WAJAX INCOME FUND

Strength through Diversity

ANNUAL REPORT 2006

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, Wajax has three distinct divisions, which operate through a network of 103 branches across Canada. The organization's customer base covers core sectors of the Canadian economy – mining, oil and gas, forestry, construction, manufacturing, industrial processing, transportation and utilities.

Contents

Results and Returns

From continuing operations

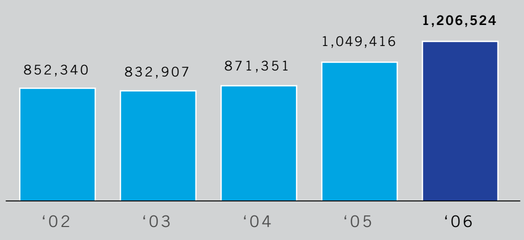
Financial Highlights

For the year ended December 31 (in thousands of dollars, except per unit data)	06	05	04
Revenue	1,206,524	1,049,416	871,351
Net earnings	71,457	35,578	17,591
Cash flow before changes in non-cash working capital	85,103	46,034	29,516
Working capital, exclusive of funded debt and cash	156,234	130,718	108,320
Funded debt, net of cash	68,402	35,879	26,158
Unitholders' equity	197,195	197,061	194,985
Net earnings per unit – basic	4.31	2.19	1.12
Distributable cash per unit – basic*	4.46	2.02	–
Cash distributions declared per unit	4.43	1.89	–
Dividends per share	–	0.14	0.16
Debt to equity ratio	0.35:1	0.18:1	0.13:1
Weighted average number of units outstanding	16,584,766	16,227,812	15,713,115

* 2005 amount is for the June 15 to December 31 period since conversion.

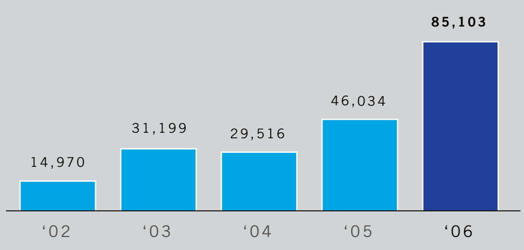
Revenue

(in thousands of dollars)



Cash Flow Before Changes in Non-Cash Working Capital

(in thousands of dollars)

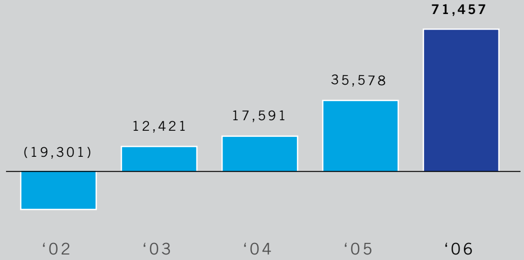


Net Earnings (Loss) per unit – basic

(in dollars)

Net Earnings (Loss)

(in thousands of dollars)



Overview

Maximizing earnings potential through
diverse markets, products and sectors.

Strength through Diversity

Sales by Region

Sales by Industry

- Wajax has representation in a wide range of markets across the country.
- All business units registered dramatic sales increases in western Canada, capitalizing on the region's robust economic growth.
- Sales in central Canada and the east were comparable to last year in all three business units. In 2006, with a diverse exposure to markets right across Canada, increased sales from the better performing markets more than offset lower sales from weaker growth markets.
- Mobile Equipment 2006 sales by region: 56% western Canada, 22% central Canada, 22% eastern Canada.
- Industrial Components 2006 sales by region: 35% western Canada, 21% central Canada, 44% eastern Canada.
- Power Systems 2006 sales by region: 73% western Canada, 27% eastern Canada.

- Through three distinct businesses, the Fund participates in the core industrial sectors of the Canadian economy.
- The oil and gas sectors were the largest source of revenue in 2006, as all of our business units are active in these sectors.
- Continued high demand for commodities has fueled activity in the oil & gas and mining sectors, as well as supporting industries such as metal processing and construction, driving strong sales in 2006 for Mobile Equipment (up 11%), Industrial Components (up 13%) and Power Systems (up 28%).
- The Fund's business units are well positioned to further participate in the energy sector, as demand accelerates for renewable energy sources and energy efficient applications.

- In 2006, the Fund leveraged its nationwide branch network and wide range of high-quality products to deliver record sales and earnings.
- Our diverse mix of products, the industries we serve and our geographic footprint position us to benefit from the growth of different areas of the Canadian economy.

06

Mobile Equipment

The largest, multi-line distributor of mobile equipment in Canada.

- 30 branches
- 1,019 employees
- 51% of total revenue

Business: Distribute, customize and service mobile equipment from leading manufacturers.

Products:

Container handlers
Cranes
Excavators
Forest harvesting equipment
Lift trucks
Loader backhoes
Mining trucks & shovels
Skid steer loaders
Utility equipment
Wheel loaders

Markets:

Construction
Forestry
Government
Intermodal
Manufacturing
Materials handling
Mining
Oil & Gas
Utilities

Operating Unit: Wajax Industries

Percentage of Revenue

51%

Industrial Components

The leading distributor in Canada for the products Kinecor sells.

- 54 distribution, repair and service branches
- 767 employees
- 27% of total revenue

Business: Distribute and provide service and repairs for bearings, power transmission parts, hydraulics, process equipment and automation technologies.

Products:

Bearings
Cylinders
Filters
Hoists
Hoses & fittings
Hydraulic components & systems
Motors
Power transmission parts
Process pumps & equipment

Markets:

Agriculture
Construction
Food processing
Forestry
Industrial/Commercial
Metal processing
Mining
Oil & gas
Resellers/Distributors
Transportation

Operating unit: Kinecor

Percentage of Revenue

27%

Power Systems

One of the largest distributors of diesel engines and transmissions in Canada.

- 19 branches
- 762 employees
- 22% of total revenue

Business: Through two operating units, distribute and provide parts and service for MTU and Detroit Diesel engines, Allison transmissions, Electro-Motive Diesel engines, and GE Energy co-generation systems and complementary products, and distribute and custom assemble power generation sets. The Eastern unit also distributes Kohler power generators and Kubota engines, and custom assembled marine propulsion units.

Products:

Diesel engines
Natural gas engines
Power generators
Power take-offs
Transmissions

Markets:

Agriculture
Construction
Forestry
Industrial/Commercial
Marine
Military
Mining
Oil & gas
Transportation
Utilities

Operating units:
Waterous Power Systems
Detroit Diesel-Allison Canada East

Percentage of Revenue

22%

Message To Unitholders

"2006 was an excellent year for Wajax. In addition to record revenues, the Fund also established, for the second year in a row, a new record for operating profitability, with $79.3 million of earnings from continuing operations before interest and income taxes, a 50% increase over 2005. Revenues were $1.2 billion, a year-over-year increase of 15%. These results were attributable to strong revenue growth and increased earnings from each of our three core businesses."

A YEAR OF RECORD REVENUES AND EARNINGS

2006 was an excellent year for Wajax. In addition to record revenues, the Fund also established, for the second year in a row, a new record for operating profitability, with $79.3 million of earnings from continuing operations before interest and income taxes, a 50% increase over 2005. Revenues were $1.2 billion, a year-over-year increase of 15%. These results were attributable to strong revenue growth and increased earnings from each of our three core businesses.

We believe investor expectations were exceeded in 2006 with four increases in monthly distributions, rising from $0.23 to $0.32 per unit at year-end. Including a special year-end cash distribution of $1.12 per unit, the per unit cash payout in 2006 was $4.43. The one-year total return on Wajax units was nearly 26%. Since conversion to an income trust in June 2005, there have been six increases in distributions, rising from an initial annualized payment of $2.20 per unit to $3.84 at the 2006 year-end, a 75% increase. We continue to believe the Fund's low ongoing maintenance capital requirements relative to its ability to generate cash flow will result in ongoing benefit to unitholders.

The theme for this year's report is diversification and the strength it brings to our business model. Each of our three operating businesses participates in numerous industrial sectors of the Canadian economy. Each is further highly diversified by geography and by customer base. The importance of this diversification is that it provides a solid foundation for the business and will help to mitigate cyclical impacts in future.

Our revenues and earnings have been trending higher since 2003 for many of the same reasons which account for this year's results: a robust economy in western Canada, cost recovery and cost reduction programs, and margin improvements in Industrial Components. Affecting a turnaround and realizing the growth potential in this business unit has been a management focus for several years. Its significant margin improvements this year were achieved through refined pricing controls and expansion of our imported products program.

Record 2006 revenues were driven by organic growth in all three business units. As well, during the year the Industrial Components unit made two Ontario-based acquisitions and the Mobile Equipment unit acquired a JCB dealer serving part of the Greater Toronto Area and eastern Ontario, including Ottawa. We also enjoyed a full year's contribution from the 2005 purchase of Midwest Detroit Diesel-Allison Ltd. The JCB and Midwest acquisitions were of particular strategic importance in terms of extending our geographic reach and expanding our commitment to two of our principal manufacturers.

Message To Unitholders

POSITIONED FOR FUTURE GROWTH

We remain optimistic about prospects for growth in 2007. Our business units are headed by skilled management teams committed to continuous improvement and supported by training and development programs in each organization. Operational improvements will continue to contribute to operating profits as we maintain the back-to-basics focus that has delivered the consistent and improving results of the past several years. We will expand our successful cost recovery programs and will focus on improving inventory management practices. In addition, we expect the consolidation of the Mobile Equipment group under a single management team in late 2006 will deliver enhanced operational efficiencies in the next few years as best business practices from each of the regional groups are introduced and implemented across the business unit.

Although activity may moderate somewhat in western Canada, this part of the country is expected to remain the driver of the national economy. All of our core businesses have a significant presence in the west and will continue to participate in the region's prosperity.

The combination of continuing strength in the base metals mining sector, as well as the oil sands, and the need for producers to add to and replace aging fleets, should continue to stimulate heavy equipment demand. This demand will not be restricted to western Canada. Wajax has a cross-Canada presence and is the exclusive distributor of the best-in-class Hitachi shovels and LeTourneau loaders, giving us considerable competitive strength in loading equipment. Leveraging this strength, the Mobile Equipment unit has, to date this year, submitted winning bids for more than $60 million for this type of equipment. Prospects for additional orders remain strong.

In Industrial Components, we will accelerate growth of our import program. The private label branded products we are importing will contribute to improved margins and drive expansion of our customer base and volumes in new product markets. The industrial components market is fragmented and the opportunities for tuck-in acquisitions are abundant. We expect the Industrial Components unit to supplement its growth with further acquisitions in 2007 and beyond.

In our Power Systems group, we are particularly excited by the prospects for the GE Energy line of Jenbacher gas-fueled engines, a relatively new growth platform for us. Cost-effective, high output Jenbacher engines can be powered by natural gas or a variety of renewable or alternative fuels such as landfill or other biogas. In 2006, we had revenues of $2.3 million from engine sales for cogeneration applications, not including service contracts related thereto. To this point in 2007, we have received orders in excess of

PAUL E. GAGNÉ
Chairman of the Board

NEIL D MANNING
President and
Chief Executive Officer

$30 million. As well, we anticipate additional market opportunities will arise, particularly in Ontario where the Ontario Power Authority is seeking to diversify its energy supply and address environmental concerns through alternative energy sources.

Our optimism for future growth is also supported by a strong balance sheet. We ended the year with funded debt, net of cash, of $68.4 million and a year-end debt-to equity ratio of 0.35:1, providing flexibility to make smaller acquisitions as opportunities arise. Accompanying the Minister of Revenue's October 31, 2006 proposal to tax distributions from income trusts in 2011 was an announcement that "undue expansion" of income trusts would be prevented. The proposed rules on permissible growth as outlined would not appear to pose a significant impediment to the Fund at this time. We will continue to investigate and take advantage of suitable accretive consolidation opportunities.

GUIDANCE AND REMARKABLE EFFORTS

Our Board of Trustees was expanded from seven to ten members this year to provide a broader experience base to draw upon in an increasingly complex business and regulatory environment and to facilitate transitions in future years. Ian Bourne, John Eby and JD Hole, who joined the board in August, have broad and varied backgrounds in business and finance which will add value to the functioning of the Board.

The dedication, support and guidance of our Board of Trustees and the outstanding efforts of our employees were significant factors in the achievement of this year's excellent results. They deserve high recognition for their efforts on behalf of unitholders. Lastly but not least, we thank our unitholders for the confidence they have shown by their investment in the Fund and their ongoing support as we focus on growing the business.

PAUL E. GAGNÉ
Chairman of the Board

NEIL D. MANNING
President and Chief Executive Officer

March 6, 2007

Mobile Equipment

With the 2006 acquisition of Conley Equipment, an Ontario-based JCB distributor, we expanded our construction industry presence in markets in the Greater Toronto Area and eastern Ontario.

Success for our Mobile Equipment business comes down to sound business fundamentals – we have the right products in the right markets, sold and serviced by the right people.

In Canada, we represent quality products from global suppliers recognized as leaders in their industry. LeTourneau and Hitachi manufacture respectively the biggest class of wheel loaders and the largest hydraulic shovels in the world and are recognized specialists in mining markets worldwide. Hitachi is also known for its top quality excavator line. Hyster is a well-established global manufacturer and is viewed as a segment leader for its full range of material handling equipment. JCB is the fourth largest construction equipment manufacturer in the world today and has a long-standing reputation for top-performing, reliable equipment.

We have an established presence in all key markets through a distribution network of 30 branches from coast to coast. Our branches are strategically located, allowing us to deliver quality products and post-sale service in close proximity to customer operations. Strong representation in western Canada has allowed us to take advantage of that region's growing economy.

Substantial investments in training and development in recent years have made our technicians and service staff among the best in their field – a significant advantage when entering into new markets or expanding product lines. Not surprisingly, our Mobile Equipment business has continued to prosper, posting record sales and earnings in 2006.

Across Canada, the construction industry moves materials with JCB products, such as this loadall telescopic handler.

Large-scale, open pit mining puts our LeTourneau loaders to work.

Where we operate

Diverse Markets

Case-in-point

→ Our exposure to the Canadian economy covers a wide range of markets through a diverse product offering. Nothing illustrates this point better than our complete line of Hyster lift trucks and container handlers.

→ Pictured above is one of our Hyster container handlers, which are employed in distribution hubs located throughout Canada. These top-quality machines can also be found at work in rail and shipyards moving heavy loads with precision.

→ Our extensive Hyster line-up takes us into a wide variety of applications across the country. Indoors with electric lift trucks and customized handlers for warehousing and distribution centres. And outdoors moving lumber, products and materials with diesel or propane powered lift trucks and handlers.

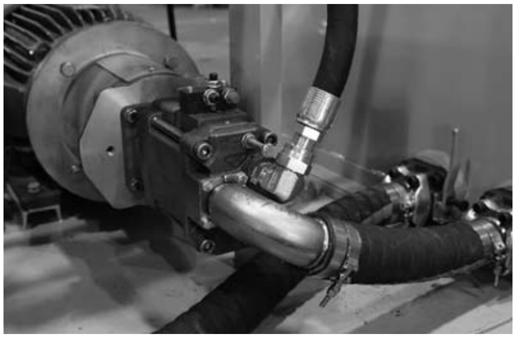
30 Branches Nationwide

Industrial Components

With a return to an acceptable level of profitability in 2006, Industrial Components will be looking for additional volume gains and further improving margins.

Products offered through Kinecor, our Industrial Components business, cover the spectrum from bearings and belts to power transmission parts, process pumps and hydraulic power units. Breadth of product line, a competitive price position and readily available inventory have been critical to its success and these have been achieved by sourcing unique products and rigorous management of cost controls, retail pricing and inventory levels. In addition, as the only nationwide industrial components supplier in Canada, Kinecor is able to meet the needs of national accounts with its coast-to-coast branch coverage.

The range of product is particularly well suited to the needs of commodity-based businesses and companies supporting this sector. Our vast experience with these industries is evident through the knowledge and expertise of our technicians, who custom design and service sophisticated industrial components, such as power units and process pumps to meet customer-defined specifications.



Power unit consisting of a twin (50 hp) electric motor and hydraulic pump combination, providing the power source for the "Iron Roughneck & Drawworks" on a drilling rig.

Bearings, from very large to very small, are among the nearly 15,000 different products offered through 54 Kinecor branches across Canada.

Where we operate

Diverse Products

Case-in-point

→ In addition to an extensive product range, having custom design and product modification capabilities are key factors in the success of our Industrial Components business.

→ We have tremendous experience in the design, fabrication and service of power units. Our highly skilled workforce is frequently called upon to customize equipment according to customer-defined specifications.

→ With 54 branches, strategically located in close proximity to key markets, our trained technicians are close at hand for emergency service and maintenance. Pictured above is a service technician completing a final test on a hydraulic power unit designed and constructed by Kinecor. This power unit will be installed on a drilling rig for an Alberta-based international drilling company.

15,000

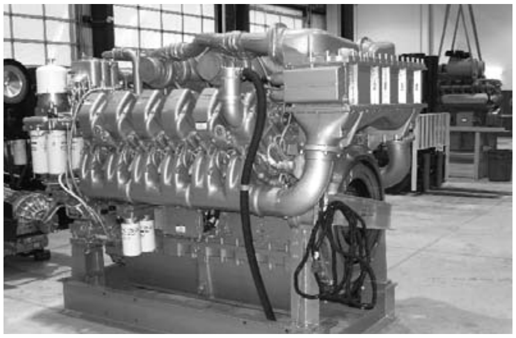
Nearly 15,000 Products

Power Systems

In 2006, Power Systems continued to branch out, expanding geographically through the integration of the 2005 Midwest Detroit Diesel-Allison Ltd. acquisition, and penetrating the growing renewable energy market with industry-leading products.

Our Power Systems business derives its success from our quality line-up of products and a strong focus on after-sale service and support. We represent MTU Detroit Diesel engines, recognized for their technological leadership in off-road applications such as oil & gas production, forestry, mining and agriculture. On-road, the Detroit Diesel and Mercedes Benz engines that we distribute provide the power for buses and trucks. On the water, you'll find our Electro-Motive Diesel line of engines hard at work on workboats, tugboats and ferries. In addition, we distribute Allison transmissions, another industry-leading brand that completes the power system package for customers. And we are the exclusive Canadian distributor of GE Energy's Jenbacher gas engines, the world leader in cogeneration power systems.

After-sale service and support are carried out through our national network of 19 branches. Our extensive parts inventory means that we can expedite repairs, either on-site or in the field. And our fleet of factory-trained, field service technicians can be quickly dispatched for repair requirements in remote locations. In addition, with our in-depth understanding of a wide variety of industry applications, our expert technicians are often called upon to customize power systems with related components to deliver a ready-to-use packaged solution to customers.



With 2,250 horsepower, this MTU 12V4000 diesel engine brings leading-edge technology to industry, power generation, mining, construction and oil & gas.

This 20-cylinder Electro-Motive Diesel engine delivers 5,000 horsepower to marine, power and industrial applications.

Where we operate

Diverse Industries

Case-in-point

- As concern for the environment escalates so do market opportunities for gas engines, such as the GE Energy's Jenbacher gas engine model 320 pictured above. As exclusive Canadian distributor of this innovative, eco-focused product line, our Power Systems business stands to benefit from growing demand for more environmentally friendly products

- Jenbacher gas engines can operate on a variety of gaseous fuels including natural gas, landfill, biogas and waste gas from industry and can be found in applications such as combined heat and power, greenhouse CO^2 fertilization and biogas utilization.

- This Jenbacher power generation system uses a combination of natural gas and onsite-generated biogas to produce five megawatts of power, enough electricity to power about 5,000 homes.

10

Active in 10 industrial sectors

Financial Contents

Management's Discussion and Analysis

The following management discussion and analysis ("MD&A") provides a review of the consolidated financial condition and results of operations of Wajax Income Fund (the "Fund" or "Wajax") for the year ended December 31, 2006. The following discussion should be read in conjunction with the Fund's Audited Consolidated Financial Statements and accompanying notes. Information contained in this MD&A is based on information available to management as of March 6, 2007.

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

Additional information, including the Fund's Annual Report and Annual Information Form, are available on SEDAR 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 annual 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 annual Consolidated Financial Statements and accompanying notes.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Fund in annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Fund in annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Fund's management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate to allow timely decisions regarding required disclosure. Due to the inherent limitations in all control systems, an evaluation of the disclosure controls and procedures can only provide reasonable assurance over the effectiveness of the controls. As a result, disclosure controls and procedures are not expected to prevent and detect all misstatements due to error or fraud. During the year the Fund's management under the supervision of and with the participation of the Fund's CEO and CFO has designed and evaluated the effectiveness and operation of its disclosure controls and procedures. Based on the evaluation of disclosure controls and procedures, the CEO and CFO have concluded that the Fund's disclosure controls and procedures are effective as at December 31, 2006.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Canadian generally accepted accounting principles. During the year the Fund's management, under the supervision of and with the participation of its CEO and CFO, has completed an assessment of the design of internal control over financial reporting. This assessment includes a risk evaluation and documentation of key processes. The evaluation of the design gave rise to improvement recommendations and changes were made to strengthen certain controls. In particular, during the fourth quarter a number of changes were made to information technology general controls including improvements to user access controls and security logs, and formalization of certain policies and procedures. Collectively, these improvements have materially affected the Fund's internal control over financial reporting. Due to the inherent limitations in all control systems, an evaluation of internal control over financial reporting can only provide reasonable assurance over the effectiveness of the controls. As a result, the system of internal control over financial reporting is not expected to prevent and detect all misstatements due to error or fraud. Based on the assessment of internal control over financial reporting, the CEO and CFO have concluded that the Fund's internal control over financial reporting is designed 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 as at December 31, 2006.

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. 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 and are not restricted to the risks identified in this MD&A. In addition these factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. These 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.

WAJAX INCOME FUND OVERVIEW

Wajax Income 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 is considered to be a continuation of Wajax Limited following the continuity of interest method of accounting, which recognizes the Fund as the successor entity to Wajax Limited. Accordingly, these consolidated financial statements reflect the financial position, results of operations and cash flows as if the Fund has always carried on the business formerly carried on by Wajax Limited with all assets and liabilities recorded at the carrying values of 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.

Wajax has three core distribution businesses engaged in the sale and after-sales parts and service support of mobile equipment, power systems and industrial components, through a network of over 100 branches across Canada. Its customer base spans natural resources, construction, transportation, manufacturing, industrial processing and utilities.

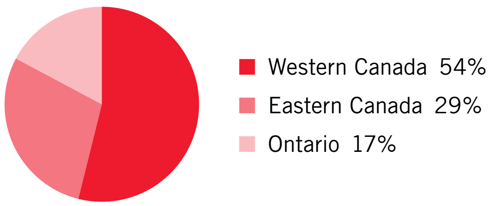
CONSOLIDATED RESULTS

for the year ended December 31	2006	2005
Revenue	$ 1,206.5	$ 1,049.4
Gross profit	$ 266.2	$ 231.4
Selling and administrative expenses	$ 186.9	$ 176.0
Income fund conversion-related costs (1)	–	$2.6
Earnings from continuing operations before interest and income taxes	$ 79.3	$ 52.8
Interest expense	$ 4.5	$ 4.6
Income tax expense	$ 3.4	$ 5.0
Early extinguishment of debt (1)	–	$ 7.6
Net earnings from continuing operations	$ 71.5	$ 35.6
Gain (loss) from discontinued operations	$ 1.3	$ (2.5)
Net earnings	$ 72.8	$ 33.1
Distributable cash (2)	$ 74.0	$ 33.5
Distributions declared		
– Cash	$ 73.5	$ 31.4
– Non-cash	–	$ 2.3
Distributions paid	$ 63.8	$ 17.2
Dividends paid (4)	–	$ 2.2
Earnings from continuing operations		
– Basic	$ 4.31	$ 2.19
– Diluted	$ 4.28	$ 2.19
Earnings per unit		
– Basic	$ 4.39	$ 2.04
– Diluted	$ 4.36	$ 2.03
Distributable cash per unit (2)		
– Basic	$ 4.46	$ 2.02
– Diluted	$ 4.44	$ 2.01
Distributions declared (3)		
– Cash	$ 4.43	$ 1.89
– Non-cash	–	$ 0.14
Distributions paid per unit (3)	$ 3.85	$ 1.03
Dividends paid per share (3)(4)	–	$ 0.14

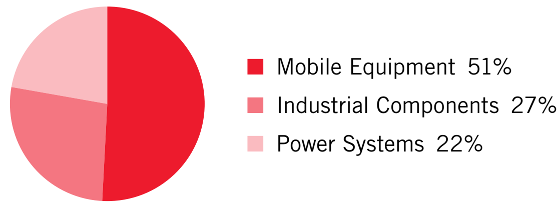
(1) Income fund conversion-related items relate to the income fund conversion and the early extinguishment of long-term debt.
(2) Non-GAAP Measures, see the Non-GAAP Measures section. 2005 distributable cash includes pro-rata results for the month of June 2005 based upon the 15 days ended June 30, 2005.
(3) Based on actual number of units/shares outstanding on record date.
(4) Dividends paid prior to conversion of Wajax Limited into Wajax Income Fund.

Management's Discussion and Analysis

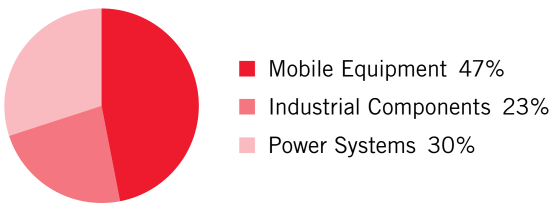
2006 REVENUE BY GEOGRAPHIC REGION



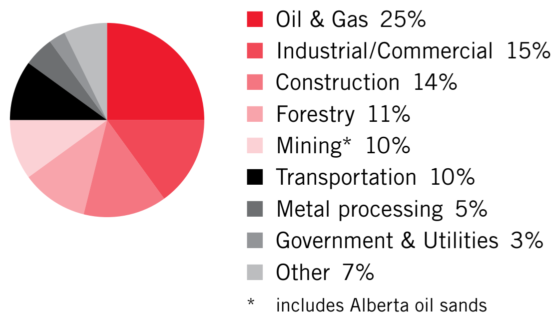
2006 REVENUE BY SEGMENT



2006 EBIT BY SEGMENT



2006 REVENUE BY MARKET



REVENUE

Revenues from continuing operations increased 15%, or $157.1 million, in 2006 to $1,206.5 million from $1,049.4 million in 2005. Mobile Equipment's revenues increased 11% or $62.3 million, largely from higher new equipment and service volumes in western Canada. Kinecor's revenues increased 13%, or $37.1 million, as all regions across the country, led by western Canada, showed marked improvements. Power Systems revenues increased 28%, or $58.0 million, with substantially all of the increase resulting from strong revenue gains in western Canada.

GROSS PROFIT

Gross profit increased $34.8 million, or 15%, in 2006 due to higher volumes as the overall gross profit percentage for the year remained relatively unchanged at 22.1% from 22.0% in 2005.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses increased $10.9 million in the year due primarily to costs related to the higher sales activity. Selling and administrative expenses as a percentage of revenue declined to 15.5% from 16.8%.

2005 INCOME FUND CONVERSION-RELATED ITEMS

Income fund conversion-related items totaling $10.2 million in 2005 ($6.7 million after tax or $0.42 per unit) include conversion-related costs of $2.6 million ($1.7 million after tax or $0.11 per unit) and charges associated with the early extinguishment of long-term debt of $7.6 million ($5.0 million after tax or $0.31 per unit).

INTEREST EXPENSE

Interest expense decreased $0.1 million to $4.5 million in 2006 from $4.6 million in 2005 as the Fund's lower cost of borrowing under the new financing arrangement, entered into on June 8, 2005, more than offset the impact of higher funded debt net of cash ("funded net debt") outstanding and higher deferred financing expenses compared to last year.

INCOME TAX EXPENSE

The effective income tax rate of 4.5% for the year decreased from 12.4% the previous year as all of Wajax's operations were subject to tax prior to conversion into Wajax Income Fund on June 15, 2005 and also due to a $29 million increase in the amount of subordinated indebtedness provided by the Fund to its subsidiary Wajax Limited resulting in additional interest expense in Wajax Limited compared to last year. The Fund's effective income tax rate was lower than the Fund's statutory income tax rate of 34.3% as the majority of the Fund's income is not subject to tax in the Fund.

The Fund is a "mutual fund trust" as defined under the Income Tax Act (Canada) and accordingly is not taxable on its income to the extent that it is distributed to its unitholders. The Fund's subsidiaries are, however, subject to income taxation and provide for income tax obligations based on statutory corporate tax rates.

NET EARNINGS FROM CONTINUING OPERATIONS

Net earnings from continuing operations for the year ended December 31, 2006 increased $35.9 million to $71.5 million, or $4.31 per unit, from $35.6 million, or $2.19 per unit, in 2005. Excluding the income fund conversion-related items net earnings from continuing operations would have increased $29.2 million as the positive impact of higher sales volumes and lower taxes were only partially offset by higher selling and administrative expenses.

DISCONTINUED OPERATIONS

The $1.3 million gain from discontinued operations reported in 2006 resulted from the reversal of certain reserves taken for estimated liabilities retained subsequent to the divestiture of Spencer Industries, Inc. ("Spencer") in 2005 that are no longer required. In particular, the claims experience for health benefits related to terminated employees over the last year were lower than expected.

NET EARNINGS

Net earnings for the year ended December 31, 2006, increased $39.7 million to $72.8 million, or $4.39 per unit, from $33.1 million, or $2.04 per unit in the previous year. Excluding the income fund conversion-related items net earnings would have increased $33.0 million.

FUNDED NET DEBT

Funded net debt of $68.4 million increased $32.5 million in 2006 compared to last year as cash flows from continuing operations of $85.1 million was offset by: $63.9 million of cash distributions, an increase in working capital of $28.9 million, $24.4 million of capital spending (including $8.2 million for acquisition of businesses) and the repayment of $0.4 million of debt assumed upon the acquisitions. As a result, the Fund's year-end debt to equity ratio of 0.35:1 increased from last year's ratio of 0.18:1.

DISTRIBUTABLE CASH (SEE NON-GAAP MEASURES SECTION) AND DISTRIBUTIONS

For the twelve months ended December 31, 2006, distributable cash was $74.0 million, or $4.46 per unit. For the period June 15, 2005 to December 31, 2005, distributable cash was $33.5 million, or $2.02 per unit.

For the twelve months ended December 31, 2006, distributions declared were $4.43 per unit and included monthly cash distributions totaling $3.31 per unit and a special cash distribution of $1.12 per unit. For the period June 16, 2005 to December 31, 2005 distributions declared were $2.03 per unit and included monthly cash distributions totaling $1.24 per unit, a special cash distribution of $0.65 per unit and a special non-cash distribution of $0.14 per unit.

Special distributions are declared to ensure, as provided by the Fund's Declaration of Trust, the Fund's total distributions for the year equal its taxable income.

Unitholder tax information relating to 2006 distributions is available on the Fund's website at www.wajax.com.

Distributable cash in excess of cash distributions declared for the twelve months ended December 31, 2006 of $0.5 million, or $0.03 per unit, provides the Fund an additional reserve for fluctuations in working capital requirements, growth capital expenditure requirements or future distributions.

For the period prior to conversion into an income fund in 2005, the Company paid dividends on common shares of $0.14 per share.

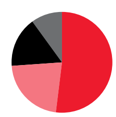
RESULTS OF OPERATIONS

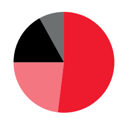
MOBILE EQUIPMENT

for the year ended December 31	2006	2005
Equipment	$ 453.1	$ 389.6
Parts and service	$ 166.1	$ 167.3
Gross revenue	$ 619.2	$ 556.9
Segment earnings	$ 41.4	$ 31.4
Segment earnings margin	6.7%	5.6%

REVENUE BY PRODUCT TYPE 2006 VERSUS 2005

Market	2006	2005
Construction & Forestry	52%	52%
Material Handling	22%	23%
Mining/Oil & Gas	16%	17%
Crane & Utility	10%	8%





Revenues increased 11%, or $62.3 million, to $619.2 million in 2006 from $556.9 million in 2005. Segment earnings increased $10.0 million to $41.4 million in 2006 compared to $31.4 million in 2005. The following factors contributed to the results:

- Revenues in western Canada and Ontario increased 16%, or $65.7 million, over last year, as equipment revenues increased $64.0 million, and parts and service revenue increased $1.7 million.

  Construction and forestry equipment sales increased $27.6 million, including a $43.0 million increase in new Hitachi excavator and JCB construction equipment sales. The increase in JCB sales was partially due to the acquisition of the JCB dealer Conley Equipment Limited (“Conley”) in March 2006. A $9.5 million decline in new forestry equipment sales, resulting from the slow-down in the forestry sector and the transition from the Timberjack to Direct Technologies and Logset product lines, combined with lower used equipment volumes detracted from these gains.
  Crane and utility equipment volumes increased $16.1 million due to higher demand in western Canada and deliveries to a major hydro utility customer in Ontario.
  Material handling equipment sales increased $12.8 million as a result of strong demand in western Canada and increased market share.
  Mining equipment volumes increased $7.5 million compared to last year due to a higher dollar value of deliveries to North American Construction Group (“NACG”) compared to last year.

  Parts and service revenue increased $1.7 million as a result of increased demand in the construction sector and western Canada’s mining sector. These gains were partially offset by declines resulting from a slow-down in the forestry industry, the transition from Timberjack to the Direct Technologies and Logset product lines, competitive pricing pressures in Ontario’s material handling sector and lower crane and utility volumes due to a decline in government orders. Earnings increased $10.5 million compared to last year as higher volumes and lower selling and administrative expenses offset a decline in margins. Selling and administrative expenses decreased $1.5 million as improved cost recovery initiatives introduced in 2005 more than offset higher costs in western Canada associated with the increased volumes. Margins decreased slightly as a result of increased lower margin equipment volumes compared to last year.

- Revenues in eastern Canada (Quebec and the Maritimes) decreased 2%, or $3.4 million, compared to last year as equipment revenue decreased $0.5 million and parts and service revenues decreased $2.9 million.

  Construction and forestry equipment sales increased $8.8 million and included a $15.5 million increase in new construction equipment revenues from improved Hitachi and JCB market shares and the sale of several small trucks. A $7.9 million decline in new forestry equipment sales was attributed to a slowdown in sector activity and the transition from Timberjack to the Direct Technologies and Logset product lines.
  Material handling equipment sales declined $5.2 million principally from a large stacker sale in 2005 not repeated in 2006.
  Mining equipment sales decreased $3.7 million as a result of fewer LeTourneau loader deliveries in 2006 compared to 2005.
  Crane and utility equipment sales were $0.4 million lower compared to last year.

  The parts and service revenue decline of $2.9 million was largely a result of a reduction in mining parts volumes due to a large order in 2005 not repeated in 2006, reduced forestry revenues as a result of a general softness in this industry, and a decline in material handling sales related to weaker demand in the manufacturing sector.

  Earnings decreased $0.5 million as the negative impact of lower volumes and margins were partially offset by a $2.1 million decline in selling and administrative expenses. Margins declined as an increase in parts and service margins was more than offset by a decline in new equipment margins resulting from competitive pricing pressures in the forestry and construction sectors, lower mining equipment margins due to product mix and a $0.5 million forestry equipment related inventory obsolescence provision. Selling and administrative expenses declined primarily due to personnel cost reduction programs introduced at the beginning of the year, the closure of the Fredericton branch in June 2005 and higher expense recoveries.

Effective November 10, 2006, Mark Whitman, formerly the Vice President of Wajax's mobile equipment operations in Ontario and western Canada, was promoted to Senior Vice President, Mobile Equipment with responsibility for the division across Canada. Mark has over thirty years of work experience in the Mobile equipment industry, the last thirteen with Wajax.

As previously reported, the Mobile Equipment segment received an order from NACG for sixteen 320 ton Hitachi mining trucks and two 800 ton Hitachi hydraulic shovels, with deliveries commencing in 2005 and extending into 2008. During 2006 two trucks and two shovels were delivered. As of December 31, 2006 a total of six trucks and two shovels have been delivered. It is expected that the majority of the remaining truck deliveries will occur in 2008.

On March 17, 2006 the Fund completed the acquisition of the assets of Conley Equipment Limited ("Conley"), the JCB dealer for most of the Greater Toronto Area and eastern Ontario, including Ottawa, for $6.2 million. Conley has annual sales in excess of $10 million and provides the Fund with expanded territorial rights in Ontario.

During the year the Mobile Equipment segment benefited not only from a strong economy but also from initiatives undertaken in the current and prior years. The segment's focus in 2007 will include the following initiatives:

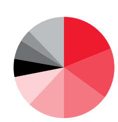
- Capitalize on the continuing demand for mining equipment including loading equipment with the segment's representation of Hitachi shovels and LeTourneau loaders. The Fund has secured over $60 million of equipment orders for 2007. Prospects for additional orders remain strong.
- Continued focus on revenue growth and market share improvements in its core franchises including Hitachi, JCB and Hyster. Key activities will include growing the customer base through improved sales management, expanded presence in key market areas, programs focused on growing the rental market, and major account strategies for high-profile accounts.
- Effective December 31, 2006, the operations of western Canada, Ontario and eastern Canada were merged under a common management group to enhance operating efficiencies. The resulting benefits should include reduced administrative costs, enhanced cost recovery programs and asset reductions through the central management of parts and wholegoods inventory.
- The segment will continue to evaluate acquisition opportunities to broaden the geographic representations of certain lines.

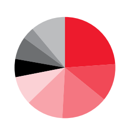
INDUSTRIAL COMPONENTS - KINECOR

	2006	2005
Gross revenue	$ 322.4	$ 285.3
Segment earnings	$ 20.7	$ 13.3
Segment earnings margin	6.4%	4.6%

REVENUE BY MARKET 2006 VERSUS 2005

Market	2006	2005
Forestry	19%	24%
Oil & Gas	16%	12%
Industrial/Manufacturing	15%	15%
Metal Processing	12%	12%
Mining	10%	9%
Construction	6%	6%
Transportation	6%	7%
Food & Beverage	4%	4%
Other	12%	11%





Revenues increased $37.1 million, or 13%, to $322.4 million from $285.3 million in 2005 due to stronger sales in all regions. Segment earnings increased $7.4 million to $20.7 million compared to $13.3 million in the previous year. The year-over-year changes in revenues and earnings were a result of the following factors:

- Bearings and power transmission parts sales increased 5%, or $8.8 million, compared to last year due to increased sales to mining and steel processing customers, particularly in eastern Canada. Improved revenues from manufacturing customers in Ontario, primarily as a result of the acquisition of Intek Automation Inc. ("Intek") in April 2006, also contributed to the increase. Offsetting these revenue gains was a $6.9 million decline in forestry sector revenues compared to last year due to the shut-down of several mills in eastern and central Canada.

- Fluid power parts and service revenues increased 29%, or $28.3 million, primarily as a result of the continued strength in the oil and gas sector in western Canada, revenue growth in sales of imported hydraulic products from China, and revenues related to the acquisition of Ontario based Baytec Fluid Power ("Baytec") in March 2006. As well, sales into the steel, transportation, mining, agricultural and food and beverage sectors contributed to the increased volumes.
- Segment earnings of $20.7 million for 2006 increased $7.4 million compared to last year as higher volumes and margins more than offset a $5.3 million increase in selling and administrative expenses. Margin improvements were attributable to the positive impact of higher sales of imported hydraulic parts and the disciplined use of price matrices, partially offset by increased freight costs and reduced volume rebates compared to last year. Selling and administrative expenses increased as a result of the higher sales volumes compared to last year and the Baytec and Intek acquisitions.

Kinecor's future revenue, earnings and cash flow growth plans include the following initiatives:

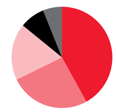
- Growing market share in the industrial sector, including contract customers in southern Ontario, with particular emphasis on the food and beverage, aggregates, and transportation sectors.
- Growing the sales of imported products, including additional HY-SPEC mobile hydraulic products and the newly introduced NATIONAL brand of bearing products. During 2006, HY-SPEC product sales increased almost 70% over 2005.
- Continue to refine initiatives introduced in prior years to increase margins, through the disciplined use of price matrices, vendor consolidation and the sourcing of products offshore. In 2006, these initiatives contributed to the 1.1 percentage point increase in margins year-over-year.
- Continue to improve productivity through the use of electronic commerce and technology solutions to aid in product sourcing.
- Inventory reduction initiatives will focus on improving inventory turns including the redeployment of slow moving inventory and purchasing controls.
- The segment will continue to selectively make acquisitions. Management will focus on under-represented markets and organizations having similar or complementary product lines as demonstrated with the Baytec and Intek acquisitions made in 2006.

POWER SYSTEMS

	2006	2005
Equipment	$ 139.4	$ 104.3
Parts and service	$ 128.3	$ 105.4
Gross revenue	$ 267.7	$ 209.7
Segment earnings	$ 26.8	$ 18.7
Segment earnings margin	10.0%	8.9%

REVENUE BY MARKET 2006 VERSUS 2005

Market	2006	2005
Oil & Gas	42%	37%
On-highway transportation	26%	32%
Industrial/Commercial	18%	16%
Mining	8%	6%
Other	6%	9%



Revenues increased $58.0 million, or 28%, to $267.7 million in 2006 from $209.7 million in 2005. Segment earnings increased $8.1 million to $26.8 million in 2006 from $18.7 million in 2005. The following factors impacted year-over-year revenues and earnings:

- Revenues at the Waterous Power Systems ("Waterous") operation in Alberta increased 42%, or $57.3 million, in 2006 compared to 2005. Equipment revenue improved $35.0 million and parts and service revenues increased $22.3 million compared to last year. These increases were principally due to the strong western Canada economy, particularly in the oil and gas sector, and the acquisition of Midwest Detroit Diesel-Allison Ltd. ("Midwest") on October 31, 2005 which contributed $24.9 million of revenue in 2006 compared to $3.1 million in 2005.
- Revenues at the Fund's eastern Canada operation, Detroit Diesel-Allison Canada East ("DD-ACE"), increased 1%, or $0.7 million, in 2006 compared to 2005. Equipment sales were relatively unchanged as improvements in generator set revenues were offset by declines in marine and industrial engine sales. Parts and service revenues increased $0.6 million compared to last year. Increased service revenues from industrial and on-highway transportation customers were reduced by lower parts sales to truck dealers and transit authorities.
- Earnings increased $8.1 million compared to last year as the positive impact of higher volumes more than offset a reduction in margin and an $8.2 million increase in selling and administrative expenses. Selling and administrative expenses increased primarily as a result of increased sales activity and costs associated with Midwest. In addition, $1.8 million of warranty costs included in selling and administrative expenses in 2005 were allocated to cost of sales in 2006. Margins declined mainly as a result of the allocation of warranty costs to cost of sales in 2006 and a higher proportion of lower margin equipment sales compared to last year.

Going forward, management will focus on the following initiatives:

- In 2005, the Fund obtained the Canada-wide distribution rights for the GE Energy product line of natural gas and bio-gas engines for co-generation applications. The product's applications include use in landfill sites, government and institutional facilities, and farming operations. Engine deliveries in 2007 are expected to exceed $30 million and prospects for additional orders remain strong.
- Continue to develop engine line extensions for oil field applications including MTU 1200 rpm generator sets for deep hole drilling and GE Energy mechanical drive engines targeting the gas compression market.
- Additional initiatives for 2007 include inventory reduction programs and profitability improvements through additional cost recovery programs.
- Acquisition opportunities to broaden the geographic representations of certain product lines will continue to be evaluated by management.

DISCONTINUED OPERATIONS

On September 30, 2005, the assets of Spencer Industries Inc. ("Spencer"), the U.S. based operation of Industrial Components, were sold for cash proceeds of $19.2 million. As a result, the revenues and the results of Spencer have been reported as discontinued activities in the consolidated statement of operations for 2006 and 2005 comparatives. During the year, a $1.3 million gain resulted from the reversal of certain reserves taken for estimated liabilities retained subsequent to the divestiture of Spencer that are no longer required. In particular, the claims experience for health benefits related to terminated employees over the last year were lower than expected.

FOURTH QUARTER CONSOLIDATED RESULTS

for the three months ended December 31	2006	2005
Revenue	$ 294.5	$ 276.8
Gross profit	$ 67.1	$ 62.2
Selling and administrative expenses	$ 47.0	$ 44.6
Earnings from continuing operations before interest and income taxes	$ 20.1	$ 17.6
Interest expense	$ 1.3	$ 0.8
Income tax expense	$ 0.8	$ 1.0
Net earnings from continuing operations	$ 18.1	$ 15.8
Gain from discontinued operations	$ 1.3	–
Net earnings	$ 19.4	$ 15.8
Distributable cash (1)	$ 18.6	$ 15.5
Distributions declared		
– Cash	$ 34.2	$ 20.8
– Non-cash	–	$ 2.3
Distributions paid	$ 15.3	$ 9.6
Earnings from continuing operations		
– Basic	$ 1.09	$ 0.95
– Diluted	$ 1.08	$ 0.94
Earnings per unit		
– Basic	$ 1.17	$ 0.95
– Diluted	$ 1.16	$ 0.94
Distributable cash per unit (1)		
– Basic	$ 1.12	$ 0.94
– Diluted	$ 1.11	$ 0.93
Distributions declared per unit (2)		
– Cash	$ 2.06	$ 1.25
– Non-cash	–	$ 0.14
Distributions paid per unit (2)	$ 0.92	$ 0.58

(1) Non-GAAP measure, see the Non-GAAP Measures section.
(2) Based on actual number of units/shares outstanding on the relevant record date.

REVENUE

Revenue in the fourth quarter of 2006 increased $17.7 million, or 6%, to $294.5 million from $276.8 million in 2005. Segment revenue increased 23% in Power Systems and 14% in Industrial Components, while revenue declined 4% in Mobile Equipment.

GROSS PROFIT

Gross profit in the fourth quarter of 2006 increased $4.9 million, or 8%, due mainly to higher sales volumes. The gross profit percentage for the quarter increased marginally to 22.8% in 2006 from 22.5% in 2005 due principally to higher new equipment and service margins compared to last year.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses increased $2.4 million in the fourth quarter as a result of increased costs related to higher sales activity and higher corporate costs due to an increase in accruals for executive incentives and other personnel costs compared to last year. Selling and administrative expenses as a percentage of revenue declined to 16.0% from 16.1%.

INTEREST EXPENSE

Fourth quarter interest expense of $1.3 million increased $0.5 million from the previous year. The higher interest expense was mainly a result of higher funded net debt outstanding and higher interest rates compared to last year.

INCOME TAX EXPENSE

The effective income tax rate of 4.3% for the fourth quarter decreased from 5.9% the previous year due to a $29 million increase in the amount of subordinated indebtedness provided by the Fund to its subsidiary Wajax Limited resulting in additional interest expense in Wajax Limited compared to last year. In addition, the Fund's effective income tax rate was lower than the Fund's statutory income tax rate of 34.3% as the majority of the Fund's income is not subject to tax in the Fund.

NET EARNINGS FROM CONTINUING OPERATIONS

Quarterly net earnings from continuing operations of $18.1 million, or $1.09 per unit, increased $2.3 million from $15.8 million, or $0.95 per unit, in 2005 as the positive impact of higher volumes more than offset the increased selling and administrative expenses and higher interest expense.

DISCONTINUED OPERATIONS

The $1.3 million gain from discontinued operations reported in the fourth quarter of 2006 resulted from the reversal of certain reserves taken for estimated liabilities retained subsequent to the divestiture of Spencer in 2005 that are no longer required. In particular, the claims experience for health benefits related to terminated employees over the last year were lower than expected.

NET EARNINGS

Fourth quarter net earnings of $19.4 million, or $1.17 per unit, increased $3.6 million compared to $15.8 million, or $0.95 per unit, in 2005.

FUNDED NET DEBT

Funded net debt of $68.4 million decreased $3.5 million compared to September 30, 2006 as fourth quarter cash flows from continuing operating activities of $22.4 million and discontinued operations of $0.3 million were offset by $15.3 million of cash distributions and $3.9 million of capital spending. The Fund's quarter-end debt-to-equity ratio of 0.35:1 at December 31, 2006 increased from last quarter's ratio of 0.34:1.

DISTRIBUTABLE CASH (SEE NON-GAAP MEASURES SECTION) AND DISTRIBUTIONS

For the quarter ending December 31, 2006 distributable cash was $18.6 million, or $1.12 per unit, compared to $15.5 million, or $0.94 per unit, the previous year. For the same period distributions declared were $2.06 per unit (2005 - $1.39 per unit) and included monthly cash distributions of $0.94 per unit (2005 - $0.60 per unit), special cash distributions of $1.12 per unit (2005 - $0.65 per unit). In addition, a special non-cash distribution of $0.14 per unit was declared in 2005.

SELECTED QUARTERLY INFORMATION

				2006				2005
	Q4	Q3	Q2	Q1	Q4	Q3	Q2(2)	Q1
Revenue	$ 294.5	$ 294.7	$ 314.1	$ 303.2	$ 276.8	$ 258.0	$ 275.4	$ 239.2
Net earnings from continuing operations	$ 18.1	$ 18.0	$ 18.5	$ 16.9	$ 15.8	$ 12.7	$ 2.6	$ 4.6
Net earnings from continuing operations per unit								
– Basic	$ 1.09	$ 1.09	$ 1.11	$ 1.02	$ 0.95	$ 0.77	$ 0.16	$ 0.29
– Diluted	$ 1.08	$ 1.08	$ 1.11	$ 1.02	$ 0.94	$ 0.76	$ 0.16	$ 0.28
Net earnings	$ 19.4	$ 18.0	$ 18.5	$ 16.9	$ 15.8	$ 9.4	$ 3.0	$ 5.0
Earnings per unit								
– Basic	$ 1.17	$ 1.09	$ 1.11	$ 1.02	$ 0.95	$ 0.56	$ 0.19	$ 0.32
– Diluted	$ 1.16	$ 1.08	$ 1.11	$ 1.02	$ 0.94	$ 0.56	$ 0.19	$ 0.31
Distributable cash (1)	$ 18.6	$ 19.4	$ 17.5	$ 18.5	$ 15.5	$ 14.2	$ 3.8	–
Distributable cash per unit (1)								
– Basic	$ 1.12	$ 1.17	$ 1.05	$ 1.11	$ 0.94	$ 0.85	$ 0.23	–

(1) Non-GAAP measure, see the Non-GAAP Measures Section.
(2) Q2 2005 net earnings from operations includes income fund conversion-related items totaling $10.2 million ($6.7 million after tax or $0.42 per unit)

Historically the first and fourth quarter results reflect some seasonality of the Fund's business. The first quarter of each year is typically the weakest due to decreased activity in many of the sectors serviced by the Fund and the fourth quarter has historically been the strongest. During 2006, led by demand in the oil & gas sector in western Canada, revenues and earnings have remained relatively constant.

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.

SELECTED ANNUAL INFORMATION

	2006	2005	2004
Revenues from continuing operations	$ 1,206.5	$ 1,049.4	$ 871.4
Net earnings from continuing operations	$ 71.5	$ 35.6	$ 17.6
Net earnings from continuing operations per unit			
– Basic	$ 4.31	$ 2.19	$ 1.12
– Diluted	$ 4.28	$ 2.19	$ 1.09
Net earnings	$ 72.8	$ 33.1	$ 18.3
Net earnings per unit			
– Basic	$ 4.39	$ 2.04	$ 1.17
– Diluted	$ 4.36	$ 2.03	$ 1.14
Total assets – continuing operations	$ 501.6	$ 439.5	$ 418.1
Total assets	$ 501.8	$ 440.2	$ 439.8
Long-term liabilities	$ 62.9	$ 37.9	$ 76.5
Distributions declared per unit			
– Cash	$ 4.43	$ 1.89	–
– Non-cash	–	$ 0.14	–
Dividends paid per share	–	$ 0.14	$ 0.16

Revenues from continuing operations increased $335.1 million from $871.4 million in 2004 to $1,206.5 million in 2006, with increases in all segments year-over-year, led by western Canada's oil and gas and mining sectors.

Earnings from continuing operations increased $53.9 million from 2004 to 2006. The improvement over 2004 was attributable to the Mobile Equipment, Kinecor and Waterous operations as the benefits of profit improvement initiatives and strong industry demand, particularly the oil and gas and mining business in western Canada, were realized. In addition, the acquisitions made in 2006 (Conley, Intek and Baytec) and in 2005 (Midwest) contributed to the increase in net earnings from continuing operations.

Spencer, the Fund's U.S.-based hydraulics business, that was sold on September 30, 2005 for cash proceeds of $19.2 million, has been accounted for as a discontinued operation.

Total assets of continuing operations, increased $21.4 million between December 31, 2004 and December 31, 2005 and $62.1 million between December 31, 2005 and December 31, 2006. The year-over-year increase in total assets from continuing operations is due mainly to higher inventory and accounts receivable levels, reflecting the Fund's growth in revenues over the same period and acquisitions.

Long-term liabilities at December 31, 2005 of $37.9 million represented a decline of $38.6 million compared to December 31, 2004, as cash-on-hand at the end of 2004 and cash flow from earnings during 2005 were used to pay down long-term debt. The $25.0 million increase in long-term liabilities from December 31, 2005 to December 31, 2006 can be attributed to the funding of higher working capital requirements to support the increased volumes and acquisitions.

LIQUIDITY AND CAPITAL RESOURCES

The Fund generated $31.8 million of cash flows from continuing operations before financing activities in 2006 compared to $3.7 million used in 2005. The $35.5 million increase in cash flows from continuing operations before financing activities was due to higher earnings and lower non-cash working capital requirements, which more than offset an increase in other investing activities, including the acquisitions of Conley, Intek and Baytec, compared to last year.

Cash provided by continuing operating activities amounted to $56.2 million in 2006, with $85.1 million of cash generated from operating earnings, reduced by a $28.9 million increase in non-cash working capital. Significant components of the increase in non-cash working capital are as follows:

- Inventory increased $35.8 million largely due to the higher sales activity and scheduled equipment deliveries in the first quarter of 2007 in the Mobile Equipment and Power Systems segments.
- Accounts payable and accrued liabilities increased $24.0 million reflecting higher inventory levels and customer deposits.
- Accounts receivable increased by $13.0 million primarily as a result of the increased sales volumes and higher warranty receivables.
- Prepaid expenses increased $3.6 million mainly as a result of a higher amount of deposits with suppliers.

The Fund reinvested $24.4 million of cash provided by continuing operating activities. The significant investing activities included $8.2 million paid to acquire the assets of Conley and shares of Baytec and Intek, $7.9 million of lift truck and JCB rental fleet additions (net of disposals) in Mobile Equipment, and $8.3 million on other capital asset additions (net of disposals). Included in the other capital asset additions was $3.1 million for the purchase of land in Edmonton and associated development costs. This land is intended to be sold to a third party and leased back by Waterous in a design build transaction.

On the balance sheet, working capital from continuing operations, exclusive of funded debt and cash, increased $25.5 million to $156.2 million at December 31, 2006 from $130.7 million at December 31, 2005. The increase was due to the cash flow factors listed above and the increase in working capital due to the acquisitions made during the year, reduced by the $9.6 million increase in the distributions payable.

Funded debt, net of cash, of $68.4 million at December 31, 2006 increased $32.5 million compared to last year. Cash flows from continuing operations of $85.1 million was reduced by: $63.9 million of cash distributions, an increase in working capital of $28.9 million, $24.4 million of capital spending and acquisitions, and $0.4 million of assumed debt on acquisitions. As a result, the Fund's year-end debt to equity ratio of 0.35:1 increased from last year's ratio of 0.18:1.

At December 31, 2006, the terms of the Fund's $130 million bank credit facility included the following:

- A fully secured facility, expiring June 7, 2008, made up of a $30 million non-revolving term portion and a $100 million revolving term portion.
- Borrowing capacity is dependent upon the level of the Fund's inventories on-hand and the outstanding trade accounts receivable.
- The facility contains customary restrictive covenants including restrictions on the payment of cash distributions and the maintenance of certain financial ratios all of which were met as at December 31, 2006.
- Borrowings bear floating rates of interest at margins over Canadian dollar bankers' acceptance yields, U.S. dollar LIBOR rates or prime. The Fund has entered into interest-rate swap contracts with two of its lenders, such that in total the interest rate on the $30 million non-revolving term portion of the facility is effectively fixed at 3.47% plus applicable margins until expiry of the facility on June 7, 2008. (See the Financial Instruments section below.)

At December 31, 2006, the Fund had borrowed $60 million and issued $0.4 million of letters of credit for a total utilization of $60.4 million of its $130 million bank credit facility.

The Fund has a $15 million demand inventory equipment financing facility with a non-bank lender. The equipment notes payable under the facility bear floating rates of interest at margins over Canadian dollar bankers' acceptance yields. Principal repayments commence between 6 and 12 months from the date of financing and the notes are due in full when the equipment is sold. At December 31, 2006 the Fund had utilized $2.7 million of the $15 million equipment financing facility.

The $130 million bank credit facility along with the $15 million equipment financing facility should be sufficient to meet the Fund's short-term working capital and maintenance 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.

Wajax Finance, a "private label" financing operation of CIT Financial Ltd. ("CIT"), is used primarily to provide customers of the Mobile Equipment segment with equipment financing. In addition, the Mobile Equipment segment leases its long-term lift truck rental fleet through Wajax Finance and will periodically finance inventory with Wajax Finance on a non-interest bearing basis and lease other equipment. The Fund's association with Wajax Finance is limited to a sharing of annual profits; any losses are financed by CIT and deducted from future profit distributions to the Fund. In the event the Wajax Finance program is terminated, the Fund's liability would be limited to amounts owing to Wajax Finance for the rental fleet, any inventory financed at the time of termination and any contingent contractual obligations. The total amount outstanding with Wajax Finance cannot exceed $90 million at any time. At December 31, 2006 $45.0 million was outstanding ($21.7 million of inventory financed on a non-interest bearing basis, $14.2 million of off balance sheet long-term lift truck rental fleet leases and $9.1 of contingent contractual obligations). See the Contractual Obligations and Off Balance Sheet Financing sections below.

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 instruments outstanding at the end of the quarter were as follows:

- The Fund entered into interest-rate swap contracts with two of its lenders in June 2005, such that in total the interest rate on the $30 million non-revolving term portion of the bank credit facility is effectively fixed at 3.47% plus applicable margins until expiry of the facility on June 7, 2008. The differential the Fund would receive to hypothetically terminate or exchange the swap agreement in the prevailing market conditions is estimated at $0.3 million.
- 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 December 31, 2006, the Fund had contracts outstanding to buy $9.5 million U.S. dollars and €0.3 million Euros (December 31, 2005 – to buy $4.0 million U.S. dollars and €1.6 million Euros, to sell $2.8 million U.S. dollars). The differential the Fund would receive to hypothetically terminate or exchange the currency forward contracts in the prevailing market conditions is estimated to be $0.3 million.

CONTRACTUAL OBLIGATIONS

Contractual Obligations	Total	2007	2008	2009	2010	2011	After 2011
Long-term debt	$ 60.0	–	$ 60.0	–	$ –	$ –	$ –
Equipment notes payable	2.7	2.7					
Operating leases	$ 89.3	$ 19.9	$ 16.4	$ 12.1	$ 8.9	$ 6.6	$ 25.4
Total	$ 152.0	$ 22.6	$ 76.4	$ 12.1	$ 8.9	$ 6.6	$ 25.4

The $60 million long-term debt obligation in 2008 relates to the bank term credit facility and the equipment notes payable relates to the equipment financing demand facility. For more information on the Fund's operating lease obligations, see the Off Balance Sheet Financing section below.

The Fund also has contingent contractual obligations where the Fund has guaranteed the resale value of equipment sold ("guaranteed residual value contracts"), has guaranteed a portion of customer lease payments ("recourse contracts") or agreed to buy back equipment from customers at the option of the customer for a specified price at future dates ("buy-back contracts"). These contracts are subject to certain conditions being met by the customer. As at December 31, 2006, the Fund had guaranteed $8.2 million (2005 - $5.4 million) for guaranteed residual value and recourse contracts and provided the option to customers for buy-back contracts in the amount of $0.9 million (2005 - $0.8 million), with commitments arising between 2007 and 2011. The commitments made by the Fund in these contracts reflect the estimated future value of the equipment, based on the judgment and experience of management. The Fund has recorded a $0.5 million provision in 2006 (2005 – $0.5 million) as an estimate of the financial exposure likely to result from such commitments.

OFF BALANCE SHEET FINANCING

Off balance sheet financing arrangements include operating lease contracts entered into by Mobile Equipment for the long-term lift truck rental fleet in Mobile Equipment with Wajax Finance, vehicles and other equipment. The total obligations for all operating leases are detailed in the Contractual Obligations section above. At December 31, 2006, the non-discounted operating lease commitments for facilities totaled $61.9 million, rental fleet $14.2 million, vehicles $11.2 million and other equipment $1.9 million.

In addition, the Mobile Equipment segment had $67.7 million of consigned inventory on-hand from a major manufacturer at December 31, 2006 compared to $59.4 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.

In the event the inventory consignment program was terminated, the Fund would utilize any interest free financing, if made available, by the manufacturer and/or utilize capacity under its credit facilities. 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 facilities to finance future additions to the rental fleet.

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

NON-GAAP MEASURES

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

"Earnings from continuing operations before interest and income taxes and income fund conversion-related items", and its per unit equivalent, is a non-GAAP financial measure that management believes is useful to investors because it excludes the impact of conversion-related items which are non-recurring in nature and therefore provide more meaningful information for investors and management, to assess the ongoing financial performance of the Fund. A reconciliation between reported "Net earnings" and "Earnings from continuing operations before interest and income taxes and income fund conversion-related items" is detailed in the Consolidated Results section above.

"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 from continuing operations 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 $130 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 accounts trade 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 acquisitions and land and building additions as they are considered to be expenditures that are not required to maintain normal operations. See the Distributable Cash and Estimated Distributable Cash sections below for the method of calculating "Maintenance capital expenditures".

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 section) and dependent 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 Distributable Cash section below.

Cash distributions to unitholders for the period January 1, 2006 to December 31, 2006 were declared as follows:

Record Date	Payment Date		Per Unit		Amount
January 31, 2006	February 20, 2006		0.23	$	3.8
February 28, 2006	March 20, 2006		0.23		3.8
March 31, 2006	April 20, 2006		0.25		4.1
April 28, 2006	May 23, 2006		0.25		4.1
May 31, 2006	June 20, 2006		0.27		4.5
June 30, 2006	July 20, 2006		0.27		4.5
July 31, 2006	August 21, 2006		0.27		4.5
August 31, 2006	September 20, 2006		0.30		5.0
September 29, 2006	October 20, 2006		0.30		5.0
October 31, 2006	November 20, 2006		0.30		5.0
November 30, 2006	December 20, 2006		0.32		5.3
December 31, 2006	January 22, 2007		0.32		5.3
December 31, 2006 – Special	January 22, 2007		1.12		18.6
Period ended December 31, 2006		$	4.43	$	73.5

Distributions paid by the Fund during the year were funded from cash generated by the Fund's operations before changes in non-cash working capital.

During the year the Fund increased its regular monthly cash distributions to unitholders a total of $0.11 per unit, or 52%, reflecting the increased distributable cash generated by the Fund. On December 15, 2006 the Fund announced a special cash distribution to unitholders of $1.12 per unit to ensure, as provided by the Fund's Declaration of Trust, the Fund's total distributions for the year equal it's taxable income.

Unitholder tax information relating to 2006 distributions is available on the Fund's website at www.wajax.com.

For the year ending December 31, 2005, Wajax Limited paid dividends on common shares totaling $0.14 per share.

DISTRIBUTABLE CASH[3]

For the year ended December 31, 2006		
Cash flows from operating activities from continuing operations	$	56.2
Changes in non-cash working capital		28.9
Cash flows from continuing operations before changes in non-cash working capital	$	85.1
Maintenance capital expenditures (1)(3)		(10.4)
Amortization of deferred financing costs (2)		(0.7)
Distributable cash (3)	$	74.0
Distributable cash per unit (3)		
– Basic	$	4.46
– Diluted	$	4.44
Distributions declared per unit		
– Cash	$	3.31
– Special cash	$	1.12
– Total	$	4.43

(1) Includes plant, equipment and rental equipment additions, net of disposals and rental equipment transfers to inventory. Maintenance capital expenditures exclude acquisitions and land and building additions.
(2) Adjustment required to reflect financing costs, included in interest expense, over the term of the bank credit facility.
(3) See Non-GAAP Measures section above.

For the twelve months ended December 31, 2006, distributable cash was $74.0 million, or $4.46 per unit. For the same period, distributions declared were $4.43 per unit and included monthly cash distributions totaling $3.31 per unit and a special cash distribution of $1.12 per unit. For the period June 16, 2005 to December 31, 2005 distributions declared were $2.03 per unit and included monthly cash distributions totaling $1.24 per unit, a special cash distribution of $0.65 per unit and a special non-cash distribution of $0.14 per unit.

Special distributions are declared to ensure, as provided by the Fund's Declaration of Trust, the Fund's total distributions for the year equal its taxable income.

Distributable cash (see Non-GAAP Measures section) is dependent 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). Changes in non-cash working capital are excluded from distributable cash as the Fund currently has a $130 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 accounts trade receivable, and a $15 million demand inventory equipment financing facility with a non-bank lender. Maintenance capital expenditures represents cash expenditures required to maintain normal operations and exclude acquisitions and land and building additions as they are considered to be expenditures that are not required to maintain normal operations.

Distributable cash in excess of cash distributions declared for the twelve months ended December 31, 2006 of $0.5 million, or $0.03 per unit, provides the Fund an additional reserve for fluctuations in working capital requirements, growth capital expenditure requirements or future distributions.

UNIT CAPITAL

Wajax Limited converted from a share corporation to an income fund trust on June 15, 2005. Under the Arrangement, the former shareholders of the Company indirectly received trust units of the Fund. The trust units of the Fund issued are included in unitholders' equity on the balance sheet and are summarized as follows.

Issued and fully paid Trust Units as at December 31, 2006	Number	Amount
Balance of trust units of the Fund at the beginning of the year	16,582,530	$ 104.8
Rights exercised	2,676	0.1
Balance of trust units of the Fund at the end of the year	16,585,206	$ 104.9

The Fund has two unit rights plans that issue rights to the participants which are settled by issuing Wajax Income Fund units: the Wajax Unit Ownership Plan ("UOP") in which certain members of management participate and the Trustees' Deferred Unit Plan ("TDUP"). Compensation expense is determined based upon the fair value of the rights when issued and recognized over the vesting period. The Fund recorded compensation cost of $854 thousand for the year (2005 - $764 thousand) in respect of these plans.

At December 31, 2006, 70,217 (2005 – 63,040) rights were outstanding under the UOP and 34,986 (2005 – 26,939) rights were outstanding under the TDUP.

In 2005, prior to the conversion of Wajax Limited into Wajax Income Fund, 843,070 stock options were exercised with a weighted average exercise price of $6.30.

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. Actual results could differ from those estimates. Note 2 to the Consolidated Financial Statements describe the significant accounting policies and methods used in preparation of the Consolidated Financial Statements. The Fund bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances. The more significant estimates include provisions for inventory obsolescence and doubtful accounts, warranty reserves and fair market values for goodwill impairment tests.

PROVISION FOR INVENTORY OBSOLESCENCE

The value of the Fund's new and used equipment is evaluated by management throughout each year. When required, reserves are recorded to ensure that the book value of equipment is valued at the lower of cost or estimated net realizable value. The Fund identifies slow moving or obsolete parts inventories and estimates appropriate obsolescence provisions related thereto. The Fund takes advantage of supplier programs that allow for the return of eligible parts for credit within specified time periods.

PROVISION FOR DOUBTFUL ACCOUNTS

The Fund is exposed to credit risk with respect to its accounts receivable. However, this is somewhat minimized by the Fund's large customer base which covers most business sectors across Canada. The Fund follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Fund maintains provisions for possible credit losses, and any such losses to date have been within management's expectations.

WARRANTY RESERVE

The Fund provides for customer warranty claims that may not be covered by the manufacturers' standard warranty. In Mobile Equipment, the reserve is determined by applying a claim rate to the value of each machine sold. The rate is developed using management's best estimate of actual warranty expense, generally based on recent claims experience, and adjusted as required.

GOODWILL AND OTHER ASSETS

During the year, the Fund performed an impairment test of its unamortized goodwill and concluded that no impairment existed in the goodwill associated with any of the Fund's reporting units. To test for impairment, the Fund compares each reporting unit's book value to its fair value. Fair value is determined by a calculation of discounted future cash flows and by reference to market valuations, where available.

Indefinite life intangible assets are not amortized but are tested annually for impairment, or more frequently if certain indicators arise that indicate that the intangible asset might be impaired. To test from impairment, the Fund compares the fair value of the intangible asset with its book value. Fair value is determined by a calculation of discounted future cash flows and by reference to market valuations, where available. Any impairment in the current year is recorded as a charge against current earnings.

Deferred financing costs are amortized over the terms of the respective issues.

Finite life intangible assets are amortized over their useful life and are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Fund concluded that no impairment of the carrying value of the finite life intangible assets existed.

While the Fund uses available information to prepare its estimate of fair value, actual results could differ significantly from management's estimates which could result in future impairment and losses related to recorded goodwill and other asset balances.

CHANGES IN ACCOUNTING POLICY

The following is a summary of the relevant Canadian Institute of Chartered Accountants ("CICA") Handbook revisions that were released, revised or became effective since the Fund's financial statements for the period ended December 31, 2005 were issued.

Public entities are required to comply with all of the CICA Handbook sections listed below for fiscal years beginning on or after October 1, 2006. The Fund is currently evaluating the impact of adopting the new standards. Prior periods will not be restated in accordance with the prospective application required by the new standards.

COMPREHENSIVE INCOME

CICA Handbook Section 1530, Comprehensive Income, requires presenting comprehensive income and its components (defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources) in financial statements as well as in net income.

EQUITY

CICA Handbook Section 3251, Equity, establishes standards for the presentation of equity and changes in equity during the period. It provides standards for an enterprise to present separately each of the changes in equity during the period, including accumulated other comprehensive income, as well as components of equity at the end of the period.

FINANCIAL INSTRUMENTS

CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement, establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It provides standards for the classification of financial instruments, related interest, dividends, losses and gains, the circumstances in which financial assets and financial liabilities are offset, and disclosures about financial instruments and non-financial derivatives.

CICA Handbook Section 3861, Financial Instruments – Disclosure and Presentation, replaces Handbook Section 3860, Financial Instruments – Disclosure and Presentation, and establishes standards for presentation of financial instruments and non-financial derivatives, and identifies information that should be disclosed.

HEDGES

CICA Handbook Section 3865, Hedges, replaces and expands on Accounting Guideline AcG-13, Hedging Relationships, and the hedging guidance in Section 1650, Foreign Currency Translation, by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

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 and the Fund's ability to pay cash distributions to unitholders. 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.

GOVERNMENT REGULATION

The Fund's business is subject to evolving laws and government regulations, particularly in the areas of income trust taxation, the environment, and health and safety. Changes to such laws and regulations may impose additional costs on the Fund and may adversely affect its business in other ways, including requiring additional compliance measures by the Fund. Please refer to the "Tax Related Risk" section below for additional detail.

TAX RELATED RISK

On December 21, 2006 the Minister of Finance (Canada) released draft legislation (the "Proposals") relating to the federal income taxation of publicly-traded trusts and partnerships. The Proposals are contemplated to apply to a publicly-traded trust that is a specified investment flow-through entity (a "SIFT") which existed before November 1, 2006 ("Existing Trust") commencing with taxation years ending in or after 2011.

Certain distributions attributable to a SIFT will not be deductible in computing the SIFT's taxable income, and the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. Distributions paid by a SIFT as returns of capital will not be subject to this tax. There will be circumstances where an Existing Trust may lose its transitional relief where its equity capital grows beyond certain dollar limits measured by reference to the Existing Trust's market capitalization at the close of trading on October 31, 2006.

The Fund is a SIFT as defined in the Proposals. If enacted, the Fund would be subject to taxes on substantially all of its income. The Fund would also be required to recognize future income tax assets and liabilities with respect to the temporary differences of its assets and liabilities and those of its subsidiaries that are expected to reverse in or after 2011.

The Fund is considering these announcements and the possible impact of the Proposals to the Fund. The Proposals may adversely affect the marketability of the Fund's units and the ability of the Fund to undertake financings and acquisitions, and, at such times as the Proposals apply to the Fund, the distributable cash of the Fund may be significantly reduced.

ECONOMIC CONDITIONS/BUSINESS CYCLICALITY

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

COMMODITY PRICES

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

MANUFACTURER RELATIONSHIPS AND PRODUCT ACCESS

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

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

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

The ability of the Fund to realize its intention to focus its Industrial Components' business on, among other things, the importation of high quality, lower cost hydraulic components from China and eastern Europe is dependent on the continued economic and political stability of these regions. There is no assurance that the Fund will be able to import such components at a low cost and/or on a consistent basis.

TIRES

In the mining industry, a recent surge in demand has caused shortages of tires for large mining equipment. This may cause customers to delay purchases of equipment and take existing equipment out of service which may negatively impact the Fund's equipment and parts and service revenues and as a result could adversely affect the Fund's results of operations or cash flow.

QUALITY OF PRODUCTS DISTRIBUTED

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

FOREIGN EXCHANGE EXPOSURE

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

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

COMPETITION

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

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

The Power Systems business competes with other major diesel engine distributors representing such products as Cummins and Caterpillar. Competition is based primarily on product quality and pricing.

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

KEY PERSONNEL

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

LITIGATION AND PRODUCT LIABILITY CLAIMS

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

A Statement of Claim was served on August 23, 2004 naming the Funds' subsidiary, Wajax Limited, and a subsidiary since amalgamated into Wajax Limited, as defendants in proceedings under the Class Proceedings Act of British Columbia. The action arises out of the conversion on January 1, 2001 of the Employee Pension Plan from defined benefit to defined contribution, the taking of contribution holidays and the payment of pension administration expenses from the pension fund. Management has assessed the facts and arguments pleaded and believe the claims are unlikely to succeed. A statement of defence has been filed. Should the Fund be unsuccessful in defending these claims, its results of operations or cash flow could be materially adversely affected.

INVENTORY OBSOLESCENCE

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

LEVERAGE, CREDIT AVAILABILITY AND RESTRICTIVE COVENANTS

The Fund has a $130 million bank credit facility (see Liquidity and Capital Resources section above). While management believes this facility will be adequate to fund working capital requirements, there can be no assurance that additional credit will become available if required, or that an appropriate amount of credit with comparable terms and conditions will be available when the facility matures.

The facility contains restrictive covenants which place restrictions on, among other things, the ability of the Fund to encumber or dispose of its assets, the amount of interest cost incurred and distributions made relative to earnings and certain reporting obligations. A failure to comply with the obligations of the facility could result in an event of default which, if not cured or waived, could require an accelerated repayment of the facilities. There can be no assurance that the Fund's assets would be sufficient to repay the facility in full.

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

The Fund also has credit lines available with other financial institutions for purposes of financing inventory and off balance sheet financing of long-term rental fleet. These facilities are not committed lines and their future availability cannot be assured, which may have a negative impact on cash available for distributions and future growth opportunities.

CREDIT RISK

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

GUARANTEED RESIDUAL VALUE, RECOURSE AND BUY-BACK CONTRACTS

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

FUTURE WARRANTY CLAIMS

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

MAINTENANCE AND REPAIR CONTRACTS

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

INSURANCE

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

INFORMATION SYSTEMS AND TECHNOLOGY

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

LABOUR RELATIONS

The Fund is a party to twelve collective agreements covering a total of approximately 390 employees. Of these, two expired December 31, 2006: one is currently under negotiation and the other covering seven employees in Thunder Bay is expected to go to arbitration. Of the remaining ten, two expire in 2007, five expire in 2008 and three expire in 2009. Overall, the Fund believes its labour relations to be satisfactory and does not anticipate any difficulties in respect of renewing collective agreements. If the Fund is unable to renew its collective agreements as they become subject to renegotiation/arbitration from time to time, it could result in work stoppages and other labour disturbances. The failure to renew collective agreements upon satisfactory terms could have a material adverse impact on the Fund's businesses, results of operations or financial condition.

GROWTH INITIATIVES, INTEGRATION OF ACQUISITIONS AND PROJECT EXECUTION

As part of its long-term strategy, the Fund intends to continue growing its business through a combination of organic growth and strategic acquisitions. The Fund's ability to successfully grow its business will be dependent on a number of factors including: identification of accretive new business or acquisition opportunities; negotiation of purchase agreements on satisfactory terms and prices; prior approval of acquisitions by third parties, including regulatory authorities; securing attractive financing arrangements; and integration of newly acquired operations into the existing business. All of these activities may be more difficult to implement or may take longer to execute than management anticipates. Further, any significant expansion of the business may increase the operating complexity of the Fund, and divert management away from regular business activities. Any failure of the Fund to manage its acquisition strategy successfully could have a material adverse impact on the Fund's business, results of operations or financial condition.

STRATEGIC DIRECTION AND OUTLOOK

The financial performance of the Fund continued to be very strong in 2006 posting record revenue and earnings. Management believes one of the main strengths of the Fund is the diversification of the industry sectors it relies on to generate revenue. In 2006, the Fund benefited from industry sectors which enjoyed tremendous growth, such as oil and gas, mining and construction, which more than overshadowed weaker sectors, such as forestry.

Looking forward to 2007, management expects another good year for the Fund. The outlook for growth in the Canadian economy remains positive, although at a slower pace than experienced in 2006. Activity in the western Canada oil and gas sector, while expected to moderate somewhat compared to 2006 due to reduced natural gas drilling activity, is expected to remain relatively robust. A strong Canadian dollar, high energy costs and industry consolidation are expected to continue to dampen prospects in the forestry sector and residential construction is forecasted to soften somewhat. Mitigating these factors are opportunities to capitalize on increased demand for mining loading equipment as management expects the mining sector, including the oil sands, will continue to grow. Additionally, projects in the Ontario energy sector should create considerable opportunity for growth in sales of bio and natural gas engines by the Fund's Power Systems unit. As well, management expects to improve operating results through the continued development of cost recovery initiatives, realize operational efficiencies through the consolidation of the Mobile Equipment group under a single management team and enhance margins and volume in Industrial Components by further developing imported product lines.

Management's Responsibility for Financial Reporting

The consolidated financial statements of Wajax Income Fund are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. Where appropriate, the information reflects management's judgement and estimates based on the available information. Management is also responsible for all other information in the Annual Report and for ensuring that this information is consistent with the consolidated financial statements.

The Fund maintains a system of internal control designed to provide management with reasonable assurance as to the reliability of financial information and the safeguarding of the Fund's assets. The Fund also maintains an internal audit function, which reviews the system of internal control and its application.

The Audit Committee of the Board of Trustees, consisting solely of outside trustees, meets regularly during the year with management, internal auditors and the external auditors, to review their respective activities and the discharge of their responsibilities. Both the external and internal auditors have free and independent access to the Audit Committee to discuss the scope of their audits, the adequacy of the system of internal control and the adequacy of financial reporting. The Audit Committee reports its findings to the Board of Trustees, which reviews and approves the consolidated financial statements.

The Fund's external auditors, KPMG LLP, are responsible for auditing the consolidated financial statements and expressing an opinion thereon.

NEIL D. MANNING
President and Chief Executive Officer
Mississauga, Canada
March 6, 2007

JOHN J. HAMILTON
Senior Vice President and Chief Financial Officer

Auditors' Report

We have audited the consolidated balance sheets of Wajax Income Fund as of December 31, 2006 and 2005 and the consolidated statements of earnings and accumulated earnings and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We have conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2006 and 2005 and the results of its operations and it's cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

KPMG LLP
Chartered accountants
Toronto, Ontario
March 6, 2007

Consolidated Balance Sheets

As at December 31 (Dollars in thousands)	2006	2005
ASSETS		
Current		
Cash and cash equivalents	$ –	$ 4,840
Accounts receivable	145,583	130,008
Inventories (Note 3)	232,318	188,570
Future income taxes (Note 7)	3,571	5,362
Prepaid expenses	7,451	3,839
Discontinued operations (Note 11)	178	667
	389,101	333,286
Non-current		
Rental equipment (Note 4)	18,893	17,249
Property, plant and equipment (Note 5)	33,280	28,983
Goodwill and other assets (Note 6)	60,036	59,232
Future income taxes (Note 7)	473	1,437
	112,682	106,901
	$ 501,783	$ 440,187
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness	$ 5,668	$ –
Accounts payable and accrued liabilities	206,096	179,615
Distributions payable to unitholders	23,883	14,261
Income taxes payable	2,710	3,185
Equipment notes payable (Note 8)	2,734	5,719
Discontinued operations (Note 11)	600	2,469
	241,691	205,249
Non-current		
Future income taxes (Note 7)	–	182
Other liabilities	120	–
Long-term pension liability (Note 16)	2,777	2,695
Long-term debt (Note 9)	60,000	35,000
	62,897	37,877
Unitholders' equity		
Trust units (Note 12)	104,871	104,818
Unit-based compensation (Note 13)	1,565	764
Accumulated earnings	90,759	91,479
	197,195	197,061
	$ 501,783	$ 440,187

On behalf of the Board:

PAUL E. GAGNÉ
Chairman

ROBERT P. DEXTER
Trustee

Consolidated Statements of Earnings and Accumulated Earnings

For the years ended December 31 (Dollars in thousands, except per unit data)	2006	2005
Revenue	$1,206,524	$1,049,416
Cost of sales	940,348	818,031
Gross profit	266,176	231,385
Selling and administrative expenses	186,874	175,971
Income fund conversion-related costs (Note 1)	–	2,606
Earnings from continuing operations before interest and income taxes	79,302	52,808
Interest expense (Note 9)	4,453	4,603
Early extinguishment of long-term debt (Note 1)	–	7,592
Earnings from continuing operations before income taxes	74,849	40,613
Income tax expense (Note 7)	3,392	5,035
Net earnings from continuing operations	71,457	35,578
Gain (loss) from discontinued operations (Note 11)	1,294	(2,474)
Net earnings	$ 72,751	$ 33,104
Basic earnings per unit from continuing operations (Note 14)	$ 4.31	$ 2.19
Diluted earnings per unit from continuing operations (Note 14)	$ 4.28	$ 2.19
Basic earnings per unit (Note 14)	$ 4.39	$ 2.04
Diluted earnings per unit (Note 14)	$ 4.36	$ 2.03
Accumulated earnings, beginning of year, as reported	$ 91,479	$ 92,222
Adjustment to future income taxes in consequence of the income fund conversion (Note 1)	–	(216)
Accumulated earnings, beginning of year, as restated	91,479	92,006
Dividends on common shares	–	(2,209)
Distributions	(73,471)	(31,422)
Net earnings	72,751	33,104
Accumulated earnings, end of year	$ 90,759	$ 91,479

Consolidated Statements of Cash Flows

For the years ended December 31 (Dollars in thousands)	2006	2005
OPERATING ACTIVITIES		
Net earnings from continuing operations	$ 71,457	$ 35,578
Items not affecting cash flow:		
Amortization		
Rental equipment	4,278	4,009
Property, plant and equipment	4,674	5,196
Deferred financing costs and intangible assets	1,042	767
Unit compensation expense (Note 13)	854	1,183
Write-off of deferred expenses	–	867
Non-cash rental expense	122	297
Future income taxes (Note 7)	2,573	(2,506)
Pension expense, net of payments	103	643
Cash flows from continuing operations before changes in non-cash working capital	85,103	46,034
Changes in non-cash working capital:		
Accounts receivable	(13,026)	(18,652)
Inventories	(35,765)	(34,062)
Prepaid expenses	(3,595)	216
Accounts payable and accrued liabilities	23,963	26,346
Income taxes payable	(488)	(6,388)
	(28,911)	(32,540)
Cash flows from operating activities from continuing operations	56,192	13,494
INVESTING ACTIVITIES		
Rental equipment additions	(9,006)	(8,217)
Proceeds on disposal of rental equipment	1,123	2,003
Property, plant and equipment additions	(8,683)	(4,852)
Proceeds on disposal of property, plant and equipment	339	103
Acquisition of businesses (Note 15)	(8,192)	(6,216)
	(24,419)	(17,179)
Cash flows from (used in) continuing operations before financing activities	31,773	(3,685)
FINANCING ACTIVITIES		
Issuance of common shares on exercise of stock options (Note 13)	–	5,314
Repayment of debentures and U.S. senior notes	–	(78,477)
Increase in deferred financing costs	(35)	(2,081)
Increase in long-term bank debt	25,000	35,000
Repayment of debt upon acquisition of business (Note 15)	(446)	(1,445)
Income fund conversion costs charged to trust units (Note 1)	–	(3,678)
(Decrease) increase in equipment notes payable (Note 8)	(2,985)	5,719
Increase in other liabilities	120	–
Hedging activities (Note 10)	–	(910)
Distributions paid	(63,849)	(17,161)
Dividends paid	–	(2,209)
	(42,195)	(59,928)
Net change in cash and cash equivalents used in continuing operations	(10,422)	(63,613)
Cash and cash equivalents (used in) from discontinued operations (Note 11)	(86)	19,044
Cash and cash equivalents – beginning of year	4,840	49,409
(Bank Indebtedness) cash and cash equivalents – end of year	$ (5,668)	$ 4,840
Cash flows provided by operating activities includes the following:		
Interest paid	$ 3,831	$ 5,183
Income taxes paid	$ 1,283	$ 13,878
Significant non-cash transactions:		
Rental equipment transferred to inventory	$ 1,961	$ 1,308
Note receivable transferred from inventory	$ –	$ 377

Notes to Consolidated Financial Statements

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit and per unit data or where otherwise noted)

1. STRUCTURE OF THE TRUST AND FUND PROFILE

Wajax Income Fund (the "Fund") is an unincorporated, open-ended, limited purpose investment trust governed by the laws of Ontario pursuant to the declaration of trust dated April 27, 2005. The Fund was created to indirectly acquire all the outstanding shares of Wajax Limited ("Wajax") and exchange those on an equal basis for Wajax Trust Units ("Units") in the Fund pursuant to a Plan of Arrangement (the "Arrangement") effective June 15, 2005. The Fund is authorized to issue an unlimited number of units and each unitholder participates pro rata in any distribution from the Fund.

The Fund is considered to be a continuation of Wajax following the continuity of interest method of accounting, which recognizes the Fund as the successor entity to Wajax. Accordingly, these annual consolidated financial statements reflect the financial position, results of operations and cash flows as if the Fund has always carried on the business formerly carried on by Wajax with all assets and liabilities recorded at the carrying values of Wajax.

In the prior year, income fund conversion costs including audit fees, legal fees, investment advisory fees and other costs of $3,678 were charged to trust units. Conversion-related costs of $2,606 including the acceleration of certain executive and director long-term incentives, including Wajax stock-based compensation plans were charged to earnings. Costs for the early extinguishment of long-term debt of $7,592 were charged to interest expense. The tax effect of the reorganization was to decrease future income taxes and retained earnings by $216.

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 103 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.

2. SIGNIFICANT ACCOUNTING POLICIES

These Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies used in these Consolidated Financial Statements are as follows:

PRINCIPLES OF CONSOLIDATION

These Consolidated Financial Statements include the accounts of Wajax Income Fund and its subsidiary entities, which are all wholly-owned. Intercompany balances and transactions are eliminated on consolidation.

MEASUREMENT UNCERTAINTY

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. Actual results could differ from those estimates.

REVENUE RECOGNITION

Revenue is recognized as it is earned in accordance with the following:

- Revenue from the sale of equipment and parts is recorded at the time goods are shipped to customers or when all contracted-upon conditions have been fulfilled.
- Revenue from equipment leases and rentals is recognized over the term of the lease or rental.
- Revenue from the sale or transfer of internally-manufactured or assembled products is recorded when goods are shipped to customers or when all contracted-upon conditions have been fulfilled.

- Revenue from the offering of engineering and technical services to customers is recognized upon performance of contracted–upon services with the customer.
- Revenue for separately priced extended warranty or product maintenance contracts is recognized over the contract period in proportion to the costs expected to be incurred in performing the services under the contract unless insufficient historical evidence exists to support an other than straight-line pattern.

Provision is made for expected returns, collection losses and warranty costs based on past performance, and for estimated costs to fulfill contractual obligations and other sales-related contingencies.

DERIVATIVE 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.

The Fund formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Fund also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items.

The Fund purchases foreign exchange forward contracts to fix the cost of certain inbound inventory and the related accounts payable and to hedge certain anticipated foreign currency denominated sales to customers and the related accounts receivable.

In the event a designated hedged item is sold, extinguished, matures prior to the termination of the related derivative instrument or ceases to be effective prior to maturity, any realized or unrealized gain or loss on such a derivative instrument is recognized in income.

All hedging relationships entered into during the year are documented and effectiveness is tested at inception as well as at year end on a prospective and retroactive basis. Hedge accounting has been applied for all hedging relationships.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include highly liquid investments purchased three months or less from maturity and are stated at cost, which approximates market value.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into domestic currency at exchange rates prevailing at the time the transactions occur. Monetary assets and liabilities denominated in foreign currencies, such as cash, accounts receivable and accounts payable, are translated into domestic currency at the rate of exchange in effect at the balance sheet date. Exchange gains and losses are included in the statement of earnings.

INVENTORIES

Inventories are valued at the lower of cost and estimated net realizable value.

RENTAL EQUIPMENT

Rental equipment assets are recorded at cost and amortized over their estimated useful lives, using the declining balance method at a rate of 20% per year.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost and amortized over their estimated useful lives based on the following methods and annual rates:

Asset	Method	Rate
Buildings	declining balance	4% - 10%
Equipment and vehicles	declining balance	20% - 30%
Information systems	straight-line	3 - 7 years
Furniture and fixtures	declining balance	20%
Leasehold improvements	straight-line over the expected terms of the leases	
Construction in progress	no amortization taken	

Property, plant and equipment are tested for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized when the carrying amount of an asset held for use exceeds the sum of the undiscounted future cash flows expected from its use and eventual disposition. The impairment loss is measured as the amount by which the asset's carrying amount exceeds its fair value.

GOODWILL AND OTHER ASSETS

Goodwill is tested at least annually for impairment, or more frequently if certain indicators arise. To test for impairment, the Fund compares each reporting unit's book value to its fair value. Fair value is determined by a calculation of discounted future cash flows and by reference to market valuations, where available. Any goodwill impairment in the current year is recorded as a charge against current earnings (Note 6).

Indefinite life intangible assets are not amortized but are tested annually for impairment, or more frequently if certain indicators arise that indicate that the intangible asset might be impaired. To test for impairment, the Fund compares the fair value of the intangible asset with its book value. Fair value is determined by a calculation of discounted future cash flows and by reference to market valuations, where available. Any impairment in the current year is recorded as a charge against current earnings (Note 6).

Deferred financing costs are amortized over the terms of the respective facilities.

Finite life intangible assets are amortized over their useful lives. Finite life intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment of an intangible asset is recognized in an amount equal to the difference between the carrying value and the fair value of the related intangible asset.

UNIT-BASED COMPENSATION PLANS AND EMPLOYEE STOCK OPTIONS

The Fund has three unit-based compensation plans: the Wajax Unit Ownership Plan ("UOP"), the Trustees' Deferred Unit Plan ("TDUP") and the Mid-Term Incentive Plan for Senior Executives ("MTIP"). The employee stock option plan was cancelled in 2005.

Under the UOP and the TDUP, rights are issued to the participants which, upon satisfaction of certain vesting conditions, are settled by issuing Wajax Income Fund units. The rights are settled when the participant is no longer employed by Wajax or no longer sits on its board. Compensation expense is determined based upon the fair value of the rights at date of grant and charged to operations on a straight line basis over the vesting period, with an offsetting adjustment to unitholders' equity.

The MTIP, which is settled in cash, consists of an annual grant that vests over three years and is subject to time and performance vesting criteria. A portion of the compensation expense for the MTIP varies with the price of Fund units and is recognized over the vesting period with an offsetting adjustment to accrued liabilities.

The Fund accounted for employee stock options using the fair-value based method of accounting. Accordingly, the fair value of options at the date of grant was calculated and charged to operations on a straight-line basis over the vesting period, with an offsetting adjustment to unitholders' equity. Any consideration paid by employees, officers or directors on the exercise of stock options was credited to trust units.

EARNINGS PER UNIT

The treasury stock method is used to calculate diluted earnings per unit.

EMPLOYEES' PENSION PLANS

The Fund has defined contribution pension plans for most of its employees. The cost of the defined contribution plans are recognized based on the contributions required to be made each period.

The Fund also has defined benefit plans covering some of its employees. The benefits are based on years of service and the employees' earnings. Defined benefit plan obligations are accrued as the employees render the services necessary to earn the pension benefits. The Fund has adopted the following policies:

- The cost of pension benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service for defined benefit plans with benefits based on final average earnings and the unit credit method for other defined benefit plans and management's best estimate of expected plan investment performance, salary escalation, and retirement ages of employees.
- For purposes of calculating expected return on plan assets, those assets are valued at fair value.
- The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of the plan assets is amortized over the average remaining service life of active employees.
- Unrecognized net transition assets and prior service costs are amortized over the expected average remaining service life of active employees.
- When the restructuring of a benefit plan gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement.

The Fund does not sponsor a post-employment benefit plan other than the pension plans.

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 unit holders. Pursuant to the terms of the Declaration of Trust, all income earned by the Fund is distributed to its unit holders. 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. Income taxes are accounted for these subsidiaries using the liability method, whereby future income tax assets and liabilities are determined based on differences between the carrying amount of the balance sheet items and their corresponding tax values. Future income taxes are computed using substantively enacted corporate income tax rates for the years in which tax and accounting basis differences are expected to reverse. Valuation allowances are established when necessary to reduce future income tax assets to the amounts expected to be realized.

On December 21, 2006 the Minister of Finance (Canada) released draft legislation (the "Proposals") relating to the federal income taxation of publicly-traded trusts and partnerships. The Proposals are contemplated to apply to a publicly-traded trust that is a specified investment flow-through entity (a "SIFT") which existed before November 1, 2006 ("Existing Trust") commencing with taxation years ending in or after 2011.

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit and per unit data or where otherwise noted)

Certain distributions attributable to a SIFT will not be deductible in computing the SIFT's taxable income, and the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. Distributions paid by a SIFT as returns of capital will not be subject to this tax. There will be circumstances where an Existing Trust may lose its transitional relief where its equity capital grows beyond certain dollar limits measured by reference to the Existing Trust's market capitalization at the close of trading on October 31, 2006.

The Fund is a SIFT as defined in the Proposals. If enacted, the Fund would be subject to taxes on substantially all of its income. The Fund would also be required to recognize future income tax assets and liabilities with respect to the temporary differences of its assets and liabilities and those of its subsidiaries that are expected to reverse in or after 2011.

COMPARATIVE FINANCIAL STATEMENTS

Certain comparative figures have been reclassified to conform to the 2006 presentation.

3. INVENTORIES

	2006	2005
Equipment	$ 122,541	$ 90,700
Parts	96,560	84,538
Work-in-process	13,217	13,332
Total inventories	$ 232,318	$ 188,570

All amounts shown are net of applicable reserves.

4. RENTAL EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
December 31, 2006	$ 30,565	$ 11,672	$ 18,893
December 31, 2005	$ 27,893	$ 10,644	$ 17,249

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
Land and buildings	$ 29,934	$ 10,668	$ 19,266
Equipment and vehicles	27,927	20,504	7,423
Information systems	17,768	16,354	1,414
Furniture and fixtures	7,930	6,098	1,832
Leasehold improvements	8,288	5,709	2,579
Construction in progress	766	–	766
December 31, 2006	$ 92,613	$ 59,333	$ 33,280
Land and buildings	$ 26,085	$ 10,096	$ 15,989
Equipment and vehicles	27,014	20,330	6,684
Information systems	20,071	17,616	2,455
Furniture and fixtures	7,915	6,208	1,707
Leasehold improvements	7,917	5,769	2,148
Construction in progress	–	–	–
December 31, 2005	$ 89,002	$ 60,019	$ 28,983

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit and per unit data or where otherwise noted)

6. GOODWILL AND OTHER ASSETS

	2006	2005
Goodwill	$ 54,708	$ 53,813
Deferred financing costs, net of		
accumulated amortization of $1,055 (2005 - $350)	977	1,647
Deferred pension asset (Note 16)	1,856	2,009
Intangible assets – indefinite life		
Product distribution rights	1,500	1,500
Intangible assets – finite life		
Customer lists and non-competition agreements,		
net of accumulated amortization of $556 (2005 - $219)	995	132
Other assets	–	131
Total goodwill and other assets	$ 60,036	$ 59,232

During the year, the Fund acquired goodwill of $895 (2005 - $2,468) and intangible assets of $1,200 (2005 - $1,500) (Note 15).

During the year, the Fund performed an impairment test of its unamortized goodwill and intangible assets with an indefinite life and concluded that no impairment existed in either the goodwill associated with any of the Fund's reporting units or the fair value of the intangible assets with an indefinite life.

7. INCOME TAXES

Future income taxes from continuing operations are comprised of the following amounts:

	2006	2005
Current future income tax assets	$ 3,571	$ 5,362
Non-current future income tax assets	473	1,437
Non-current future income tax liabilities	–	(182)
Net future income tax asset	$ 4,044	$ 6,617

The future income tax asset relates to book and tax basis differences for assets and liabilities of corporate subsidiaries of the Fund and consists of the following:

	2006	2005
Accrued liabilities not currently deductible	$ 3,286	$ 4,970
Property, plant and equipment	(40)	59
Deductible goodwill	(389)	(381)
Deductible deferred financing costs	168	131
Long-term debt prepayment penalty not currently deductible	1,019	1,838
Total future tax assets	$ 4,044	$ 6,617

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit and per unit data or where otherwise noted)

The components of the provision for income taxes relating to continuing operations are as follows:

	2006	2005
Current	$ 819	$ 7,541
Future	2,573	(2,506)
Income tax expense	$ 3,392	$ 5,035

The provision for income taxes on earnings from continuing operations is comprised as follows:

	2006	2005
Combined statutory income tax rate	34.4%	34.3%
Expected income tax expense at statutory rates	$ 25,723	$ 13,930
Income of the Fund taxed directly to unitholders	(22,664)	(9,598)
Non-deductible expenses	335	582
Tax on large corporations	–	38
Other	(2)	83
Income tax expense	$ 3,392	$ 5,035

The tax basis of the assets and liabilities of the Fund related to temporary differences, in respect of the proportion of fund income taxed directly to the unitholders, exceeded the financial statement carrying amounts by approximately $9,309 (2005 - $5,667), reflecting future tax deductions in excess of future taxable amounts.

8. EQUIPMENT NOTES PAYABLE

In 2005, the Fund entered into a $15 million demand wholesale financing facility. The notes payable bear floating rates of interest at margins over Canadian dollar bankers' acceptance yields, are secured by the applicable equipment and are due in full when the applicable equipment is sold.

Interest on the equipment notes payable amounted to $178 (2005 - $33).

9. LONG-TERM DEBT

	2006	2005
Bank credit facility, repayable June 7, 2008		
Non-revolving term portion	$ 30,000	$ 30,000
Revolving term portion	30,000	5,000
	60,000	35,000
Less current portion	–	–
Total long-term debt	$ 60,000	$ 35,000

In order to facilitate the Arrangement, on June 8, 2005 the Company entered into a new $95 million bank credit facility and repaid the U.S. senior notes and Series I and Series II debentures. The early extinguishment of the debt resulted in a $6.7 million pre-payment penalty and a $0.9 million write-off of unamortized deferred financing costs. During 2005, the credit facility was increased by an additional $35 million to a total of $130 million. The total cost of entering into the new bank credit facility of $2.0 million has been capitalized and is amortized over the term of the facility.

The Fund's fully secured $130 million bank credit facility, which expires June 7, 2008, is made up of a $30 million non-revolving term portion and a $100 million revolving term portion. Borrowing capacity under the new bank credit facility is dependent upon the level of the Fund's inventories on hand and the outstanding trade accounts receivable. In addition, the bank credit facility contains customary restrictive covenants including restrictions on the payment of cash distributions and the maintenance of certain financial ratios all of which were met as at December 31, 2006. Borrowings under the facility bear floating rates of interest at margins over Canadian dollars bankers' acceptance yields, US dollar LIBOR rates or prime rates. The Fund entered into interest-rate swap hedge contracts with two of its lenders, such that in total the interest rate on the $30 million of its non-revolving term portion of the credit facility is fixed at effectively 3.47% plus applicable margins until expiry of the facility on June 7, 2008.

The Fund had $0.4 million (2005 - $Nil) letters of credit outstanding.

Interest on long-term debt amounted to $4.5 million (2005 - $4.6 million).

10. FINANCIAL INSTRUMENTS

The Fund's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, equipment notes payable, long-term debt, interest rate swaps and foreign currency forward contracts. The carrying values reported in the balance sheet for financial instruments are not significantly different from their fair values, except as noted below.

INTEREST RISK

The Fund is exposed to interest rate risk arising from fluctuations in interest rates.

The Fund has entered into interest-rate swap hedge contracts with two of its lenders such that, in total the interest rate on the $30 million non-revolving term portion of the facility is effectively fixed at 3.47% plus applicable margins until expiry of the facility on June 7, 2008. The differential the Fund would receive to hypothetically terminate or exchange the swap agreement in the prevailing market conditions is estimated to be $0.3 million.

FOREIGN CURRENCY FORWARD CONTRACTS

The Fund enters into short-term foreign currency forward contracts to fix the cost of certain inbound inventory and to hedge certain foreign currency-denominated sales to customers as part of its normal course of business. As at December 31, 2006, the Fund had contracts outstanding to buy $9.5 million U.S. dollars and €0.3 million Euros (December 31, 2005 – to buy $4.0 million U.S. dollars and €1.6 million Euros, and to sell $2.8 million U.S. dollars). The differential the Fund would receive to hypothetically terminate or exchange the currency forward contracts in the prevailing market conditions is estimated to be $0.3 million.

CREDIT RISK

The Fund is exposed to credit risk with respect to its accounts receivable. However, this is somewhat minimized by the Fund's large customer base which covers most business sectors across Canada. The Fund follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Fund maintains provisions for possible credit losses, and any such losses to date have been within management's expectations.

11. DISCONTINUED OPERATIONS

On September 30, 2005, the assets of Spencer Industries Inc., ("Spencer"), the U.S. based operation of Industrial Components, were sold for cash proceeds of $19.2 million. For 2006, the gain from discontinued operations resulted from the reversal of certain reserves taken for estimated liabilities relating to the sale of Spencer. In particular, claims for health benefits related to terminated employees over the last year were lower than expected. The results of operations, cash flows, and financial position of Spencer have been reported as discontinued operations in the consolidated financial statements since the Fund will not have a continuing involvement in the ongoing operations of the Spencer.

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit and per unit data or where otherwise noted)

Statements of earnings for the year ended December 31	2006	2005
Revenue	$ –	$ 48,194
Earnings, net of future taxes of 2006 - $Nil; (2005 - $595)	$ –	$ 1,108
Gain (loss) on sale of discontinued operations, net of future taxes of 2006 - $Nil; (2005 - $2,140)	1,294	(3,582)
Gain (loss) from discontinued operations	$ 1,294	$ (2,474)
Basic gain (loss) per unit from discontinued operations	$ 0.08	$ (0.15)
Diluted gain (loss) per unit from discontinued operations	$ 0.08	$ (0.15)

Balance sheets as at December 31	2006	2005
Total assets	$ 178	$ 667
Current liabilities	$ 600	$ 2,469

Cash flows from discontinued operations	2006	2005
Operating activities	$ –	$ (2,304)
Investing activities	(83)	19,126
Effect of foreign exchange on translation adjustment	(3)	2,222
Cash and cash equivalents (used in) from discontinued operations	$ (86)	$ 19,044

12. TRUST UNITS

Wajax converted from a share corporation to an income fund trust on June 15, 2005. Under the Arrangement, the former shareholders of Wajax indirectly received trust units of the Fund. The trust units of the Fund issued are included in unitholders' equity on the balance sheet and are summarized as follows:

	Number of Units	Amount
Balance December 31, 2004	15,739,460	$ 102,390
Stock options exercised	843,070	6,106
Total common shares of the Company indirectly exchanged for Fund trust units (Note 1)	16,582,530	108,496
Conversion related costs charged to capital	–	(3,678)
Balance December 31, 2005	16,582,530	$ 104,818
Plan rights exercised	2,676	53
Balance December 31, 2006	16,585,206	$ 104,871

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit and per unit data or where otherwise noted)

13. UNIT-BASED COMPENSATION PLANS

The Fund has three unit-based compensation plans: the Wajax Unit Ownership Plan ("UOP"), the Trustees' Deferred Unit Plan ("TDUP") and the Mid-Term Incentive Plan for Senior Executives ("MTIP"). The employee stock option plan was cancelled in 2005.

A) UNIT RIGHTS PLANS

The Fund has two unit rights plans: the Wajax Unit Ownership Plan ("UOP") and the Trustees' Deferred Unit Plan ("TDUP"). Under the UOP and the TDUP, rights are issued to the participants which, upon satisfaction of certain time vesting conditions, are settled by issuing Wajax Income Fund units. The rights are settled when the participant is no longer employed by Wajax or no longer sits on its board. The aggregate number of units issuable to satisfy entitlements under these plans may not exceed 1,000,000 units. Compensation expense is determined based upon the fair value of the rights at date of grant and charged to operations on a straight - line basis over the vesting period, with an offsetting adjustment to unitholders' equity. The Fund recorded compensation cost of $854 (2005 - $764) for the year in respect of these plans. At December 31, 2006, 70,217 (2005 – 63,040) rights were outstanding under the UOP and 34,986 (2005 - 26,939) rights were outstanding under the TDUP.

Unit Ownership Plan	2006 Number of Units	2005 Number of Units
Outstanding at beginning of year	63,040	–
Granted	7,177	63,040
Outstanding at end of year	70,217	63,040

Trustees' Deferred Unit Plan	2006 Number of Units	2005 Number of Units
Outstanding at beginning of year	26,939	–
Granted	10,723	26,939
Exercised	(2,676)	–
Outstanding at end of year	34,986	26,939

B) MID-TERM INCENTIVE PLAN FOR SENIOR EXECUTIVES ("MTIP")

The MTIP, which is settled in cash, consists of an annual grant that vests over three years and is based upon time and performance vesting criteria, a portion of which is determined by the price of Fund units. Compensation expense varies with the price of Fund units and is recognized over the 3 year vesting period. The Fund recorded compensation cost of $403 (2005 - $Nil) for the year in respect of the unit-based portion of the MTIP.

C) STOCK OPTION PLAN

As part of the Arrangement to convert Wajax into an Income Fund, Wajax permitted exercise of any unvested options. Any outstanding options at the time of the conversion were to be cancelled. There were no outstanding options at the time of the conversion. The Fund recorded compensation cost of $Nil for the year (2005 - $419) in respect of employee stock options granted after December 31, 2002. Wajax had accounted for employee stock options using the intrinsic value method prior to 2003 and accordingly has not recorded compensation cost for grants prior to that year. There would have been a nominal reduction in both net earnings and earnings per unit for 2005 if Wajax had accounted for employee stock options issued in 2002 under the fair value method.

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit and per unit data or where otherwise noted)

The following table summarizes the status of the stock option plan as at December 31, 2006 and 2005 and the changes during the years then ended:

	2006		2005	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	–	$ –	843,070	$ 6.30
Exercised	–	–	(843,070)	6.30
Outstanding at end of year	–	$ –	–	$ –

14. EARNINGS PER UNIT

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

	2006	2005
Numerator for basic and diluted earnings per unit:		
– net earnings from continuing operations	$ 71,457	$ 35,578
– net earnings	$ 72,751	$ 33,104
Denominator for basic earnings per unit – weighted average units	16,584,766	16,227,812
Denominator for diluted earnings per unit:		
– weighted average units	16,584,766	16,227,812
– effect of dilutive unit rights	95,162	47,053
Denominator for diluted earnings per unit	16,679,928	16,274,865
Basic earnings per unit from continuing operations	$ 4.31	$ 2.19
Diluted earnings per unit from continuing operations	$ 4.28	$ 2.19
Basic earnings per unit	$ 4.39	$ 2.04
Diluted earnings per unit	$ 4.36	$ 2.03

15. ACQUISITIONS

On March 17, 2006, the Fund's Mobile Equipment segment acquired the assets of Conley Equipment Limited ("Conley"), the JCB dealer for most of the Greater Toronto Area and eastern Ontario, including Ottawa, for approximately $6.2 million, which is subject to post closing adjustments.

On March 22, 2006, the Fund's Industrial Components segment acquired all the shares of Baytec Fluid Power Limited ("Baytec") for approximately $1.7 million, which is subject to post closing adjustments. Pursuant to the Agreement of Purchase and Sale, depending on Baytec's earnings before interest and taxes during the 24 month period following the transaction, the purchase price may be increased by up to $0.6 million with the additional amount being charged to goodwill.

On April 28, 2006, the Fund's Industrial Components segment acquired all the shares of Intek Automation Inc. ("Intek"), a power transmission product distribution business located in Mississauga, Ontario for approximately $1.9 million, which is subject to post closing adjustments.

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit
and per unit data or where otherwise noted)

On October 31, 2005, the Fund's Power Systems segment acquired all of the outstanding shares and assumed debt of Midwest Detroit Diesel – Allison Limited, the Detroit Diesel engine and Allison transmission distributor for Manitoba, Saskatchewan and Nunavut for a purchase price of $7.7 million, which is subject to post closing adjustments.

The results of operations from the acquisitions have been included in the consolidated financial statements of the Fund as of the effective date.

The following is a summary of the purchase price allocation:

	2006	2005
Working capital	$ 7,118	$ 3,057
Property, plant and equipment	627	636
Goodwill	895	2,468
Other intangible assets	1,200	1,500
Purchase price	9,840	7,661
Assumed debt	(446)	(1,445)
Total consideration given	9,394	6,216
Less: Holdbacks	(1,202)	–
Total cash paid	$ 8,192	$ 6,216

16. EMPLOYEES' PENSION PLANS

The Fund sponsors five pension plans: the Wajax Employees' Plan which, except for a small group of employees collecting long-term disability benefits and a small group of inactive members, has been converted to a defined contribution plan ("DC"), the Midwest Hourly Employees Plan which is also a DC plan, and three defined benefit plans: the Wajax Executive Plan, the Supplemental Executive Retirement Plan and the Midwest Executive Plan.

The Fund uses actuarial reports prepared by independent actuaries for funding and accounting purposes and measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at January 1 of each year. The most recent actuarial valuations of the pension plans for funding purposes were as of December 31, 2004, January 1, 2006, and June 29, 2006, and the next required valuations will be as of December 31, 2007, January 1, 2009 and June 29, 2009. The following significant actuarial assumptions were employed to determine the periodic pension income and the accrued benefit obligations:

	2006	2005
Expected long-term rate of return on plan assets	6.0% - 7.0%	6.0% - 7.0%
Discount rate	5.0% - 5.25%	5.0% - 5.25%
Rate of compensation increase	3.0% - 5.0%	3.0% - 5.0%
Estimated average remaining service life	4.0 - 14.0 years	4.0 - 14.0 years

TOTAL CASH PAYMENTS

Total cash payments for employee future benefits for 2006, consisting of cash contributed by the Fund to its funded pension plans, cash payments directly to beneficiaries for its unfunded pension plans, and cash contributed to its defined contribution plans was $5,293 (2005 – $3,873).

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit and per unit data or where otherwise noted)

The Fund's net plan expense is as follows:

	2006	2005
Defined contribution plans		
Current service cost	$ 4,243	$ 3,670
Defined benefit plans		
Current service cost	509	434
Interest cost	713	564
Actual return on plan assets	(1,072)	(847)
Actuarial losses	1,376	979
Administration expenses	65	65
Difference between expected and actual return on plan assets	405	341
Difference between actuarial loss recognized for the year and actual accrual loss	(829)	(579)
Amortization of transitional asset	(111)	(111)
Net plan expense	$ 5,299	$ 4,516

Information about the Fund's defined benefit pension plans, in aggregate, is as follows:

Accrued benefit obligation	2006	2005
Accrued benefit obligation, beginning of year	$ 13,944	$ 9,043
Acquisition (Note 15)	–	4,149
Current service cost	509	434
Participant contributions	110	61
Interest cost	713	564
Actuarial loss	1,376	979
Benefits paid	(1,010)	(1,286)
Accrued benefit obligation, end of year	$ 15,642	$ 13,944

Plan assets	2006	2005
Fair value of plan assets, beginning of year	$ 10,048	$ 6,762
Acquisition (Note 15)	–	3,526
Actual return on plan assets	1,072	847
Participant contributions	110	61
Employer contributions	1,050	203
Benefits paid	(1,010)	(1,286)
Administration expenses	(65)	(65)
Fair value of plan assets, end of year	$ 11,205	$ 10,048

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit and per unit data or where otherwise noted)

Plan assets for defined benefit plans are 100% invested in balanced mutual funds. Plan assets for the defined contribution plan are invested according to the directions of the plan members.

	2006	2005
Plan assets, end of year	$ 11,205	$ 10,048
Accrued benefit obligation, end of year	(15,642)	(13,944)
Funded status – plan deficit	$ (4,437)	$ (3,896)
Unamortized net actuarial losses	3,769	3,341
Unamortized past service costs	4	6
Unamortized net transitional asset	(506)	(617)
(Accrued benefit liability)	$ (1,170)	$ (1,166)

The (accrued benefit liability) is included in the Fund's balance sheet as follows:

	2006	2005
Goodwill and other assets	$ 1,856	$ 2,009
Accounts payable and accrued liabilities	(249)	(480)
Long-term pension liability	(2,777)	(2,695)
(Accrued benefit liability)	$ (1,170)	$ (1,166)

Included in the aforementioned accrued benefit obligation and fair value of plan assets are the following amounts in respect of the benefit plans that are not fully funded:

	2006	2005
Accrued benefit obligation	$ 11,899	$ 10,204
Fair value of plan assets	7,261	6,272
Fund status – plan deficit	$ 4,638	$ 3,932

Accrued benefit obligation includes a benefit obligation of $3,185 (2005- $2,261) related to the Supplemental Executive Retirement Plan that is not funded.

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit and per unit data or where otherwise noted)

17. COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

Undiscounted long-term lease commitments amount to $89.3 million (2005 – $77.7 million) over the remaining lease terms. The annual payments required under the lease agreements over the next five years and thereafter are as follows:

2007	$ 19,898
2008	16,412
2009	12,106
2010	8,916
2011	6,557
Thereafter	25,376
	$ 89,265

GUARANTEED RESIDUAL VALUE, RECOURSE AND BUY-BACK CONTRACTS

The Fund has guaranteed the resale value of equipment sold ("guaranteed residual value contracts"), guaranteed a portion of a customer's lease payments ("recourse contracts") or agreed to buy back equipment from customers at the option of the customer for a specified price at future dates ("buy-back contracts"). These contracts are subject to certain conditions being met by the customer. As at December 31, 2006, the Fund had guaranteed $8.2 million (2005 - $5.4 million) for guaranteed residual value and recourse contracts and provided the option to customers for buy-back contracts in the amount of $0.9 million (2005 - $0.8 million), with commitments arising between 2007 and 2011. The commitments made by the Fund in these contracts reflect the estimated future value of the equipment, based on the judgment and experience of management. The Fund has recorded a $0.5 million provision in 2006 (2005 - $0.5 million) as an estimate of the financial exposure likely to result from such commitments.

CONTINGENCIES

In the ordinary course of business, the Fund may be contingently liable for litigation in varying amounts and for which provisions have been made in these Consolidated Financial Statements as appropriate. These liabilities could arise from litigation, environmental matters or other sources. It is not possible to determine the amounts that may ultimately be assessed against the Fund, but management believes that any such amounts would not have a material impact on the business or financial position of the Fund.

In making this assessment, the Fund noted a Statement of Claim has been served naming the Fund's subsidiary, Wajax Limited, and a subsidiary since amalgamated into Wajax Limited, as defendants in proceedings under the Class Proceedings Act of British Columbia. The action arises out of the conversion on January 1, 2001 of the Employee Pension Plan from defined benefit to defined contribution, the taking of contribution holidays and the payment of pension administration expenses from the pension fund. Management has assessed the facts and arguments pleaded and believes the claims would be unlikely to succeed. A statement of defence has been filed.

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit and per unit data or where otherwise noted)

18. SEGMENTED INFORMATION

The Fund operates through a network of 103 branches in Canada after disposing of its United States operations in the prior year (Note 11). The Fund's three core businesses are: i) the distribution, modification and servicing of mobile equipment; ii) the distribution, servicing and assembly of industrial components; and iii) the distribution and servicing of power systems.

2006	Mobile Equipment	Industrial Components	Power Systems	Segment Eliminations and Unallocated Amounts	Total
Revenue from continuing operations	$ 619,214	$ 322,449	$ 267,711	$ (2,850)	$1,206,524
Segment earnings before interest and income taxes	$ 41,422	$ 20,677	$ 26,794	$ –	$ 88,893
Corporate costs and eliminations				(9,591)	(9,591)
Earnings from continuing operations before interest and income taxes					$ 79,302
Segment assets excluding goodwill and other intangible assets	$ 214,384	$ 106,782	$ 115,242	$ –	$ 436,408
Goodwill and other intangible assets	21,491	30,267	5,445	–	57,203
Corporate and other assets				7,994	7,994
Total assets	$ 235,875	$ 137,049	$ 120,687	7,994	$ 501,605
Asset additions					
Rental equipment	$ 8,550	$ –	$ 456	$ –	$ 9,006
Property, plant and equipment	1,710	2,003	4,896	74	8,683
Goodwill and other intangible assets	200	1,895	–	–	2,095
	$ 10,460	$ 3,898	$ 5,352	$ 74	$ 19,784
Asset amortization					
Rental equipment	$ 4,123	$ –	$ 155	$ –	$ 4,278
Property, plant and equipment	1,223	1,775	1,391	285	4,674
Deferred financing and intangible assets	182	155	–	705	1,042
	$ 5,528	$ 1,930	$ 1,546	$ 990	$ 9,994

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit and per unit data or where otherwise noted)

2005	Mobile Equipment	Industrial Components	Power Systems	Segment Eliminations and Unallocated Amounts	Total
Revenue from continuing operations	$ 556,875	$ 285,343	$ 209,680	$ (2,482)	$ 1,049,416
Segment earnings before interest and income taxes	$ 31,371	$ 13,250	$ 18,730	$ –	$ 63,351
Corporate costs and eliminations				(7,937)	(7,937)
Income fund conversion-related costs (Note 1)				(2,606)	(2,606)
Earnings from continuing operations before interest and income taxes					$ 52,808
Segment assets excluding goodwill and other intangible assets	$ 181,526	$ 98,178	$ 87,901	$ –	$ 367,605
Goodwill and other intangible assets	21,473	28,528	5,444	–	55,445
Corporate and other assets				16,470	16,470
Total assets	$ 202,999	$ 126,706	$ 93,345	$ 16,470	$ 439,520
Asset additions					
Rental equipment	$ 8,062	$ –	$ 155	$ –	$ 8,217
Property, plant and equipment	1,461	1,775	1,236	380	4,852
Goodwill and other intangible assets	–	–	3,968	–	3,968
	$ 9,523	$ 1,775	$ 5,359	$ 380	$ 17,037
Asset amortization					
Rental equipment	$ 3,918	$ –	$ 91	$ –	$ 4,009
Property, plant and equipment	1,229	2,226	1,338	403	5,196
Deferred financing and intangible assets	175	–	–	592	767
	$ 5,322	$ 2,226	$ 1,429	$ 995	$ 9,972

Segment assets do not include assets associated with the corporate office, financing, income taxes or discontinued operations. Additions to corporate assets, and amortization of these assets, are included in segment eliminations and unallocated amounts.

Notes to Consolidated Financial Statements

December 31, 2006 and 2005 (Amounts in thousands of dollars, except unit and per unit data or where otherwise noted)

SUMMARY OF QUARTERLY DATA - UNAUDITED

(Dollars in millions, except per unit data)	2006				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue from continuing operations	$ 303.2	$ 314.1	$ 294.7	$ 294.5	$ 239.2	$ 275.4	$ 258.0	$ 276.8
Net earnings from continuing operations	$ 16.9	$ 18.5	$ 18.0	$ 18.0	$ 4.6	$ 2.6	$ 12.7	$ 15.8
Earnings per unit from continuing operations - Basic	$ 1.02	$ 1.11	$ 1.09	$ 1.09	$ 0.29	$ 0.16	$ 0.77	$ 0.95
Earnings per unit from continuing operations - Diluted	$ 1.02	$ 1.11	$ 1.08	$ 1.08	$ 0.28	$ 0.16	$ 0.76	$ 0.94

ELEVEN YEAR SUMMARY - UNAUDITED

For the years ended December 31 (Dollars in millions, except per unit data)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
OPERATING RESULTS											
Revenue*	$1,206.5	$1,049.4	$ 871.4	$ 884.0	$ 908.8	$ 1,047.6	$ 1,147.5	$1,038.4	$ 992.2	$ 947.4	$ 675.1
Net earnings (loss)*	71.5	35.6	17.6	9.6	(25.8)	8.7	(9.7)	4.0	9.5	21.0	17.0
Interest expense	4.5	4.6	7.5	10.9	15.8	18.2	20.3	20.2	17.9	13.4	9.7
Cash flows before changes in non-cash working capital*	85.1	46.0	29.5	29.7	9.5	26.2	28.2	28.3	20.2	32.5	27.6
Property, plant and equipment – net	8.3	4.7	3.5	1.4	7.4	16.9	16.3	12.7	10.7	4.8	4.4
Rental equipment expenditures – net	7.9	6.2	5.4	6.6	1.2	0.8	3.3	2.8	13.6	9.0	5.6
Amortization	10.0	10.0	10.3	11.9	12.3	15.2	16.2	21.0	16.9	13.3	10.0
PER UNIT											
Net earnings (loss) – Basic*	$ 4.31	$ 2.19	$ 1.12	$ 0.61	$ (1.64)	$ 0.55	$ (0.62)	$ 0.25	$ 0.60	$ 1.39	$ 1.22
Dividends paid	–	0.14	0.16	–	–	–	–	–	–	–	–
Distributions paid	4.43	1.89	–	–	–	–	–	–	–	–	–
Equity	11.89	11.88	12.39	11.38	10.83	13.05	12.49	13.11	12.86	12.27	10.32
FINANCIAL POSITION											
Working capital*	$ 147.8	$ 129.8	$ 153.0	$ 157.1	$ 155.0	$ 241.6	$ 264.6	$ 278.9	$ 292.0	$ 236.8	$ 188.4
Rental equipment	18.9	17.2	16.4	16.2	14.5	11.3	14.5	28.2	33.7	23.5	19.3
Property, plant and equipment – net	33.3	29.0	28.8	31.9	37.4	64.2	55.1	46.5	42.7	34.1	31.6
Long-term debt excluding current portion	60.0	35.0	70.9	79.8	98.4	176.4	223.2	226.0	250.9	167.8	144.5
Unitholders' equity	197.2	197.1	195.0	178.7	170.0	204.8	196.1	205.8	201.8	191.7	145.1
Total assets*	501.6	439.5	418.1	409.7	442.0	554.5	623.2	617.5	644.4	527.3	405.0
OTHER INFORMATION											
Number of employees	2,566	2,387	2,357	2,279	2,308	2,601	2,804	2,692	2,717	2,341	1,975
Trust units outstanding (000's)	16,585	16,582	15,739	15,697	15,697	15,697	15,697	15,697	15,697	15,632	14,061
Price range of trust units											
High	$ 47.00	$ 32.45	$ 14.90	$ 8.25	$ 7.25	$ 6.00	$ 5.75	$ 9.00	$ 22.00	$ 19.75	$ 15.00
Low	24.60	13.00	7.70	3.10	3.76	4.00	3.25	4.60	7.65	13.50	10.63

* 2006, 2005 and 2004 exclude discontinued operations

Corporate Information

TRUSTEES AND DIRECTORS *

HONOURARY DIRECTORS

H. Gordon MacNeill
Peter Paul Saunders

OFFICERS (WAJAX INCOME FUND)

Paul E. Gagné
Chairman

Neil D. Manning
President and Chief Executive Officer

John J. Hamilton
Senior Vice President and Chief Financial Officer

Gordon A. Duncan
Senior Vice President, Industrial Components

P. Mark Whitman
Senior Vice President, Mobile Equipment

Linda Corbett
Treasurer

Christopher J. Desjardins
General Counsel and Secretary

HEAD OFFICE

3280 Wharton Way
Mississauga, Ontario L4X 2C5
Telephone: (905) 212-3300
Fax: (905) 212-3350

UNITHOLDER INFORMATION

TRANSFER AGENT AND REGISTRAR

For information relating to unitholdings, distributions, lost certificates, changes of address or estate transfers, please contact our transfer agent:

Computershare Trust
Company of Canada
100 University Ave., 9th Floor
Toronto, ON M5J 2Y1
Telephone: (514) 982-7555 or
1-800-564-6253
Fax: (514) 982-7635 or
1-888-453-0330
E-mail:
caregistryinfo@computershare.com

AUDITORS

KPMG LLP

EXCHANGE LISTING

Toronto Stock Exchange

UNIT SYMBOL: WJX.UN

WAJAX INCOME FUND UNIT TRADING INFORMATION

(January 1 - December 31, 2006)

Open	High	Low	Close	Volume of Units Traded
$30.87	$47.00	$24.60	$34.25	12,370,845

QUARTERLY EARNINGS REPORTS

Quarterly earnings for the balance of 2007 are anticipated to be announced on May 4, August 8 and November 9.

2007 DISTRIBUTION DATES

Monthly distributions are payable to unitholders of record on the last business day of each month and are generally paid on the 20th day of the following month or the next following business day.

INVESTOR INFORMATION

John Hamilton
Senior Vice President and
Chief Financial Officer
Telephone: (905) 212-3300
Fax: (905) 624-6020
E-mail: ir@wajax.com

To obtain a delayed unit quote, read news releases, listen to the latest analysts' conference call, and stay abreast of other Fund news, visit our website at www.wajax.com.

ANNUAL MEETING

Unitholders are invited to attend the Annual Meeting of Wajax Income Fund, to be held on the Trading Floor of The Design Exchange, 234 Bay Street, Toronto-Dominion Centre, Toronto, Ontario, Canada, on Friday, May 4, 2007, at 11:00 a.m.

Vous pouvez obtenir la version française de ce rapport en écrivant au Secrétaire du Fonds de revenu Wajax, au 3280 Wharton way, Mississauga, (Ontario) L4X 2C5

Operating Units and Branch Listings

OPERATING UNITS

MOBILE EQUIPMENT

Wajax Industries
16745 - 111th Avenue
Edmonton, Alberta T5M 2S4
Mark Whitman,
Senior Vice President,
Mobile Equipment

Wajax Industries West
16745 - 111th Avenue
Edmonton, Alberta T5M 2S4
Brian Dyck, General Manager,
General Equipment, West
John Fitzpatrick,
General Manager,
Mining Division, West

Wajax Industries Ontario
811 Steeles Avenue
Milton, Ontario L9T 5H3
Roman Pankiw,
General Manager, Ontario

Wajax Industries East
1100 Norman Street
Lachine, Québec H8S 1A6
Sylvain Bélisle,
General Manager, East

POWER SYSTEMS

Waterous Power Systems
10025 - 51st Avenue
Edmonton, Alberta T6E 0A8
Terry Keefe, President

Detroit Diesel-Allison
Canada East
2997 rue Watt
Ste-Foy, Québec G1X 3W1
Gilbert Dumas, President

INDUSTRIAL COMPONENTS

Kinecor
2200 52nd Avenue
Lachine, Québec H8T 2Y3
Gordon Duncan, President

Kinecor West
1403 5th Street
Nisku, Alberta T9E 8C7
Barry Sutherby,
Vice President,
Western Region

Kinecor Central
1 Moyal Court
Concord, Ontario L4K 4R8
Richard Ayuen,
Vice President,
Central Region

Kinecor East
2200 52nd Avenue
Lachine, Québec H8T 2Y3
Francois Germain,
Vice President,
Eastern Region

BRANCH LISTINGS*

MOBILE EQUIPMENT

Wajax Industries West
Campbell River, BC
Kamloops, BC
Langley, BC
Nanaimo, BC
Prince George, BC
Sparwood, BC
Calgary, AB
Clairmont, AB
Edmonton, AB (2)
Fort McMurray, AB
Saskatoon, SK
Winnipeg, MB

Wajax Industries Ontario
Dryden, ON
London, ON
Milton, ON
Mississauga, ON (2)
Ottawa, ON
Sudbury, ON
Thunder Bay, ON
Timmins, ON
Windsor, ON

Wajax Industries East
Granby, QC
Lachine, QC
Quebec City, QC
St-Felicien, QC
Moncton, NB
Dartmouth, NS
Wabush, NF

POWER SYSTEMS

Waterous Power Systems
Fort St. John, BC
Calgary, AB
Edmonton, AB
Fort McMurray, AB
Grande Prairie, AB
Red Deer, AB
Redcliff, AB
Regina, SK
Saskatoon, SK
Winnipeg, MB
Thunder Bay, ON

Detroit Diesel-Allison
Canada East
Dorval, QC
Saint Nicephore, QC
Ste-Foy, QC
Val d'Or, QC
Moncton, NB
Dartmouth, NS
Grand Falls, NF
Mount Pearl, NF

INDUSTRIAL COMPONENTS

Kinecor West
Prince George, BC
Surrey, BC
Calgary, AB (2)
Edmonton, AB
Nisku, AB
Regina, SK
Saskatoon, SK
Flin Flon, MB
Thompson, MB
Winnipeg, MB
Yellowknife, NW

Kinecor Central
Concord, ON
Espanola, ON
Guelph, ON
Hearst, ON
Kapuskasing, ON
London, ON
Marathon, ON
Mississauga, ON
North Bay, ON
Sarnia, ON
Sault Ste. Marie, ON
Stoney Creek, ON
Sudbury, ON
Thunder Bay, ON
Timmins, ON
Windsor, ON
Temiscaming, QC

Kinecor East
Ottawa, ON
Chicoutimi, QC
Drummondville, QC
Granby, QC
Lachine, QC
Longueuil, QC
Noranda, QC
Quebec City, QC
Rimouski, QC
Sept Iles, QC
Sherbrooke, QC
Thetford Mines, QC
Tracy, QC
Trois Rivières, QC
Val d'Or, QC
Valleyfield, QC
Ville d'Anjou, QC
Bathurst, NB
Charlottetown, PEI
Dartmouth, NS
New Glasgow, NS
Port Hawkesbury, NS
Corner Brook, NF
Mount Pearl, NF
Wabush, NF

* For additional branch information, go to www.wajax.com