FIRST QUARTER REPORT TO UNITHOLDERS

FOR THE THREE MONTHS ENDED
MARCH 31, 2010

W A J A X   I N C O M E   F U N D   **2 0 1 0**

WAJAX INCOME FUND

TSX Symbol: WJX.UN

WAJAX ANNOUNCES 2010 FIRST QUARTER EARNINGS

(Dollars in millions, except per unit data)	Three Months Ended March 31	
	2010	2009
CONSOLIDATED RESULTS		
Revenue	**$227.7**	**$264.0**
Net earnings	**$8.4**	**$9.3**
Basic earnings per unit	**$0.50**	**$0.56**
Distributable cash (1)	**$9.0**	**$11.4**
Basic distributable cash per unit (1)	**$0.54**	**$0.69**
SEGMENTS		
Revenue - Mobile Equipment	**$108.4**	**$129.3**
- Industrial Components	**$72.8**	**$74.7**
- Power Systems	**$47.4**	**$60.5**
Earnings - Mobile Equipment	**$7.4**	**$7.8**
% margin	*6.8%*	*6.0%*
- Industrial Components	**$3.1**	**$0.6**
% margin	*4.3%*	*0.8%*
- Power Systems	**$0.8**	**$3.5**
% margin	*1.6%*	*5.8%*

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

Toronto, Ontario – May 7, 2010 – Wajax Income Fund today announced 2010 first quarter earnings.

First Quarter Highlights

- Consolidated first quarter revenue of $227.7 million decreased $36.3 million, or 14% compared to last year. Mobile Equipment and Power Systems revenue decreased 16% and 22% respectively on lower equipment, and parts and service sales. Industrial Components revenue decreased 3% on weaker demand for fluid power and process equipment products.

- Net earnings for the quarter were $8.4 million or $0.50 per unit compared to $9.3 million or $0.56 per unit recorded in 2009. The negative impact of lower volumes more than offset the positive impact of lower selling and administrative expenses, increased income tax recoveries and reduced interest expense compared to last year.

- Basic distributable cash (See Non-GAAP Measures section in the MD&A) decreased to $0.54 per unit for the quarter compared to $0.69 per unit in the previous year due to the reduced earnings and lower current tax recoveries.

- The Fund announced monthly distributions of $0.15 per unit ($1.80 annualized) for the months of May, June and July.

It was also announced today that Adrian Trotman has been appointed Senior Vice President, Industrial Components effective May 24, 2010. Mr. Trotman is a professional engineer and has an MBA degree. He has twenty years of experience in industrial distribution in Canada with a major U.S. multinational.

Commenting on the first quarter results and the outlook for 2010, Neil Manning, President and CEO, stated:

“First quarter consolidated earnings came in as expected. Market activity was slow in January and February, but picked up considerably in March.

In the Mobile Equipment business, quoting and order intake activity for equipment in the mining and the oil sands sectors continues to improve, although product supply lead times are beginning to lengthen. Demand for equipment in the construction, forestry and material handling sectors is also beginning to show signs of a pick-up. While parts and service volumes remain below last year levels, volume is trending positively.

Daily sales and order intake in Industrial Components continued to improve in the first quarter as demand across a number of sectors began to show positive signs. This, combined with improved margins and lower overhead costs, resulted in substantially higher earnings in the first quarter compared to last year.

Continued soft natural gas sector activity going into 2010 and reduced parts margins at Power System’s western Canada operation continued to hamper Power System’s earnings in the first quarter. However, order activity in the energy and infrastructure sectors point to an improving trend as the year progresses.

Overall, it remains our expectation, as stated at the end of 2009, that market demand for our products will continue to improve modestly in 2010, weighted more to the second half of the year. We anticipate that the first half of 2010 will continue to be challenging compared to 2009. It is expected that activity in the oil sands and the government and utilities sectors will remain strong, with increased activity in mining and metal processing as demand for commodities continues to grow. We also anticipate that demand for construction and forestry equipment will increase modestly and sales into the natural gas sector will improve as the year progresses.”

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 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 2010

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, 2010. 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, 2010, the annual Audited Consolidated Financial Statements and accompanying notes of the Fund for the year ended December 31, 2009 and the associated MD&A. Information contained in this MD&A is based on information available to management as of May 7, 2010.

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.

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. See also the Conversion to corporate structure section.

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

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, expansion into 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. In particular, but without limitation, this MD&A contains forward-looking statements relating to: the proposed conversion of the Fund to a corporation, the timing of the effective date of the conversion, the potential for the continued payment of distributions by the Fund until the effective date of the conversion, and the potential for payment of dividends by Wajax Corporation following completion of the conversion. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management of the Fund. In particular, forward-looking statements relating to the potential for the continued payment of distributions by the Fund until the effective date of the conversion and the potential payment of dividends by Wajax Corporation following completion of the conversion are based on: the financial and operating attributes of the Fund as at the date hereof, the anticipated operating and financial results of the Fund from the date hereof to the effective date, the anticipated operating and financial results of Wajax Corporation after the effective date, the views of management and the board of trustees of the Fund respecting the benefits associated with the conversion, and the views of management and the board of trustees of the Fund regarding current and anticipated market conditions. Although we believe that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and **the risk that the expectations represented in such** forward-looking statements will not be achieved. Undue reliance should not be placed on forward-looking statements, as a number of important factors could cause the 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, the ability of the Fund to maintain and expand its customer base, failure of the parties to the proposed conversion of the Fund to a corporation by way of plan of arrangement to satisfy the conditions thereof, inability to obtain required consents, permits or approvals, including the approval of the Ontario Superior Court of Justice, for the conversion and the requisite unitholders' approval for the conversion, actual future market conditions being different than anticipated by management and the board of trustees of the Fund, and actual future operating and financial results of the Fund and/or Wajax Corporation being different than anticipated by management and the board of trustees of the Fund. You are cautioned that the foregoing list is not exhaustive. You are further cautioned that the preparation of financial statements in accordance with GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes. Additional information on these and other factors is included in this MD&A under the heading "Risk and Uncertainties" and in other reports filed by the Fund with Canadian securities regulators and available at www.sedar.com. See also the full details of the proposed conversion included in the Management Proxy Circular for the Fund's unitholder meeting to be held on May 7, 2010 and which is available at www.sedar.com . The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained herein are made as of the date of this MD&A and neither the Fund nor Wajax Corporation undertakes any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

Consolidated Results

	Three months ended March 31	
	2010	2009[3]
Revenue	**$227.7**	$264.0
Gross profit	**$51.4**	$54.9
Selling and administrative expenses	**$42.6**	$44.8
Earnings before interest and income taxes	**$8.8**	$10.1
Interest expense	**$1.0**	$1.2
Income tax recovery	**($0.6)**	($0.4)
Net earnings	**$8.4**	$9.3
Distributable cash[1]	**$9.0**	$11.4
Cash Distributions declared	**$7.5**	$15.3
Distributions paid	**$7.5**	$17.9
Earnings per unit		
- Basic	**$0.50**	$0.56
- Diluted	**$0.50**	$0.55
Distributable cash per unit [1]		
- Basic[2]	**$0.54**	$0.69
- Diluted	**$0.53**	$0.68
Cash distributions declared per unit [2]	**$0.45**	$0.92
Distributions paid per unit [2]	**$0.45**	$1.08

(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.
(3) Certain comparative numbers have been reclassified to conform with the current period presentation. In particular, amounts recovered from customers or manufacturers in an amount of $6.8 million (2009 - $8.1 million) have been reclassified out of selling and administrative expenses into revenue. In addition, service department overhead amounts of $13.0 million (2009 - $16.1 million) have been reclassified out of selling and administrative expenses into cost of sales. This reclassification does not affect net earnings or cashflows.

Revenue

Revenue in the first quarter of 2010 decreased $36.3 million to $227.7 million, from $264.0 million in 2009. Segment revenue decreased 16% in Mobile Equipment, 3% in Industrial Components and 22% in Power Systems compared to last year.

Gross profit

Gross profit in the first quarter of 2010 decreased $3.5 million due to the negative impact of lower revenue, 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 22.6% in 2010 from 20.8% in 2009 due to a higher proportion of parts and service volumes compared to last year.

Selling and administrative expenses

Selling and administrative expenses decreased $2.2 million in the quarter compared to last year. Lower personnel and severance costs accounted for most of the decline. In addition, selling and administrative expenses included $0.3 million of costs associated with the proposed conversion of Wajax from an income fund to a corporation. Selling and administrative expenses as a percentage of revenue increased to 18.7% in 2010 from 17.0% in 2009.

Interest expense
Quarterly interest expense of $1.0 million decreased $0.2 million compared to last year due mainly to lower funded debt net of cash ("funded net debt") outstanding in 2010.

Income tax expense
The effective income tax rate of negative 7.3% for the quarter decreased from negative 4.0% the previous year. Included in the quarter was a $0.6 million future tax recovery adjustment. This reflects an adjustment of the Fund's taxable temporary differences that are estimated to reverse after 2010, tax effected at rates that will apply in the year the differences are expected to reverse. Last year, a $0.4 million recovery of current income tax expense resulted from lower taxable income in the Fund's subsidiary, Wajax Limited.

The Fund's effective income tax rate was lower than the Fund's statutory income tax rate of 29.4% 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, 2010.

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. See the Conversion to corporate structure section.

Net earnings
Quarterly net earnings of $8.4 million, or $0.50 per unit, decreased $0.9 million from $9.3 million, or $0.56 per unit, in 2009. The negative impact of lower volumes more than offset the positive impact of lower selling and administrative expenses, increased income tax recoveries and reduced interest expense compared to last year.

Comprehensive income
Comprehensive income for the quarter of $7.8 million decreased from $9.4 million the previous year due to the $0.9 million decrease in net earnings and a $0.7 million increase in other comprehensive loss compared to last year. The increase in other comprehensive loss resulted from losses on derivative contracts designated as cash flow hedges outstanding at the end of the quarter, offset partially by losses on derivative contracts designated as cash flow hedges in prior periods transferred to cost of inventory.

Funded net debt
Funded net debt of $82.8 million increased $12.5 million compared to December 31, 2009. First quarter cash flows from operating activities before changes in non-cash working capital of $10.5 million were outweighed by an increase in non-cash working capital of $14.0 million, cash distributions of $7.5 million and capital spending of $1.5 million. Compared to March 31, 2009 funded net debt decreased $57.0 million. The Fund's quarter-end debt-to-equity ratio of 0.41:1 at March 31, 2010 increased from last quarter's ratio of 0.35:1 but decreased from last year's ratio of 0.70:1.

Distributable cash (see Non-GAAP Measures section) and distributions
For the quarter ended March 31, 2010 distributable cash was $9.0 million, or $0.54 per unit, compared to $11.4 million, or $0.69 per unit, the previous year. The decrease was due to a higher accrual for mid-term incentive compensation, lower cash flows from operations before changes in non-cash working capital and higher maintenance capital expenditures compared to last year.

For the quarter ended March 31, 2010 monthly cash distributions declared were $0.45 per unit (2009 - $0.92 per unit) and included $0.15 per unit for the months of January, February and March.

On February 26, 2010 the Fund announced a monthly cash distribution of $0.15 per unit ($1.80 annualized) for the month of April payable on May 20, 2010 to unitholders of record on April 30, 2010.

On May 7, 2010 the Fund announced a monthly distribution of $0.15 per unit ($1.80 annualized) for each of the months of May, June and July payable on June 21, 2010, July 20, 2010 and August 20, 2010 to unitholders of record on May 31, 2010, June 30, 2010 and July 30, 2010 respectively.

Unitholder tax information relating to 2010 and 2009 distributions is available on the Fund's website at www.wajax.com.

Conversion to corporate structure

On February 26, 2010 the Fund announced that at it's Annual and Special Unitholders' Meeting to be held on May 7, 2010, unitholders would be asked to approve the conversion of the Fund to a corporation pursuant to a plan of arrangement under the Canada Business Corporations Act (the "CBCA") effective on or about January 1, 2011. If approved, the arrangement will result in the reorganization of the Fund into a corporate structure and Unitholders will receive one common share of a new corporation to be called Wajax Corporation for each Unit of the Fund held. Wajax Corporation will continue to be managed by the existing management team.

Subsequent to conversion, it is anticipated that Wajax Corporation will declare and pay a high proportion of net earnings in the form of monthly dividends.

As outlined in the 2009 MD&A, management is of the view that as the Canadian economy recovers it is anticipated that the Fund's economic prospects will correspondingly improve in 2010. If the anticipated improvement does occur, our intention is to maintain the Fund's current distribution rate throughout the year. In 2011, anticipated increases in earnings will be utilized to absorb, to the extent possible, the impact of the corporate tax burden with the objective of paying monthly cash dividends following conversion in an amount comparable to monthly cash distributions paid as a trust.

The difference between the annual aggregate monthly distributions and the Fund's 2010 taxable income, if any, will be paid as a special distribution at year-end in cash, non-cash or a combination thereof.

There can be no assurance, however, that such dividends will be paid in such amounts or at all. The board of directors of Wajax Corporation will have the discretion to modify the dividend policy at any time. The ability of Wajax Corporation to pay cash dividends and the actual amount of such dividends will be dependent upon, among other things, the financial performance of Wajax Corporation, fluctuations in working capital, the sustainability of margins, capital expenditures, any contractual restrictions on dividends, including any agreements with lenders to Wajax Corporation, and the satisfaction of solvency tests imposed by the CBCA for the declaration and payment of dividends. See the Risk and Uncertainties section.

Quarterly Results of Operations

Mobile Equipment

	Three months ended March 31	
	2010	2009
Equipment	**$57.3**	$75.7
Parts and service	**$51.1**	$53.6
Gross revenue	**$108.4**	$129.3
Segment earnings	**$7.4**	$7.8
Segment earnings margin	***6.8%***	*6.0%*

Revenue in the first quarter of 2010 decreased $20.9 million, or 16%, to $108.4 million from $129.3 million in the first quarter of 2009. Segment earnings for the quarter decreased $0.4 million to $7.4 million compared to the first quarter of 2009. The following factors contributed to the Mobile Equipment segment's first quarter results:

- Equipment revenue decreased $18.4 million compared to last year. Specific quarter-over-quarter variances included the following:
  - Construction equipment revenue decreased $11.8 million. Decreases in new Hitachi excavator sales in western Canada accounted for most of the decline.
  - Forestry equipment revenue increased $2.8 million mostly attributable to higher sales of Tigercat products in western Canada and Ontario.
  - Mining equipment revenue decreased $6.7 million on fewer Hitachi mining equipment deliveries in western Canada.
  - Material handling equipment revenue decreased $5.6 million due to reductions in new Hyster equipment sales in all regions.
  - Crane and utility equipment revenue increased $2.9 million due primarily to increased sales to hydro utility customers in Ontario, offset partially by a decline in new equipment sales in western Canada.

- Parts and service volumes decreased $2.5 million compared to last year due to declines in construction and material handling sectors in western Canada.

- Earnings decreased $0.4 million to $7.4 million compared to last year as the negative impact of lower volumes outweighed the benefit of higher gross profit margins and a $1.1 million decrease in selling and administrative expenses. Higher gross profit margins resulted from a greater proportion of parts and service sales compared to last year and increased mining sector margins. Selling and administrative expenses decreased as a result of lower personnel, severance and other sales related costs, partially offset by an increase in bad debt expense, compared to last year.

Industrial Components

	Three months ended March 31	
	2010	2009
Gross revenue	**$72.8**	$74.7
Segment earnings	**$3.1**	$0.6
Segment earnings margin	***4.3%***	*0.8%*

Revenue of $72.8 million decreased $1.9 million from $74.7 million in the first quarter of 2009. Segment earnings increased $2.5 million to $3.1 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 increased $0.5 million compared to last year due primarily to increased sales to metal processing customers in eastern Canada and Ontario outweighing lower sales to industrial customers in western Canada.

- Fluid power and process equipment products and service revenue decreased $2.4 million as reduced natural gas drilling activity in western Canada and decreased sales to industrial, mining and utility sectors more than offset increased sales to metal processing customers.

- Segment earnings increased $2.5 million compared to last year. The positive impact of higher fluid power and process equipment product margins and reduced selling and administrative expenses outweighed the negative impact of lower volumes. Selling and administrative expenses declined $1.8 million due to lower bad debt, personnel and other sales related expenses compared to last year and costs incurred in 2009 related to the computer system conversion completed in 2009.

On May 7, 2010 it was announced that Adrian Trotman had been appointed Senior Vice-President, Industrial Components effective May 24, 2010. Mr. Trotman is a professional engineer and has an MBA degree. He has twenty years of experience in industrial distribution in Canada with a major U.S. multinational.

Power Systems

	Three months ended March 31	
	2010	2009
Equipment	**$13.6**	$24.7
Parts and service	**$33.8**	$35.8
Gross revenue	**$47.4**	$60.5
Segment earnings	**$0.8**	$3.5
Segment earnings margin	***1.7%***	*5.8%*

Revenue in the first quarter decreased $13.1 million to $47.4 million compared to $60.5 million in 2009. Segment earnings decreased $2.7 million to $0.8 million in the quarter compared to the previous year. The following factors impacted quarterly revenue and earnings:

- Revenue at Waterous Power Systems ("Waterous") in western Canada decreased $12.7 million compared to last year. Equipment sales decreased $11.3 million due mainly to a reduction in equipment systems and product sales to oil and gas drilling and servicing customers. Parts and service revenue decreased $1.4 million due primarily to fewer large engine overhauls compared to last year.

- Revenue at the eastern Canada operation, DDACE Power Systems ("DDACE") decreased by $0.4 million compared to 2009. Equipment sales increased $0.2 million and parts and service revenue decreased $0.6 million compared to last year.

- Segment earnings decreased $2.7 million due primarily to the negative impact of lower volumes. Selling, general and administrative expenses remained flat as reductions in personnel and other cost reductions were offset by the foreign exchange adjustments on U.S. denominated receivables compared to last year.

Effective January 1, 2010, Mr. Tim Zawislak was appointed to the position of Senior Vice President, Wajax Power Systems. The Wajax Power Systems division has been created to integrate the operations of Waterous and DDACE with the objective of becoming a single national provider of power systems with a presence in all markets across Canada.

Selected Quarterly Information

	2010	2009				2008		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**$227.7**	$273.1	$227.9	$240.9	$264.0	$317.3	$299.2	$311.2
Net earnings	**$8.4**	$8.3	$6.8	$9.8	$9.3	$19.4	$18.4	$20.0
Net earnings per unit								
- Basic	**$0.50**	$0.50	$0.41	$0.59	$0.56	$1.17	$1.11	$1.20
- Diluted	**$0.50**	$0.50	$0.40	$0.59	$0.55	$1.15	$1.10	$1.19
Distributable cash (1)	**$9.0**	$10.0	$9.6	$11.3	$11.4	$20.4	$19.4	$18.8
Distributable cash per unit (1)								
- Basic	**$0.54**	$0.60	$0.58	$0.68	$0.69	$1.23	$1.17	$1.14

(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 $5.0 million of cash before financing activities in the first quarter of 2010 compared to $1.3 million in the first quarter of 2009. The $3.7 million increase in cash flows used before financing activities was due to an increase in non-cash working capital and a reduction in cash flows from operations before changes in non-cash working capital.

Cash used in operating activities amounted to $3.5 million in the first quarter of 2010, with $10.5 million of cash generated from operating activities before changes in non-cash working capital offset by a $14.0 million increase in non-cash working capital. Changes in non-cash working capital for the three months ended March 31, 2010 include the following components:

Increase (decrease) in non-cash working capital		
Accounts receivable	**$8.3**	Note 1
Inventories	**$5.7**	Note 2
Prepaid expenses and other recoverable amounts	**$0.9**	
Accounts payable and accrued liabilities	**($0.8)**	
Income taxes payable	**($0.1)**	
Total	**$14.0**	

1. Accounts receivable increased $8.3 million due to a large mining equipment receivable in Mobile Equipment that more than offset the impact of lower first quarter revenues.
2. Inventory increased $5.7 million on increases in utility equipment in Mobile Equipment and generator set equipment related to current projects in Power Systems that more than offset general reductions in Industrial Components.

During the quarter the Fund invested a net amount of $1.5 million. Investing activities included $0.8 million of lift truck rental fleet additions net of disposals and $0.7 million of other various capital asset additions net of disposals.

Working capital, exclusive of cash, bank indebtedness and equipment notes payable, increased $14.9 million to $165.8 million at March 31, 2010 from $150.9 million at December 31, 2009. The increase was due to the cash flow factors listed above.

Funded net debt of $82.8 million increased $12.5 million compared to December 31, 2009. First quarter cash flows from operating activities before changes in non-cash working capital of $10.5 million were outweighed by an increase in non-cash working capital of $14.0 million, cash distributions of $7.5 million and capital spending of $1.5 million. Compared to March 31, 2009 funded net debt decreased $57.0 million. The Fund's quarter-end debt-to-equity ratio of 0.41:1 at March 31, 2010 increased from last quarter's ratio of 0.35:1 and decreased from last year's ratio of 0.70:1.

At March 31, 2010 the Fund had borrowed $80.0 million and issued $5.1 million of letters of credit for a total utilization of $85.1 million of its $175 million bank credit facility and had no utilization 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, 2010 borrowing capacity under the bank credit facility was equal to $175.0 million.

On February 26, 2010 the Fund announced that at its Annual and Special Unitholders' Meeting to be held on May 7, 2010, unitholders would be asked to approve the conversion of the Fund to a corporation pursuant to a plan of arrangement under the Canada Business Corporations Act effective January 1, 2011. If approved, the arrangement will result in the reorganization of the Fund into a corporate structure and Unitholders will receive one common share of a new corporation to be called Wajax Corporation for each Unit of the Fund held. Lenders providing the Fund's $175 million bank credit facility have agreed to the conversion of Wajax to a corporation provided the Fund is otherwise in compliance with the terms of its credit facility.

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. As a result of adopting IFRS, the Fund anticipates that the reported values of its net assets, equity and earnings will change. In particular, there is uncertainty regarding the classification of certain leases as financing or operating under IFRS and the classification of the Fund's trust units as equity or debt. As the Fund expects to convert to a corporation effective January 1, 2011, the potential reclassification of the Fund's trust units as debt would only impact the 2010 comparative balances in the 2011 financial statements. Reclassification of these amounts under IFRS would impact the calculation of covenants under our current bank credit facility, potentially resulting in an event of default. We have discussed these possibilities with our bankers who have amended our definitive agreement to allow for modification of debt covenants to reflect changes in financial statement balances as a result of adopting IFRS.

The Fund's $175 million bank credit facility along with $15 million of capacity permitted in addition to the credit facility, should be sufficient to meet the Fund's short-term normal course working capital, maintenance capital and growth capital requirements. 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.

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 debt associated with the interest rate 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, 2010, the Fund had contracts outstanding to buy U.S.$33.2 million and €0.3 million and to sell U.S.$0.03 million (March 31, 2009 – to buy U.S.$19.3 million and €0.02 million and to sell U.S.$0.8 million, December 31, 2009 – to buy U.S.$20.5 million and to sell U.S.$0.03 million). The U.S. dollar contracts expire between April 2010 and December 2012, with a weighted average U.S. dollar rate of 1.0632 and a weighted average Euro dollar rate of 1.4195.

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, 2009.

Contractual Obligations

There have been no material changes to contractual obligations since December 31, 2009.

Off Balance Sheet Financing

The Mobile Equipment segment had $25.1 million of consigned inventory on-hand from a major manufacturer as at March 31, 2010. 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 include operating lease contracts in relation to the Fund's long-term lift truck rental fleet in the Mobile Equipment segment. At March 31, 2010, the non-discounted operating lease commitment for the rental fleet was $9.6 million (December 31, 2009 - $11.5 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 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 the 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 an equipment finance company. 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".

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 also the Conversion to corporate structure, Liquidity and Capital Resources, and Distributable Cash sections.

Cash distributions to unitholders were declared as follows:

Record Date	Payment Date	Per Unit	Amount
January 29, 2010	February 22, 2010	$0.15	$2.5
February 26, 2010	March 22, 2010	0.15	2.5
March 31, 2010	April 20, 2010	0.15	2.5
Three months ended March 31, 2010		**$0.45**	**$7.5**

(1) See Distributable Cash section below

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.

On February 26, 2010 the Fund announced a monthly cash distribution of $0.15 per unit ($1.80 annualized) for the month of April payable on May 20, 2010 to unitholders of record on April 30, 2010.

On May 7, 2010 the Fund announced a monthly distribution of $0.15 per unit ($1.80 annualized) for each of the months of May, June and July payable on June 21, 2010, July 20, 2010 and August 20, 2010 to unitholders of record on May 31, 2010, June 30, 2010 and July 30, 2010 respectively.

Unitholder tax information relating to 2010 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, 2010	March 31, 2009	**March 31, 2010**	March 31, 2009
Cash flows from operating activities	**($3.5)**	($0.1)	**$98.9**	$63.7
Changes in non-cash working capital(2)	**14.0**	11.7	**(54.9)**	15.9
Cash flows from operating activities before changes in non-cash working capital	**10.5**	11.6	**44.0**	79.6
Entity specific adjustments(3):				
Maintenance capital expenditures(1) (3a)	**(1.0)**	(0.9)	**(2.6)**	(9.4)
Accrual for mid-term incentives(3b)	**(0.4)**	0.7	**(1.2)**	0.1
Amortization of deferred financing charges(3c)	**(0.1)**	(0.1)	**(0.3)**	(0.3)
Distributable Cash(1) - $	**9.0**	11.4	**39.9**	70.0
- per unit basic	**$0.54**	$0.69	**$2.40**	$4.22
- per unit fully diluted	**$0.53**	$0.68	**$2.37**	$4.18
Distributions Declared - $				
- Cash	**7.5**	15.3	**33.2**	67.3
- Non-cash (4)	**-**	-	**-**	7.8
Distributions Declared – per unit				
- Cash	**$0.45**	$0.92	**$2.00**	$4.06
- Non-cash (4)	**-**	-	**-**	$0.47
Payout Ratio (5)	**83.2%**	134.2%	**83.2%**	96.2%

(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 an equipment finance company. 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. 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.

c. 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, 2010 distributable cash was $9.0 million, or $0.54 per unit, compared to $11.4 million, or $0.69 per unit, the previous year. The decrease was due to higher accrual for mid-term incentive compensation, lower cash flows from operations before changes in non-cash working capital and higher maintenance capital expenditures compared to last year. For the quarter ended March 31, 2010 monthly cash distributions declared were $0.45 per unit (2009 - $0.92 per unit).

For the twelve months ended March 31, 2010 distributable cash was $39.9 million, or $2.40 per unit, compared to $70.0 million, or $4.22 per unit, the previous year. The decrease was due mostly to lower cash flows from operations before changes in non-cash working capital, offset partially by lower maintenance capital expenditures compared to last year. For the twelve months ended March 31, 2010 monthly cash distributions declared were $2.00 per unit (2009 - $4.06 per unit). In 2008, a $0.47 per unit special non-cash distribution was paid to ensure the Fund's total distributions for the year equaled its taxable income. Distributable cash in excess of cash distributions declared for the twelve months ended March 31, 2010 of $6.7 million, or $0.40 per unit, provides the Fund an amount for future capital requirements or distributions.

For the three months ended March 31, 2010, the payout ratio of cash distributions based on distributable cash was 83%, compared to 134% the previous year.

For the twelve months ended March 31, 2010, the payout ratio of cash distributions based on distributable cash was 83%, compared to 96% 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, 2010**	For the year ended December 31, 2009	For the year ended December 31, 2008
A.	Cash flows from operating activities	**($3.5)**	$102.4	$58.7
B.	Net earnings	**8.4**	34.2	75.8
C.	Distributable cash (1)	**9.0**	42.3	77.0
D.	Cash distributions declared	**7.5**	41.0	68.5
E.	**Excess (shortfall) of cash flows from operating activities over cash distributions declared (A – D)**	**(11.0)**	61.4	(9.8)
F.	**Excess (shortfall) of net earnings over cash distributions declared (B – D)**	**0.9**	(6.8)	7.3
G.	**Excess of distributable cash over cash distributions declared (C – D)**	**1.5**	1.3	8.5

(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, 2010, the $11.0 million shortfall of cash flows from operating activities over cash distributions declared is comprised of an increase in non-cash working capital of $14.0 million, less maintenance capital expenditures, net of disposals, of $1.0 million, other entity specific adjustments totaling $0.5 million and $1.5 million available for future capital requirements or distributions.

For the twelve months ended December 31, 2009, the $61.4 million excess of cash flows from operating activities over cash distributions declared is comprised of a decrease in non-cash working capital of $57.3 million, maintenance capital expenditures, net of disposals, of $2.5 million, other entity specific adjustments totaling $0.3 million and $1.3 million available for future capital requirements or distributions. Cash distributions declared exceeded net earnings by $6.8 million, due mainly to amortization deducted in calculating net earnings exceeding maintenance capital expenditures and other non-cash items deducted in calculating distributable cash by $8.1 million, less the $1.3 million excess of distributable cash over cash distributions declared. The $1.3 million excess of distributable cash over cash distributions declared provided an amount for future working capital requirements or distributions.

For the year 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 $8.5 million available for future capital requirements or distributions. The $8.5 million excess of distributable cash over cash distributions, which included the $7.3 million excess of net earnings over cash distributions declared, provided an amount for future capital requirements or distributions.

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

	For the quarter ended		**Last 12 months ended**	
	March 31, 2010	March 31, 2009	**March 31, 2010**	March 31, 2009
Net earnings	**$8.4**	$9.3	**$33.3**	$67.1
Add (deduct)				
Amortization[1]	**2.1**	2.3	**9.2**	9.6
Maintenance capital expenditures[2] [3]	**(1.0)**	(0.9)	**(2.6)**	(9.4)
Non-cash items:				
- Pension expense, net of payment	**(0.2)**	0.1	**(0.5)**	0.2
- Non-cash rental expense	**-**	0.1	**0.1**	0.3
- Unit-based compensation expense	**0.3**	0.4	**1.3**	1.7
- Future income taxes	**(0.6)**	-	**(0.9)**	0.5
Distributable cash[2] - $	**9.0**	11.4	**39.9**	70.0

(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 acquisitions and land and building additions as they are considered to be expenditures that are not required to maintain normal operations.

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, 2010	March 31, 2009	**March 31, 2010**	March 31, 2009
Cash flows from operating activities	**($3.5)**	($0.1)	**$98.9**	$63.7
A. Capital expenditure outlays[3]:	**(2.0)**	(1.7)	**(10.1)**	(14.5)
B. Restriction on distributions[4]	**-**	-	**-**	-
Standardized Distributable Cash [1][2] - $	**(5.5)**	(1.8)	**88.8**	49.3
- per unit basic	**($0.33)**	($0.11)	**$5.35**	$2.97
- per unit fully diluted	**($0.33)**	($0.11)	**$5.28**	$2.94
i. Capital adjustments made to reflect maintenance capital expenditures[5]:				
- Proceeds from disposals of capital expenditures	**0.5**	0.5	**2.5**	1.5
- Growth capital expenditures	**0.2**	0.1	**3.5**	1.6
- Rental fleet transferred to inventory	**0.3**	0.3	**1.5**	2.0
ii. Other entity specific adjustments[6]:				
- Changes in non-cash working capital[6a]	**14.0**	11.7	**(54.9)**	15.9
- Accrual for mid-term incentives[6b]	**(0.4)**	0.7	**(1.2)**	0.1
- Amortization of deferred financing charges[6c]	**(0.1)**	(0.1)	**(0.3)**	(0.3)
Distributable Cash[2] - $	**9.0**	11.4	**39.9**	70.0
- per unit basic	**$0.54**	$0.69	**$2.40**	$4.22
- per unit fully diluted	**$0.53**	$0.68	**$2.37**	$4.18
Distributions Declared - $				
- Cash	**7.5**	15.3	**33.2**	67.3
- Non-cash[7]	**-**	-	**-**	7.8
Distributions Declared - per unit				
- Cash	**$0.45**	$0.92	**$2.00**	$4.06
- Non-cash[7]	**-**	-	**-**	$0.47
Payout ratio[8]				
- based on standardized distributable cash	**not applicable**	not applicable	**37.4%**	136.7%
- based on distributable cash	**83.2%**	134.2%	**83.2%**	96.2%

(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. Accruals for Mid-Term Incentives see Distributable Cash section.
   c. 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, 2010 standardized distributable cash was negative $5.5 million, or ($0.33) per unit, compared to negative $1.8 million, or ($0.11) per unit, the previous year. The $3.7 million decrease was due to $3.4 million increase in cash used in operating activities and higher capital expenditures of $0.3 million.

For the twelve months ended March 31, 2010 standardized distributable cash was $88.8 million, or $5.35 per unit, compared to $49.3 million, or $2.97 per unit, the previous year. The $39.5 million increase was due to $35.2 million increase in cash flows from operating activities and lower capital expenditures of $4.3 million. See the Liquidity and Capital Resources section.

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 105.9% and 94.9%, respectively. The difference is due primarily to capital adjustments, changes in non-cash working capital 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, 2009.

Financing Strategies

The Fund's $175 million bank credit facility along with the $15 million demand inventory equipment financing 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 as was the case in 2009. 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.

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, 2010 borrowing capacity under the bank credit facility was equal to $175.0 million.

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, 2010	**Number**	**Amount**
Balance at the beginning of quarter	16,603,423	$105.3
Rights exercised	-	-
Balance at end of quarter	**16,603,423**	**$105.3**

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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 three year vesting period with and offsetting adjustment to accrued liabilities. The Fund recorded compensation cost of $291 thousand for the quarter (2009 - $420 thousand) in respect of these plans.

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 revenue and expenses during the reporting period. The Fund has taken into account the current economic environment 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, 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, 2009 which can be found on SEDAR at www.sedar.com.

Accounting Changes

The following is a summary of the new standards which may 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.

The Fund’s management has prepared a comprehensive IFRS conversion plan that addresses the changes in accounting policy, restatement of comparative periods, internal control over financial reporting, disclosure controls and procedures, modification of existing systems, staff training as well as other related business matters. The project consists of four phases: awareness, assessment, design and implementation. The awareness, assessment and design phases have substantially been completed and general IFRS and specific issues training has been conducted for the Fund’s finance staff, board of trustees and audit committee. The Fund continues to monitor development of new standards within IFRS as they are released. To date, the Fund has not identified any significant changes that will be required to its information systems, internal controls over financial reporting or disclosure controls and procedures.

Until more progress on the implementation phase has been made, the Fund will not be in a position to definitively quantify the impact of adopting IFRS on its financial statements. However, the areas identified with the most potential to have significant effects upon adoption of IFRS include leases, classification of trust units, inventories, and employee benefits. As well, extensive additional disclosures will be required under IFRS.

Under IFRS the classification of leases as operating or financing type leases is more qualitative and less prescriptive. As a result, on transition to IFRS certain leases which are currently classified as operating leases under Canadian GAAP could be classified as financing leases under IFRS. This would result in the recognition of fixed assets and associated lease obligation liabilities on the statement of financial position. Thereafter the income statement would be affected by increased amortization and interest expense and decreased lease costs.

Under IFRS the Fund’s trust units could be classified as debt and its distributions classified as interest rather than the current Canadian GAAP equity classification. Debt classification would arise in situations where the Fund’s trustees have a legal obligation to distribute cash to the unitholders as distributions. If the Fund’s trust units are classified as debt there would be a material impact to earnings and to the measurement of the debt and the equity on the statement of financial position. As the Fund expects to convert to a corporation effective January 1, 2011, the potential reclassification of the Fund’s trust units as debt would only impact the 2010 comparative balances in the 2011 financial statements. Reclassification of these amounts under IFRS would impact the calculation of covenants under the current bank credit facility, potentially resulting in an event of default.

The Fund’s management has discussed these potential IFRS changes with its bankers who have amended the definitive agreement to allow for modification of debt covenants to reflect changes in financial statement balances as a result of adopting IFRS.

The IFRS standard for inventories requires that certain overheads be allocated to service provider inventory. On transition it is expected that this will increase inventory and retained earnings on the statement of financial position as previously expensed overhead costs will be allocated to inventory on hand. Thereafter it is expected that cost of sales will increase and selling, general and administration expenses will decrease.

Upon transition to IFRS, there is an option to recognize unamortized actuarial gains and losses on employee future benefits into equity. Making this election would result in an increased pension liability, decreased equity and a change to periodic pension expense. Following transition there are different accounting policy options for recognizing future actuarial gains and losses including recognizing these amounts directly in equity rather than through the income statement.

The Fund is working to implement the revised accounting policies based on the choices made, clarify the classification issues discussed above and execute communications programs as required. Performance targets for years after 2010 for the Mid Term Incentive Plan will need to be recalibrated to reflect the impact of IFRS. While the Fund will not actually be reporting under IFRS until the first quarter of 2011, its goal is to prepare the opening

IFRS statement of financial position and restate the Canadian GAAP financial statements to IFRS for internal purposes, subject to evolving IFRS standards, 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, 2009 which can be found on SEDAR at www.sedar.com. For the period April 1, 2010 to May 7, 2010 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, 2009.

Outlook

First quarter consolidated earnings came in as management expected. Market activity was slow in January and February, but picked up considerably in March.

In the Mobile Equipment business, quoting and order intake activity for equipment in the mining and the oil sands sectors continues to improve, although product supply lead times are beginning to lengthen. Demand for equipment in the construction, forestry and material handling sectors is also beginning to show signs of a pick-up. While parts and service volumes remain below last year levels, volume is trending positively.

Daily sales and order intake in Industrial Components continued to improve in the first quarter as demand across a number of sectors began to show positive signs. This, combined with improved margins and lower overhead costs, resulted in substantially higher earnings in the first quarter compared to last year.

Continued soft natural gas sector activity going into 2010 and reduced parts margins at Power System's western Canada operation continued to hamper Power System's earnings in the first quarter. However, order activity in the energy and infrastructure sectors point to an improving trend as the year progresses.

Overall, it remains the Fund's expectation, as stated at the end of 2009, that market demand for its products will continue to improve modestly in 2010, weighted more to the second half of the year. It is anticipated that the first half of 2010 will continue to be challenging compared to 2009. Activity in the oil sands and the government and utilities sectors is expected to remain strong, with increased activity in mining and metal processing as demand for commodities continues to grow. It is also anticipated that demand for construction and forestry equipment will increase modestly and sales into the natural gas sector will improve as the year progresses.

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, 2010

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 2010**	December 31 2009	March 31 2009
ASSETS			
Current			
Cash	**$ -**	$ 9,207	$ -
Accounts receivable	**131,846**	123,537	151,900
Inventories (note 3)	**182,233**	176,230	228,201
Income taxes receivable	**124**	190	-
Future income taxes	**3,731**	3,191	2,714
Prepaid expenses and other recoverable amounts	**8,711**	7,800	4,232
	326,645	320,155	387,047
Non-current			
Rental equipment	**16,086**	16,370	20,669
Property, plant and equipment	**35,729**	36,164	33,545
Goodwill	**66,335**	66,335	66,335
Intangible assets	**6,994**	7,170	7,696
Deferred pension asset	**2,164**	2,013	1,946
	127,308	128,052	130,191
	$ 453,953	$ 448,207	$ 517,238
LIABILITIES AND UNITHOLDERS' EQUITY			
Current			
Bank indebtedness	**$ 3,354**	$ -	$ 5,694
Accounts payable and accrued liabilities	**158,389**	157,532	165,289
Distributions payable to unitholders	**2,491**	2,491	3,318
Income taxes payable	**-**	-	1,055
Equipment notes payable	**-**	-	8,896
	164,234	160,023	184,252
Non-Current			
Future income taxes	**1,861**	1,883	1,595
Other liabilities	**1,265**	841	120
Long-term pension liability	**2,966**	2,995	3,125
Derivative instrument liability	**3,203**	2,643	2,686
Long-term debt	**79,448**	79,461	125,229
	88,743	87,823	132,755
Unitholders' equity			
Trust units (note 5)	**105,307**	105,307	104,995
Unit-based compensation (note 6)	**5,937**	5,645	4,962
Accumulated earnings	**92,532**	91,642	92,444
Accumulated other comprehensive loss (note 4)	**(2,800)**	(2,233)	(2,170)
	89,732	89,409	90,274
Total unitholders' equity	**200,976**	200,361	200,231
	$ 453,953	$ 448,207	$ 517,238

WAJAX INCOME FUND
CONSOLIDATED STATEMENTS OF EARNINGS
AND ACCUMULATED EARNINGS

(unaudited, in thousands of dollars, except per unit data)	Three months ended March 31 **2010**	2009
Revenue	**$ 227,677**	$ 263,979
Cost of sales	**176,261**	209,065
Gross profit	**51,416**	54,914
Selling and administrative expenses	**42,588**	44,801
Earnings before interest and income taxes	**8,828**	10,113
Interest expense	**1,031**	1,156
Earnings before income taxes	**7,797**	8,957
Income tax (recovery) expense – current	**5**	(391)
- future	**(570)**	36
Net earnings	**$ 8,362**	$ 9,312
Basic earnings per unit (note 7)	**$ 0.50**	$ 0.56
Diluted earnings per unit (note 7)	**0.50**	0.55
Accumulated earnings, beginning of period	**$ 91,642**	$ 98,407
Distributions	**(7,472)**	(15,275)
Net earnings	**8,362**	9,312
Accumulated earnings, end of period	**$ 92,532**	$ 92,444

WAJAX INCOME FUND
CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME

(unaudited, in thousands of dollars)	Three months ended March 31			
		2010		2009
Net earnings	**$**	**8,362**	$	9,312
Losses (gains) on derivative instruments designated as cash flow hedges in prior periods transferred to cost of inventory in the current period, net of tax (note 4)		**139**		(192)
(Losses) gains on derivative instruments designated as cash flow hedges, net of tax (note 4)		**(706)**		273
Other comprehensive income (loss)		**(567)**		81
Comprehensive income	**$**	**7,795**	$	9,393

WAJAX INCOME FUND
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands of dollars)	Three months ended March 31 **2010**	2009
OPERATING ACTIVITIES		
Net earnings	**$ 8,362**	$ 9,312
Items not affecting cash flows:		
Amortization		
- Rental equipment	**847**	1,122
- Property, plant and equipment	**1,057**	1,029
- Intangible assets	**176**	192
- Deferred financing costs	**71**	69
Pension expense, net of payments	**(180)**	92
Long-term portion of mid-term incentive plan expense	**425**	(723)
Non-cash rental expense	**27**	63
Unit-based compensation expense (note 6)	**292**	420
Future income taxes	**(570)**	36
Cash flows from operating activities before changes in non-cash working capital	**10,507**	11,612
Changes in non-cash working capital		
Accounts receivable	**(8,309)**	11,042
Inventories	**(5,724)**	(943)
Prepaid expenses and other recoverable amounts	**(911)**	805
Accounts payable and accrued liabilities	**829**	(20,943)
Income taxes payable	**67**	(1,642)
	(14,048)	(11,681)
Cash flows from operating activities	**(3,541)**	(69)
INVESTING ACTIVITIES		
Rental equipment additions	**(1,279)**	(722)
Proceeds on disposal of rental equipment	**436**	456
Property, plant and equipment additions	**(709)**	(1,010)
Proceeds on disposal of property, plant and equipment	**87**	4
Cash flows used in investing activities	**(1,465)**	(1,272)
Cash flows before financing activities	**(5,006)**	(1,341)
FINANCING ACTIVITIES		
Increase in long-term bank debt	**-**	9,000
Increase in equipment notes payable	**-**	8,896
Increase in deferred financing costs	**(83)**	-
Distributions paid	**(7,472)**	(17,929)
Cash flows used in financing activities	**(7,555)**	(33)
Net change in cash and cash equivalents	**(12,561)**	(1,374)
Cash and cash equivalents (bank indebtedness) - beginning of period	**9,207**	(4,320)
Bank indebtedness - end of period	**$ (3,354)**	$ (5,694)
Cash flows used in operating activities include the following:		
Interest paid	**$ 964**	$ 1,069
Income tax paid (recovered)	**$ (61)**	$ 1,249
Significant non-cash transactions:		
Rental equipment transferred to inventory	**$ 280**	$ 287

(Amounts in thousands of dollars, except unit and per unit data)

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, 2009. 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.

As a result of adopting IFRS, the Fund anticipates that the reported values of its net assets, equity and earnings will change. In particular there is uncertainty regarding the classification of certain leases as financing or operating under IFRS and the classification of the Fund's trust units as equity or debt. As the Fund expects to convert to a corporation effective January 1, 2011, the potential reclassification of the Fund's trust units as debt would only impact the 2010 comparative balance in the 2011 financial statements. Reclassification of these amounts under IFRS would impact the calculation of covenants under the current bank credit facility, potentially resulting in an event of default. The Fund's management has discussed these possibilities with its bankers who have amended the definitive agreement allowing for modification of debt covenants to reflect changes in financial statement balances as a result of adopting IFRS.

Note 3 Inventories

	Cost Formula	**March 31 2010**	December 31 2009	March 31 2009
Equipment	Specific item	**$ 81,484**	$ 74,623	$ 102,551
Parts	Weighted average	**83,722**	88,150	108,340
Work in process	Specific item	**17,027**	13,457	17,310
Total inventories		**$ 182,233**	$ 176,230	$ 228,201

All amounts shown are net of applicable reserves.

The Fund recognized $155,587 of inventory as an expense which is included in cost of sales during the quarter (2009 - $187,054). During the quarter $1,672 was recorded in cost of sales for the write-down of inventory to estimated net realizable value (2009 - $835).

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 loss

During the quarter ending March 31, 2010, $154 ($139 – net of tax) of losses on derivative contracts designated as cash flow hedges in prior periods, 2009 – gain of $212 ($192 net of tax), were reclassified out of comprehensive income into cost of inventory, while the change in the fair value of the outstanding contracts at March 31, 2010 resulted in a loss of $713 ($706 – net of tax) being recorded in other comprehensive income, 2009 – gain of $295 ($273 – net of tax).

As at March 31, 2010, the fair value of the swap agreement is estimated to be negative $1,761 (2009 – negative $3,927), and the currency forward contracts, negative $1,442 (2009 – positive $1,241).

	Three months ended March 31	
	2010	**2009**
Balance beginning of period	**$ (2,233)**	$ (2,251)
Losses (gains) on derivatives designated as cash flow hedges in prior periods transferred to cost of inventory in the current period	**139**	(192)
(Losses) gains on derivatives designated as cash flow hedges in the current period	**(706)**	273
Accumulated other comprehensive loss	**$ (2,800)**	$ (2,170)

Note 5 Trust units

At the end of the quarter the number of trust units outstanding was 16,603,423 (December 2009 – 16,603,423, March 2009 – 16,590,557). There were 128,528 rights outstanding under the Wajax Unit Ownership Plan (“UOP”) (December 2009 – 126,125, March 2009 – 111,170), 22,363 rights outstanding under the Deferred Unit Program (“DUP”) (December 2009 – 21,944, March 2009 – 19,954) and 124,324 rights outstanding under the Trustees’ Deferred Unit Plan (“TDUP”) (December 2009 – 117,518, March 2009 – 99,168). No options or unit rights were excluded from the earnings per unit calculations as none were anti-dilutive.

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

	Three months ended March 31	
	2010	**2009**
Balance beginning of period	**$ 105,307**	$ 104,871
Unit rights plans exercised	**-**	124
Balance end of period	**$ 105,307**	$ 104,995

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 2,403 rights (2009 – 6,962) were granted and no rights (2009 – 5,351) were exercised under the UOP, 419 rights (2009 – 1,232) were granted under the DUP and 6,806 rights (2009 – 15,388) were granted under the TDUP.

The Fund recorded compensation costs of $292 for the quarter (2009 – $420) in respect of unit rights plans and $467 for the quarter (2009 – recovery of $365) in respect of the unit based MTIP.

Note 7 Earnings per unit

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

	Three months ended March 31	
	2010	2009
Numerator for basic and diluted earnings per unit:		
– net earnings	**$ 8,362**	$ 9,312
Denominator for basic earnings per unit: – weighted average units	**16,603,423**	16,589,071
Denominator for diluted earnings per unit:		
– weighted average units	**16,603,423**	16,589,071
– effect of dilutive unit rights	**251,703**	214,042
Denominator for diluted earnings per unit	**16,351,720**	16,803,113
Basic earnings per unit	**$ 0.50**	$ 0.56
Diluted earnings per unit	**$ 0.50**	$ 0.55

Note 8 Financial instruments and capital management

There has been no significant change to the financial instruments and the related risks since December 31, 2009.

Note 9 Employees' pension plans

Net pension plan expenses are as follows:

	Three months ended March 31 2010	2009
Net pension plan expense – defined benefit plans	**$ 174**	$ 212
Net pension plan expense – defined contribution plans	**1,265**	1,296
	$ 1,439	$ 1,508

Note 10 Segmented information

	Three months ended March 31 2010	2009
Revenue		
Mobile Equipment	**$ 108,423**	$ 129,258
Industrial Components	**72,784**	74,708
Power Systems	**47,440**	60,543
Segment eliminations	**(970)**	(530)
	$ 227,677	$ 263,979
Segment Earnings		
Mobile Equipment	**$ 7,393**	$ 7,797
Industrial Components	**3,141**	608
Power Systems	**764**	3,509
Corporate costs and eliminations	**(2,470)**	(1,801)
	8,828	10,113
Interest expense	**1,031**	1,156
Income tax recovery	**(565)**	(355)
Net earnings	**$ 8,362**	$ 9,312

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

Note 11 Comparative information

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

In particular, amounts recovered from customers or manufacturers in an amount of $6,839 (2009 - $8,137) have been reclassified out of selling and administrative expenses into revenue. In addition, service department overhead amounts of $12,951 (2009 - $16,090) have been reclassified out of selling and administrative expenses into cost of sales. The above reclassifications have no impact on net earnings.