EBIT by Segment (2)

	2014	2013
Equipment	60%	56%
Power Systems	21%	21%
Industrial Components	19%	23%

Revenue by Market (2)

	2014	2013
Construction	16%	16%
Industrial/Commercial	16%	18%
Transportation	13%	12%
Oil Sands	13%	12%
Forestry	11%	10%
Oil and Gas	8%	8%
Mining	7%	7%
Metal Processing	4%	4%
Government & Utilities	3%	5%
Other	9%	8%

(2) Certain 2013 amounts have been reclassified to conform with current year classifications.

Overall, 2014 revenue increased $22.8 million as the Corporation's performance in end markets with more stable conditions helped to offset some of the pressure from the mining, oil and gas and construction sectors. In particular, the Industrial Components and Equipment segments were positively impacted by the strength in lumber prices. In addition, the Power Systems segment experienced stronger on-highway parts and service sales in a highly competitive transportation marketplace and the Industrial Components segment benefited from growth in the metal processing sector.

Although mining activity, including the oil sands market, remained soft during the year resulting in reduced product support revenues in the Industrial Components and Equipment segments, the Equipment segment increased Hitachi hydraulic shovel sales in 2014 and had a larger backlog at year end compared to 2013.

Revenue

Revenue in 2014 of $1,451.3 million increased 2%, or $22.8 million, from $1,428.5 million in 2013. Equipment segment revenue decreased 1%, or $5.9 million, as increases in forestry volumes were more than offset by lower construction and mining sales. Power Systems segment revenue increased 7%, or $21.7 million, due primarily to higher volumes to on-highway, power generation and off-highway customers. Industrial Components segment revenue increased 2%, or $9.3 million, as strength in the metal processing, industrial and forestry sectors was somewhat offset by lower demand in the oil sands market.

Gross profit

The increase in revenue combined with higher margins in the Equipment segment were the primary contributors to the $8.4 million, or 3%, increase in gross profit in 2014 compared to last year. The gross profit margin percentage of 20.1% increased from 19.8% in 2013 due mainly to higher equipment margins.

Selling and administrative expenses

Selling and administrative expenses increased $9.6 million in the year. The increase was due mainly to higher personnel related costs, including higher annual and mid-term incentives. Selling and administrative expenses as a percentage of revenue increased to 15.1% in 2014 from 14.7% in 2013.

Restructuring costs

The Industrial Components segment recorded restructuring costs of $2.8 million in 2014 to improve the effectiveness of and to simplify the sales force and branch management organization. The restructuring plan has been completed and is expected to result in annual pre-tax cost savings in excess of $5.0 million.

Finance costs

Finance costs of $13.0 million increased $4.0 million compared to 2013 due primarily to the higher cost of borrowing resulting from the Corporation's issuance of $125 million of senior notes on October 23, 2013. See the Liquidity and Capital Resources section.

Income tax expense

The Corporation's effective income tax rate of 27.1% in 2014 increased slightly from 26.3% in 2013.

Net earnings

Net earnings decreased $6.5 million to $41.2 million, or $2.46 per share, from $47.7 million, or $2.85 per share, in 2013. The decrease in net earnings resulted from additional selling and administrative expenses, higher finance costs and $2.8 million of restructuring costs. These negative factors were partially offset by the positive impact of higher volumes compared to last year.

Comprehensive income

Total comprehensive income of $40.7 million in 2014 included net earnings of $41.2 million and an other comprehensive loss of $0.5 million. The other comprehensive loss resulted from after-tax actuarial losses on pension plans of $1.0 million offset by a $0.5 million change in the amount of gains on derivative instruments designated as cash flow hedges recorded in the year.

Funded net debt (See the Non-GAAP and Additional GAAP Measures section)
Funded net debt of $201.0 million at December 31, 2014 decreased $4.0 million compared to $205.0 million at December 31, 2013. The decrease during the year was due to cash generated from operating activities of $52.9 million being greater than dividends paid of $40.2 million, investing activities of $5.4 million, finance lease payments of $3.4 million and deferred financing costs of $0.7 million.

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

Dividends
For the twelve months ended December 31, 2014 monthly dividends declared totaled $2.40 per share. For the twelve months ended December 31, 2013 monthly dividends declared totaled $2.68 per share.

Backlog (See the Non-GAAP and Additional GAAP Measures section)
Consolidated backlog at December 31, 2014 of $177.7 million increased $22.6 million, or 15%, from $155.1 million at December 31, 2013. Increases in the Equipment segment, driven by higher mining related orders, and increases in the Industrial Components segment were partially offset by reduced power generation related orders in the Power Systems segment. See the Annual Results of Operations section for further backlog detail by segment.

Comparative information
During the second quarter of 2014, accountability for the oil sands services business (previously referred to as the rotating products group) was transferred from the Equipment segment to the Industrial Components segment. As a result, the oil sands services business results for 2014, along with comparative information, have been reclassified from the Equipment segment to the Industrial Components segment.

Director
Effective December 16, 2014, Thomas Alford was appointed a director of the Corporation. Thomas brings over 34 years of experience in the western Canada oil and gas servicing industry, and was most recently the President and Chief Executive Officer of IROC Energy Services.

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

Senior Vice President, Industrial Components
Effective March 3, 2014, Steve Deck was appointed to the position of Senior Vice President, Wajax Industrial Components. Prior to his appointment Mr. Deck spent the last seven years in senior positions at a mining drilling products and services company. He also has over 20 years of experience in industrial distribution in Canada.

Senior Vice President, Power Systems
Effective January 5, 2015, Michael Gross was appointed Senior Vice President, Power Systems. Prior to joining Wajax, Michael had a 29 year career with a global electronics and engineering company in Germany and in Canada. Michael's experience covers a broad range of industrial markets with roles in senior management, sales and manufacturing.

Annual Results of Operations

Equipment

For the year ended December 31		**2014**		2013
Equipment(1)	**$**	**460.0**	$	464.2
Parts and service	**$**	**259.8**	$	261.5
Segment revenue	**$**	**719.8**	$	725.7
Segment earnings(2)	**$**	**48.9**	$	45.6
Segment earnings margin		***6.8%***		*6.3%*

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

Revenue by Product Type 2014 versus 2013

Market	2014	2013
Construction	38%	40%
Forestry	19%	16%
Mining/Oil sands	18%	20%
Material Handling	17%	17%
Crane & Utility	8%	7%

Revenue decreased 1%, or $5.9 million, to $719.8 million, from $725.7 million in 2013. Segment earnings increased 7%, or $3.3 million, to $48.9 million, compared to $45.6 million in 2013. The following factors contributed to the Equipment segment's 2014 results compared to 2013:

- Equipment revenue decreased $4.2 million with specific year-over-year variances as follows:
  - Forestry equipment revenue increased $13.0 million, as strength in the lumber market led to higher market demand for Tigercat equipment in central and eastern Canada and Hitachi equipment in western Canada.
  - Crane and utility equipment revenue increased $2.8 million as a result of sales to utility customers in central and eastern Canada.
  - Construction equipment revenue decreased $10.9 million, mainly as a result of lower Hitachi excavator sales in western Canada, related to competitive market pressures, and lower JCB volumes in eastern Canada. These decreases were partially offset by increased Bell truck deliveries in western Canada and higher road building equipment volumes in central Canada.
  - Mining equipment sales declined $6.8 million as increased Hitachi mining shovel deliveries were more than offset by the sale of four Hitachi EH5000 320 ton mining trucks in 2013 not repeated in 2014.
  - Material handling equipment revenue decreased $2.3 million, due primarily to the sale of higher dollar value container handling units in eastern Canada in 2013 not repeated in 2014.

- Parts and service volumes decreased $1.7 million, or 1%, compared to last year. The decrease was attributable to lower construction and mining sector volumes, mainly in western Canada, offset partially by higher forestry sector sales in all regions.

- Segment earnings increased $3.3 million compared to last year as higher equipment and product support gross profit margins more than offset the negative impact of lower volumes and higher selling and administrative expenses. Selling and administrative expenses increased $1.0 million due to higher personnel related costs, including higher annual incentives and severance costs, offset in part by lower sales related expenses.

Backlog of $93.8 million at December 31, 2014 increased $20.8 million compared to December 31, 2013, due mainly to higher mining and forestry market backlog offset partially by lower crane and utility sector backlog.

During the second quarter of 2014, management of the Equipment segment's oil sands services business (previously referred to as the rotating products group) was transferred to the Industrial Components segment. See the Results of Operations for Industrial Components section.

The segment has adjusted its cost structure in response to the decline in customer demand in certain markets. In particular, one mining branch was closed and another temporary shutdown in British Columbia. In addition, the workforce in areas affected by the steep decline in the price of oil has been reduced. The segment will continue to monitor costs and maintain disciplined control over inventories and receivables as market conditions change.

Power Systems

For the year ended December 31		**2014**		2013
Equipment[1]	**$**	**113.6**	$	105.2
Parts and service	**$**	**212.1**	$	198.8
Segment revenue	**$**	**325.7**	$	304.0
Segment earnings[2]	**$**	**16.5**	$	17.1
Segment earnings margin		***5.1%***		*5.6%*

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

Revenue by Market 2014 versus 2013

Market	2014	2013
On-highway Transportation	37%	32%
Industrial/Commercial	16%	21%
Oil & Gas	15%	19%
Oil Sands	12%	8%
Mining	6%	6%
Other	14%	14%

Revenue increased $21.7 million, or 7%, to $325.7 million compared to $304.0 million in 2013. Segment earnings decreased $0.6 million to $16.5 million in 2014 compared to $17.1 million in 2013. The following factors impacted year-over-year revenue and earnings:

- Equipment revenue increased $8.4 million due mainly to higher power generation volumes in western Canada and increased off-highway equipment sales to marine customers in eastern Canada.

- Parts and service volumes increased $13.3 million compared to last year mainly as a result of increased sales to on-highway customers and higher power generation sales in all regions.

- Segment earnings decreased $0.6 million compared to last year as lower product support and rental gross profit margins combined with higher selling and administrative expenses more than offset the positive impact of higher volumes. Selling and administrative expenses increased $3.4 million due to higher personnel related costs, including higher annual incentives, and increased bad debt and other office expenses. In addition, other provisions released into income were offset in part by a $0.8 million equipment inventory obsolescence provision.

Backlog of $40.6 million as of December 31, 2014 decreased $5.0 million compared to December 31, 2013 driven by decreases in power generation orders.

Effective January 5, 2015, Michael Gross was appointed Senior Vice President, Power Systems. Prior to joining Wajax, Michael had a 29 year career with a global electronics and engineering company in Germany and in

Canada. Michael's experience covers a broad range of industrial markets with roles in senior management, sales and manufacturing.

Given the impact of the steep decline in the price of oil on the western Canadian economy, the segment's cost structure and asset base will be reviewed and adjusted in response the changed market conditions. In addition, the segment will continue to maintain disciplined control over inventories and receivables.

Industrial Components

For the year ended December 31		**2014**		2013
Segment revenue	**$**	**412.0**	$	402.7
Segment earnings before restructuring costs[1]	**$**	**18.4**	$	18.4
Restructuring costs	**$**	**2.8**	$	-
Segment earnings[2]	**$**	**15.5**	$	18.4
Segment earnings margin before restructuring costs[1]		***4.5%***		*4.6%*
Restructuring costs		***(0.7%)***		-
Segment earnings margin		***3.8%***		*4.6%*

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

Revenue by Market 2014 versus 2013

Market	2014	2013
Industrial/Manufacturing	16%	16%
Forestry	13%	12%
Mining	12%	12%
Metal Processing	11%	10%
Oil & Gas	10%	10%
Oil Sands	8%	9%
Transportation	5%	5%
Construction	4%	5%
Food & Beverage	4%	4%
Other	17%	17%

Revenue increased $9.3 million, or 2%, to $412.0 million in 2014 from $402.7 million in 2013. Segment earnings decreased $2.9 million, to $15.5 million, compared to $18.4 million in the previous year. Segment earnings before restructuring costs remained unchanged at $18.4 million compared to last year. See the Non-GAAP and Additional GAAP Measures section. The following factors contributed to the segment's year-over-year results:

- Bearings and power transmission parts sales increased $17.3 million, or 9%, with higher sales in all regions driven by strength in the metal processing, mining, forestry, industrial and oil and gas sectors.

- Fluid power and process equipment products and service revenue, including the oil sands services business, decreased $8.0 million, or 4%, compared to last year. The decrease was due mainly to reduced activity in the oil sands, construction and mining sectors in western Canada.

- Segment earnings decreased $2.9 million as the positive impact of higher volumes was more than offset by slightly lower gross profit margins and additional selling and administrative expenses of $4.4 million. The increase in selling and administrative expenses resulted mainly from higher personnel costs including $2.8 million of restructuring costs and higher annual incentives. Segment earnings before restructuring costs remained unchanged from last year. See the Non-GAAP and Additional GAAP Measures section.

The Industrial Components segment was restructured in the third quarter to implement a new organizational model that is expected to reduce related costs by an estimated $5.0 million per year and improve the segment's ability to grow product and service volume.

Backlog of $43.3 million as of December 31, 2014 increased $6.8 million compared to December 31, 2013, driven by higher orders in all regions.

During the second quarter of 2014, management of the Equipment segment's oil sands services business (previously referred to as the rotating products group) was transferred to the Industrial Components segment. Combined with the ERS business in Industrial Components, this change creates a national platform to cover a broader range of the Corporation's customers' needs in their day-to-day plant maintenance operations. As a result, the oil sands services business results for 2014, along with comparative information, have been reclassified from the Equipment segment to the Industrial Components segment.

Effective March 3, 2014, Steve Deck was appointed to the position of Senior Vice President, Wajax Industrial Components. Prior to his appointment Mr. Deck spent the last seven years in senior positions at a mining drilling products and services company. He also has over 20 years of experience in industrial distribution in Canada.

Given the impact of the steep decline in the price of oil on the western Canadian economy, the segment's cost structure and asset base will be monitored and adjusted in response to any further changes in market conditions. However, while respecting the current economic environment, the segment will continue to make investments in strategic initiatives that focus on growing maintenance and repair related revenues which are viewed to be more resilient in a market downturn. See Strategy section.

Selected Annual Information

The following selected annual information is audited and has been prepared on the same basis as the 2014 annual audited Consolidated Financial Statements.

		2014		2013		2012
Revenue	**$**	**1,451.3**	$	1,428.5	$	1,466.0
Net earnings	**$**	**41.2**	$	47.7	$	65.9
Basic earnings per share	**$**	**2.46**	$	2.85	$	3.95
Diluted earnings per share	**$**	**2.42**	$	2.81	$	3.89
Total assets	**$**	**718.2**	$	682.1	$	671.9
Non-current liabilities	**$**	**202.0**	$	214.5	$	173.2
Dividends declared per share	**$**	**2.40**	$	2.68	$	3.10

Revenue in 2014 of $1,451.3 million increased $22.8 million compared to 2013. Increased equipment and parts and service revenue in the Power Systems segment and increased revenue in the Industrial Components segment more than offset a decrease in equipment and parts and service revenue in the Equipment segment. Revenue in 2013 of $1,428.5 million decreased $37.5 million compared to 2012 due to decreased equipment revenue in the Equipment and Power Systems segments that more than offset an increase in parts and service revenue in the Equipment and Industrial Components segments. The increase in revenue in the Industrial Components segment in 2013 included $21.1 million of revenue from the ACE Hydraulic and Kaman Canada acquisitions.

Net earnings decreased $24.7 million, or $1.49 per share, from 2012 to 2014. The decrease was attributable to a $14.7 million decrease in revenue and slightly lower margins combined with additional selling and administrative expenses and higher finance costs. Increased finance costs of $8.5 million were driven by higher debt levels and increased costs of borrowing resulting from the Corporation's issuance of $125 million of senior notes on October 23, 2013. See the Liquidity and Capital Resources section.

The $46.3 million increase in total assets between December 31, 2012 and December 31, 2014 was mainly attributable to higher inventory in the Equipment segment and higher rental fleet additions in the Equipment and Power Systems segments.

Non-current liabilities at December 31, 2014 of $202.0 million increased $28.8 million from December 31, 2012. The primary factor for the increase was a $29.2 million increase in long-term debt to fund working capital requirements and rental fleet additions.

Selected Quarterly Information

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

	2014				**2013**			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**$ 386.1**	$ 359.5	$ 374.4	$ 331.4	$ 391.7	$ 338.5	$ 362.0	$ 336.3
Net earnings	**$ 11.2**	$ 11.1	$ 12.3	$ 6.7	$ 12.2	$ 11.6	$ 13.5	$ 10.4
Net earnings per share								
- Basic	**$ 0.67**	$ 0.66	$ 0.73	$ 0.40	$ 0.73	$ 0.69	$ 0.81	$ 0.62
- Diluted	**$ 0.66**	$ 0.65	$ 0.72	$ 0.39	$ 0.72	$ 0.68	$ 0.80	$ 0.61

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

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

Consolidated Financial Condition

Capital Structure and Key Financial Condition Measures

	December 31 2014	December 31 2013
Shareholders' equity	**$ 248.5**	$ 247.2
Funded net debt(1)	**201.0**	205.0
Total capital	**$ 449.5**	$ 452.2
Funded net debt to total capital(1)	**44.7%**	45.3%
Leverage ratio(1)	**2.12**	2.15

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

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

In addition, the Corporation's tolerance to interest rate risk decreases/increases as the Corporation's leverage ratio increases/decreases. At December 31, 2014, $125 million of the Corporation's funded net debt, or 62%, was at a fixed interest rate which is within the Corporation's interest rate risk policy. See the Liquidity and Capital Resources section.

Shareholders’ Equity

The Corporation’s shareholders’ equity at December 30, 2014 of $248.5 million increased $1.3 million from December 31, 2013, as earnings exceeded dividends declared during the year.
The Corporation’s share capital, included in shareholders’ equity on the balance sheet, consists of:

Issued and fully paid common shares as at December 31, 2014	Number	Amount
Balance at the beginning of the year	16,743,520	$ 106.7
Rights exercised	35,363	0.8
Balance at the end of the year	**16,778,883**	**$ 107.5**

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

At December 31, 2014, 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”). During the year all of the outstanding Deferred Share Program (“DSP”) rights were settled. SOP, DSP and DDSUP rights are issued to the participants and are settled by issuing Wajax Corporation shares on a one-for-one basis. As of December 31, 2014, there were 287,550 (2013 – 282,573) SOP, DSP and DDSUP rights outstanding. The cash-settled MTIP and DSUP consist of annual grants that time vest over three years and a portion is also subject to performance vesting criteria. A portion of the MTIP and the full amount of the DSUP grants are determined by the price of the Corporation’s shares. Compensation expense for the SOP, DSP and DDSUP is determined based upon the fair value of the rights at the date of grant and charged to earnings on a straight-line basis over the vesting period, with an offsetting adjustment to contributed surplus. Compensation expense for the DSUP and the share-based portion of the MTIP varies with the price of the Corporation’s shares and is recognized over the vesting period. Wajax recorded compensation cost of $1.5 million for the year (2013 – $0.6 million) in respect of these plans.

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

	December 31 2014	December 31 2013
Bank indebtedness (cash)	**$ 7.7**	$ (4.2)
Obligations under finance lease	**12.3**	13.3
Long-term debt	**180.9**	195.9
Funded net debt[1]	**$ 201.0**	$ 205.0

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

Funded net debt of $201.0 million at December 31, 2014 decreased $4.0 million compared to December 31, 2013. The decrease during the year was due to $52.9 million of cash generated from operating activities being greater than: dividends paid of $40.2 million, investing activities of $5.4 million and finance lease payments of $3.4 million.

The Corporation’s ratio of funded net debt to total capital decreased slightly to 44.7% at December 31, 2014 from 45.3% at December 31, 2013.

The Corporation’s leverage ratio of 2.12 times at December 31, 2014 decreased from the December 31, 2013 ratio of 2.15 times mainly due to the lower funded net debt level at December 31, 2014.

See the Liquidity and Capital Resources section.

Financial Instruments

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

Wajax enters into short-term currency forward contracts to hedge the exchange risk associated with the cost of certain inbound inventory and certain foreign currency-denominated sales to customers along with the associated receivables as part of its normal course of business. As at December 31, 2014, Wajax had contracts outstanding to buy U.S. $41.8 million (December 31, 2013 – to buy U.S. $31.1 million). The U.S. dollar contracts expire between January 2015 and December 2015, with a weighted average U.S./Canadian dollar rate of 1.1319.

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

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

Wajax will periodically institute price increases to offset the negative impact of foreign exchange rate increases and volatility on imported goods to ensure margins are not eroded. However, a sudden strengthening 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 and although in 2014 they experienced an outlook downgrade to "Negative" by Standard & Poor's, they maintain high short-term and long-term credit ratings. To date, no such counterparty has failed to meet its financial obligations to Wajax. Management does not believe there is a significant risk of non-performance by these counterparties and will continue to monitor the credit risk of these counterparties.

Contractual Obligations

Contractual Obligations	**Total**	< 1 year	1 - 5 years	After 5 years
Bank debt[1]	**$ 60.0**	$ -	$ 60.0	$ -
Senior notes[1]	**$ 125.0**	$ -	$ -	$ 125.0
Operating leases	**$ 91.7**	$ 16.1	$ 51.3	$ 24.3
Obligations under finance leases[1]	**$ 12.3**	$ 4.2	$ 8.1	$ -
Total	**$ 289.0**	$ 20.3	$ 119.4	$ 149.3

(1) Amounts exclude finance costs.

The $60.0 million bank debt obligation relates to the long-term portion of the bank credit facility and excludes current bank indebtedness and letters of credit.

The senior notes obligation relates to the Corporation's issuance on October 23, 2013 of $125.0 million in senior notes bearing an annual interest rate of 6.125% per annum, payable semi-annually, maturing on October 23, 2020.

The operating leases relate primarily to contracts entered into for facilities and office equipment. See the Off Balance Sheet Financing section for additional information.

The obligations under finance leases relate to certain leased vehicles that have a minimum one year term and are extended on a monthly basis thereafter until termination.

The above table does not include obligations to fund pension benefits. Wajax sponsors certain defined benefit plans that cover executive employees, a small group of inactive employees and certain employees on long-term disability benefits. The defined benefit plans are subject to actuarial valuations in 2015 and 2017. Management does not expect future cash contribution requirements to change materially from the 2014 contribution level of $0.5 million as a result of these valuations or any declines in the fair value of the defined benefit plans' assets.

Off Balance Sheet Financing

Off balance sheet financing arrangements include operating lease contracts for facilities with various landlords and other equipment related mainly to office equipment. The total obligations for all operating leases are detailed in the Contractual Obligations section. At December 31, 2014, the non-discounted operating lease commitments for facilities totaled $91.3 million and for other equipment $0.4 million.

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 $95.8 million (2013 – $68.9 million) of consigned inventory on-hand from a major manufacturer at December 31, 2014. In the normal course of business, Wajax receives inventory on consignment from this manufacturer which is generally sold to customers or purchased by Wajax. This consigned inventory is not included in Wajax's inventory as the manufacturer retains title to the goods. In the event the inventory consignment program was terminated, Wajax would utilize interest free financing, if any, made available by the manufacturer and/or utilize capacity under its credit facilities.

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

The terms of the $250 million bank credit facility include the following:

- The facility is fully secured, expiring August 12, 2019, and is comprised of a $30 million non-revolving term portion and a $220 million revolving term portion.
- Borrowing capacity is dependent upon the level of inventories on-hand and the outstanding trade accounts receivable.
- The bank credit facility contains customary restrictive covenants including limitations on the payment of cash dividends and the maintenance of certain financial ratios all of which were met as at December 31, 2014. In particular, the Corporation is restricted from declaring dividends in the event the Corporation's leverage ratio, as defined in the bank credit facility agreement, exceeds 3.25 times.

- Borrowings under the bank credit facility bear floating rates of interest at margins over Canadian dollar bankers' acceptance yields, U.S. dollar LIBOR rates or prime. Margins on the facility depend on the Corporation's leverage ratio at the time of borrowing and range between 1.5% and 3.0% for Canadian dollar bankers' acceptances and U.S. dollar LIBOR borrowings, and 0.5% and 2.0% for prime rate borrowings.

At December 31, 2014, Wajax had borrowed $63.4 million and issued $5.5 million of letters of credit for a total utilization of $68.9 million of its $250 million bank credit facility. At December 31, 2014, borrowing capacity under the bank credit facility was equal to $250 million.

In addition, Wajax had $125 million of senior notes outstanding at December 31, 2014 bearing an interest rate of 6.125% per annum, payable semi-annually, maturing on October 23, 2020. The senior notes are unsecured and contain customary incurrence based covenants that, although different from those under the bank credit facility described above, are not expected to be any more restrictive than under the bank credit facility. All covenants were met as at December 31, 2014.

Under the terms of the bank credit facility, Wajax is permitted to have additional interest bearing debt of $15 million. As such, Wajax has up to $15 million of demand inventory equipment financing capacity with three lenders. At December 31, 2014 Wajax had no utilization of the interest bearing equipment financing facilities.

As of March 3, 2015, Wajax's $250 million bank credit facility, along with the additional $15 million of capacity permitted under the bank credit facility should be sufficient to meet Wajax's short-term normal course working capital and maintenance capital requirements. However, Wajax may be required to access the equity or debt markets or reduce dividends in order to fund significant acquisitions and growth related working capital and capital expenditures.

Cash Flow

The following table highlights the major components of cash flow as reflected in the Consolidated Statements of Cash Flows for the years ended December 31, 2014 and December 31, 2013.

For the year ended December 31		**2014**		2013		Change
Net earnings	**$**	**41.2**	$	47.7	$	(6.5)
Items not affecting cash flow		**51.7**		48.6		3.1
Net change in non-cash operating working capital		**7.4**		17.4		(10.0)
Finance costs paid		**(12.3)**		(6.9)		(5.4)
Income taxes paid		**(13.4)**		(60.3)		46.9
Other cash items[(1)]		**(21.7)**		(22.4)		0.7
Cash generated from operating activities	**$**	**52.9**	$	24.1	$	28.8
Cash used in investing activities	**$**	**(5.4)**	$	(4.0)	$	(1.4)
Cash used in financing activities	**$**	**(59.4)**	$	(5.7)	$	(53.7)

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

Cash Generated From Operating Activities

The $28.8 million year over year increase in cash flows generated from operating activities was mainly attributable to lower income taxes paid of $46.9 million, offset partially by a decrease in cash generated from changes in non-cash operating working capital of $10.0 million, a decrease in net earnings of $6.5 million and $5.4 million of additional finance costs in 2014.

Significant components of non-cash operating working capital, along with changes for the years ended December 31, 2014 and December 31, 2013 include the following:

Changes in Non-cash Operating Working Capital[1]		**2014**		2013
Trade and other receivables	**$**	**4.2**	$	6.6
Contracts in progress		**(3.8)**		(5.2)
Inventories		**(30.4)**		(2.8)
Prepaid expenses		**(2.0)**		1.1
Accounts payable and accrued liabilities		**40.7**		18.2
Provisions		**(1.3)**		(0.5)
Total Changes in Non-cash Operating Working Capital	**$**	**7.4**	$	17.4

(1) Increase (decrease) in cash flow

Significant components of the changes in non-cash operating working capital for the year ended December 31, 2014 compared to the year ended December 31, 2013 are as follows:

- Trade and other receivables decreased $4.2 million in 2014 compared to a decrease of $6.6 million in 2013. The decrease in 2014 was mainly attributable to reductions in the Equipment segment due to lower sales activity in the fourth quarter compared to last year partially offset by higher sales activity in the Industrial Components segment. The decrease in 2013 was mainly attributable to the collection of a large mining equipment receivable in the Equipment segment partially offset by an increase in the Power Systems segment due principally to a large power generation receivable.

- Contracts in progress increased by $3.8 million in 2014 compared to an increase of $5.2 million in 2013. The increases in both years reflect higher contract revenue recognized in advance of billings related to power generation projects in the Power Systems segment.

- Inventories increased $30.4 million in 2014 compared to an increase of $2.8 million in 2013. The increase in 2014 was primarily related to higher construction, forestry and material handling inventory in the Equipment segment.

- Accounts payable and accrued liabilities increased $40.7 million in 2014 compared to an increase of $18.2 million in 2013. The increase in 2014 was driven by higher inventory trade payables in the Equipment segment. The increase in 2013 resulted primarily from higher trade payables in the Industrial Components segment.

Investing Activities
For the year ended December 31, 2014, Wajax invested $5.4 million in property, plant and equipment additions, net of disposals, compared to $3.9 million for the year ended December 31, 2013.

Financing Activities
The Corporation used $59.4 million of cash from financing activities in 2014 compared to $5.7 million used in 2013. Financing activities during the year included bank credit facility repayments of $15.0 million (2013 – $78.0 million), dividends paid to shareholders totaling $40.2 million (2013 – $46.0 million) and finance lease payments of $3.4 million (2013 – $3.5 million). In addition, financing activities in 2013 included senior note proceeds of $125.0 million that were used to repay borrowings under the bank credit facility.

Dividends

Dividends to shareholders for the periods January 1, 2014 to December 31, 2014 and January 1, 2013 to December 31, 2013 were declared as follows:

	2014		2013	
Month (1)	**Per Share**	**Amount**	Per Share	Amount
January	**$ 0.20**	**$ 3.3**	$ 0.27	$ 4.5
February	**0.20**	**3.3**	0.27	4.5
March	**0.20**	**3.4**	0.27	4.5
April	**0.20**	**3.4**	0.27	4.5
May	**0.20**	**3.4**	0.20	3.3
June	**0.20**	**3.4**	0.20	3.3
July	**0.20**	**3.4**	0.20	3.3
August	**0.20**	**3.4**	0.20	3.3
September	**0.20**	**3.4**	0.20	3.3
October	**0.20**	**3.4**	0.20	3.3
November	**0.20**	**3.4**	0.20	3.3
December	**0.20**	**3.4**	0.20	3.3
Total dividends for the years ended December 31	**$ 2.40**	**$ 40.3**	$ 2.68	$ 44.9

(1) The Corporation's monthly dividends were generally payable to shareholders of record on the last business day of each calendar month and were paid on or about the 20th day of the following month.

For the year ended December 31, 2014, Wajax declared dividends to shareholders totaling $2.40 per share. For the year ended December 31, 2013, Wajax declared dividends to shareholders totaling $2.68 per share. Dividends paid in 2014 were funded from cash generated from operating activities.

The Corporation declared monthly dividends of $0.20 per share, or $3.4 million, for January and February of 2015.

In order to increase the funds available to invest in the Corporation's strategy, provide additional liquidity in this time of economic uncertainty and bring more stability to dividend payments over the business cycle, the board of directors has approved a change to the Corporation's dividend policy and a reduction in the dividend amount. The previous policy of paying a monthly dividend based on a minimum of 75% of expected net earnings has been changed to implement a quarterly dividend with an initial target amount of $0.25 per share.

The Corporation has declared a dividend of $0.0833 per share for March 2015, payable on April 20, 2015 to shareholders of record on March 31, 2015 and a second quarter dividend of $0.25 per share payable on July 3, 2015 to shareholders of record on June 15, 2015.

Fourth Quarter Consolidated Results

For the three months ended December 31		**2014**		2013
Revenue	**$**	**386.1**	$	391.7
Gross profit	**$**	**74.0**	$	73.0
Selling and administrative expenses	**$**	**55.6**	$	53.4
Restructuring cost recovery	**$**	**(0.2)**	$	-
Earnings before finance costs and income taxes(1)	**$**	**18.6**	$	19.6
Finance costs	**$**	**3.2**	$	3.0
Earnings before income taxes(1)	**$**	**15.4**	$	16.6
Income tax expense	**$**	**4.2**	$	4.4
Net earnings	**$**	**11.2**	$	12.2
Basic earnings per share	**$**	**0.67**	$	0.73
Diluted earnings per share	**$**	**0.66**	$	0.72

(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.

The Power Systems and Industrial Components segments benefitted from strength in oil and gas activity early in the quarter prior to the steep decline in oil prices.

The Equipment segment experienced reduced mining parts and service sales, including those in the oil sands market, as customers deferred spending in light of lower commodity prices.

The Industrial Components segment also had gains in other various markets including forestry, and metal processing sectors.

Revenue

Revenue in the fourth quarter of 2014 decreased 1%, or $5.6 million, to $386.1 million, from $391.7 million in the fourth quarter of 2013. Segment revenue increased 10% in the Industrial Components segment, driven by higher bearing and power transmission parts sales, and 3% in the Power Systems segment. These increases were offset by an 8% decrease in revenues in the Equipment segment on lower volumes in western Canada.

Gross profit

Gross profit in the fourth quarter of 2014 increased $1.0 million as the negative impact of lower volumes was more than offset by a higher gross profit margin compared to the fourth quarter last year. The gross profit margin percentage for the quarter of 19.2% increased from 18.6% in the fourth quarter of 2013 due mainly to a positive sales mix impact from a higher proportion of parts and service revenues compared to last year.

Selling and administrative expenses

Selling and administrative expenses increased $2.2 million in the fourth quarter of 2014 compared to the same quarter last year due mainly to higher personnel related costs, including higher annual employee incentives. Selling and administrative expenses as a percentage of revenue increased to 14.4% in the fourth quarter of 2014 from 13.6% compared to the same quarter of 2013.

Restructuring cost recovery

During the quarter, $0.2 million related to the restructuring costs provision recorded in the third quarter of 2014 was reversed.

Finance costs

Quarterly finance costs of $3.2 million increased $0.2 million compared to the same quarter last year due primarily to the higher cost of borrowing during the quarter related to the Corporation's issuance of the senior notes on October 23, 2013.

Income tax expense
The Corporation's effective income tax rate of 27.1% for the quarter increased slightly from 26.3% in the previous year.

Net earnings
Quarterly net earnings decreased $1.0 million to $11.2 million, or $0.67 per share, from $12.2 million, or $0.73 per share, in the same quarter of 2013. The positive impact of higher gross profits and the restructuring recovery were more than offset by additional selling and administrative expenses and finance costs.

Comprehensive income
Total comprehensive income of $10.4 million in the fourth quarter of 2014 was comprised of net earnings of $11.2 million and other comprehensive loss of $0.8 million. The other comprehensive loss was mainly attributable to actuarial losses on pension plans of $1.0 million.

Funded net debt (See the Non-GAAP and Additional GAAP Measures section)
Funded net debt of $201.0 million at December 31, 2014 decreased $23.7 million compared to September 30, 2014. The decrease during the quarter was due to $36.8 million of cash generated from operating activities exceeding dividends paid of $10.1 million, investing activities of $1.6 million and finance lease payments of $0.8 million. See the Fourth Quarter Cash Flows and Liquidity and Capital Resources sections.

Dividends
For the fourth quarter ended December 31, 2014 and December 31, 2013 monthly dividends declared totaled $0.60 per share.

Backlog (See the Non-GAAP and Additional GAAP Measures section.)
Consolidated backlog at December 31, 2014 of $177.7 million decreased $30.3 million, or 15%, compared to September 30, 2014 with reductions in all segments. See the Fourth Quarter Results of Operations section for further backlog detail by segment.

Fourth Quarter Results of Operations

Equipment

For the three months ended December 31		**2014**		2013
Equipment[1]	**$**	**128.7**	$	141.4
Parts and service	**$**	**63.1**	$	67.6
Segment revenue	**$**	**191.8**	$	209.0
Segment earnings[2]	**$**	**12.4**	$	13.6
Segment earnings margin		***6.5%***		*6.5%*

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

Revenue in the fourth quarter of 2014 decreased $17.2 million, or 8%, to $191.8 million, from $209.0 million in the fourth quarter of 2013. Segment earnings for the quarter decreased $1.2 million, to $12.4 million, compared to the fourth quarter of 2013. The following factors contributed to the Equipment segment's fourth quarter results compared to the fourth quarter of 2013:

- Equipment revenue for the fourth quarter decreased $12.7 million, or 9%, with specific year-over-year variances as follows:
  - Material handling equipment revenue increased $6.7 million due principally to increases in eastern Canada.
  - Mining equipment sales decreased $18.0 million mainly as a result of the sale of four Hitachi EH5000 320 ton mining trucks in 2013 not repeated in 2014.
  - Forestry equipment revenue decreased $1.4 million.

- Construction equipment revenue remained unchanged.
- Crane and utility equipment revenue remained unchanged.

- Parts and service volumes decreased $4.5 million, or 7%. The decrease was led by lower mining sector volumes in western Canada, including the oil sands, offset partially by higher forestry sector revenue in all regions.

- Segment earnings for the fourth quarter decreased $1.2 million to $12.4 million. The decrease was primarily attributable to lower volumes, offset partially by higher margins and a $0.3 million reduction in selling and administrative expenses compared to last year. Higher parts and service margins were partially offset by lower equipment margins due to competitive market pressures and foreign exchange adjustments.

Backlog of $93.8 million at December 31, 2014 decreased $20.3 million compared to September 30, 2014 due to reductions in all market sectors.

Power Systems

For the three months ended December 31		**2014**		2013
Equipment(1)	**$**	**33.3**	$	35.9
Parts and service	**$**	**55.0**	$	49.5
Segment revenue	**$**	**88.3**	$	85.4
Segment earnings(2)	**$**	**3.5**	$	6.0
Segment earnings margin		***3.9%***		*7.0%*

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

Revenue in the fourth quarter of 2014 increased $2.9 million, or 3%, to $88.3 million, compared to $85.4 million in the fourth quarter of 2013. Segment earnings for the quarter decreased $2.5 million to $3.5 million. The following factors impacted quarterly revenue and earnings compared to last year:

- Equipment revenue decreased $2.6 million, as lower power generation sales in all regions was offset somewhat by higher off-highway sales in western and eastern Canada.

- Parts and service volumes increased $5.5 million compared to last year, mainly attributable to higher sales to on-highway customers in all regions.

- Segment earnings in the fourth quarter of 2014 decreased $2.5 million compared to the same quarter last year as the positive impact of higher volumes was more than offset by lower gross profit margins and a $2.1 million increase in selling and administrative expenses. The increase in selling and administrative expenses was driven mainly by higher personnel costs.

Backlog of $40.6 million as of December 31, 2014 decreased $6.7 million compared to September 30, 2014 due to decreases in off-highway and power generation backlog.

Industrial Components

For the three months ended December 31		**2014**		2013
Segment revenue	**$**	**107.5**	$	98.1
Segment earnings before restructuring recovery[1]	**$**	**5.9**	$	2.0
Restructuring cost recovery	**$**	**(0.2)**	$	-
Segment earnings[2]	**$**	**6.2**	$	2.0
Segment earnings margin before restructuring recovery		***5.5%***		*2.0%*
Restructuring recovery		***0.2%***		-
Segment earnings margin		***5.7%***		*2.0%*

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

Revenue of $107.5 million in the fourth quarter of 2014 increased $9.4 million, or 10%, from $98.1 million in the fourth quarter of 2013. Segment earnings for the quarter increased $4.2 million, to $6.2 million. The following factors contributed to the segment's fourth quarter year-over-year results:

- Bearings and power transmission parts sales increased $8.5 million, or 17%, with higher sales in all regions driven by strength in the metal processing, forestry, mining, industrial and oil and gas sectors.
- Fluid power and process equipment products and service revenue in the fourth quarter of 2014 increased $0.9 million.
- Segment earnings increased $4.2 million due to higher volumes in all three regions, slightly higher gross profit margins and a $1.2 million reduction in selling and administrative expenses. The reduction in selling and administrative expenses included personnel cost savings, resulting from the restructuring in the third quarter, and other sales related cost reductions.

Backlog of $43.3 million as of December 31, 2014 decreased $3.3 million compared to September 30, 2014 with decreases in western and eastern Canada. See the Non-GAAP and Additional GAAP Measures section.

Fourth Quarter Cash Flows

Cash Flow

The following table highlights the major components of cash flow as reflected in the Consolidated Statements of Cash Flows for the quarters ended December 31, 2014 and December 31, 2013.

For the quarter ended December 31		**2014**		2013		Change
Net earnings	**$**	**11.2**	$	12.2	$	(1.0)
Items not affecting cash flow		**13.4**		13.8		(0.4)
Net change in non-cash operating working capital		**28.3**		16.5		11.8
Finance costs paid		**(5.0)**		(1.1)		(3.9)
Income taxes paid		**(2.6)**		(2.7)		0.1
Other cash items[1]		**(8.5)**		(6.1)		(2.4)
Cash generated from operating activities	**$**	**36.8**	$	32.6	$	4.2
Cash used in investing activities	**$**	**(1.6)**	$	(0.2)	$	(1.4)
Cash used in financing activities	**$**	**(37.8)**	$	(27.6)	$	(10.2)

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

Cash Generated From Operating Activities
The $4.2 million increase in cash flows generated from operating activities was mainly attributable to an increase in cash generated from changes in non-cash operating working capital of $28.3 million in 2014 as compared to an increase of $16.5 million in 2013. This increase was partially offset by a $3.9 million increase in finance costs paid due to the timing of the semi-annual interest payment on the senior notes.

Significant components of non-cash operating working capital, along with changes for the quarters ended December 31, 2014 and December 31, 2013 include the following:

Changes in Non-cash Operating Working Capital[1]		2014		2013
Trade and other receivables	**$**	**18.4**	$	(2.6)
Contract in progress		**(3.4)**		(5.2)
Inventories		**0.5**		13.7
Prepaid expenses		**0.2**		0.1
Accounts payable and accrued liabilities		**11.9**		9.6
Provisions		**0.7**		0.9
Total Changes in Non-cash Operating Working Capital	**$**	**28.3**	$	16.5

(1) Increase (decrease) in cash flow

Significant components of the changes in non-cash operating working capital for the quarter ended December 31, 2014 compared to the quarter ended December 31, 2013 are as follows:

- Trade and other receivables decreased $18.4 million in 2014 compared to an increase of $2.6 million in 2013. The decrease in 2014 was mainly attributable to improved collections in the Equipment segment and the collection of a large power generation receivable in the Power Systems segment.

- Contracts in progress increased $3.4 million in the current year compared to an increase of $5.2 million in 2013. The increases in both years reflect higher contract revenue recognized in advance of billings related to power generation projects in the Power Systems segment.

- Inventories decreased $0.5 million in the current year compared to a decrease of $13.7 million in 2013. The decrease in 2013 was due to inventory reductions in the Equipment segment.

- Accounts payable and accrued liabilities increased $11.9 million in 2014 compared to an increase of $9.6 million in 2013. The increase in 2014 resulted primarily from higher inventory trade payables in the Power Systems and Industrial Components segments. The increase last year resulted primarily from higher inventory trade payables in the Industrial Components segment, offset somewhat by lower inventory trade payables in the Equipment segment.

Investing Activities
During the fourth quarter of 2014, Wajax invested $1.6 million on property, plant and equipment additions, net of disposals, compared to $0.1 million in the fourth quarter of 2013.

Financing Activities
The Corporation used $37.8 million of cash in financing activities in the fourth quarter of 2014 compared to $27.6 million of cash used in the same quarter of 2013. Financing activities in the quarter included bank credit facility repayments of $27.0 million, dividends paid to shareholders totaling $10.1 million and finance lease payments of $0.8 million. In addition, financing activities in the fourth quarter of 2013 included senior note proceeds of $125.0 million that were used to repay borrowings under the bank credit facility. See Liquidity and Capital Resources section.

Non-GAAP and Additional GAAP Measures

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

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

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

(iii) the additional GAAP measures are commonly used to assess a company's earnings performance excluding its capital, tax structures and restructuring costs; in particular "Segment earnings before restructuring costs" provides an indication of the Industrial Components segment's results by its principal business activities prior to recognizing restructuring costs.

Non-GAAP financial measures are identified and defined below:

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

Additional GAAP measures are identified and defined below:

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

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

	For the twelve months ended December 31 2014	For the twelve months ended September 30 2014	For the twelve months ended December 31 2013
Net earnings	**$ 41.2**	$ 42.3	$ 47.7
Income tax expense	**15.3**	15.5	17.0
EBT	**56.5**	57.8	64.7
Finance costs	**13.0**	12.8	9.0
EBIT	**69.5**	70.6	73.7
Depreciation and amortization	**22.5**	22.9	21.6
EBITDA	**92.0**	93.5	95.3
Restructuring costs	**2.8**	3.1	-
Adjusted EBITDA	**$ 95.0**	$ 96.6	$ 95.3

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

	December 31 2014	September 30 2014	December 31 2013
Bank indebtedness (cash)	**$ 7.7**	$ 5.1	$ (4.2)
Obligations under finance leases	**12.3**	11.9	13.3
Long-term debt	**180.9**	207.7	195.9
Funded net debt	**$ 201.0**	$ 224.7	$ 205.0
Leverage ratio[(1)]	**2.12**	2.33	2.15

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

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from those judgements, estimates and assumptions. Note 3 of the annual Consolidated Financial Statements describes the significant accounting policies and methods used in preparation of the annual Consolidated Financial Statements. The Corporation bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances.

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 large customer base which covers most business sectors across Canada. The Corporation follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Corporation maintains provisions for possible credit losses, and any such losses to date have been within management's expectations. The provision for doubtful accounts is determined on an account-by-account basis. The $1.6 million provision for doubtful accounts at December 31, 2014 decreased $0.1 million from $1.7 million in 2013. As economic conditions change, there is risk that the Corporation could experience a greater number of defaults compared to 2014 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 2014 was $3.5 million compared to $2.1 million in 2013. As economic conditions change, there is risk that the Corporation could have an increase in inventory obsolescence compared to 2014 which would result in an increased charge to earnings.

Goodwill and intangible assets
The value in use of goodwill and intangible assets has been estimated using the forecasts prepared by management for the next five years. The key assumptions for the estimate are those regarding revenue growth, gross margin and the level of working capital required to support the business. These estimates are based on past experience and management's expectations of future changes in the market and forecasted growth initiatives. To prepare the value in use calculations, the forecasts are extrapolated beyond the five year period at the estimated long-term inflation rate (2%) and discounted back to present value. The discount rate is based on the Corporation's pre-tax weighted average cost of capital of approximately 12% to reflect a market participant's view of the cash-generating unit.

During the year, the Corporation performed impairment tests, based on value in use, of its goodwill and intangible assets with an indefinite life and concluded that no impairment existed in either the goodwill associated with any of Wajax's cash-generating units ("CGUs") or the intangible assets with an indefinite life.

Changes in Accounting Policies

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

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

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

New standards and interpretations not yet adopted

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

On January 1, 2016, the Corporation will be required to adopt the amendments to IAS 1 Presentation of Financial Statements, which will facilitate improved financial statement disclosures. The extent of the impact of adoption of the amendment has not yet been determined.

On January 1, 2017, 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.

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

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, Wajax's ability to meet its established financial targets as set out in the Strategy section 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.

The following are a number of risks that deserve particular comment:

Manufacturer relationships and product access
Wajax seeks to distribute leading product lines in each of its regional markets and its success is dependent upon continuing relations with the manufacturers it represents. Wajax endeavours to align itself in long-term relationships with manufacturers that are committed to achieving a competitive advantage and long-term market leadership in their targeted market segments. In the Equipment and Power Systems segments, and in certain cases in the hydraulics and process pumps portion of the Industrial Components segment, manufacturer relationships are governed through effectively exclusive distribution agreements. Distribution agreements are for the most part open-ended, but are cancellable within a relatively short notification period specified in each agreement. Although Wajax enjoys good relationships with its major manufacturers and seeks to develop additional strong long-term partnerships, a loss of a major product line without a comparable replacement would have a significantly adverse effect on Wajax's results of operations or cash flow.

There is a continuing consolidation trend among industrial equipment and component manufacturers. Consolidation may impact the products distributed by Wajax, in either a favourable or unfavourable manner. Consolidation of manufacturers may have a negative impact on the results of operations or cash flow if product lines Wajax distributes become unavailable as a result of the consolidation.

Suppliers generally have the ability to unilaterally change distribution terms and conditions or limit supply of product in times of intense market demand. Supplier changes in the area of product pricing and availability can have a negative or positive effect on Wajax's revenue and margins. As well, from time to time suppliers make changes to payment terms for distributors. This may affect Wajax's interest-free payment period or consignment terms, which may have a materially negative or positive impact on working capital balances such as cash, inventories, trade and other payables and bank debt.

Economic conditions/Business cyclicality
Wajax's customer base consists of businesses operating in the natural resources, construction, transportation, manufacturing, industrial processing and utilities industries. These industries can be capital intensive and cyclical in nature, and as a result, customer demand for Wajax's products and services may be affected by economic conditions at both a global or local level. Changes in interest rates, consumer and business confidence, corporate profits, credit conditions, foreign exchange, commodity prices and the level of government infrastructure spending may influence Wajax's customers' operating, maintenance and capital spending, and therefore Wajax's sales and results of operations. Although Wajax has attempted to address its exposure to business and industry cyclicality by diversifying its operations by geography, product offerings and customer base, there can be no assurance that Wajax's results of operations or cash flows will not be adversely affected by changes in economic conditions.

Commodity prices

Many of Wajax's customers are directly and indirectly affected by fluctuations in commodity prices in the forestry, metals and minerals and petroleum and natural gas industries, and as a result Wajax is also indirectly affected by fluctuations in these prices. In particular, each of Wajax's businesses is exposed to fluctuations in the price of oil and natural gas. A downward change in commodity prices, and particularly in the price of oil and natural gas, could therefore adversely affect Wajax's results of operations or cash flows.

Growth initiatives, integration of acquisitions and project execution

As part of its long-term strategy, Wajax has established financial targets for the 5-year timeframe from 2015 – 2019 including growing net earnings at a minimum CAGR of 7.5% and a target leverage ratio range of 1.5 – 2.0 times. (See Strategy section and the Non-GAAP and Additional GAAP Measures sections.) Wajax intends to continue growing its business through development of core capabilities, organic growth initiatives, strategic acquisitions and investment in systems to improve operational efficiencies. Wajax's ability to develop core capabilities and successfully grow its business through organic growth will be dependent on the segments' achieving their individual growth initiatives. Wajax's ability to successfully grow its business through acquisitions will be dependent on a number of factors including: identification of accretive new business or acquisition opportunities; negotiation of purchase agreements on satisfactory terms and prices; prior approval of acquisitions by third parties, including regulatory authorities; securing attractive financing arrangements; and integration of newly acquired operations into the existing business. All of these activities associated with growing the business and investments made in systems may be more difficult to implement or may take longer to execute than management anticipates. Further, any significant expansion of the business may increase the operating complexity of Wajax, and divert management away from regular business activities. Any failure of Wajax to manage its growth strategy, including acquisitions, successfully could have a material adverse impact on Wajax's business, results of operations or financial condition.

Key personnel

The success of Wajax is largely dependent on the abilities and experience of its senior management team and other key personnel. Its future performance will also depend on its ability to attract, develop and retain highly qualified employees in all areas of its business. Competition for skilled management, sales and technical personnel is intense, particularly in certain markets where Wajax competes. Wajax continuously reviews and makes adjustments to its hiring, training and compensation practices in an effort to attract and retain a highly competent workforce. However, there can be no assurance that Wajax will be successful in its efforts and a loss of key employees, or failure to attract and retain new talent as needed, may have an adverse impact on Wajax's current operations or future prospects.

Leverage, credit availability and restrictive covenants

Wajax has a $250 million bank credit facility which expires August 12, 2019 comprised of a $30 million non-revolving term portion and a $220 million revolving term portion. Wajax also has $125 million of senior notes outstanding bearing an annual interest rate of 6.125%, payable semi-annually, and maturing on October 23, 2020. The bank credit facility and senior notes contain restrictive covenants which place restrictions on, among other things, the ability of Wajax to encumber or dispose of its assets, the amount of finance costs incurred and dividends declared relative to earnings and certain reporting obligations. A failure to comply with the obligations of the facility or senior notes could result in an event of default which, if not cured or waived, could require an accelerated repayment of the facility or senior notes. There can be no assurance that Wajax's assets would be sufficient to repay the facility or senior notes in full.

Wajax's short-term normal course working capital requirements can swing widely quarter-to-quarter due to timing of large inventory purchases and/or sales and changes in market activity. In general, as Wajax experiences growth, there is a need for additional working capital as was the case in 2012. Conversely, as Wajax experiences economic slowdowns working capital reduces reflecting the lower activity levels as was the case in 2009. While management believes the bank credit facility will be adequate to meet the Corporation's normal course working capital requirements, there can be no assurance that additional credit will become available if required, or that an appropriate amount of credit with comparable terms and conditions will be available when the bank credit facility and senior notes mature.

Wajax may be required to access the equity or debt markets or reduce dividends in order to fund significant acquisitions and growth related working capital and capital expenditures.

The amount of debt service obligations under the bank credit facility will be dependent on the level of borrowings and fluctuations in interest rates to the extent the rate is unhedged. As a result, fluctuations in debt servicing costs may have a detrimental effect on future earnings or cash flow.

Wajax also has credit lines available with other financial institutions for purposes of financing inventory. These facilities are not committed lines and their future availability cannot be assured, which may have a negative impact on cash available for dividends and future growth opportunities.

Quality of products distributed

The ability of Wajax to maintain and expand its customer base is dependent upon the ability of the manufacturers represented by Wajax to improve and sustain the quality of their products. The quality and reputation of such products are not within Wajax's control, and there can be no assurance that manufacturers will be successful in meeting these goals. The failure of these manufacturers to maintain a market presence could adversely affect Wajax's results of operations or cash flow.

Inventory obsolescence

Wajax maintains substantial amounts of inventories in all three core businesses. While Wajax believes it has appropriate inventory management systems in place, variations in market demand for the products it sells can result in certain items of inventory becoming obsolete. This could result in a requirement for Wajax to take a material write down of its inventory balance resulting in Wajax not being able to realize expected revenue and cash flows from its inventory, which would negatively affect results from operations or cash flow.

Government regulation

Wajax's business is subject to evolving laws and government regulations, particularly in the areas of taxation, the environment, and health and safety. Changes to such laws and regulations may impose additional costs on Wajax and may adversely affect its business in other ways, including requiring additional compliance measures by Wajax.

Insurance

Wajax maintains a program of insurance coverage that is ordinarily maintained by similar businesses, including property insurance and general liability insurance. Although the limits and deductibles of such insurance have been established through risk analysis and the recommendation of professional advisors, there can be no assurance that such insurance will remain available to Wajax at commercially reasonable rates or that the amount of such coverage will be adequate to cover all liability incurred by Wajax. If Wajax is held liable for amounts exceeding the limits of its insurance coverage or for claims outside the scope of that coverage, its business, results of operations or financial condition could be adversely affected.

Information systems and technology

Information systems are an integral part of Wajax's business processes, including marketing of equipment and support services, inventory and logistics, and finance. Some of these systems are integrated with certain suppliers' core processes and systems. Any disruptions to these systems or new systems due, for example, to the upgrade or conversion thereof, or the failure of these systems or new systems to operate as expected could, depending on the magnitude of the problem, adversely affect Wajax's operating results by limiting the ability to effectively monitor and control Wajax's operations.

Credit risk

Wajax extends credit to its customers, generally on an unsecured basis. Although Wajax is not substantially dependent on any one customer and it has a system of credit management in place, the loss of a large receivable would have an adverse effect on Wajax's profitability.

Labour relations

Wajax has approximately 2,725 employees. Wajax is a party to thirteen collective agreements covering a total of approximately 362 employees. Of these, five collective agreements covering 68 employees have expired on December 31, 2014 and are currently being re-negotiated. Of the remaining eight collective agreements, three expire in 2015, two expire in 2016, two expire in 2017 and one expires in 2018. Overall, Wajax believes its labour relations to be satisfactory and does not anticipate it will be unable to renew the collective agreements. If Wajax is unable to renew or negotiate collective agreements from time to time, it could result in work stoppages and other labour disturbances. The failure to renew collective agreements upon satisfactory terms could have a material adverse impact on Wajax's businesses, results of operations or financial condition.

Foreign exchange exposure

Wajax's operating results are reported in Canadian dollars. While the majority of Wajax's sales are in Canadian dollars, significant portions of its purchases are in U.S. dollars. Changes in the U.S. dollar exchange rate can have a negative or positive impact on Wajax's revenue, margins and working capital balances. Wajax mitigates certain exchange rate risks by entering into short-term foreign currency forward contracts to fix the cost of certain inbound inventory and to hedge certain foreign-currency denominated sales to customers. In addition, Wajax will periodically institute price increases to offset the negative impact of foreign exchange rate increases on imported goods. The inability of Wajax to mitigate exchange rate risks or increase prices to offset foreign exchange rate increases, including sudden and volatile changes in the U.S. dollar exchange rate, may have a material adverse effect on the results of operations or financial condition of Wajax.

A declining U.S. dollar relative to the Canadian dollar can have a negative effect on Wajax's revenue and cash flows as a result of certain products being imported from the U.S. In some cases market conditions require Wajax to lower its selling prices as the U.S. dollar declines. As well, many of Wajax's customers export products to the U.S., and a strengthening Canadian dollar can negatively impact their overall competitiveness and demand for their products, which in turn may reduce product purchases from Wajax.

A strengthening U.S. dollar relative to the Canadian dollar can have a positive effect on Wajax's revenue, as Wajax will periodically institute price increases on inventory imported from the U.S. to offset the negative impact of foreign exchange rate increases to ensure margins are not eroded. However, a sudden strengthening 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 maintains a hedging policy whereby significant transactional currency risks are identified and hedged.

Competition

The equipment, power systems and industrial components distribution industries in which Wajax competes are highly competitive. In the Equipment segment, Wajax primarily competes against regional equipment distributors that tend to handle a dedicated product line, such as those offered by John Deere, Komatsu and Caterpillar. There can be no assurance that Wajax will be able to continue to compete on the basis of product quality and price of product lines, distribution and servicing capabilities as well as proximity of its distribution sites to customers.

The Power Systems business competes with other major diesel engine distributors representing such products as Cummins and Caterpillar. Competition is based primarily on product quality, pricing and the ability to service the product after the sale.

In terms of the Industrial Components segment, the hydraulics and process equipment branches compete with other distributors of hydraulics components and process equipment on the basis of quality and price of the product lines, the capacity to provide custom-engineered solutions and high service standards. The bearings and power transmission product branches compete with a number of distributors representing the same or competing product lines and rely primarily on high service standards, price and value added services to gain market advantage.

There can be no assurance that Wajax will be able to continue to effectively compete. Increased competitive pressures or the inability of Wajax to maintain the factors which have enhanced its competitive position could adversely affect its results of operations or cash flow.

Litigation and product liability claims

In the ordinary course of its business, Wajax may be party to various legal actions, the outcome of which cannot be predicted with certainty. One category of potential legal actions is product liability claims. Wajax carries product liability insurance, and management believes that this insurance is adequate to protect against potential product liability claims. Not all risks, however, are covered by insurance, and no assurance can be given that insurance will be consistently available, or will be consistently available on an economically feasible basis, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving Wajax's assets or operations.

Guaranteed residual value, recourse and buy-back contracts
In some circumstances Wajax makes certain guarantees to finance providers on behalf of its customers. These guarantees can take the form of assuring the resale value of equipment, guaranteeing a portion of customer lease payments, or agreeing to buy back the equipment at a specified price. These contracts are subject to certain conditions being met by the customer, such as maintaining the equipment in good working condition. Historically, Wajax has not incurred substantial losses on these types of contracts, however, there can be no assurance that losses will not be incurred in the future. See the Contractual Obligations section.

Future warranty claims
Wajax provides manufacturers' and/or dealer warranties for most of the product it sells. In some cases, the product warranty claim risk is shared jointly with the manufacturer. In addition, Wajax provides limited warranties for workmanship on services provided. Accordingly, Wajax has some liability for warranty claims. There is a risk that a possible product quality erosion or a lack of a skilled workforce could increase warranty claims in the future, or may be greater than management anticipates. If Wajax's liability in respect of such claims is greater than anticipated, it may have a material adverse impact on Wajax's business, results of operations or financial condition.

Maintenance and repair contracts
Wajax frequently enters into long-term maintenance and repair contracts with its customers, whereby Wajax is obligated to maintain certain fleets of equipment at various negotiated performance levels. The length of these contracts varies significantly, often ranging up to five or more years. The contracts are generally fixed price, although many contracts have additional provisions for inflationary adjustments. Due to the long-term nature of these contracts, there is a risk that significant cost overruns may be incurred. If Wajax has miscalculated the extent of maintenance work required, or if actual parts and service costs increase beyond the contracted inflationary adjustments, the contract profitability will be adversely affected. In order to mitigate this risk, Wajax closely monitors the contracts for early warning signs of cost overruns. In addition, the manufacturer may, in certain circumstances, share in the cost overruns if profitability falls below a certain threshold. Any failure by Wajax to effectively price and manage these contracts could have a material adverse impact on Wajax's business, results of operations or financial condition.

Environmental factors
From time to time, Wajax experiences environmental incidents, emissions or spills in the course of its normal business activities. With the assistance of environmental consultants, Wajax has established environmental compliance and monitoring programs which management believes are appropriate for its operations. To date, these environmental incidents, emissions and spills have not resulted in any material liabilities to the Corporation, however, there can be no assurance that any future incidents, emissions or spills will not result in a material adverse effect on Wajax's results of operations or cash flows.

Strategic Direction and Outlook

Fourth quarter earnings were marginally below expectations, the Equipment and Industrial Components segments performed at, or better than forecasted, however the Power Systems Segment fell short of expectations where weak gross margins and higher costs resulted in a shortfall in expected earnings. Corrective cost reduction actions in the Power Systems segment are currently underway.

Regarding the Corporation's renewed long-term strategy, Wajax's goal is to be Canada's leading industrial products and services provider. Management believes the "4 Points of Growth" framework provides a strong platform that will form the long-term basis of the Corporation's activities and investments to improve product and service offerings to customers. Management is very confident that the direction set will improve the rate and durability of growth and establishes a strong and unique position in the market.

While focused on the long term, management will manage carefully through what is expected to be a challenging 2015. Ongoing weakness in oil and other commodity prices is anticipated to have a negative effect on the

Corporation's customers in the mining, oil and gas and oil sands markets which represented 28% of total revenue in 2014. Management also expects that the 52% of revenue derived from western Canada will come under pressure in 2015. In addition, the lower Canadian dollar will also have a short-term negative affect on earnings before selling prices in affected markets were readjusted. In an effort to minimize the impact on profitability and leverage in the short-term, all divisions are prudently reducing costs in affected areas and closely managing working capital as customer demand patterns become more firmly established.

Respecting these issues, Wajax plans to push forward with a prudent investment plan to support its renewed strategy, balancing current conditions with the long-term benefit these programs deliver.

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 twelve months ended December 31, 2014

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

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

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at (unaudited, in thousands of Canadian dollars)	Note	**December 31, 2014**	December 31, 2013
ASSETS			
CURRENT			
Cash		**$ -**	$ 4,153
Trade and other receivables		**183,759**	187,974
Contracts in progress		**9,003**	5,165
Inventories		**323,764**	289,299
Income taxes receivable		**31**	203
Prepaid expenses		**7,970**	5,980
Derivative instruments		**1,343**	323
		525,870	493,097
NON-CURRENT			
Rental equipment	4	**59,394**	52,285
Property, plant and equipment	5	**48,665**	49,716
Intangible assets		**84,314**	85,944
Deferred taxes	10	**-**	1,076
		192,373	189,021
		$ 718,243	$ 682,118
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Bank indebtedness		**$ 7,713**	$ -
Accounts payable and accrued liabilities		**246,714**	206,022
Provisions		**5,758**	7,011
Dividends payable	8	**3,356**	3,349
Obligations under finance leases		**4,175**	4,053
		267,716	220,435
NON-CURRENT			
Provisions		**4,250**	3,204
Deferred taxes	10	**494**	-
Employee benefits		**7,257**	5,549
Other liabilities		**947**	624
Obligations under finance leases		**8,160**	9,208
Long-term debt	6	**180,903**	195,906
		202,011	214,491
SHAREHOLDERS' EQUITY			
Share capital	7	**107,454**	106,704
Contributed surplus		**5,176**	5,058
Retained earnings		**135,269**	135,317
Accumulated other comprehensive income		**617**	113
Total shareholders' equity		**248,516**	247,192
		$ 718,243	$ 682,118

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

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

C O N D E N S E D   C O N S O L I D A T E D   S T A T E M E N T S   O F   E A R N I N G S

(unaudited, in thousands of Canadian dollars, except per share data)	Note	Three months ended December 31 **2014**	2013	Twelve months ended December 31 **2014**	2013
Revenue		**$ 386,106**	$ 391,713	**$ 1,451,333**	$ 1,428,481
Cost of sales		**312,107**	318,694	**1,159,603**	1,145,135
Gross profit		**73,999**	73,019	**291,730**	283,346
Selling and administrative expenses		**55,626**	53,389	**219,317**	209,683
Restructuring (recovery) costs	14	**(229)**	-	**2,849**	-
Earnings before finance costs and income taxes		**18,602**	19,630	**69,564**	73,663
Finance costs		**3,249**	3,060	**12,982**	8,951
Earnings before income taxes		**15,353**	16,570	**56,582**	64,712
Income tax expense	10	**4,161**	4,356	**15,349**	17,027
Net earnings		**$ 11,192**	$ 12,214	**$ 41,233**	$ 47,685
Basic earnings per share	11	**$ 0.67**	$ 0.73	**$ 2.46**	$ 2.85
Diluted earnings per share	11	**$ 0.66**	$ 0.72	**$ 2.42**	$ 2.81

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

C O N D E N S E D   C O N S O L I D A T E D   S T A T E M E N T S   O F   C O M P R E H E N S I V E   I N C O M E

(unaudited, in thousands of Canadian dollars)	Three months ended December 31 **2014**	2013	Twelve months ended December 31 **2014**	2013
Net earnings	**$ 11,192**	$ 12,214	**$ 41,233**	$ 47,685
Items that will not be reclassified to income				
Actuarial (losses) gains on pension plans, net of tax recovery of $351 (2013 – tax expense of $543) and year to date, net of tax recovery of $351 (2013 – tax expense of $543)	**(1,026)**	1,545	**(1,026)**	1,545
Items that may be subsequently reclassified to income				
Gains on derivative instruments designated as cash flow hedges in prior periods reclassified to cost of inventory during the period, net of tax expense of $114 (2013 – $14) and year to date, net of tax expense of $144 (2013 – $88)	**(322)**	(41)	**(405)**	(247)
Gains on derivative instruments outstanding at the end of the period designated as cash flow hedges, net of tax expense of $198 (2013 – $44) and year to date, net of tax expense of $322 (2013 – $148)	**559**	124	**909**	416
Other comprehensive (loss) income, net of tax	**(789)**	1,628	**(522)**	1,714
Total comprehensive income	**$ 10,403**	$ 13,842	**$ 40,711**	$ 49,399

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the twelve months ended December 31, 2014 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income ("AOCI") Cash flow hedges		Total
January 1, 2014		$	106,704	5,058	135,317	113	$	247,192
Net earnings			-	-	41,233	-		41,233
Other comprehensive (loss) income			-	-	(1,026)	504		(522)
Total comprehensive income for the period			-	-	40,207	504		40,711
Shares issued to settle share-based compensation plans	9		750	(750)	-	-		-
Dividends	8		-	-	(40,255)	-		(40,255)
Share-based compensation expense	9		-	868	-	-		868
December 31, 2014		**$**	**107,454**	**5,176**	**135,269**	**617**	**$**	**248,516**

WAJAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the twelve months ended December 31, 2013 (unaudited, in thousands of Canadian dollars)	Note		Share capital	Contributed surplus	Retained earnings	AOCI Cash flow hedges		Total
January 1, 2013		$	106,651	4,346	130,944	(56)	$	241,885
Net earnings			-	-	47,685	-		47,685
Other comprehensive income			-	-	1,545	169		1,714
Total comprehensive income for the period			-	-	49,230	169		49,399
Shares issued to settle share-based compensation plans	9		53	(53)	-	-		-
Dividends	8		-	-	(44,857)	-		(44,857)
Share-based compensation expense	9		-	765	-	-		765
December 31, 2013		**$**	**106,704**	**5,058**	**135,317**	**113**	**$**	**247,192**

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 December 31 2014	Three months ended December 31 2013	Twelve months ended December 31 2014	Twelve months ended December 31 2013
OPERATING ACTIVITIES					
Net earnings		**$ 11,192**	$ 12,214	**$ 41,233**	$ 47,685
Items not affecting cash flow:					
Depreciation and amortization:					
Rental equipment		**3,076**	2,923	**11,905**	10,117
Property, plant and equipment		**2,354**	2,810	**8,970**	9,661
Intangible assets		**406**	452	**1,670**	1,839
(Gain) loss on disposal of property, plant and equipment	5	**(61)**	158	**(41)**	129
Share-based compensation expense	9	**243**	205	**868**	765
Non-cash rental expense		**6**	13	**46**	(149)
Employee benefits expense, net of payments		**(3)**	18	**331**	477
Unrealized gain on derivative instruments		**(4)**	(241)	**(338)**	(243)
Finance costs		**3,249**	3,060	**12,982**	8,951
Income tax expense	10	**4,161**	4,356	**15,349**	17,027
		24,619	25,968	**92,975**	96,259
Changes in non-cash operating working capital	12	**28,281**	16,521	**7,415**	17,392
Rental equipment additions	4	**(8,594)**	(5,583)	**(23,103)**	(20,008)
Other non-current liabilities		**143**	(443)	**1,369**	(2,343)
Finance costs paid		**(5,008)**	(1,135)	**(12,313)**	(6,870)
Income taxes paid		**(2,602)**	(2,728)	**(13,434)**	(60,336)
Cash generated from operating activities		**36,839**	32,600	**52,909**	24,094
INVESTING ACTIVITIES					
Property, plant and equipment additions	5	**(1,763)**	(379)	**(5,802)**	(4,353)
Proceeds on disposal of property, plant and equipment	5	**164**	254	**417**	468
Intangible assets additions		**-**	(85)	**(40)**	(115)
Cash used in investing activities		**(1,599)**	(210)	**(5,425)**	(4,000)
FINANCING ACTIVITIES					
Net decrease in bank debt		**(27,000)**	(137,998)	**(15,000)**	(77,998)
Issuance of senior unsecured note		**-**	125,000	**-**	125,000
Deferred financing costs	6	**(3)**	(2,969)	**(691)**	(3,244)
Finance lease payments		**(751)**	(1,596)	**(3,411)**	(3,477)
Dividends paid		**(10,068)**	(10,043)	**(40,248)**	(46,027)
Cash used in financing activities		**(37,822)**	(27,606)	**(59,350)**	(5,746)
Change in (bank indebtedness) cash		**(2,582)**	4,784	**(11,866)**	14,348
(Bank indebtedness) cash - beginning of period		**(5,131)**	(631)	**4,153**	(10,195)
(Bank indebtedness) cash - end of period		**$ (7,713)**	$ 4,153	**$ (7,713)**	$ 4,153

DECEMBER 31, 2014

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

1. COMPANY PROFILE

Wajax Corporation (the “Corporation”) is incorporated in Canada. The address of the Corporation’s registered office is 3280 Wharton Way, Mississauga, Ontario, Canada. The Corporaton is a leading Canadian distributor engaged in the sale and service support of mobile equipment, power systems and industrial components. Reflecting a diversified exposure to the Canadian economy, the Corporation has three distinct product divisions which operate through a network of 123 branches across Canada.

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

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* and do not include all of the disclosures required for full consolidated financial statements. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Corporation for the year ended December 31, 2013. The significant accounting policies follow those disclosed in the most recently reported audited consolidated financial statements except as disclosed in Note 3.

Basis of measurement

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. CHANGE IN ACCOUNTING POLICIES

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

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

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

4. RENTAL EQUIPMENT

The Corporation acquired rental equipment with a cost of $8,594 during the quarter (2013 – $5,583) and $23,103 year to date (2013 – $20,008). Rental equipment with a carrying amount of $1,468 during the quarter (2013 – $nil) and $4,089 year to date (2013 – $1,337) ceased to be rented and was classified as held for sale in the normal course of business and transferred to inventories.

5. PROPERTY, PLANT AND EQUIPMENT

The Corporation acquired property, plant and equipment with a cost of $1,763 during the quarter (2013 – $379) and $5,802 year to date (2013 – $4,353). Assets with a carrying amount of $103 during the quarter (2013 – $412) and $376 year to date (2013 – $597) were disposed of, resulting in a gain on disposal of $61 during the quarter (2013 – loss of $158) and $41 year to date (2013 – loss of $129).

6. LONG-TERM DEBT

On August 6, 2014, the Corporation amended its bank credit facility on more favourable terms including a three year extension of the maturity date from August 12, 2016 to August 12, 2019. The Corporation's restriction from declaring dividends in the event the Corporation's leverage ratio, as defined in the bank credit facility agreement, exceeds 3.0 times has been amended to restrict the declaration of dividends in the event the leverage ratio exceeds 3.25 times, which is the same level as under the senior note agreement. In addition, the fully secured facility of $250,000 is now comprised of a $30,000 non-revolving term portion and a $220,000 revolving term portion. The $691 cost of amending the facility has been capitalized and will be amortized over the remaining term of the facility.

7. SHARE CAPITAL

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

8. DIVIDENDS DECLARED

During the quarter, the Corporation declared cash dividends of $0.60 per share or $10,067 (2013 – dividends of $0.60 per share or $10,045).

Year to date, the Corporation declared cash dividends of $2.40 per share or $40,255 (2013 – dividends of $2.68 per share or $44,857).

The Corporation has declared dividends of $0.20 per share or $3,356 for each of January and February 2015 and $0.0833 per share or $1,398 for March 2015. The Corporation also declared a second quarter 2015 dividend of $0.25 per share or $4,195.

9. SHARE-BASED COMPENSATION PLANS

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

a) Share rights plans

The Corporation recorded compensation cost of $243 for the quarter (2013 – $205) and $868 for the year to date (2013 – $765) in respect of these plans.

	Twelve months ended December 31, 2014			Twelve months ended December 31, 2013		
	Number of rights		Fair value at time of grant	Number of rights		Fair value at time of grant
Outstanding at beginning of year	**282,573**	**$**	**5,403**	254,952	$	4,932
Granted in the period – new grants	**21,929**		**767**	14,721		524
– dividend equivalents	**18,411**		**-**	19,973		-
Settled in the period	**(35,363)**		**(750)**	(7,073)		(53)
Outstanding at end of period	**287,550**	**$**	**5,420**	282,573	$	5,403

During the year the Corporation settled all 35,363 DSP rights outstanding.
At December 31, 2014, 265,125 share rights were vested (December 31, 2013 – 266,579).

b) Cash-settled rights plans

The Corporation recorded compensation cost of $75 for the quarter (2013 – recovery of $111) and $587 for the year to date (2013 – recovery of $124) in respect of the share-based portion of the MTIP and DSUP. At December 31, 2014, the carrying amount of the share-based portion of these liabilities was $744 (December 31, 2013 – $855).

10. INCOME TAXES

Income tax expense comprises current and deferred tax as follows:

For the nine months ended December 31		2014		2013
Current	**$**	**13,606**	$	15,784
Deferred – Origination and reversal of temporary differences		**1,743**		1,243
Income tax expense	**$**	**15,349**	$	17,027

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

The reconciliation of effective income tax rate is as follows:

		2014		2013
Combined statutory income tax rate		**26.1%**		26.1%
Expected income tax expense at statutory rates	**$**	**14,767**	$	16,890
Non-deductible expenses		**604**		573
Other		**(22)**		(436)
Income tax expense	**$**	**15,349**	$	17.027

11. EARNINGS PER SHARE

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

	Three months ended December 31		Twelve months ended December 31	
	2014	2013	**2014**	2013
Numerator for basic and diluted earnings per share:				
– net earnings	**$ 11,192**	$ 12,214	**$ 41,233**	$ 47,685
Denominator for basic earnings per share: – weighted average shares	**16,778,883**	16,738,984	**16,772,769**	16,737,086
Denominator for diluted earnings per share:				
– weighted average shares	**16,778,883**	16,738,984	**16,772,769**	16,737,086
– effect of dilutive share rights	**272,144**	271,045	**264,613**	260,390
Denominator for diluted earnings per share	**17,051,027**	17,010,029	**17,037,382**	16,997,476
Basic earnings per share	**$ 0.67**	$ 0.73	**$ 2.46**	$ 2.85
Diluted earnings per share	**$ 0.66**	$ 0.72	**$ 2.42**	$ 2.81

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

12. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended December 31		Twelve months ended December 31	
	2014	2013	**2014**	2013
Trade and other receivables	**$ 18,354**	$ (2,642)	**$ 4,215**	$ 6,593
Contracts in progress	**(3,371)**	(5,165)	**(3,838)**	(5,165)
Inventories	**541**	13,735	**(30,376)**	(2,777)
Prepaid expenses	**174**	93	**(1,990)**	1,109
Accounts payable and accrued liabilities	**11,858**	9,586	**40,657**	18,156
Provisions	**725**	914	**(1,253)**	(524)
Total	**$ 28,281**	$ 16,521	**$ 7,415**	$ 17,392

13. OPERATING SEGMENTS

The Corporation operates through a network of 123 branches in Canada in three core businesses which reflect the internal organization and management structure according to the nature of the products and services provided. The Corporation's three core businesses are: i) the distribution, modification and servicing of equipment; ii) the distribution, servicing and assembly of power systems; and iii) the distribution, servicing and assembly of industrial components.

For the three months ended December 31, 2014	**Equipment**	**Power Systems**	**Industrial Components**	**Segment Eliminations**	**Total**
Equipment	**$ 116,725**	**$ 31,387**	**$ -**	**$ -**	**$ 148,112**
Parts	**43,107**	**36,465**	**96,686**	**-**	**176,258**
Service	**20,019**	**18,551**	**10,843**	**-**	**49,413**
Rental and other	**11,952**	**1,932**	**-**	**(1,561)**	**12,323**
Revenue	**$ 191,803**	**$ 88,335**	**$ 107,529**	**$ (1,561)**	**$ 386,106**
Earnings before restructuring costs, finance costs and income taxes	**$ 12,413**	**$ 3,471**	**$ 5,932**	**$ (3,443)**	**$ 18,373**
Restructuring cost recovery	**-**	**-**	**(229)**	**-**	**(229)**
Earnings before finance costs and income taxes	**$ 12,413**	**$ 3,471**	**$ 6,161**	**$ (3,443)**	**$ 18,602**
Finance costs					**3,249**
Income tax expense					**4,161**
Net earnings					**$ 11,192**

For the twelve months ended December 31, 2014	**Equipment**	**Power Systems**	**Industrial Components**	**Segment Eliminations**	**Total**
Equipment	**$ 415,090**	**$ 104,957**	**$ -**	**$ -**	**$ 520,047**
Parts	**177,131**	**141,533**	**374,771**	**-**	**693,435**
Service	**82,707**	**70,541**	**37,198**	**-**	**190,446**
Rental and other	**44,879**	**8,624**	**-**	**(6,098)**	**47,405**
Revenue	**$ 719,807**	**$ 325,655**	**$ 411,969**	**$ (6,098)**	**$ 1,451,333**
Earnings before restructuring costs, finance costs and income taxes	**$ 48,924**	**$ 16,537**	**$ 18,364**	**$ (11,412)**	**$ 72,413**
Restructuring costs	**-**	**-**	**2,849**	**-**	**2,849**
Earnings before finance costs and income taxes	**$ 48,924**	**$ 16,537**	**$ 15,515**	**$ (11,412)**	**$ 69,564**
Finance costs					**12,982**
Income tax expense					**15,349**
Net earnings					**$ 41,233**

As at December 31, 2014	**Equipment**	**Power Systems**	**Industrial Components**	**Segment Eliminations**	**Total**
Segment assets excluding intangible assets	**$ 326,385**	**$ 166,695**	**$ 140,642**	**$ -**	**$ 633,722**
Intangible assets	**21,551**	**13,959**	**48,724**	**80**	**84,314**
Corporate and other assets	**-**	**-**	**-**	**207**	**207**
Total assets	**$ 347,936**	**$ 180,654**	**$ 189,366**	**$ 287**	**$ 718,243**
Segment liabilities	**$ 144,290**	**$ 51,728**	**$ 69,435**	**$ -**	**$ 265,453**
Corporate and other liabilities	**-**	**-**	**-**	**204,274**	**204,274**
Total liabilities	**$ 144,290**	**$ 51,728**	**$ 69,435**	**$ 204,274**	**$ 469,727**

For the three months ended December 31, 2013	**Equipment**	**Power Systems**	**Industrial Components**	**Segment Eliminations**	**Total**
Equipment	$ 130,111	$ 34,307	$ -	$ -	$ 164,418
Parts	43,970	32,683	88,854	-	165,507
Service	23,611	16,855	9,212	-	49,678
Rental and other	11,357	1,602	-	(849)	12,110
Revenue	$ 209,049	$ 85,447	$ 98,066	$ (849)	$ 391,713
Earnings before finance costs and income taxes	$ 13,613	$ 6,021	$ 1,971	$ (1,975)	$ 19,630
Finance costs					3,060
Income tax expense					4,356
Net earnings					$ 12,214

For the twelve months ended December 31, 2013	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Equipment	$ 419,078	$ 97,676	$ -	$ -	$ 516,754
Parts	174,007	133,419	362,490	-	669,916
Service	87,462	65,434	40,194	-	193,090
Rental and other	45,191	7,485	-	(3,955)	48,721
Revenue	$ 725,738	$ 304,014	$ 402,684	$ (3,955)	$ 1,428,481
Earnings before finance costs and income taxes	$ 45,614	$ 17,119	$ 18,407	$ (7,477)	$ 73,663
Finance costs					8,951
Income tax expense					17,027
Net earnings					$ 47,685

As at December 31, 2013	Equipment	Power Systems	Industrial Components	Segment Eliminations	Total
Segment assets excluding intangible assets	$ 300,557	$ 155,184	$ 133,844	$ -	$ 589,585
Intangible assets	21,644	14,221	49,990	89	85,944
Corporate and other assets	-	-	-	6,589	6,589
Total assets	$ 322,201	$ 169,405	$ 183,834	$ 6,678	$ 682,118
Segment liabilities	$ 111,974	$ 49,746	$ 63,079	$ -	$ 224,799
Corporate and other liabilities	-	-	-	210,127	210,127
Total liabilities	$ 111,974	$ 49,746	$ 63,079	$ 210,127	$ 434,926

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

During the year, the oil sands services business (previously referred to as the rotating products group) was transferred from the Equipment segment to the Industrial Components segment. Segment information for comparative periods has been reclassified to reflect the change.

14. RESTRUCTURING COSTS

During the year, restructuring costs of $2,849 were recorded in the Industrial Components segment to improve the effectiveness and to simplify the sales force and branch management organization. The current restructuring plan has been completed.

15. COMPARATIVE INFORMATION

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