FIRST QUARTER REPORT TO UNITHOLDERS
FOR THE THREE MONTHS ENDED
MARCH 31, 2009

W A J A X   I N C O M E   F U N D   **2 0 0 9**

WAJAX INCOME FUND

TSX Symbol: WJX.UN

WAJAX ANNOUNCES 2009 FIRST QUARTER EARNINGS

(Dollars in millions, except per unit data)	Three Months Ended March 31	
	2009	2008
CONSOLIDATED RESULTS		
Revenue	**\$255.8**	**\$285.7**
Net earnings	**\$9.3**	**\$18.1**
Basic earnings per unit	**\$0.56**	**\$1.09**
Distributable cash (1)	**\$11.4**	**\$18.4**
Basic distributable cash per unit (1)	**\$0.69**	**\$1.11**
SEGMENTS		
Revenue - Mobile Equipment	**\$122.7**	**\$153.2**
- Industrial Components	**\$74.7**	**\$74.9**
- Power Systems	**\$59.0**	**\$58.6**
Earnings - Mobile Equipment	**\$7.8**	**\$11.4**
% margin	*6.4%*	*7.4%*
- Industrial Components	**\$0.6**	**\$5.7**
% margin	*0.8%*	*7.6%*
- Power Systems	**\$3.5**	**\$4.9**
% margin	*5.9%*	*8.4%*

(1) Denotes non-GAAP measure. See Non-GAAP Measures section in the attached Management's Discussion and Analysis (MD&A).

Toronto, Ontario – May 6, 2009 – Wajax Income Fund today announced 2009 first quarter earnings.

First Quarter Highlights

- Consolidated revenue declined 10% to \$255.8 million compared to last year. Revenue in Industrial Components and Power Systems were relatively unchanged from the previous year. Industrial Components' revenue included \$10.7 million of sales from Peacock, which was acquired in September 2008. Excluding Peacock, Industrial Components' revenue declined 15% as a result of softer markets in most sectors. Mobile Equipment's sales declined 20% on reduced equipment sales in all sectors of the business as a result of the economic slowdown.

- Net earnings for the quarter of \$9.3 million, or \$0.56 per unit, were reduced from the \$18.1 million, or \$1.09 per unit, recorded in the previous year. Segment earnings were lower in all three businesses. Industrial Components' earnings decreased to \$0.6 million due to higher overhead costs, primarily as a result of the Peacock acquisition and lower margins. Power Systems' earnings declined to \$3.5 million as a result of reduced margins and higher occupancy costs. Mobile Equipment's earnings fell to \$7.8 million on reduced revenue.

- Basic distributable cash (See Non-GAAP Measures section in MD&A) of $0.69 per unit was lower than the $1.11 per unit recorded last year due to the lower earnings.

- The Fund announced monthly distributions of $0.20 per unit ($2.40 annualized) for the months of May, June and July, payable on June 22, 2009, July 20, 2009 and August 20, 2009 to unitholders of record on May 29, 2009, June 30, 2009 and July 31, 2009 respectively.

Commenting on the first quarter results and the outlook for 2009, Neil Manning, President and CEO, stated "As we anticipated, the slowing Canadian economy negatively affected most of our end markets in the first quarter. Most geographic areas were also affected as reduced activity in manufacturing, forestry, construction and mining significantly impacted sales in Industrial Components and Mobile Equipment. However, as expected the Mobile Equipment and Power Systems aftermarket parts and service revenues held up well in spite of these soft markets. Due to the extent of the economic slowdown experienced in the first quarter, we have taken additional steps to further reduce our cost base. In addition to the roughly $18 million of personnel and other cost reductions announced last quarter, we are in the process of reducing our overhead costs by a further $5 million through additional headcount reductions and other cost savings. These cost savings are expected to more than outweigh the increased costs associated with the Peacock acquisition and reduced expense and internal recoveries associated with expected revenue declines. While we expect markets will remain soft for the balance of 2009, we believe we will benefit from recently announced government stimulus spending and are well positioned to take advantage of growth opportunities, particularly in the energy and mining sectors as the Canadian economy emerges from this downturn."

Wajax Income Fund is a leading Canadian distributor and service support provider of mobile equipment, industrial components and power systems. Reflecting a diversified exposure to the Canadian economy, its three distinct core businesses operate through a network of over 110 branches across Canada. Its customer base spans natural resources, construction, transportation, manufacturing, industrial processing and utilities.

This news release contains forward-looking information. Please refer to the "Forward-Looking Statements" section in the accompanying Management Discussion and Analysis.

Management's Discussion and Analysis – Q1 2009

The following management's discussion and analysis ("MD&A") discusses the consolidated financial condition and results of operations of Wajax Income Fund (the "Fund" or "Wajax") for the quarter ended March 31, 2009. This MD&A should be read in conjunction with the information contained in the interim Unaudited Consolidated Financial Statements and accompanying notes for the quarter ended March 31, 2009, the annual Audited Consolidated Financial Statements and accompanying notes of the Fund for the year ended December 31, 2008 and the associated MD&A. Information contained in this MD&A is based on information available to management as of May 6, 2009.

Unless otherwise indicated, all financial information within this MD&A is in millions of dollars, except per unit data.

Additional information, including the Fund's Annual Report and Annual Information Form, are available at www.sedar.com.

Responsibility of Management and the Board of Trustees

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. The Fund's Board of Trustees has approved this MD&A and the interim Unaudited Consolidated Financial Statements and accompanying notes. In addition, the Fund's Audit Committee, on behalf of the Board of Trustees, provides an oversight role with respect to all public financial disclosures made by the Fund, and has reviewed this MD&A and the interim Unaudited Consolidated Financial Statements and accompanying notes.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Fund has designed disclosure controls and procedures ("DC&P") to provide reasonable assurance that material information relating to the Fund is made known to the Chief Executive Officer and the Chief Financial Officer, particularly during the period in which the interim filings are being prepared. The Fund has designed internal controls 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 Canadian Generally Accepted Accounting Principles.

The Fund's management was unable to properly evaluate the design of DC&P and ICFR related to Peacock, the Weir Process Equipment division of Weir Canada Inc., which was acquired in September 2008. Peacock had revenues of approximately $10.7 million in the first quarter of 2009. The Fund's management anticipates that the integration of Peacock will be completed prior to September 2009 at which time it will be under the existing Industrial Components control environment.

There has been no change in the Fund's ICFR that occurred during the first quarter of fiscal 2009 that has materially affected, or is reasonably likely to materially affect, the Fund's internal control over financial reporting.

Wajax Income Fund Overview

The Fund is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated April 27, 2005. The Fund was created to indirectly invest, on June 15, 2005, in substantially all of the assets and business formerly conducted by Wajax Limited.

The Fund intends to make monthly cash distributions, generally payable to unitholders of record on the last business day of each calendar month and to be paid on or about the 20th day of the following month. The Fund may make special cash and/or special non-cash distributions at the end of the year to ensure, as provided in the

Fund’s Declaration of Trust, that the Fund’s total distributions for the year are equal to its taxable income for the year. Cash distributions are dependent on, among other things, the cash flow of the Fund.

The Fund’s core distribution businesses are engaged in the sale and after-sales parts and service support of mobile equipment, industrial components and power systems, through a network of 112 branches across Canada. The Fund is a multi-line distributor and represents a number of leading worldwide manufacturers across its core businesses. Its customer base is diversified, spanning natural resources, construction, transportation, manufacturing, industrial processing and utilities.

The Fund’s strategy is to grow earnings in all segments through continuous improvement of operating margins and revenue growth while maintaining the Fund’s strong balance sheet. Revenue growth will be achieved through market share gains, new geographic territories and the addition of new complementary product lines either organically or through acquisitions.

Forward-Looking Information

This MD&A contains forward-looking statements. These statements relate to future events or future performance and reflect management’s current expectations and assumptions. The words “anticipate”, “expect”, “believe”, “may”, “should”, “estimate”, “project”, “outlook”, “forecast” or similar words are used to identify such forward looking information.   Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management of the Fund. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. These factors include, among other things, changes in laws and regulations affecting the Fund and its business operations, changes in taxation of the Fund, general business conditions and economic conditions in the markets in which the Fund and its customers compete, fluctuations in commodity prices, the Fund’s relationship with its suppliers and manufacturers and its access to quality products, and the ability of the Fund to maintain and expand its customer base.   Additional information on these and other factors is included in this MD&A and in the Fund’s MD&A for the year ended December 31, 2008 under the heading “Risks and Uncertainties and in other reports filed by the Fund with Canadian securities regulators. Such factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. The forward-looking statements reflect management’s expectations as of the date hereof and the Fund does not assume any obligation to update or revise them to reflect new events or circumstances, except as required by law.

Consolidated Results

	Three months ended March 31	
	2009	2008
Revenue	**$255.8**	$285.7
Gross profit	**$63.4**	$67.6
Selling and administrative expenses	**$53.2**	$48.1
Earnings before interest and income taxes	**$10.1**	$19.5
Interest expense	**$1.2**	$1.0
Income tax (recovery) expense	**($0.4)**	$0.4
Net earnings	**$9.3**	$18.1
Distributable cash(1)	**$11.4**	$18.4
Cash Distributions declared	**$15.3**	$16.4
Distributions paid		
- Monthly	**$17.9**	$16.4
- Special	**-**	$7.8
Earnings per unit		
- Basic	**$0.56**	$1.09
- Diluted	**$0.55**	$1.08
Distributable cash per unit (1)		
- Basic(2)	**$0.69**	$1.11
- Diluted	**$0.68**	$1.10
Cash distributions declared per unit (2)	**$0.92**	$0.99
Distributions paid per unit (2)		
- Monthly	**$1.08**	$0.99
- Special	**-**	$0.47

(1) Non-GAAP measure, see the Non-GAAP Measures and Distributable Cash sections.
(2) Based on actual number of units outstanding on the relevant record date.

Revenue
Revenue in the first quarter of 2009 decreased $29.9 million to $255.8 million, from $285.7 million in 2008. Revenue in 2009 included $10.7 million of revenue from the acquisition of Peacock. Segment revenue increased 1% in Power Systems while revenue in Mobile Equipment fell 20% and revenue in Industrial Components fell slightly compared to last year.

Gross profit
Gross profit in the first quarter of 2009 decreased $4.2 million due to the negative impact of lower revenues, offset partially by the positive impact of higher gross profit margins compared to last year. The gross profit margin percentage for the quarter increased to 24.8% in 2009 from 23.7% in 2008 due to a higher proportion of higher margin parts and service volumes compared to last year.

Selling and administrative expenses
Selling and administrative expenses increased $5.1 million in the quarter due mainly to the acquisition of Peacock, $1.4 million of severance costs and higher bad debt expenses in Industrial Components. These increases were offset partially by lower personnel costs compared to last year. Selling and administrative expenses as a percentage of revenue increased to 20.8% in 2009 from 16.8% in 2008.

Interest expense
Quarterly interest expense of $1.2 million increased $0.2 million compared to last year. The impact of higher funded debt net of cash (“funded net debt”) outstanding in 2009 compared to last year, as a result of the acquisition of Peacock in September 2008, was partially offset by the positive impact of lower interest rates.

Income tax expense
The effective income tax rate of negative 3.8% for the quarter decreased from 2.0% the previous year due mainly to a recovery in current income tax expense resulting from lower taxable income in the Fund’s subsidiary Wajax Limited compared to last year.

The Fund’s effective income tax rate was lower than the Fund’s statutory income tax rate of 31.2% as the majority of the Fund’s income is not currently subject to tax in the Fund.

The Fund is a “mutual fund trust” as defined under the Income Tax Act (Canada) and is not currently taxable on its income to the extent that it is distributed to its unitholders. Pursuant to the terms of the Declaration of Trust, all income earned by the Fund is distributed to its unitholders. Accordingly, no provision for income taxes is required on income earned by the Fund that is distributed to its unitholders. The Fund’s corporate subsidiaries are subject to tax on their taxable income.

Under legislation enacted on June 22, 2007, the Fund as a publicly traded income trust will pay tax on its income distributed commencing in 2011 at a rate that is substantially equivalent to the general corporate income tax rate. The Fund may become taxable on its distributions prior to 2011 if its equity capital grows beyond certain dollar limits measured by reference to the Fund’s market capitalization on October 31, 2006. The Fund has not exceeded its growth limits at March 31, 2009.

On March 12, 2009 legislation was enacted to permit income funds to “convert” into public corporations without triggering adverse tax consequences to the income fund and its unitholders. The Fund is currently evaluating the legislation which provides for alternative methods whereby an income fund can convert to a public corporation. The Fund’s current expectation is that it will delay conversion to a corporate structure until January 1, 2011 so long as it continues to benefit from the efficient distribution of its taxable income to unitholders and continues to meet the limitations on growth in equity. After conversion it is anticipated that the Fund’s dividends will be equal to its distributions prior to conversion, less incremental income taxes to be paid as a corporation. The Fund will continue to monitor its position on timing of conversion to a corporation and its distribution policy taking into account any changes in tax rules governing income trusts and other capital market considerations.

Net earnings
Quarterly net earnings of $9.3 million, or $0.56 per unit, decreased $8.8 million from $18.1 million, or $1.09 per unit in 2008. The negative impact of lower volumes and increased selling and administrative and interest expenses more than offset the positive impact of higher gross profit margins and lower income tax expense compared to last year.

Comprehensive income
Comprehensive income for the quarter of $9.4 million decreased $8.2 million from $17.6 million the previous year due to the $8.8 million decrease in net earnings, offset partially by a $0.6 million decrease in other comprehensive loss compared to last year. The decrease in other comprehensive loss resulted from a decrease in the change in fair value of outstanding derivative contracts designated as cash flow hedges compared to last year.

Funded net debt
Funded net debt of $139.8 million increased $19.3 million compared to December 31, 2008. First quarter cash flows from operating activities before changes in non-cash working capital of $11.6 million were outweighed by an increase in non-cash working capital of $11.7 million, cash distributions of $17.9 million and capital spending of $1.3 million. Compared to March 31, 2008 funded net debt increased $45.1 million. The Fund’s quarter-end debt-to-equity ratio of 0.70:1 at March 31, 2009 increased from last quarter’s ratio of 0.59:1 and increased from last year’s ratio of 0.47:1.

Distributable cash (see Non-GAAP Measures section) and distributions
For the quarter ended March 31, 2009 distributable cash was $11.4 million, or $0.69 per unit, compared to $18.4 million, or $1.11 per unit, the previous year. The decrease was due to lower cash flows from operations before changes in non-cash working capital compared to last year.

For the quarter ended March 31, 2009 monthly cash distributions declared were $0.92 per unit (2008 - $0.99 per unit) and included $0.36 per unit for the months of January and February and $0.20 per unit for the month of March.

On May 6, 2009 the Fund announced a monthly distribution of $0.20 per unit ($2.40 annualized) for the months of May, June and July payable on June 22, 2009, July 20, 2009 and August 20, 2009 to unitholders of record on May 29, 2009, June 30, 2009 and July 31, 2009 respectively.

Quarterly Results of Operations

Mobile Equipment

	Three months ended March 31	
	2009	2008
Equipment	**$75.6**	$106.1
Parts and service	**$47.1**	$47.1
Gross revenue	**$122.7**	$153.2
Segment earnings	**$7.8**	$11.4
Segment earnings margin	***6.4%***	*7.4%*

Revenue in the first quarter of 2009 decreased $30.5 million, or 20%, to $122.7 million from $153.2 million in the first quarter of 2008. Segment earnings for the quarter decreased $3.6 million to $7.8 million compared to the first quarter of 2008. The following factors contributed to the Mobile Equipment segment's first quarter results:

- Equipment revenue decreased $30.5 million compared to last year and included the following quarter-over-quarter variances:
  - Forestry and construction equipment revenue decreased $19.6 million compared to last year. New Hitachi excavator and JCB construction equipment sales declined in all regions resulting from weaker market conditions. Forestry equipment sales decreased in western Canada and Ontario stemming from a decline in market activity.
  - Material handling equipment revenue decreased $6.9 million due to market demand related reductions in equipment sales and rental volumes, primarily in Ontario.
  - Mining equipment revenue decreased $2.7 million as higher Hitachi mining equipment deliveries in western Canada were more than offset by fewer deliveries of LeTourneau and other mining products.
  - Crane and utility equipment revenue decreased $1.3 million due to a decline in new equipment crane sales in western Canada and fewer deliveries to hydro utility customers compared to last year.

- Parts and service volumes remained unchanged compared to last year as increases in the mining sector offset declines in Ontario and western Canada's forestry and construction sectors and in the material handling sector.

- Earnings decreased $3.6 million to $7.8 million compared to last year. The negative impact of lower volumes and a $1.2 million increase in selling and administrative expenses more than offset the benefit of higher gross profit margins due to a greater proportion of parts and service sales compared to last year. Selling and administrative expenses increased as $0.8 million of severance costs and lower expense recoveries more than offset the benefit from lower personnel expenses and other sales related costs compared to last year.

Due to the extent of the economic slowdown experienced in the first quarter, management has taken additional steps to further reduce the segment's cost base through additional headcount reductions and other cost savings. The segment will continue to maintain disciplined control over inventories and receivables.

Industrial Components

	Three months ended March 31	
	2009	2008
Gross revenue	**$74.7**	$74.9
Segment earnings	**$0.6**	$5.7
Segment earnings margin	***0.8%***	*7.6%*

Revenue in Industrial Components of $74.7 million decreased $0.2 million from $74.9 million in the first quarter of 2008. Revenues in 2009 included $10.7 million of revenue from the Peacock acquisition effective September 5, 2008. Excluding Peacock, Industrial Components revenue declined 15% compared to last year. Segment earnings decreased $5.1 million to $0.6 million in the quarter compared to the previous year. The following factors contributed to the segment's first quarter results:

- Bearings and power transmission parts sales decreased $8.6 million compared to last year primarily due to lower volumes in the mining and forestry sectors across all regions and decreased sales to metal processing customers in eastern Canada and Ontario. These declines were partially offset by increased sales to industrial customers in western and eastern Canada.

- Fluid power and process equipment products and service revenues increased $8.4 million. Excluding $10.7 million of revenue from the acquisition of Peacock, revenues declined $2.3 million due to reduced natural gas drilling activity in western Canada and lower sales to transportation and manufacturing based customers compared to last year.

- Segment earnings decreased $5.1 million to $0.6 million compared to last year due to the negative impact of lower margins and a $4.3 million increase in selling and administrative expenses. Margins were lower on fluid power parts and service revenues compared to last year, offset partly by higher margins on Peacock volumes. Selling and administrative expenses increased due primarily to the Peacock acquisition, higher bad debt expenses, severance costs, computer system conversion expenses and increased costs associated with opening new branches in Belleville, Laval and Moncton. These increases were partially offset by lower personnel related costs.

The new computer system, currently being implemented, will provide additional functionality and capacity which will accommodate the segment's future growth. The system is expected to be fully implemented in the segment's operations across Canada by the end of 2009.

Due to the extent of the economic slowdown experienced in the first quarter, management has taken additional steps to further reduce the segment's cost base through additional headcount reductions and other cost savings. The segment will continue to maintain disciplined control over inventories and receivables.

Power Systems

	Three months ended March 31	
	2009	2008
Equipment	**$24.7**	$23.9
Parts and service	**$34.3**	$34.7
Gross revenue	**$59.0**	$58.6
Segment earnings	**$3.5**	$4.9
Segment earnings margin	***5.9%***	*8.4%*

Revenue in the first quarter increased $0.4 million to $59.0 million compared to $58.6 million in 2008. Segment earnings decreased $1.4 million to $3.5 million in the quarter compared to the previous year. The following factors impacted quarterly revenues and earnings:

- Revenue at Waterous Power Systems ("Waterous") in western Canada decreased $1.1 million compared to last year as an increase in equipment sales of $0.4 million was offset by a $1.5 million decrease in parts and service revenue. The decline in parts and service revenue was attributable to decreased sales to off-highway customers due to reduced oil field services and drilling activity.

- Revenue at the eastern Canada operation, DDACE Power Systems ("DDACE") increased $1.5 million compared to 2008. Equipment sales increased $0.4 million, due principally to higher generator set deliveries. Parts and service revenue increased $1.1 million compared to last year.

- Segment earnings decreased $1.4 million due to lower margins and a $0.3 million increase in selling and administrative expenses compared to last year. Margins decreased on generator set sales in Waterous compared to last year. Selling and administrative expenses increased as a result of higher occupancy costs.

Due to the extent of the economic slowdown experienced in the first quarter, management has taken steps to reduce the segment's cost base through headcount reductions and other cost savings. The segment will continue to maintain disciplined control over inventories and receivables.

Selected Quarterly Information

	2009	2008				2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**$255.8**	$317.3	$299.2	$311.2	$285.7	$281.5	$289.4	$319.1
Net earnings	**$9.3**	$19.4	$18.4	$20.0	$18.1	$18.6	$19.6	$15.0
Net earnings per unit								
- Basic	**$0.56**	$1.17	$1.11	$1.20	$1.09	$1.12	$1.18	$0.91
- Diluted	**$0.55**	$1.15	$1.10	$1.19	$1.08	$1.11	$1.17	$0.90
Distributable cash (1)	**$11.4**	$20.4	$19.4	$18.8	$18.4	$19.1	$19.6	$15.8
Distributable cash per unit (1)								
- Basic	**$0.69**	$1.23	$1.17	$1.14	$1.11	$1.15	$1.18	$0.95

(1) Non-GAAP measure, see the Non-GAAP Measures Section.

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

Liquidity and Capital Resources

The Fund used $1.3 million of cash before financing activities in the first quarter of 2009 compared to $9.7 million in the first quarter of 2008. The $8.4 million reduction in cash flows used before financing activities was due to a decrease in the use of non-cash working capital and investing activities offset partly by a decline in cash flows from operations before changes in non-cash working capital.

Cash used in operating activities amounted to $0.1 million in the first quarter of 2009, with $11.6 million of cash generated from operating activities before changes in non-cash working capital offset by a $11.7 million increase in non-cash working capital. Significant components of the changes in non-cash working capital are as follows:

	Three months ended March 31	
	2009	2008
Accounts receivable	**($11.0)**	$9.3
Inventories	**$0.9**	$11.2
Prepaid expenses and other recoverable amounts	**($0.8)**	($1.1)
Accounts payable and accrued liabilities	**$20.9**	$5.4
Income taxes payable	**$1.6**	($0.2)
Increase in non-cash working capital	**$11.7**	$24.6

- Accounts receivable decreased $11.0 million due primarily to lower first quarter sales activity in all segments, offset partially by a $10.5 million mining equipment receivable in Mobile Equipment.
- Inventory increased $0.9 million as a $10.7 million increase in mining equipment in Mobile Equipment, due to customer delays, was offset partly by general reductions in all segments.
- Accounts payable and accrued liabilities decreased $20.9 million largely due to reduced payables to suppliers in all segments resulting from lower sales activity in the first quarter.
- Income taxes payable decreased due to a payment of prior year income taxes and the current quarter income tax recovery related to the Fund's subsidiary Wajax Limited.

During the quarter the Fund invested a net amount of $1.3 million. The investing activities included $0.3 million of lift truck rental fleet additions net of disposals, and $1.0 million of other various capital asset additions net of disposals.

Working capital from operations, exclusive of bank indebtedness and equipment notes payable, increased $14.2 million to $217.4 million at March 31, 2009 from $203.2 million at December 31, 2008. The increase was due to the cash flow factors listed above and a $2.7 million decrease in the distributions payable.

Funded net debt of $139.8 million increased $19.3 million compared to December 31, 2008. First quarter cash flows from operating activities before changes in non-cash working capital of $11.6 million were outweighed by an increase in non-cash working capital of $11.7 million, cash distributions of $17.9 million and capital spending of $1.3 million. The Fund's quarter-end debt-to-equity ratio of 0.70:1 at March 31, 2009 increased from last quarter's ratio of 0.59:1 and increased from last year's ratio of 0.47:1.

At March 31, 2009 the Fund had borrowed $126.0 million and issued $4.7 million of letters of credit for a total utilization of $130.7 million of its $175 million bank credit facility and had utilized $8.9 million of its $15 million equipment financing facility. Borrowing capacity under the bank credit facility is dependent on the level of the Fund's inventories on-hand and outstanding trade accounts receivables. At March 31, 2009 borrowing capacity under the bank credit facility was approximately equal to the $175 million available at December 31, 2008.

The Fund's $175 million bank credit facility along with the $15 million demand inventory equipment financing facility should be sufficient to meet the Fund's short-term normal course working capital, maintenance capital and growth capital requirements. However, the recent economic downturn and global financial crisis have resulted in limited credit availability from traditional sources. In particular, the Fund has experienced an increase in working capital due to potential order cancellations or deferrals and delays in payment of certain large mining equipment orders as a result of customers experiencing difficulties in obtaining financing. This issue negatively impacted the Fund's quarter end working capital by $27.0 million which included $17.7 million of receivables, collected in the second quarter of 2009, and $9.3 million of mining equipment inventory. Although management currently believes the Fund has adequate debt capacity to work through this issue, the Fund may have to access the equity or debt markets, or temporarily reduce distributions to accommodate any shortfalls in the Fund's credit facility.

In the long-term the Fund may be required to access the equity or debt markets in order to fund significant acquisitions and growth related working capital and capital expenditures.

During the quarter Wajax was notified that one of its inventory financing providers decided to exit the wholesale inventory financing business in Canada. They will terminate the provision of inventory financing to Mobile Equipment effective December 31, 2009, at which time amounts owing prior to the termination date will be repayable in accordance with repayment schedules in effect at that time. At March 31, 2009 Mobile Equipment had utilized $12.3 million of non-interest bearing inventory floor plan financing which the Fund will have to replace. It is currently in the process of negotiating with other inventory finance companies to provide a replacement line on or before December 31, 2009.

The Fund sponsors certain defined benefit plans that cover executive employees, a small group of inactive employees and a small group of employees on long-term disability benefits. The plans' deficit at December 31, 2008 excluding the Supplemental Executive Retirement Plan, which is secured by a letter of credit, was $2.0 million. The defined benefit plans are subject to actuarial valuations in 2009 and 2010. Management does not expect future cash contribution requirements to change materially from the current annual contribution level of $0.5 million as a result of these valuations and any further declines in the fair value of the defined benefit plans' assets.

Financial Instruments

The Fund uses derivative financial instruments in the management of its foreign currency and interest rate exposures. The Fund's policy is not to utilize derivative financial instruments for trading or speculative purposes. Significant derivative financial instrument transactions and those outstanding at the end of the quarter were as follows:

- The Fund has entered into the following interest rate swaps that have effectively fixed the interest rate on $80 million of the Fund's debt at the combined rate of 2.925%, plus applicable margins, until December 31, 2011:
    - On June 7, 2008 the delayed interest rate swap the Fund entered into on May 9, 2007 with two of its lenders became effective. As a result, the interest rate on the $30 million non-revolving term portion of the bank credit facility was effectively fixed at 4.60% plus applicable margins until expiry of the facility on December 31, 2011.
    - On January 23, 2009, the delayed interest rate swap the Fund entered into on December 18, 2008 with two of its lenders became effective. As a result, the interest rate on the $50 million revolving term portion of the bank credit facility was effectively fixed at 1.92% plus applicable margins until expiry of the facility on December 31, 2011.
    - Margins on the swaps depend on the Fund's Leverage Ratio and range between 0.75% and 2.5%.

- The Fund enters into short-term currency forward contracts to fix the cost of certain inbound inventory and to hedge certain foreign currency-denominated sales to (receivables from) customers as part of its normal course of business. As at March 31, 2009, the Fund had contracts outstanding to buy U.S.$19.3 million and €0.02 million and to sell U.S.$0.8 million (March 31, 2008 – to buy U.S.$5.7 million and €1.9 million). These contracts expire between April 2009 and March 2010, with a weighted average U.S. dollar rate of 1.1953 and a weighted average Euro dollar rate of 1.7065.

The Fund measures financial instruments held for trading at fair value with subsequent changes in fair value being charged to earnings. Derivatives designated as effective hedges are measured at fair value with subsequent changes in fair value being charged to other comprehensive income. 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.

Currency Risk

There have been no material changes to currency risk since December 31, 2008.

Contractual Obligations

There have been no material changes to contractual obligations since December 31, 2008.

Off Balance Sheet Financing

The Mobile Equipment segment had $56.9 million of consigned inventory on-hand from a major manufacturer as at March 31, 2009 compared to $52.5 million the previous year. 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 the Fund's inventory as the manufacturer retains title to the goods.

The Fund's off balance sheet financing arrangements with Wajax Finance (a "private label" financing operation of CIT Financial Ltd.) include operating lease contracts in relation to the Fund's long-term lift truck rental fleet in the Mobile Equipment segment. At March 31, 2009, the non-discounted operating lease commitment for the rental fleet was $13.9 million (March 31, 2008 - $11.6 million).

In the event the inventory consignment program was terminated, the Fund would utilize interest free financing, if any, made available by the manufacturer and/or utilize capacity under its bank credit facility. In the event the rental fleet program with Wajax Finance was terminated, the Fund would source alternative lenders to replicate the off balance sheet rental fleet program and/or utilize capacity under its credit facility to finance future additions to the rental fleet. Although management currently believes the Fund has adequate debt capacity, the Fund would have to access the equity or debt markets, or temporarily reduce distributions to accommodate any shortfalls in the Fund's credit facility. See Liquidity and Capital Resources section.

Non-GAAP Measures

To supplement the consolidated financial statements, the Fund uses non-GAAP financial measures that do not have standardized meanings prescribed by Canadian GAAP and are therefore unlikely to be comparable to similar measures used by other entities.

"Distributable cash" and "Distributable cash per unit" are not recognized measures under GAAP, and the method of calculation adopted by the Fund may differ from methods used by other entities. Accordingly, "Distributable cash" and "Distributable cash per unit" as presented may not be comparable to similar measures presented by other entities. The Fund believes that "Distributable cash" and "Distributable cash per unit" are useful financial metrics as they represent the key determination of cash flow available for distribution to unitholders. "Distributable cash" and "Distributable cash per unit" should not be construed as an alternative to net earnings as determined by GAAP. Distributable cash is calculated as cash flows from operating activities adjusted for changes in non-cash working capital, less maintenance capital expenditures and amortization of deferred financing costs. Changes in non-cash working capital are excluded from distributable cash as the Fund currently has a $175 million bank credit facility which is available for use to fund general corporate requirements including working capital requirements, subject to borrowing capacity restrictions dependent on the level of the Fund's inventories on-hand and outstanding trade accounts receivable, and a $15 million demand inventory equipment financing facility with a non-bank lender. In addition, the Fund will periodically finance equipment inventory on a non-interest bearing basis through Wajax Finance, a "private label" financing operation of CIT Financial Ltd. See the Distributable Cash section below for the method of calculating the Fund's "Distributable cash".

"Maintenance capital expenditures" is not a recognized measure under GAAP, and the method of calculation adopted by the Fund may differ from methods used by other entities. The Fund believes that "Maintenance capital expenditures" represents cash expenditures required to maintain normal operations. "Maintenance capital expenditures" exclude business acquisitions and land and building additions as they are not considered to be expenditures to maintain normal operations. See the Distributable Cash and Estimated Distributable Cash sections below for the method of calculating “Maintenance capital expenditures”.

“Standardized distributable cash” and “Standardized distributable cash per unit” are not recognized measures under GAAP. However, “Standardized distributable cash” has been calculated following the guidance provided in the CICA publication: *Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities: Guidance on Preparation and Disclosure.* While the Fund has followed the principles of this guidance, the Fund has made assumptions and judgments in determining how such guidance is to be applied. In this respect, the Fund’s calculation may differ from similar calculations done by other entities. See the Standardized Distributable Cash and Reconciliation to Distributable Cash section for the method of calculating the Fund’s “Standardized distributable cash”.

“EBIT” is not a recognized measure under GAAP, and has been calculated as earnings before, interest and taxes and may differ from methods used by other entities.

Distributions

The Fund intends to make monthly cash distributions, generally payable to unitholders of record on the last business day of each calendar month and to be paid on or about the 20th day of the following month. The Fund may make special cash and/or special non-cash distributions at the end of the year to ensure, as provided in the Fund’s Declaration of Trust, that the Fund’s total distributions for the year are equal to its taxable income for the year.

Distributions are based on distributable cash (see Non-GAAP Measures and Distributable Cash sections) and depend on, among other things, the cash flow generated from operations before changes in non-cash working capital and after providing for maintenance capital expenditures (see Non-GAAP Measures section) and any amount that the Trustees may reasonably consider to be necessary to provide for the payment of costs or other obligations that have been or are reasonably expected to be incurred by the Fund. See the Liquidity and Capital Resources and Distributable Cash sections.

Cash distributions to unitholders were declared as follows:

Record Date	Payment Date	Per Unit	Amount
January 30, 2009	February 20, 2009	$0.36	$6.0
February 27, 2009	March 20, 2009	0.36	6.0
March 31, 2009	April 20, 2009	0.20	3.3
Three months ended March 31, 2009		**$0.92**	**$15.3**

(1) See Distributable Cash section below

In anticipation of reduced earnings and to preserve cash in the short-term the Fund will reduced its regular monthly cash distributions from $0.36 per unit to $0.20 per unit ($2.40 annualized) beginning March 2009.

Cash distributions paid by the Fund during the quarter were funded from cash generated by the Fund’s operations before changes in non-cash working capital and the Fund’s bank credit facility.

On May 6, 2009 the Fund announced a monthly distribution of $0.20 per unit ($2.40 annualized) for the months of May, June and July payable on June 22, 2009, July 20, 2009 and August 20, 2009 to unitholders of record on May 29, 2009, June 30, 2009 and July 31, 2009 respectively.

Unitholder tax information relating to 2008 and 2009 distributions is available on the Fund’s website at www.wajax.com.

Distributable Cash(1)

The Fund believes that distributable cash is a useful metric in determining distributions to unitholders. The following is a reconciliation of cash flows from operating activities before changes in non-cash working capital (a GAAP measure) to distributable cash (a non-GAAP measure).

	For the quarter ended		Last 12 months ended	
	March 31, 2009	March 31, 2008	**March 31, 2009**	March 31, 2008
Cash flows from operating activities	**($0.1)**	($5.1)	**$63.7**	$83.9
Changes in non-cash working capital(2)	**11.7**	24.6	**15.9**	(2.1)
Cash flows from operating activities before changes in non-cash working capital	**11.6**	19.5	**79.6**	81.8
Entity specific adjustments(3):				
Maintenance capital expenditures(1) (3a)	**(0.9)**	(2.5)	**(9.4)**	(11.7)
Gain on sale of land(3b)	**-**	-	**-**	2.4
Accrual for mid-term incentives(3c)	**0.7**	1.5	**0.1**	0.9
Amortization of deferred financing charges(3d)	**(0.1)**	(0.1)	**(0.3)**	(0.3)
Distributable Cash(1) - $	**11.4**	18.4	**70.0**	73.1
- per unit basic	**$0.69**	$1.11	**$4.22**	$4.40
- per unit fully diluted	**$0.68**	$1.10	**$4.18**	$4.37
Distributions Declared - $				
- Cash	**15.3**	16.4	**67.3**	72.8
- Non-cash (4)	**-**	-	**7.8**	0.9
Distributions Declared – per unit				
- Cash	**$0.92**	$0.99	**$4.06**	$4.39
- Non-cash (4)	**-**	-	**$0.47**	$0.05
Payout Ratio (5)	**134.2%**	89.3%	**96.2%**	99.6%

(1) Non-GAAP measure, see Non-GAAP Measures section
(2) Changes in Non-cash Working Capital are excluded from the calculation of distributable cash as the Fund currently has a $175 million bank credit facility which is available for use to fund general corporate requirements including working capital requirements (subject to borrowing capacity restrictions dependent on the level of the Fund's inventories on-hand and outstanding trade accounts receivable) and a $15 million demand inventory equipment financing facility with a non-bank lender. In addition, the Fund will periodically finance equipment inventory on a non-interest bearing basis through Wajax Finance, a "private label" financing operation of CIT Financial Ltd. See "Financing Strategies" section for discussion of bank credit facility financial covenants.
(3) Other Entity Specific Adjustments made in calculating distributable cash include the following:
   a. Maintenance Capital Expenditures represent capital expenditures, net of disposals and rental fleet transfers to inventory, required to maintain normal operations. "Maintenance capital expenditures" exclude business acquisitions and land and building additions as they are considered to be expenditures that are not required to maintain normal operations.
   b. Gain on Sale of Land: during the third quarter of 2007, the Fund excluded proceeds from the sale of land previously held for development, up to the cost amount, of $3.1 million as the cost was excluded from the distributable cash when it was originally acquired.
   c. Accruals for Mid-Term Incentives: Changes in accruals for mid-term incentives are added back in determining cash flows from operating activities as they were treated as long-term liabilities effective January 1, 2007.

These accruals are deducted in calculating distributable cash as the Fund believes it provides unitholders with a better indication of annual compensation costs and provides consistency with prior years.

d. Amortization of Deferred Financing Costs is a deduction in calculating distributable cash based on the amount included in the operating activities section of the statement of cash flow (in the years following the financing transaction) allocated over the term of the financing. The Fund believes this treatment provides a better indication of annual financing costs.

(4) See Distributions section.
(5) Payout Ratio is equal to cash distributions declared as a percentage of distributable cash.

For the quarter ended March 31, 2009 distributable cash was $11.4 million, or $0.69 per unit, compared to $18.4 million, or $1.11 per unit, the previous year. Distributable cash decreased $7.0 million due primarily to the lower cash flows from operations before changes in non-cash working capital compared to last year. Monthly cash distributions declared for the quarter ended March 31, 2009 were $0.92 per unit (2008 - $0.99 per unit). Distributions declared for the quarter of $15.3 million exceeded distributable cash by $3.9 million and was funded by the Fund's bank credit facility.

For the twelve months ended March 31, 2009 distributable cash was $70.0 million, or $4.22 per unit, compared to $73.1 million, or $4.40 per unit, the previous year. The $3.1 million decrease was due primarily to lower cash flows from operations before changes in non-cash working capital and the $2.4 million gain on sale of land included in 2007, offset partially by lower maintenance capital expenditures compared to last year. For the same period, cash distributions declared were $4.06 per unit (2008 - $4.39 per unit and included a special cash distribution of $0.47 per unit declared in December 2007). In addition, a special non-cash distribution was declared December 31, 2008 equal to $0.47 per unit (2007 - $0.05 per unit). Distributable cash in excess of cash distributions declared for the twelve months ended March 31, 2009 of $2.7 million, or $0.16 per unit, provides the Fund an additional reserve for fluctuations in working capital requirements, growth capital expenditure requirements or future distributions.

For the three months ended March 31, 2009, the payout ratio of cash distributions based on distributable cash was 134%, compared to 89% the previous year.

For the twelve months ended March 31, 2009, the payout ratio of cash distributions based on distributable cash was 96%, compared to 100% (89% excluding the special cash distribution of $0.47 per unit) the previous year.

The following shows the relationship between distributions and cash flows from operating activities, net income and distributable cash.

($millions)		**For the quarter ended March 31, 2009**	For the year ended December 31, 2008	For the year ended December 31, 2007
A.	Cash flows from operating activities	**($0.1)**	$58.7	$97.2
B.	Net earnings	**9.3**	75.8	72.0
C.	Distributable cash [1]	**11.4**	77.0	74.1
D.	Cash distributions declared	**15.3**	68.5	72.3
E.	**Excess (shortfall) of cash flows from operating activities over cash distributions declared (A – D)**	**(15.4)**	(9.8)	24.9
F.	**Excess (shortfall) of net earnings over cash distributions declared (B – D)**	**(6.0)**	7.3	(0.3)
G.	**Excess (shortfall) of distributable cash over cash distributions declared (C – D)**	**(3.9)**	8.5	1.8

(1) Non-GAAP measure, see Non-GAAP Measures section

Significant variances between cash distributions declared by the Fund and cash flows from operating activities, net earnings and distributable cash include the following:

For the quarter ended March 31, 2009, the $15.4 million shortfall of cash flows from operating activities over cash distributions declared is comprised of an increase in non-cash working capital of $11.7 million, a $3.9 million shortfall of distributable cash over cash distributions declared and other entity specific adjustments totaling $0.6 million, less maintenance capital expenditures net of disposals of $0.9 million. The shortfall was funded through the Fund's bank credit facility.

For the twelve months ended December 31, 2008, the $9.8 million shortfall of cash flows from operating activities over cash distributions declared is due primarily to an increase in non-cash working capital of $28.8 million and other entity specific adjustments totaling $0.6 million, less maintenance capital expenditures, net of disposals, of $11.1 million and the $8.5 million excess of distributable cash over cash distributions declared. The shortfall was funded through the Fund's bank credit facility.

For the twelve months ended December 31, 2007, the $24.9 million excess of cash flows from operating activities over cash distributions declared is due primarily to a reduction in non-cash working capital of $12.2 million, maintenance capital expenditures net of disposals of $11.4 million and other entity specific adjustments totaling $2.0 million, less the $2.4 million gain on sale of land, plus a $1.8 million reserve. The $1.8 million provided the Fund an additional reserve for fluctuations in working capital requirements, growth capital expenditure requirements or future distributions.

The following is a reconciliation of net earnings to distributable cash.

	For the quarter ended		Last 12 months ended	
	March 31, 2009	March 31, 2008	**March 31, 2009**	March 31, 2008
Net earnings	**$9.3**	$18.1	**$67.1**	$71.3
Add (deduct)				
Amortization(1)	**2.3**	2.2	**9.6**	9.4
Maintenance capital expenditures(2) (3)	**(0.9)**	(2.5)	**(9.4)**	(11.7)
Non-cash items:				
- Pension expense, net of payment	**0.1**	0.1	**0.2**	0.2
- Non-cash rental expense	**0.1**	-	**0.3**	0.1
- Unit-based compensation expense	**0.4**	0.5	**1.7**	1.5
- Future income taxes	**-**	0.2	**0.5**	2.3
Distributable cash(1) - $	**11.4**	18.4	**70.0**	73.1

(1) Includes amortization of rental equipment; property, plant and equipment; and intangible assets.
(2) Non-GAAP measure, see Non-GAAP Measures section
(3) Maintenance capital expenditures represent capital expenditures, net of disposals and rental fleet transfers to inventory, required to maintain normal operations. Maintenance capital expenditures exclude acquisition and land and building additions as they are considered to be expenditures that are not required to maintain normal operations.

For the quarter ended March 31, 2009 distributable cash exceeded net earnings by $2.1 million (2008 - $0.3 million) due to the excess of amortization and other non-cash items over maintenance capital expenditures for the quarter.

For the twelve months ended March 31, 2009 distributable cash exceeded net earnings by $2.9 million (2008 - $1.8 million) due to the excess of amortization and other non-cash items over maintenance capital expenditures for the year.

Standardized Distributable Cash(1) and Reconciliation to Distributable Cash(2)

The following is a calculation of standardized distributable cash calculated following the guidance provided in the CICA publication: *Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities: Guidance on Preparation and Disclosure*. In addition, the table provides a reconciliation of standardized distributable cash to distributable cash (see Distributable Cash section).

	For the quarter ended		**Last 12 months ended**	
	March 31, 2009	March 31, 2008	**March 31, 2009**	March 31, 2008
Cash flows from operating activities	**($0.1)**	($5.1)	**$63.7**	$83.9
A. Capital expenditure outlays(3):	**(1.7)**	(3.0)	**(14.5)**	(13.5)
B. Restriction on distributions (4)	**-**	-	**-**	-
Standardized Distributable Cash (1)(2) - $	**(1.8)**	(8.2)	**49.3**	70.4
- per unit basic	**($0.11)**	($0.49)	**$2.97**	$4.24
- per unit fully diluted	**($0.11)**	($0.49)	**$2.94**	$4.19
i. Capital adjustments made to reflect maintenance capital expenditures(5):				
- Proceeds from disposals of capital expenditures	**0.5**	0.3	**1.5**	1.1
- Growth capital expenditures	**0.1**	-	**1.6**	-
- Rental fleet transferred to inventory	**0.3**	0.2	**2.0**	0.7
ii. Other entity specific adjustments(6):				
- Changes in non-cash working capital(6a)	**11.7**	24.6	**15.9**	(2.1)
- Gain on sale of land(6b)	**-**	-	**-**	2.4
- Accrual for mid-term incentives(6c)	**0.7**	1.5	**0.1**	0.9
- Amortization of deferred financing charges(6d)	**(0.1)**	(0.1)	**(0.3)**	(0.3)
Distributable Cash(2) - $	**11.4**	18.4	**70.0**	73.1
- per unit basic	**$0.69**	$1.11	**$4.22**	$4.40
- per unit fully diluted	**$0.68**	$1.10	**$4.18**	$4.37
Distributions Declared - $				
- Cash	**15.3**	16.4	**67.3**	72.8
- Non-cash(7)	**-**	-	**7.8**	0.9
Distributions Declared - per unit				
- Cash	**$0.92**	$0.99	**$4.06**	$4.39
- Non-cash(7)	**-**	-	**$0.47**	$0.05
Payout ratio(8)				
- based on standardized distributable cash	**not applicable**	not applicable	**136.7%**	103.4%
- based on distributable cash	**134.2%**	89.3%	**96.2%**	99.6%

(1) Standardized distributable cash is a non-GAAP measure calculated following the guidance provided in the CICA publication: *Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities: Guidance on Preparation and Disclosure*.

(2) Non-GAAP measure, see Non-GAAP Measures section.

(3) Capital expenditure outlays include both maintenance capital expenditure outlays and growth capital expenditure outlays deducted in calculating standardized distributable cash. See Productivity Capacity and Productivity Capacity Management section.

(4) There are currently no restrictions on distributions arising from compliance with financial covenants. See Financing Strategies section.

(5) Capital adjustments are made to adjust capital expenditure outlays (deducted in computing standardized distributable cash) to reflect maintenance capital expenditures, net of disposals, as a deduction in computing distributable cash. These adjustments include: the exclusion of growth capital, the inclusion of proceeds from the disposal of capital expenditures and rental fleet transferred to inventory. See Non-GAAP Measures and Productivity Capacity and Productivity Capacity Management sections for calculation of maintenance capital expenditures.
(6) Other Entity Specific Adjustments made in calculating distributable cash include the following:
   a. Changes in Non-cash Working Capital see Distributable Cash section.
   b. Gain on Sale of Land see Distributable Cash section.
   c. Accruals for Mid-Term Incentives see Distributable Cash section.
   d. Amortization of Deferred Financing Costs see Distributable Cash section.
(7) See Distributions section.
(8) Payout ratio is equal to cash distributions declared as a percentage of distributable cash.

For the quarter ended March 31, 2009 standardized distributable cash was negative $1.8 million, or ($0.11) per unit, compared to negative $8.2 million, or ($0.49) per unit, the previous year. The $6.4 million increase was due to $5.0 million increase in cash flows from operating activities and lower capital expenditures of $1.4 million.

For the twelve months ended March 31, 2009 standardized distributable cash was $49.3 million, or $2.97 per unit, compared to $70.4 million, or $4.24 per unit, the previous year. The $21.1 million reduction was due primarily to $20.2 million decrease in cash flows from operating activities.

Since the conversion of Wajax Limited to Wajax Income Fund on June 15, 2005, the payout ratio of cash distributions based on standardized distributable cash and distributable cash is 138.1% and 96.7%, respectively. The difference is due primarily to changes in non-cash working capital of $63.4 million, capital adjustments and other entity specific adjustments since conversion that have been funded through the Fund's bank credit facility. See Financing Strategies section.

Productive Capacity and Productive Capacity Management

There have been no material changes to the Fund's productive capacity and productive capacity management since December 31, 2008.

Financing Strategies

The Fund's $175 million bank credit facility along with the $15 million demand inventory equipment financing facility should be sufficient to meet the Fund's short-term normal course working capital, maintenance capital and growth capital requirements.

The Fund'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 2006 and 2008. Conversely, as Wajax experiences economic slowdowns working capital reduces reflecting the lower activity levels. This can result in standardized distributable cash increasing in years of declining activity and decreasing in years of growth. Fluctuations in working capital are generally funded by, or used to repay, the bank credit facilities. Therefore, for the reasons noted the Fund adjusts for changes in non-cash working capital in calculating distributable cash in periods where the Fund has capacity under its credit facility to fund the changes in non-cash working capital.

However, there has been a sudden and dramatic change in the economy and the financial crisis has resulted in limited credit availability from traditional sources. In particular, the Fund experienced an increase in working capital due to potential order cancellations or deferrals and delays in the payment for certain large mining equipment orders as a result of customers experiencing difficulties in obtaining financing. This issue negatively impacted the Fund's quarter end working capital by $27.0 million which included $17.7 million of receivables, collected in the second quarter of 2009, and $9.3 million of mining equipment inventory. Although management currently believes the Fund has adequate debt capacity to work through this issue, the Fund may have to access the equity or debt markets, or temporarily reduce distributions to accommodate any shortfalls in the Fund's credit facilities.

In the long-term the Fund may also be required to access the equity or debt markets or reduce distributions in order to fund significant acquisitions and growth related working capital and capital expenditures.

Borrowing capacity under the bank credit facility is dependent on the level of the Fund's inventories on-hand and outstanding trade accounts receivables. At March 31, 2009 borrowing capacity under the bank credit facility was approximately equal to the $175.0 million available at December 31, 2008.

The bank credit facility contains covenants that could restrict the ability of the Fund to make cash distributions, if (i) an event of default exists or would exist as a result of a cash distribution, and (ii) the leverage ratio (Debt to EBITDA) is greater than 3.0. If the leverage ratio is less than or equal to 3.0, then the aggregate cash distributions by the borrowers in each fiscal quarter may not exceed 115% of distributable cash for the trailing four fiscal quarters. Notwithstanding the restrictions relating to the leverage ratio, a special cash distribution in the first quarter of each fiscal year is permitted in an amount not to exceed the amount by which distributable cash for the preceding fiscal year exceeds declared cash distributions for the preceding fiscal year plus any excess cumulative distributable cash over cash distributions of prior years. In addition, borrowing capacity under the bank credit facility is dependent on the level of the Fund's inventories on-hand and outstanding trade accounts receivables. For further detail, the Fund's bank credit facility is available on SEDAR at www.sedar.com.

Unit Capital

The trust units of the Fund issued are included in unitholders' equity on the balance sheet as follows:

Issued and fully paid Trust Units as at March 31, 2009	**Number**	**Amount**
Balance at the beginning of quarter	16,585,206	$104.9
Rights exercised	5,351	$0.1
Balance at end of quarter	**16,590,557**	**$105.0**

The Fund has four unit-based compensation plans: the Wajax Unit Ownership Plan ("UOP"), the Deferred Unit Program ("DUP"), the Trustees' Deferred Unit Plan ("TDUP") and the Mid-Term Incentive Plan ("MTIP"). UOP, DUP and TDUP rights are issued to the participants and are settled by issuing Wajax Income Fund units, while the MTIP consists of an annual grant that vests over three years and is subject to time and performance vesting criteria. Compensation expense for the UOP, DUP and TDUP 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 unitholders' equity. Compensation expense for the MTIP varies with the price of Fund units and is recognized over the 3 year vesting period with and offsetting adjustment to accrued liabilities. The Fund recorded compensation cost of $420 thousand for the quarter (2008 - $465 thousand) in respect of these plans. In addition 5,351 trust units were issued to satisfy conditions of the UOP during the quarter for no cash proceeds (2008 – Nil).

Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Fund has taken into account the current economic downturn when determining the provision for inventory obsolescence, provision for doubtful accounts and any impairment of goodwill and other assets. The Fund makes a provision for doubtful accounts when there is evidence that a specific account may become uncollectible, the Fund does not provide a general reserve for bad debts. As conditions change in 2009, actual results could differ from those estimates. Critical accounting estimates used by the Fund's management are discussed in detail in the MD&A for the year ended December 31, 2008 which can be found on SEDAR at www.sedar.com.

Accounting Changes

The following is a summary of new standards not yet adopted which will impact the Fund:

In February 2008, The Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in Canada for publicly accountable profit oriented enterprises for fiscal years beginning on or after January 1, 2011. The Fund will be required to report using IFRS beginning January 1, 2011. IFRS uses a conceptual framework similar to current Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. Due to anticipated changes in Canadian GAAP and IFRS prior to the Fund's transition to IFRS, the full impact of adopting IFRS on the Fund's future financial position and results of operations cannot be reasonably determined at this time.

We have prepared a comprehensive IFRS conversion plan that addresses the changes in accounting policy, restatement of comparative periods, internal control over financial reporting, modification of existing systems, staff training as well as other related business matters. Our project will consist of four phases: awareness, assessment, design and implementation. During 2008 we substantially completed the awareness phase. Based on this phase, the areas identified with the most potential to have significant effects upon adoption of IFRS include leases, inventories, provisions, property plant and equipment, impairment, and revenue recognition. In addition, the Fund will have to make a number of decisions with respect to IFRS 1 (First Time Adoption) regarding the prospective or retrospective application of certain standards.

During 2009, the assessment phase will identify major recognition, measurement and reporting differences and assess impacts on business process and information systems. Subsequently, the design phase will involve selection of accounting policies where choices exist and development of appropriate disclosures. We will then implement the revised accounting policies based on the choices made, change business processes and information systems and execute training and communications programs. While we will not actually be reporting under IFRS until the first quarter of 2011, our goal is to prepare the opening IFRS balance sheet and restate the Canadian GAAP financial statements to IFRS for internal purposes beginning at the end of the first quarter of 2010.

Risks and Uncertainties

As with most businesses, the Fund is subject to a number of marketplace and industry related risks and uncertainties which could have a material impact on operating results. The Fund attempts to minimize many of these risks through diversification of core businesses and through the geographic diversity of its operations. There are however, a number of risks that deserve particular comment which are discussed in detail in the MD&A for the year ended December 31, 2008 which can be found on SEDAR at www.sedar.com. For the period April 1, 2009 to May 6, 2009 there have been no material changes to the business of the Fund that require an update to the discussion of the applicable risks discussed in the MD&A for the year ended December 31, 2008.

Outlook

As anticipated, the slowing Canadian economy negatively affected most of the Fund's end markets in the first quarter. Most geographic areas were also affected as reduced activity in manufacturing, forestry, construction and mining significantly impacted sales in Industrial Components and Mobile Equipment. However, as expected the Mobile Equipment and Power Systems aftermarket parts and service revenues held up well in spite of these soft markets.

Due to the extent of the economic slowdown experienced in the first quarter, management has taken additional steps to further reduce the Fund's cost base. In addition to the roughly $18 million of personnel and other cost reductions announced last quarter, the Fund is in the process of reducing its overhead costs by a further $5 million through additional headcount reductions and other cost savings. These cost savings are expected to more than outweigh the increased costs associated with the Peacock acquisition and reduced expense and internal recoveries associated with expected revenue declines.

While management expects markets will remain soft for the balance of 2009, the Fund believes it will benefit from recently announced government stimulus spending and is well positioned to take advantage of growth opportunities, particularly in the energy and mining sectors as the Canadian economy emerges from this downturn.

Additional information, including the Fund’s Annual Report and Annual Information Form, are available on SEDAR at www.sedar.com.

WAJAX INCOME FUND

Unaudited Consolidated Financial Statements

For the three months ended March 31, 2009

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

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

WAJAX INCOME FUND
CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands of dollars)	**March 31 2009**	December 31 2008	March 31 2008
Current Assets			
Accounts receivable	**$ 151,654**	$ 162,696	$ 152,999
Inventories (note 3)	**228,201**	226,971	221,344
Future income taxes	**2,714**	2,644	1,095
Prepaid expenses and other recoverable amounts	**4,161**	4,966	3,717
	386,730	397,277	379,155
Non-Current Assets			
Rental equipment	**20,669**	21,812	21,829
Property, plant and equipment	**33,545**	33,568	29,892
Goodwill and other assets	**75,978**	76,073	59,407
Future income taxes	**-**	-	285
	130,192	131,453	111,413
	$ 516,922	$ 528,730	$ 490,568
Current Liabilities			
Bank indebtedness	**$ 5,694**	$ 4,320	$ 1,800
Accounts payable and accrued liabilities	**164,998**	185,443	184,051
Distributions payable to unitholders	**3,318**	5,972	5,473
Income taxes payable	**1,055**	2,697	1,694
Equipment notes payable	**8,896**	-	-
	183,961	198,432	193,018
Non-Current Liabilities			
Future income taxes	**1,595**	1,486	-
Other liabilities	**95**	818	199
Long-term pension liability	**3,125**	3,371	3,139
Derivative instrument liability	**2,686**	2,770	857
Long-term debt	**125,229**	116,160	92,949
	132,730	124,605	97,144
Unitholders’ Equity			
Trust units (note 5)	**104,995**	104,871	104,871
Unit-based compensation (note 6)	**4,962**	4,666	3,372
Accumulated earnings	**92,444**	98,407	92,714
Accumulated other comprehensive loss (note 4)	**(2,170)**	(2,251)	(551)
	90,274	96,156	92,163
Total unitholders’ equity	**200,231**	205,693	200,406
	$ 516,922	$ 528,730	$ 490,568

WAJAX INCOME FUND
CONSOLIDATED STATEMENTS OF EARNINGS
AND ACCUMULATED EARNINGS

(unaudited, in thousands of dollars, except per unit data)	Three months ended March 31 **2009**	2008
Revenue	**$ 255,842**	$ 285,731
Cost of sales	**192,487**	218,127
Gross profit	**63,355**	67,604
Selling and administrative expenses	**53,242**	48,143
Earnings before interest and income taxes	**10,113**	19,461
Interest expense	**1,156**	1,046
Earnings before income taxes	**8,957**	18,415
Income tax expense (recovery) - current	**(391)**	174
- future	**36**	190
Net earnings	**$ 9,312**	$ 18,051
Basic earnings per unit (note 5)	**$ 0.56**	$ 1.09
Diluted earnings per unit (note 5)	**0.55**	1.08
Accumulated earnings, beginning of period	**$ 98,407**	90,432
Accounting change – effect of inventory adjustment	**-**	650
Distributions (note 8)	**(15,275)**	(16,419)
Net earnings	**9,312**	18,051
Accumulated earnings, end of period	**$ 92,444**	$ 92,714

WAJAX INCOME FUND
CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME

(unaudited, in thousands of dollars)	Three months ended March 31 **2009**		2008
Net earnings	**$ 9,312**		$ 18,051
(Gains) losses on derivative instruments designated as cash flow hedges in prior periods transferred to net income in the current period, net of tax (note 4)	**(192)**		56
Gains (losses) on derivative instruments designated as cash flow hedges, net of tax (note 4)	**273**		(500)
Other comprehensive income (loss)	**81**		(444)
Comprehensive income	**$ 9,393**		$ 17,607

WAJAX INCOME FUND
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands of dollars)		Three months ended March 31 **2009**		2008
OPERATING ACTIVITIES				
Net earnings	**$**	**9,312**	$	18,051
Items not affecting cash flows:				
Amortization				
- Rental equipment		**1,122**		1,147
- Property, plant and equipment		**1,029**		945
- Intangible assets		**192**		71
- Deferred financing costs		**69**		70
Pension expense, net of payments		**92**		59
Long-term portion of mid-term incentive plan expense		**(723)**		(1,517)
Non-cash rental expense		**63**		12
Unit-based compensation expense (note 6)		**420**		465
Future income taxes		**36**		190
Cash flows from operating activities before changes in non-cash working capital		**11,612**		19,493
Changes in non-cash working capital				
Accounts receivable		**11,042**		(9,330)
Inventories		**(943)**		(11,199)
Prepaid expenses and other recoverable amounts		**805**		1,082
Accounts payable and accrued liabilities		**(20,943)**		(5,406)
Income taxes payable		**(1,642)**		237
Unrealized gain in derivative instrument		**-**		2
		(11,681)		(24,614)
Cash flows used in operating activities		**(69)**		(5,121)
INVESTING ACTIVITIES				
Rental equipment additions		**(722)**		(1,739)
Proceeds on disposal of rental equipment		**456**		269
Property, plant and equipment additions		**(1,010)**		(1,307)
Proceeds on disposal of property, plant and equipment		**4**		36
Acquisition of business		**-**		(1,824)
Cash flows used in investing activities		**(1,272)**		(4,565)
Cash flows before financing activities		**(1,341)**		(9,686)
FINANCING ACTIVITIES				
Increase in long-term bank debt		**9,000**		39,000
Increase (decrease) in equipment notes payable		**8,896**		(70)
Distributions paid (note 8)		**(17,929)**		(24,214)
Cash flows (used in) from financing activities		**(33)**		14,716
Net change in cash and cash equivalents		**(1,374)**		5,030
Bank indebtedness - beginning of period		**(4,320)**		(6,830)
Bank indebtedness - end of period	**$**	**(5,694)**	$	(1,800)
Cash flows used in operating activities include the following:				
Interest paid	**$**	**1,069**	$	974
Income tax paid	**$**	**1,249**	$	-
Significant non-cash transactions:				
Rental equipment transferred to inventory	**$**	**287**	$	194

WAJAX INCOME FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of dollars, except unit and per unit data)
(unaudited)

Note 1 Structure of the trust and basis of presentation

Wajax Income Fund (the "Fund") is an unincorporated, open-ended, limited purpose investment trust established under the laws of Ontario pursuant to the declaration of trust dated April 27, 2005. The Fund was created to indirectly invest, on June 15, 2005, in substantially all of the assets and business formerly conducted by Wajax Limited.

These unaudited interim consolidated financial statements do not include all of the disclosures included in the audited annual consolidated financial statements. Accordingly, these unaudited interim financial statements should be read in conjunction with the annual consolidated financial statements of the Fund for the year ended December 31, 2008. The significant accounting policies follow those disclosed in the most recently reported annual financial statements.

Additional information, including the Fund's Annual Report and Annual Information Form, may be found on SEDAR at www.sedar.com.

Note 2 New standards issued but not yet effective

In February 2008, The Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards (IFRS) will be required in Canada for publicly accountable profit oriented enterprises for fiscal years beginning on or after January 1, 2011. The Fund will be required to report using IFRS beginning January 1, 2011. The Fund is currently in the process of evaluating the impact of the change to IFRS.

Note 3 Inventories

	Cost Formula	**March 31 2009**	December 31 2008	March 31 2008
Equipment	Specific item	**$ 102,664**	$ 99,722	$ 107,075
Parts	Weighted average	**108,227**	111,323	93,691
Work in process	Specific item	**17,310**	15,926	20,578
Total inventories		**$ 228,201**	$ 226,971	$ 221,344

All amounts shown are net of applicable reserves.

The Fund recognized $187,054 of inventory as an expense which is included in cost of sales during the quarter (2008 - $212,474). During the quarter $835 was recorded in cost of sales for the write-down of inventory to estimated net realizable value (2008 - $916).

All of the Fund's inventory is pledged as security under the bank credit facility and other equipment financing facilities.

Note 4 Accumulated other comprehensive income (loss)

During the quarter ending March 31, 2009, $212 ($192 – net of tax) of gains on derivative contracts designated as cash flow hedges in prior periods were reclassified out of comprehensive income into earnings, while the change in the fair value of the outstanding contracts at March 31, 2009 resulted in a gain of $295 ($273 – net of tax) being recorded in other comprehensive income. There was no ineffective portion of the outstanding contracts recognized in earnings and the remaining effective portion, a loss of $2,170 net of tax, was recorded in accumulated other comprehensive loss.

During the quarter ending March 31, 2008, $61 ($56 – net of tax) of losses on derivative contracts designated as cash flow hedges in prior periods were reclassified out of comprehensive income into earnings, while the change in the fair value of the outstanding contracts at March 31, 2008 resulted in a loss of $743 ($500 – net of tax) being recorded in other comprehensive income. The ineffective portion of the outstanding contracts was recognized as a $2 loss in earnings and the remaining effective portion, a loss of $551 net of tax, was recorded in accumulated other comprehensive loss.

As at March 31, 2009, the differential the Fund would pay to hypothetically terminate or exchange the swap agreement in the prevailing market conditions is estimated to be $3,927 (March 2008 – $1,116), and the currency forward contracts, receive $1,241 (March 2008 – $259).

	Three months ended March 31	
	2009	**2008**
Balance beginning of period	**$ (2,251)**	$ **(107)**
(Gains) losses on derivatives designated as cash flow hedges in prior periods transferred to net income in the current period, net of tax of $20 (2008 - $5)	**(192)**	56
Gains (losses) on derivatives designated as cash flow hedges in the current period, net of tax of $22 (2008 - $243)	**273**	(500)
Accumulated other comprehensive loss	**$ (2,170)**	$ (551)

Note 5 Earnings per unit

At the end of the quarter the number of trust units outstanding was 16,590,557 (March 2008 – 16,585,206). There were 111,170 rights outstanding under the Wajax Unit Ownership Plan (“UOP”) (March 2008 – 87,781), 19,954 rights outstanding under the Deferred Unit Program (“DUP”) (March 2008 – nil) and 99,168 rights outstanding under the Trustees’ Deferred Unit Plan (“TDUP”) (March 2008 – 59,297). No options or unit rights were excluded from the earnings per unit calculations as none were anti-dilutive.

During the quarter, 5,351 trust units were issued to satisfy conditions of the UOP for no cash proceeds.

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

		Three months ended March 31	
		2009	2008
Numerator for basic and diluted earnings per unit:			
– net earnings	**$**	**9,312**	$ 18,051
Denominator for basic earnings per unit: – weighted average units		**16,589,071**	16,585,206
Denominator for diluted earnings per unit:			
– weighted average units		**16,589,071**	16,585,206
– effect of dilutive unit rights		**214,042**	140,613
Denominator for diluted earnings per unit		**16,803,113**	16,725,819
Basic earnings per unit	**$**	**0.56**	$ 1.09
Diluted earnings per unit	**$**	**0.55**	$ 1.08

Note 6 Unit-based compensation plans

The Fund has four unit-based compensation plans: the UOP, the DUP, the TDUP and the Mid-Term Incentive Plan ("MTIP"). UOP, DUP and TDUP rights are issued to the participants and are settled by issuing Wajax Income Fund units. The UOP and DUP are subject to certain time and performance vesting criteria. The MTIP consists of an annual grant that is settled in cash, vests over three years and is based upon performance vesting criteria, a portion of which is determined by the price of Fund units. Compensation expense for the UOP, the DUP and the TDUP is determined based upon the fair value of the rights at the date of grant and charged to operations on a straight-line basis over the vesting period, with an offsetting adjustment to unitholders' equity. Compensation expense for the MTIP varies with the price of Fund units and is recognized over the 3 year vesting period.

During the quarter 6,962 rights (2008 – 4,552) were granted and 5,351 rights (2008 – nil) were exercised under the UOP, 1,232 rights (2008 – nil) were granted under the DUP and 15,388 rights (2008 – 6,229) were granted under the TDUP.

The Fund recorded compensation cost of $420 for the quarter (2008 – $465) in respect of unit rights plans and had a recovery $365 for the quarter (2008 – cost of $514) in respect of the unit based MTIP.

Note 7 Income taxes

The Fund is a "mutual fund trust" as defined under the Income Tax Act (Canada) and is not taxable on its income to the extent that it is distributed to its unitholders.

Under legislation enacted on June 22, 2007, the Fund as a publicly traded income trust will pay tax on its income distributed commencing in 2011 at a rate that is substantially equivalent to the general corporate income tax rate. The Fund has recognized future income tax liability for the temporary differences between the carrying amount and tax values of assets and liabilities in respect of the proportion of Fund income taxed directly to the unitholders that is expected to reverse in or after 2011.

Note 8 Distributions paid

The Fund makes monthly cash distributions and may make special cash/or special non-cash distributions at the end of the year to ensure, as provided in the Fund's Declaration of Trust, that the Fund's total distributions for the year are equal to its taxable income for the year. Cash distributions are dependent on, among other things, the cash flow of the Fund.

Although the Fund intends to make distributions of its available cash, such distributions are affected by numerous factors, including the Fund's financial performance, debt covenants and obligations, working capital requirements and future capital requirements.

Note 9 Financial instruments

There has been no significant change to the financial instruments and the related risks, except for liquidity risk.

During the quarter the Fund was notified that one of its inventory financing providers decided to exit the wholesale inventory financing business in Canada. They will terminate the provision of inventory financing to Mobile Equipment effective December 31, 2009, at which time amounts owing prior to the termination date will be repayable in accordance with repayment schedules in effect at that time. At March 31, 2009 Mobile Equipment had utilized $12.3 million of non-interest bearing floor plan inventory financing which the Fund will have to replace. It is currently in the process of negotiating with other inventory finance companies to provide a replacement line on or before December 31, 2009.

Note 10 Employees' pension plans

Net pension plan expenses are as follows:

	Three months ended March 31	
	2009	2008
Net pension plan expense – defined benefit plans	**$ 212**	$ 201
Net pension plan expense – defined contribution plans	**1,296**	1,285
	$ 1,508	$ 1,486

Note 11 Segmented information

	Three months ended March 31	
	2009	2008
Revenue		
Mobile Equipment	**$ 122,653**	$ 153,201
Industrial Components	**74,708**	74,931
Power Systems	**59,011**	58,621
Segment eliminations	**(530)**	(1,022)
	$ 255,842	$ 285,731
Segment Earnings		
Mobile Equipment	**$ 7,797**	$ 11,428
Industrial Components	**608**	5,736
Power Systems	**3,509**	4,851
Corporate costs and eliminations	**(1,801)**	(2,554)
	10,113	19,461
Interest expense	**1,156**	1,046
Income tax (recovery) expense	**(355)**	364
Net earnings	**$ 9,312**	$ 18,051

Interest expense, income taxes and corporate costs are not allocated to business segments.

Note 12 Comparative information

Certain comparative numbers have been reclassified to conform with the current period presentation.