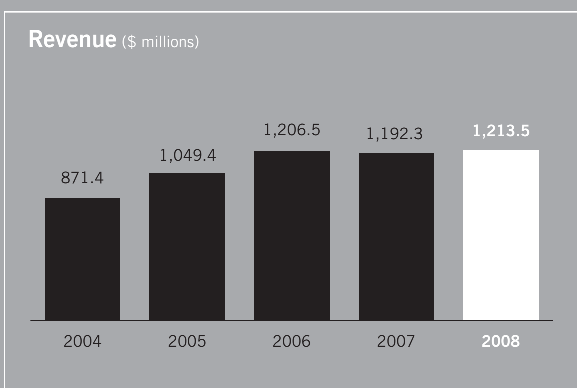
Wajax Income Fund

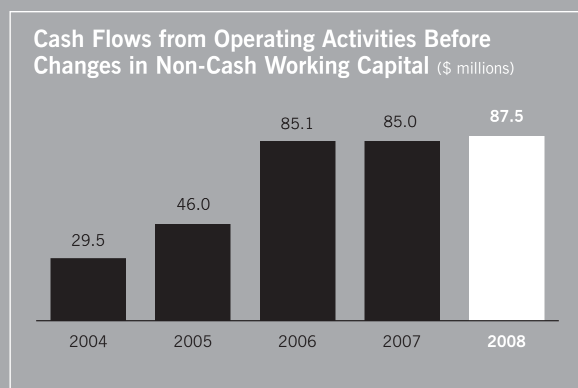
Annual Report 2008

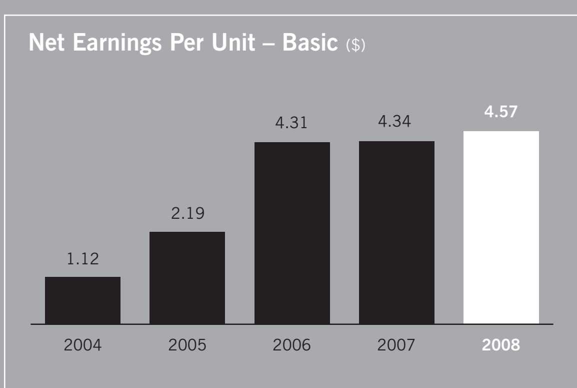
WAJAX ESTABLISHED | ÉTABLI 1858

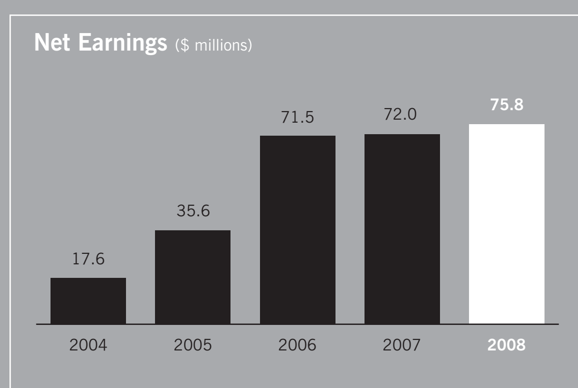
Financial Highlights

For the years ended December 31 ($ thousands, except per unit data)	2008	2007	2006
Revenue	$ 1,213,475	$ 1,192,267	$ 1,206,524
Net earnings	75,822	71,970	71,457
Cash flows from operating activities before changes in non-cash working capital	87,461	85,038	85,103
Working capital, exclusive of funded debt and cash	203,165	154,467	156,234
Funded debt, net of cash	120,480	60,779	67,425
Unitholders' equity	205,693	198,103	197,195
Net earnings per unit – basic	4.57	4.34	4.31
Distributable cash per unit – basic	4.64	4.47	4.46
Cash distributions declared	4.13	4.36	4.43
Debt to equity	0.59:1	0.31:1	0.34:1
Weighted average number of units outstanding	16,585,206	16,585,206	16,584,766









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 business divisions, which operate through a network of 112 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. Tracing its roots to 1858, Wajax is one of Canada's oldest business organizations.

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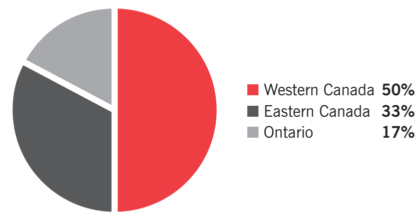
Wajax at a Glance

Fund Overview

- Wajax has three distinct divisions, which operate through a network of 112 branches across Canada. The Fund's customer base covers core sectors of the Canadian economy – mining, oil sands, oil and gas, forestry, construction, manufacturing, industrial processing, transportation and utilities.

2008 Sales by Region



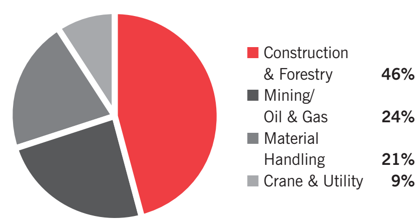
Division Overview

2008 Division Revenue

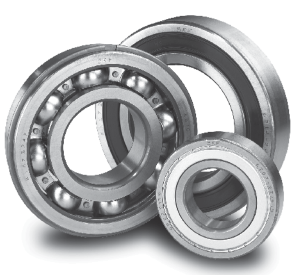
Mobile Equipment

- Wajax Industries distributes, customizes and provides after-sales parts and service support of mobile equipment used in the construction, forestry, mining, oil sands, materials handling, transportation, oil and gas, manufacturing and utilities industries.
- The largest multi-line distributor of mobile equipment in Canada.
- 30 branches, 1,046 employees.
- 52% of Wajax Income Fund revenues and 54% of earnings before interest and taxes.

By Product Type

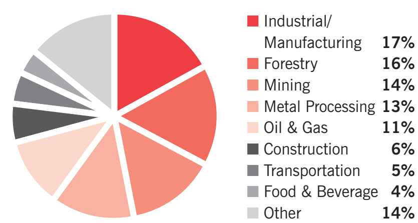


Industrial Components

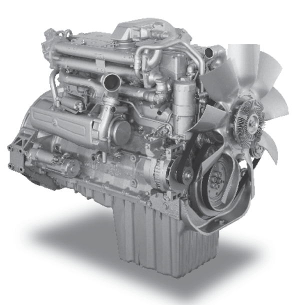


- Operating as Kinecor and Peacock, distribute and provide service and repairs for bearings and power transmission products, hydraulics, process equipment and automation technologies.
- 63 branches, 861 employees.
- 27% of Wajax Income Fund revenues and 22% of earnings before interest and taxes.

By Market

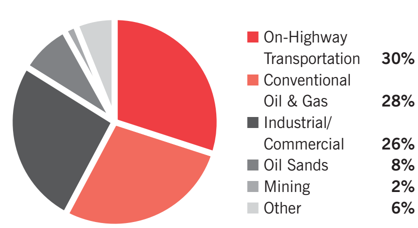


Power Systems



- Operating as Waterous Power Systems in western Canada (11 branches) and as DDACE Power Systems (8 branches) in eastern Canada.
- Both operating units distribute and provide parts and service support for diesel engines, transmissions, power generators, co-generation systems and complementary product lines, including the custom assembly of power generation sets and marine propulsion packages (eastern Canada).
- 734 employees.
- 21% of Wajax Income Fund revenues and 24% of earnings before interest and taxes.

By Market



2008 Sales by Market

Industrial/Commercial	17%
Construction	14%
Oil Sands	13%
Conventional Oil and Gas	11%
Mining	10%
Transportation	10%
Forestry	9%
Metal Processing	6%
Government & Utilities	4%
Other	6%

Fund Highlights

- Record 2008 revenues of $1.2 billion.
- Record 2008 net earnings of $75.8 million or $4.57 per unit.
- Regular monthly distributions increased three times in 2008 to $0.36 per unit ($4.32 annualized).
- Industrial Components division acquired Peacock, a leading distributor of pumps, process controls and instrumentation, filtration products and material handling equipment to the oil and gas, power generation, mining and infrastructure sectors across Canada.

Division Highlights

- Record revenues and earnings of $635.3 million and $50.0 million respectively.
- Parts and service volume increases of 16% driven by the growth in equipment sales in the last several years, particularly in the mining and construction and forestry sectors.
- Awarded additional distribution rights to the Tigercat line of forestry equipment for Manitoba, Newfoundland and Prince Edward Island.
- Acquired assets of JCB dealer with Ontario territorial rights for the area from Mississauga to Niagara Falls, including Hamilton.

- Achieved revenues of $322.8 million and earnings of $20.2 million.
- Acquired Peacock, the process equipment business of Weir Canada Inc. and a leading distributor of pumps, process controls and instrumentation, filtration products and material handling equipment.

- Parts and service revenues increased in both operating units offsetting an overall equipment revenue decrease
- Earnings increased $1.4 million excluding the impact from a gain on the sale of land in 2007

Division Opportunities

Promote revenue and earnings growth through:

- Expanded product offerings of underground mining and mobile crane equipment.
- Introduction of light construction equipment rental fleet.
- Major accounts focus and dedicated sales forces in major metropolitan markets.
- New branch openings.
- Establishment of retail financing, third party insurance and extended warranty and maintenance programs.

- Complete the integration of the Peacock business and enhance revenues and earnings through efficiencies and leveraging of the Kinecor branch network.
- Introduce new product offerings in health and safety equipment.
- Opening of new branches.
- Further development of globally sourced private label brands.
- Modification of pricing and freight strategies to improve margins.

- Expansion in the standby and primary power generation businesses through existing lines, the addition of complementary product lines and the expansion of products offered in areas of the country not currently fully represented
- Focus on aftermarket parts and service growth in western Canada's off-highway market and in the on-highway market across Canada

Message to Our Unitholders

Paul E Gagné
Chairman of the Board

Neil D. Manning
President and Chief Executive Officer

To Our Unitholders,

Record 2008 Results

In 2008 Wajax produced record revenues and earnings. Revenues of $1.213 billion surpassed by 2% the previous year total of $1.192 billion and eclipsed the previous record high of $1.207 billion established in 2006. Net earnings were $75.8 million or $4.57 per unit compared to the record $72.0 million or $4.34 per unit the year before, an improvement of nearly 5.3%. This was a good performance considering that the pace of growth in Canada slowed during the year as steep currency and commodity price declines occurred and credit availability became more limited.

Revenues included an $18.0 million contribution from Peacock, the former Process Equipment Division of Weir Canada Inc., which our Industrial Components business unit purchased in September 2008. Year-over-year revenues were otherwise up slightly in Mobile Equipment and flat in the Power Systems business unit. Our earnings improvement was primarily attributable to a continued strong showing in the mining and oil sands sectors and to our higher margin aftermarket parts and service business, reflecting in large part the growth in equipment sales over the last number of years.

As a result of this strong performance, monthly distributions were raised three times in 2008. We elected to pay a special distribution at year-end in non-cash form in the belief it would be prudent to maintain liquidity given the level of economic uncertainty we are facing going into 2009.

The New Business Landscape

As impressive and satisfying as these accomplishments are, the financial and business landscape in which we operated just months ago has quickly and significantly changed. We are in the midst of a global economic downturn with tight credit conditions, sharp declines in energy and commodity prices and declining business confidence. Canada is in recession and is suffering spill-over effects stemming from the credit crisis. The duration and intensity of this downturn are unknowns.

These deteriorating market conditions began to influence our business towards the end of 2008 and have accelerated since the start of this year. Pricing pressures on commodities have affected demand. As well, customers are having difficulties renewing credit facilities or accessing capital to fund large equipment purchases. Extended plant shutdowns or closures, and mining and energy related project delays or downsizings are presently affecting, or have the potential to affect, each of our business units.

Wajax is entering this uncertain period with operationally sound and strategically focused business units. For many reasons, we remain optimistic about our ability to weather these economic difficulties and about the Fund's potential for long-term growth. Our balance sheet remains sound. At year-end, funded debt, net of cash, was $120.5 million and our debt to equity ratio stood at 0.59:1. We have $175 million of debt financing in place with a December 2011 maturity. Each business unit participates in numerous industrial sectors and each is further highly diversified by product type, geography and customer base. This diversification will mitigate some of the effects of volatility in particular markets. Also, initiatives taken in the past several years have provided us with additional competitive advantages. We have broadened the revenue sources of our business units through organic growth initiatives, the expansion of aftermarket service capabilities, the acquisition of distribution rights to new and/or broader product lines and the extension of territorial distribution rights under existing distribution agreements. As well, we have made several selective strategic acquisitions complementary to our current lines of business, the largest of which was last year's purchase of Peacock.

Managing Through 2009 and Beyond

Our task at hand and single-minded focus will be to manage through these difficult times to ensure that Wajax remains well positioned to resume steady growth when the economy does eventually recover. With regard to the recovery, we believe long-term prospects for energy and commodities are excellent. These are sectors of the economy to which Wajax has strong exposure. We anticipate government and central bank capital and liquidity infusions and other stimulus measures will in due course assist the economy to stabilize and recover. In particular, recently announced government sponsored infrastructure sector programs should promote demand for our products until there is a rebound in energy and commodity markets.

We are assuming the balance of 2009 will present a challenging operating environment. This will be a year of tight discipline in which we will focus on the business fundamentals of managing costs and working capital. However, we will also continue to implement logistics improvements and develop aftermarket service capabilities and offerings to meet customer needs. These actions will enhance our competitiveness and support our longer-term strategy to grow earnings and distributable cash through improved operating margins and revenue growth while maintaining a strong balance sheet.

In response to the rapid deterioration in conditions towards the end of 2008 and in anticipation of worsening conditions and lower revenues, we have acted to reduce our cost structure. Workforce reductions of approximately 8% of the Fund's overall headcount will be completed by the middle of 2009. Salaries have been frozen at 2008 levels and other selling and administrative expenses have been reduced. All business units are focused on reducing working capital through strict inventory purchase controls, vigilant accounts receivable collections and deferrals of capital spending where appropriate. Cost structures will continue to be monitored throughout the year and realigned with market conditions. As well, in view of our reduced earnings expectations for the balance of the year and to preserve cash in the short-term, we reduced regular monthly per unit distributions to $0.20 ($2.40 annualized) beginning in March.

We assure you that we will continue to act prudently and as required to ensure the Fund is appropriately positioned to face the difficult economic conditions ahead and is ready to build on its diversified base to resume revenue and earnings growth when real recovery takes hold.

Acknowledgements

We would like to recognize the impressive progress the organization has made in strengthening its safety culture and bringing closer our health and safety vision of "zero incidents in the workplace". At year-end, 93% of branch facilities were recognized for having successfully avoided lost-time injuries, a very impressive turnaround from 78% the year before. Congratulations are due to all of our employees who have contributed to making Wajax an increasingly safer place to work.

Donald Taylor, who has served on the board since 1999, will not be standing for re-election at this year's meeting of unitholders. Don is well respected by his board colleagues and management alike. We will miss his insights and wisdom and wish him well on his retirement. Moving forward, unitholders have been requested to approve an increase in the permitted size of the board to facilitate succession planning and to strengthen the board's oversight capabilities. We have been fortunate to have had the support of an informed and engaged board this past year and look forward to its continued guidance in this time of uncertainty and the input of its new members.

Paul E. Gagné
Chairman of the Board

Neil D. Manning
President and
Chief Executive Officer

February 27, 2009

Management's Discussion and Analysis

The following management's 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, 2008. The following discussion should be read in conjunction with the Fund's annual Audited Consolidated Financial Statements and accompanying notes. Information contained in this MD&A is based on information available to management as of February 27, 2009.

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 Audited 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 Audited Consolidated Financial Statements and accompanying notes.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

The Fund's management, under the supervision of its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). DC&P 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. DC&P are 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 CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. ICFR 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, 2008 the Fund's management, under the supervision of its CEO and CFO has completed an assessment of the design of DC&P and ICFR. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework. With regard to general controls over information technology, management also used the set of practices of Control Objectives for Information and related Technology ("COBIT") created by the IT Governance Institute.

The Fund's management has not yet evaluated the design of DC&P and ICFR related to Peacock, the Weir Process Equipment division of Weir Canada Inc., that was acquired in September 2008. Peacock had 2008 revenues of approximately $18.0 million since acquisition. The Fund's management anticipates that the integration of Peacock will be completed prior to September 2009 at which time it will be under the existing Industrial Components control environment.

During the year the Fund's management, under the supervision of its CEO and CFO, has evaluated the effectiveness and operation of its DC&P and ICFR. This evaluation includes a risk evaluation, documentation of key processes and tests of effectiveness conducted on a sample basis throughout the year. Due to the inherent limitations in all control systems, an evaluation of the DC&P and ICFR can only provide reasonable assurance over the effectiveness of the controls. As a result, DC&P and ICFR are not expected to prevent and detect all misstatements due to error or fraud. With the exception of the Peacock business, the CEO and CFO have concluded that the Fund's DC&P and ICFR are effective as at December 31, 2008.

There has been no change in the Fund's ICFR that occurred during the fourth quarter of fiscal 2008 that has materially affected, or is reasonably likely to materially affect, the Fund's ICFR.

Wajax Income Fund Overview

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

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

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

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

Forward-Looking Information

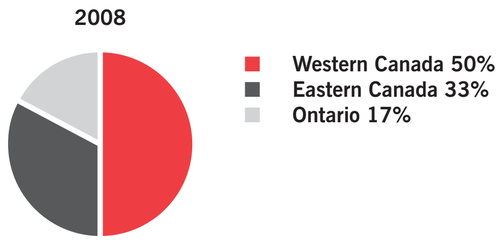
This MD&A contains forward-looking statements. These statements relate to future events or future performance and reflect management's current expectations and assumptions. The words "anticipate", "expect", "believe", "may", "should", "estimate", "project", "outlook", "forecast" or similar words are used to identify such forward-looking information. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management of the Fund. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. These factors include, among other things, changes in laws and regulations affecting the Fund and its business operations, changes in taxation of the Fund, general business conditions and economic conditions in the markets in which the Fund and its customers compete, fluctuations in commodity prices, the Fund's relationship with its suppliers and manufacturers and its access to quality products, and the ability of the Fund to maintain and expand its customer base. Additional information on these and other factors is included in this MD&A under the heading "Risks and Uncertainties" and in other reports filed by the Fund with Canadian securities regulators. 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, except as required by law.

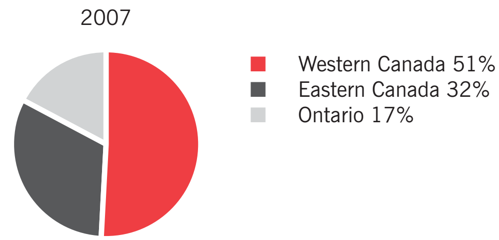
Consolidated Results

Year ended December 31		**2008**		2007
Revenue	**$**	**1,213.5**	$	1,192.3
Gross profit	**$**	**284.8**	$	264.1
Selling and administrative expenses	**$**	**202.4**	$	187.8
Gain on sale of land		**–**	$	(2.4)
Earnings before interest and income taxes	**$**	**82.4**	$	78.8
Interest expense	**$**	**4.7**	$	4.9
Income tax expense	**$**	**1.8**	$	1.9
Net earnings	**$**	**75.8**	$	72.0
Distributable cash (1)	**$**	**77.0**	$	74.1
Distributions declared				
Cash	**$**	**68.5**	$	72.3
Non-cash (3)	**$**	**7.8**	$	0.9
Distributions paid				
Monthly	**$**	**68.0**	$	64.3
Special	**$**	**7.8**	$	18.6
Earnings per unit				
Basic	**$**	**4.57**	$	4.34
Diluted	**$**	**4.53**	$	4.31
Distributable cash per unit (1)				
Basic (2)	**$**	**4.64**	$	4.47
Diluted	**$**	**4.60**	$	4.44
Distributions declared per unit (2)				
Cash	**$**	**4.13**	$	4.36
Non-cash (3)	**$**	**0.47**	$	0.05
Distributions paid per unit (2)				
Monthly	**$**	**4.10**	$	3.88
Special	**$**	**0.47**	$	1.12

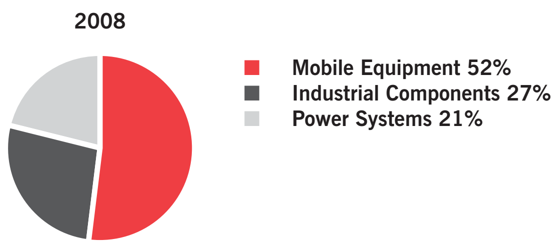
(1) Non-GAAP measure, see the Non-GAAP Measures and Distributable Cash sections.
(2) Based on actual number of units outstanding on the relevant record date.
(3) See Distributions section.

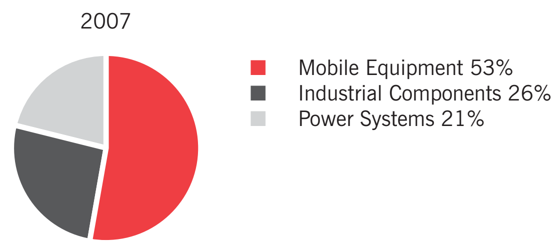
Revenue by Geographic Region





Revenue by Segment





Revenue

Revenues increased 2%, or $21.2 million, in 2008 to $1,213.5 million from $1,192.3 million in 2007 and included $18.0 million of revenue from the acquisition of Peacock, the Weir Process Equipment division of Weir Canada Inc., by the Industrial Components segment effective September 5, 2008. The strength of the Canadian dollar relative to the U.S. dollar in the first half of the year had the effect of decreasing 2008 consolidated annual revenue by approximately $22.9 million, or 2%, compared to last year as the Fund realized lower sales dollars per unit on U.S. sourced products. Mobile Equipment's revenues increased 1% or $7.7 million, largely from higher parts and service volumes and increased equipment sales in eastern Canada, offset partially by lower equipment sales in western Canada and Ontario. Industrial Components revenues increased 4%, or $13.3 million, mostly attributable to the acquisition of Peacock offset in part by lower volumes in eastern Canada. Power Systems revenues remained unchanged compared to last year as higher parts and service revenues in western Canada were offset by lower generator set sales in eastern Canada.

Gross Profit

Gross profit increased $20.7 million, or 8%, in 2008 due to the positive impact of both higher volumes and gross profit margins compared to last year. The gross profit margin percentage increased to 23.5% from 22.2% last year due mainly to a higher proportion of higher margin parts and service volumes compared to last year and the $2.4 million write-down in 2007 of forestry equipment inventory related to a supplier insolvency in the Mobile Equipment segment. Offsetting these factors was the negative impact of a reclassification of $3.5 million of selling and administrative expenses to cost of sales in 2008 resulting from adoption of the new CICA Handbook Section 3031, Inventories, effective January 1, 2008 without restatement of 2007 results ("the new inventory accounting standard").

Excluding the impact of the new inventory accounting standard in 2008, the gross profit percentage increased to 23.8% in 2008 compared to 22.2% in 2007.

Selling and Administrative Expenses

Selling and administrative expenses increased $14.6 million in the year due primarily to increased personnel costs in all segments and the acquisition of Peacock in Industrial Components, offset partially by a reclassification of $4.0 million of overhead costs to cost of sales ($3.5 million) and inventory ($0.5 million), resulting from adoption of the new inventory accounting standard. Excluding the impact of adoption of the new inventory accounting standard, selling and administrative expenses as a percentage of revenue increased to 17.0% from 15.8%.

Interest Expense

Interest expense decreased $0.2 million to $4.7 million in 2008 from $4.9 million in 2007. The positive impact of lower interest rates and amortization of deferred financing costs more than offset the impact of higher funded debt net of cash ("funded net debt") outstanding in 2008 compared to last year due partially to the acquisition of Peacock in September 2008.

Income Tax Expense

The effective income tax rate of 2.3% for the year decreased from 2.6% the previous year due mainly to a $1.8 million reduction in future income tax expense offset, in part, by an increase in current income tax expense resulting from higher taxable income in the Fund's subsidiary Wajax Limited compared to last year. The reduction in future income tax expense is mostly due to a $1.2 million adjustment made in 2007 to reflect the Fund's temporary differences in taxable income that are estimated to reverse after 2010, tax effected at rates that will apply in the periods the differences are expected to reverse.

EBIT(1) by Segment

2008

- **Mobile Equipment 54%**
- **Industrial Components 22%**
- **Power Systems 24%**

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

2007

- Mobile Equipment 51%
- Industrial Components 23%
- Power Systems 26%

Revenue by Market

2008

- **Industrial/Commercial 17%**
- **Construction 14%**
- **Oil Sands 13%**
- **Conventional Oil and Gas 11%**
- **Mining 10%**
- **Transportation 10%**
- **Forestry 9%**
- **Metal Processing 6%**
- **Government & Utilities 4%**
- **Other 6%**

2007

- Industrial/Commercial 18%
- Construction 14%
- Oil Sands 10%
- Conventional Oil and Gas 12%
- Mining 11%
- Transportation 10%
- Forestry 10%
- Metal Processing 6%
- Government & Utilities 4%
- Other 5%

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

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

Under legislation enacted on June 22, 2007, the Fund as a publicly traded income trust will pay tax on its income distributed commencing in 2011 at a rate that is substantially equivalent to the general corporate income tax rate. The Fund may become taxable on its distributions prior to 2011 if its equity capital grows beyond certain dollar limits measured by reference to the Fund's market capitalization on October 31, 2006. The Fund has not exceeded its growth limits at December 31, 2008.

On November 28, 2008, the Department of Finance released draft legislation designed to permit income funds to "convert" into public corporations without triggering adverse tax consequences to the income fund and its unitholders. The Fund is currently evaluating the draft legislation which provides for alternative methods whereby an income fund can convert to a public corporation. The Fund's current expectation is that it will delay conversion to a corporate structure until January 1, 2011 so long as it continues to benefit from the efficient distribution of its taxable income to unitholders and continues to meet the limitations on growth in equity. After conversion it is anticipated that the Fund's dividends will be equal to its distributions prior to conversion, less incremental income taxes to be paid as a corporation. The Fund will continue to monitor its position on timing of conversion to a corporation and its distribution policy taking into account any changes in tax rules governing income trusts and other capital market considerations.

Net Earnings

Net earnings for the year ended December 31, 2008 increased $3.8 million to $75.8 million, or $4.57 per unit, from $72.0 million, or $4.34 per unit, in 2007. The increase was a result of higher volumes and gross profit margins and lower interest and income tax expenses, offset partly by higher selling and administrative expenses compared to last year and the $2.4 million gain on sale of land in 2007. Net earnings were positively impacted by $0.5 million of income after tax resulting from adoption of the new inventory accounting standard.

Comprehensive Income

Comprehensive income for the year ended December 31, 2008 increased $2.4 million from $71.3 million the previous year due to a $3.8 million increase in net earnings reduced by a $1.4 million increase in other comprehensive loss. The increase in other comprehensive loss resulted from an increase in the change in fair value of outstanding derivative contracts designated as cash flow hedges compared to last year.

Funded Net Debt

Funded net debt of $120.5 million increased $59.7 million in 2008 compared to last year as cash flows from operating activities before changes in non-cash working capital of $87.5 million were more than outweighed by an increase in non-cash working capital of $28.8 million, cash distributions of $75.8 million and $42.3 million of capital spending which included the $25.7 million acquisition of Peacock. As a result, the Fund's year-end debt-to-equity ratio of 0.59:1 increased from last year's ratio of 0.31:1.

Distributable Cash (see Non-GAAP Measures section) and Distributions
For the twelve months ended December 31, 2008, distributable cash was $77.0 million, or $4.64 per unit, compared to $74.1 million, or $4.47 per unit, the previous year. For the same period, monthly cash distributions declared were $4.13 per unit (2007 – $3.89 per unit) and in 2007 a special cash distribution of $0.47 per unit was declared. A special cash distribution for 2008 was not declared as the Fund believed it was prudent to maintain liquidity given the level of economic uncertainty going into 2009. As a result, on December 31, 2008 a special non-cash distribution equal to $0.47 per unit was declared to ensure, as provided by the Fund's Declaration of Trust, the Fund's total distributions for the year equals its taxable income. In 2007 a $0.05 per unit special non-cash distribution was paid in order to distribute the Fund's non-taxable portion of its capital gains for the year.

Distributable cash in excess of cash distributions declared for the twelve months ended December 31, 2008 of $8.5 million, or $0.51 per unit, provides the Fund an additional reserve for fluctuations in working capital requirements, capital expenditure requirements or future distributions.

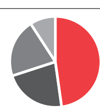
Unitholder tax information relating to 2008 distributions is available on the Fund's website at www.wajax.com.

Results of Operations

Mobile Equipment

For the year ended December 31	2008	2007
Equipment	$ 430.1	$ 450.8
Parts and service	$ 205.2	$ 176.8
Gross revenue	$ 635.3	$ 627.6
Segment earnings	$ 50.0	$ 45.1
Segment earnings margin	7.9%	7.2%

Revenue by Product Type 2008 Versus 2007

Market		2008		2007
Construction & Forestry		46%		48%
Mining/Oil & Gas		24%		22%
Material Handling		21%		21%
Crane & Utility		9%		9%

Revenues increased 1%, or $7.7 million, to $635.3 million in 2008 from $627.6 million in 2007. The strength of the Canadian dollar relative to the U.S. dollar in the first half of the year had the effect of decreasing 2008 annual revenues by approximately $16.8 million, or 3%, compared to last year. Segment earnings increased $4.9 million to $50.0 million in 2008 compared to $45.1 million in 2007. The following factors contributed to the results:

- Equipment revenues decreased by $20.7 million compared to last year and included the following year-over-year variances:
  - Forestry and construction equipment revenues decreased $10.9 million. A reduction in new Hitachi excavator sales in western Canada, due to lower activity in the conventional oil and gas sector, were partially offset by an increase in new Hitachi excavator sales in eastern Canada (Quebec and the Atlantic provinces). JCB construction equipment revenues increased in eastern Canada offset in part by a decrease in Ontario. In addition, forestry equipment sales increased in eastern Canada and Ontario due to the introduction of the Tigercat forestry product line in December 2007 and higher sales of Peterson Pacific chippers.
  - Mining equipment revenues decreased $7.6 million due mostly to fewer deliveries of Hitachi mining equipment and LeTourneau mining loaders in eastern and western Canada compared to last year.
  - Material handling equipment revenues decreased $3.1 million as lower new equipment and rental volumes in Ontario more than offset an increase in new equipment sales in western Canada.
  - Crane and utility equipment revenues increased $0.9 million as higher deliveries to hydro utility customers in Ontario outweighted a decline in new crane equipment sales in western Canada.
- Parts and service volumes increased $28.4 million compared to last year driven by gains in the mining sector, primarily in western Canada, and Canada-wide increases in the construction sector and forestry sector due to the addition of the Tigercat product line. These results are a reflection of the growth in equipment sales over the last three years.
- Earnings increased $4.9 million compared to last year. A $9.2 million benefit from higher volumes and margins plus a $0.3 million positive impact of adopting the new inventory accounting standard was offset by a $4.6 million increase in selling and administrative expenses compared to last year.
  - Increased margins were generally attributable to a higher proportion of higher margin parts and service volumes compared to last year and the $2.4 million write-down in 2007 of forestry equipment inventory related to a supplier insolvency.
  - Selling and administrative expenses increased due to higher after-market sales related costs, offset partially by higher expense recoveries in all regions compared to last year.

During the first quarter of 2008, the Mobile Equipment operation was awarded additional distribution rights to the Tigercat line of forestry equipment for Manitoba, Newfoundland and Prince Edward Island.

On March 17, 2008 the Fund acquired certain assets of Dan Greer Enterprises Limited ("Greer"), the JCB dealer with territorial rights in the Ontario area from Mississauga to Niagara Falls, including Hamilton, for approximately $1.8 million. Greer has annual sales of approximately $7.0 million.

Given the uncertainty surrounding the Canadian economy going into 2009, steps are being taken to reduce the segment's cost structure in anticipation of softer revenues. These steps include workforce reductions of approximately 10%, salaries frozen at 2008 levels and other selling and administrative expense reductions. The segment's cost structure will be monitored and adjusted in response to any further changes in market conditions. In addition, the segment will continue to maintain disciplined control over inventories and receivables.

The segment's focus going forward will include initiatives to grow revenue and earnings, within the current economic climate.

The segment will continue to review and identify new product opportunities and ways to increase market share including the following:

- Expansion of product offerings to include underground mining equipment and mobile crane equipment.
- Introduction of a rental fleet of light construction equipment when market conditions warrant.
- Development of a major accounts focus by marketing comprehensive product offerings to new and existing large customers.
- Targeted growth of construction equipment sales in major metropolitan markets across Canada, through dedicated sales forces.
- A new branch in Red Deer, Alberta is scheduled to open in May 2009. This new branch will supplement the existing Calgary and Edmonton operations and will also incorporate a dedicated crane assembly centre.
- As market conditions improve, establish a dedicated group to provide customers with retail financing (through Wajax Finance), third party insurance and extended warranty and maintenance programs at the time of purchase of equipment.

The Mobile Equipment segment will continue to emphasize strategic initiatives to expand the higher margin aftermarket parts and service business.

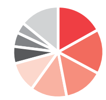
- The segment will continue to maximize aftermarket demand due to increased machine population in the construction and forestry, and mining sectors. Expansion of the segment's presence in Fort McMurray and north in Fort MacKay, closer to the oil sand mine sites, will allow for better and more cost effective service for new and existing customers.

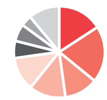
Industrial Components

For the year ended December 31	**2008**	2007
Gross revenue	**$ 322.8**	$ 309.5
Segment earnings	**$ 20.2**	$ 20.0
Segment earnings margin	**6.3%**	6.5%

Revenue by Market 2008 Versus 2007

Market	**2008**	2007
Industrial/Manufacturing	**17%**	16%
Forestry	**16%**	20%
Mining	**14%**	12%
Metal Processing	**13%**	13%
Oil & Gas	**11%**	12%
Construction	**6%**	6%
Transportation	**5%**	6%
Food & Beverage	**4%**	4%
Other	**14%**	11%





Revenues increased $13.3 million, or 4%, to $322.8 million from $309.5 million in 2007 and included $18.0 million of revenue from the acquisition of Peacock effective September 5, 2008. Segment earnings increased $0.2 million to $20.2 million compared to $20.0 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 decreased $2.4 million compared to last year as lower forestry sector volumes, particularly in eastern Canada and Ontario, more than outweighed increased sales to metal processing, mining, industrial and agriculture customers across all regions.
- Fluid power and process equipment products and service revenues increased $15.7 million and included $18.0 million of revenue from the acquisition of Peacock. Reduced natural gas drilling activity in western Canada, decreased forestry sector sales across all regions and lower transportation volumes were offset partially by improved sales in the mining and agriculture markets, particularly in western Canada.
- Segment earnings of $20.2 million for 2008 increased $0.2 million compared to last year as the positive impact of higher volumes and margins more than offset the $8.8 million increase in selling and administrative expenses. Higher margins were due primarily to the acquisition of Peacock, a reduction in lower margin forestry sector volumes and margin improvement initiatives compared to last year. Selling and administrative expenses increased as a result of the Peacock acquisition, higher personnel related costs and consulting costs of $2.0 million associated with the new computer system conversion.

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

Effective September 5, 2008 the Fund completed the acquisition of Peacock, the Weir Process Equipment division of Weir Canada Inc. for $25.7 million subject to post closing adjustments. Weir Process Equipment, which was previously known as Peacock Inc., is a leading distributor of pumps, process controls and instrumentation, filtration products and material handling equipment to the oil & gas, power generation, mining and infrastructure sectors across Canada. These products are complementary to Kinecor's current offering and the acquisition significantly enhances Kinecor's position in the Canadian process equipment market. The acquired business will be combined with Kinecor's process equipment operation under the Peacock name. For the twelve month period ended June 30, 2008, Peacock had adjusted annual sales of approximately $50 million and adjusted earnings before interest, taxes and amortization of approximately $5 million. It is expected that over time the profitability of the combined businesses will be enhanced through expense reduction and revenue growth by leveraging Kinecor's extensive branch network and customer base.

Given the uncertainty surrounding the Canadian economy going into 2009, steps are being taken to reduce the segment's cost structure in anticipation of softer revenues. These steps include workforce reductions of approximately 10%, salaries frozen at 2008 levels and other selling and administrative expense reductions. The segment's cost structure will be monitored and adjusted in response to any further changes in market conditions. In addition, the segment will continue to maintain disciplined control over inventories and receivables.

The following strategic initiatives have been established to enhance the segment's strong market position in the future:

- In addition to the revenue increases from the recent acquisition of Peacock in September 2008, sales volumes will be improved through the introduction of health and safety equipment product lines across Canada targeting new and existing customers; the opening of three new branches in Belleville, Laval and Moncton; and further development of the segment's globally sourced private label brands HY-SPEC and NATIONAL;

- Margin improvement initiatives include continued modification of pricing strategies and lower freight costs. In addition, margin improvements will be realized through the acquisition of Peacock.

- Inventory reduction initiatives will focus on procurement and inventory controls and redeployment of slow moving items.

Power Systems

For the year ended December 31	**2008**	2007
Equipment	**$ 117.8**	$ 127.3
Parts and service	**$ 140.6**	$ 131.1
Gross revenue	**$ 258.4**	$ 258.4
Segment earnings	**$ 21.7**	$ 22.7
Segment earnings margin	**8.4%**	8.8%

Revenue by Market 2008 Versus 2007

Market	**2008**	2007
On-Highway Transportation	**30%**	27%
Conventional Oil & Gas	**28%**	27%
Industrial/Commercial	**26%**	29%
Oil Sands	**8%**	6%
Mining	**2%**	3%
Other	**6%**	8%

Revenues of $258.4 million remained unchanged from 2007. The strength of the Canadian dollar relative to the U.S. dollar in the first half of the year had the effect of decreasing 2008 annual revenues by approximately $6.1 million, or 2%, compared to the previous year. Segment earnings decreased $1.0 million to $21.7 million in 2008 from $22.7 million in 2007. The following factors impacted year-over-year revenues and earnings:

- Revenues at Waterous Power Systems ("Waterous") in western Canada increased $10.8 million in 2008 compared to 2007. Equipment revenue increased $2.2 million while parts and service revenues increased $8.6 million. The increase in equipment revenue was attributable to increased sales of primary power generation equipment and engines to oil and gas drilling customers. Parts and service revenues increased in the oil and gas and on-highway transportation sectors as a result of service rate increases and capacity provided through productivity improvements.

- Revenues at the eastern Canada operation, DDACE Power Systems ("DDACE"), decreased $10.8 million in 2008 compared to 2007. Equipment sales decreased $11.7 million compared to last year due mostly to lower generator set deliveries, offset partially by higher engine sales to marine and industrial customers. Parts and service revenues increased by $0.9 million compared to last year.

- Earnings decreased $1.0 million compared to last year. Excluding a $0.2 million impact of adopting the new inventory accounting standard and the $2.4 million gain on sale of land recorded in 2007, earnings increased $1.2 million as the positive impact of higher volumes and margins of $6.0 million more than offset a $4.8 million increase in selling and administrative expenses.

- Segment margins increased due to a higher proportion of higher margin parts and service volumes compared to last year that more than offset the impact of lower equipment margins in western Canada due to an increase in generator set volumes.

- Increased selling and administrative expenses were attributable to higher personnel, occupancy and warranty expenses offset in part by higher expense recoveries.

In the short-term, given the increasingly challenging economic conditions, productivity and cost reduction initiatives will be implemented and working capital levels will be closely monitored in this segment. The cost structure will be periodically reviewed and adjusted in response to any reductions in volumes. In addition, the segment will continue to focus on aftermarket parts and service growth in western Canada's off-highway market, as oil and gas markets dictate, and through increases in the on-highway market across Canada.

Going forward, the Power Systems segment will focus on revenue growth in both the standby and primary power generation business through the existing MTU, Jenbacher, EMD and Kolher lines, the addition of complementary products lines and by expanding the products offered in areas of Canada not currently fully represented.

Fourth Quarter Consolidated Results

Three months ended December 31		**2008**		2007
Revenue	**$**	**317.3**	$	281.5
Gross profit	**$**	**76.1**	$	64.5
Selling and administrative expenses	**$**	**54.9**	$	45.1
Earnings before interest and income taxes	**$**	**21.3**	$	19.4
Interest expense	**$**	**1.4**	$	1.0
Income tax (recovery) expense	**$**	**0.5**	$	(0.2)
Net earnings	**$**	**19.4**	$	18.6
Distributable cash (1)	**$**	**20.4**	$	19.1
Distributions declared				
Cash	**$**	**17.9**	$	24.2
Non-cash (3)	**$**	**7.8**	$	0.9
Distributions paid	**$**	**17.9**	$	16.4
Earnings per unit				
Basic	**$**	**1.17**	$	1.12
Diluted	**$**	**1.15**	$	1.11
Distributable cash per unit (1)				
Basic (2)	**$**	**1.23**	$	1.15
Diluted	**$**	**1.22**	$	1.14
Distributions declared per unit (2)				
Cash	**$**	**1.08**	$	1.46
Non-cash (3)	**$**	**0.47**	$	0.05
Distributions paid per unit – monthly (2)	**$**	**1.08**	$	0.99

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

Revenue

Revenue in the fourth quarter of 2008 increased $35.8 million to $317.3 million, from $281.5 million in 2007, and included $13.6 million of revenue from the acquisition of Peacock in September 2008. In addition, the weakening Canadian dollar relative to the U.S. dollar had the effect of increasing fourth quarter 2008 revenue by approximately $16.2 million, or 6%, compared to last year as the Fund realized higher sales dollars per unit on U.S. sourced products. Segment revenue increased 41% and 19% in Power Systems and Industrial Components, respectively, while revenue in Mobile Equipment fell 1%.

Gross Profit

Gross profit in the fourth quarter of 2008 increased $11.6 million due principally to higher revenues compared to last year. The gross profit margin percentage for the quarter increased to 24.0% in 2008 from 22.9% in 2007 due to a higher proportion of higher margin parts and service volumes compared to last year and higher gross profit margins resulting from the acquisition of Peacock, offset in part by lower equipment margins in Power Systems. In addition, the gross profit margin was negatively affected by a reclassification of $1.2 million of selling and administrative expenses to cost of sales resulting from adoption of the new inventory accounting standard. Excluding the impact of the new inventory accounting standard in 2008, the gross profit percentage increased to 24.4% in the fourth quarter of 2008 compared to 22.9% in 2007.

Selling and Administrative Expenses

Selling and administrative expenses increased $9.8 million in the quarter due mainly to higher personnel and occupancy costs in all segments, costs associated with the computer system conversion in Kinecor, and the acquisition of Peacock. These increases were offset partially by decreased corporate costs and a net reclassification of $0.9 million of overhead costs to cost of sales ($1.2 million) and from inventory ($0.3 million), resulting from adoption of the new inventory accounting standard. Excluding the impact of adoption of the new inventory accounting standard, selling and administrative expenses as a percentage of revenue increased to 17.6% in 2008 from 16.0% in 2007.

Interest Expense

Quarterly interest expense of $1.4 million increased $0.4 million compared to last year. The positive impact of lower interest rates was more than offset by higher funded debt net of cash ("funded net debt") outstanding in 2008 compared to last year as a result of the acquisition of Peacock in September 2008.

Income Tax Expense

The effective income tax rate of 2.7% for the quarter increased from negative 1.0% the previous year due mainly to an increase in current income tax expense resulting from higher taxable income in the Fund's subsidiary Wajax Limited compared to last year.

Net Earnings

Quarterly net earnings of $19.4 million, or $1.17 per unit, increased $0.8 million from $18.6 million, or $1.12 per unit in 2007. The positive impact of higher volumes and gross profit margins were mostly offset by increased selling and administrative expenses and higher income tax and interest expenses compared to last year. Net earnings include a negative after-tax impact of $0.3 million resulting from adoption of the new inventory accounting standard.

Comprehensive Income

Comprehensive income for the quarter of $17.7 million decreased $0.7 million from $18.4 million the previous year due to a $1.5 million increase in other comprehensive loss, reduced by a $0.8 million increase in net earnings compared to last year. The increase in other comprehensive loss resulted from an increase in the change in fair value of outstanding derivative contracts designated as cash flow hedges compared to last year.

Funded Net Debt

Funded debt net of cash ("funded net debt") of $120.5 million increased $16.3 million compared to September 30, 2008 as fourth quarter cash flows from operating activities before changes in non-cash working capital of $22.5 million were outweighed by an increase in non-cash working capital of $17.7 million, cash distributions of $17.9 million and capital spending of $3.1 million. The Fund's quarter-end debt-to-equity ratio of 0.59:1 at December 31, 2008 increased from last quarter's ratio of 0.51:1.

Distributable cash (see Non-GAAP Measures section) and distributions

For the quarter ended December 31, 2008 distributable cash was $20.4 million, or $1.23 per unit, compared to $19.1 million, or $1.15 per unit, the previous year. Distributable cash increased $1.3 million due mostly to higher cash flows from operations before changes in non-cash working capital compared to last year.

For the same period, monthly cash distributions declared were $1.08 per unit (2007 – $0.99 per unit) and in 2007 a special cash distribution of $0.47 per unit was declared. A special cash distribution for 2008 was not declared as the Fund believed it was prudent to maintain liquidity given the level of economic uncertainty going in 2009.

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

Selected Quarterly Information

	2008				2007			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**$ 317.3**	$ 299.2	$ 311.2	$ 285.7	$ 281.5	$ 289.4	$ 319.1	$ 302.3
Net earnings	**$ 19.4**	$ 18.4	$ 20.0	$ 18.1	$ 18.6	$ 19.6	$ 15.0	$ 18.7
Net earnings per unit								
Basic	**$ 1.17**	$ 1.11	$ 1.20	$ 1.09	$ 1.12	$ 1.18	$ 0.91	$ 1.13
Diluted	**$ 1.15**	$ 1.10	$ 1.19	$ 1.08	$ 1.11	$ 1.17	$ 0.90	$ 1.12
Distributable cash (1)	**$ 20.4**	$ 19.4	$ 18.8	$ 18.4	$ 19.1	$ 19.6	$ 15.8	$ 19.4
Distributable cash per unit (1) – Basic	**$ 1.23**	$ 1.17	$ 1.14	$ 1.11	$ 1.15	$ 1.18	$ 0.95	$ 1.17

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

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

Selected Annual Information

	2008	2007	2006
Revenues from continuing operations	**$ 1,213.5**	$ 1,192.3	$ 1,206.5
Net earnings from continuing operations	**$ 75.8**	$ 72.0	$ 71.5
Net earnings from continuing operations per unit			
Basic	**$ 4.57**	$ 4.34	$ 4.31
Diluted	**$ 4.53**	$ 4.31	$ 4.28
Net earnings	**$ 75.8**	$ 72.0	$ 72.8
Net earnings per unit			
Basic	**$ 4.57**	$ 4.34	$ 4.39
Diluted	**$ 4.53**	$ 4.31	$ 4.36
Total assets – continuing operations	**$ 528.7**	$ 468.2	$ 500.6
Total assets	**$ 528.7**	$ 468.2	$ 500.8
Long-term liabilities	**$ 124.6**	$ 59.8	$ 62.9
Distributions declared per unit			
Cash	**$ 4.13**	$ 4.36	$ 4.43
Non-cash (1)	**$ 0.47**	$ 0.05	–

(1) See Distributions section.

Revenues from continuing operations increased $7.0 million from $1,206.5 million in 2006 to $1,213.5 million in 2008. This growth occurred despite the strengthening Canadian dollar relative to the U.S. dollar which had the effect of decreasing consolidated annual revenue by approximately $47 million as the Fund realized lower sales dollars per unit on U.S. sourced products. Mobile Equipment's revenues increased 3% or $16.1 million, largely from higher mining sector volumes in western Canada, offset by lower forestry sector volumes in western Canada. Kinecor's revenues increased slightly. Higher revenues resulting from the acquisition of Peacock were offset mostly by lower fluid power parts and service revenues in its western region. Power Systems revenues decreased 3%, or $9.3 million as higher generator set sales in DDACE were more than offset by a decline in Waterous equipment revenues due to a slowdown in western Canada's natural gas drilling activity.

Earnings from continuing operations increased $4.3 million from 2006 to 2008. The improvement over 2006 was attributable to the increases in revenue noted above, higher gross profit margins and lower income tax expenses, offset in part by higher selling and administrative and interest expenses.

A $1.3 million gain from discontinued operations was reported in 2006 that resulted from the reversal of certain reserves taken for estimated liabilities retained subsequent to the divestiture of Spencer Industries, Inc. in 2005 that were no longer required.

Total assets of continuing operations increased $28.1 million between December 31, 2006 and December 31, 2008. The overall increase in total assets from continuing operations is substantially attributable to higher inventory, accounts receivable and goodwill, resulting from the acquisition of Peacock in Industrial Components.

Long-term liabilities at December 31, 2008 of $124.6 million represented an increase of $61.7 million compared to December 31, 2006 as additional long-term debt was obtained to fund the business acquisitions and higher working capital requirements.

Liquidity and Capital Resources

The Fund generated $16.4 million of cash flows before financing activities in 2008 compared to $90.0 million in 2007. The $73.6 million decrease in cash flows before financing activities was due to higher non-cash working capital requirements and higher investing activities, compared to last year.

Cash provided by operating activities amounted to $58.7 million in 2008, with $87.5 million of cash generated from operating activities before changes in non-cash working capital offset by $28.8 million used in non-cash working capital. Significant components of the changes in non-cash working capital are as follows:

- Accounts receivable increased $10.4 million due primarily to large mining equipment receivables in Mobile Equipment and higher fourth quarter sales activity in Power Systems.
- Inventory increased $11.4 million reflecting higher inventory levels in Power Systems and lower inventory turns in Industrial Components.
- Accounts payable and accrued liabilities decreased $8.1 million largely due to reduced payables to a mining equipment supplier in Mobile Equipment, offset partially by an increase in supplier payables due to higher inventory levels in Power Systems.

The Fund reinvested $42.3 million of cash provided by operating activities. Significant investing activities included $7.0 million of lift truck rental fleet additions net of disposals, $7.4 million of other capital asset additions net of disposals, and $27.9 million of acquisition of businesses. The acquisition of businesses included Peacock for $25.7 million, Greer for $1.8 million and $0.3 million of contingent consideration paid related to the acquisition of Baytec Fluid Power Limited in 2006.

Working capital from operations, exclusive of funded debt and cash, increased $48.7 million to $203.2 million at December 31, 2008 from $154.5 million at December 31, 2007. The increase was due to the cash flow factors listed above and a $7.3 million decrease in the distributions payable.

The Fund sponsors certain defined benefit plans that cover executive employees, a small group of inactive employees and a small group of employees on long-term disability benefits. The fair value of the defined benefit plans' assets declined $1.6 million to $9.1 million at December 31, 2008 due primarily to a $1.5 million negative return for the year. In addition, the accrued benefit obligations at December 31, 2008 were $14.2 million and include a $3.1 million benefit obligation related to the Wajax Limited Supplemental Executive Retirement Plan (SERP) that is not funded. The resulting plan deficit at December 31, 2008 excluding the SERP, which is secured by a $3.4 million letter of credit, was $2.0 million. The defined benefit plans are subject to actuarial valuations in 2009 and 2010. Management does not expect future cash contribution requirements to change materially from the 2008 contribution level of $0.5 million as a result of these valuations and any further declines in the fair value of the defined benefit plans' assets.

Funded net debt of $120.5 million at December 31, 2008 increased $59.7 million compared to last year. Cash flows from operating activities before changes in non-cash working capital of $87.5 million were outweighed by an increase in non-cash working capital of $28.8, cash distributions of $75.8 million and $42.3 million of capital spending (including $27.9 million for acquisition of businesses) As a result, the Fund's year-end debt-to-equity ratio of 0.59:1 increased from last year's ratio of 0.31:1.

At December 31, 2008, the terms of the Fund's $175 million bank credit facility included the following:

- The facility is fully secured, expiring December 31, 2011, made up of a $30 million non-revolving term portion and a $145 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, 2008. The Fund will be restricted from the payment of monthly cash distributions in the event the Fund's ratio of debt to earnings before interest, taxes, depreciation and amortization (the "Leverage Ratio") exceeds three times. In addition, monthly cash distributions in each fiscal quarter may not exceed 115% of the distributable cash flow (as defined in the credit facility) for the trailing four fiscal quarters.

- 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 bank credit facility is effectively fixed at 4.60% plus applicable margins until December 31, 2011. On December 18, 2008 the Fund entered into a delayed start interest rate swap with two of its lenders, such that in total the interest rate on $50 million of the revolving term portion of the bank credit facility is effectively fixed at 1.92% plus applicable margins. The delayed interest rate swap commences on January 23, 2009 until expiry of the facility on December 31, 2011. Margins on the facility depend on the Fund's Leverage Ratio at the time of borrowing and range between 0.75% and 2.50% for Canadian dollar bankers' acceptances and US dollar LIBOR borrowings, and nil% and 1.5% for prime rate borrowings. (See the Financial Instruments section below.)

At December 31, 2008, the Fund had borrowed $117.0 million and issued $4.2 million of letters of credit for a total utilization of $121.2 million of its $175 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, 2008 the Fund had no utilization of its $15 million equipment financing facility.

The Fund's $175 million bank credit facility along with the $15 million demand inventory equipment financing facility should be sufficient to meet the Fund's short-term normal course working capital, maintenance capital and growth capital requirements. However, the recent economic downturn and global financial crisis has resulted in limited credit availability from traditional sources. In particular, management is concerned about the potential increase in working capital due to order cancellations, deferrals, or delays in payment of certain large mining equipment orders as a result of customers experiencing difficulties in obtaining financing. This issue negatively impacted the Fund's year end working capital by $8.0 million. Although management currently believes the Fund has adequate debt capacity to work through this issue, the Fund may have to access the equity or debt markets, or temporarily reduce distributions to accommodate any shortfalls in the Fund's credit facilities.

In the long-term the Fund may also be required to access the equity or debt markets 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. 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, 2008, $41.9 million was outstanding ($22.7 million of inventory financed on a non-interest bearing basis, $12.5 million of off balance sheet long-term lift truck rental fleet leases and $6.7 million 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 year were as follows:

- The Fund has entered into the following interest rate swaps that have effectively fixed the interest rate on $80 million of the Fund's debt at the combined rate of 2.925%, plus applicable margins, until December 31, 2011:
  - On June 7, 2008 the delayed interest rate swap the Fund entered into on May 9, 2007 with two of its lenders became effective. As a result, the interest rate on the $30 million non-revolving term portion of the bank credit facility was effectively fixed at 4.60% plus applicable margins until expiry of the facility on December 31, 2011.
  - On December 18, 2008, the Fund entered into a delayed start interest rate swap with two of its lenders such that in total the interest rate on $50 million of the revolving term portion of the bank credit facility is effectively fixed at 1.92% plus applicable margins. The delayed interest rate swap commences on January 23, 2009 until expiry of the facility on December 31, 2011.
  - Margins on the swaps depend on the Fund's Leverage Ratio and range between 0.75% and 2.5%.
- The Fund enters into short-term currency forward contracts to fix the cost of certain inbound inventory and to hedge certain foreign currency-denominated sales to (receivables from) customers as part of its normal course of business. As at December 31, 2008, the Fund had contracts outstanding to buy U.S.$13.2 million and €0.04 million and to sell U.S. $10.0 million (December 31, 2007 – to buy U.S.$10.7 million and €1.2 million). These include contracts expiring between January 2009 and March 2010, with a weighted average U.S. dollar rate of 1.1711 and a weighted average Euro dollar rate of 1.6594.

The Fund measures financial instruments held for trading at fair value with subsequent changes in fair value being charged to earnings. Derivatives designated as effective hedges are measured at fair value with subsequent changes in fair value being charged to other comprehensive income. The fair value of derivative instruments is estimated based upon market conditions using appropriate valuation models. The carrying values reported in the balance sheet for financial instruments are not significantly different from their fair values.

Currency Risk

The Fund's operating results are reported in Canadian dollars. While the Fund's sales are primarily denominated 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 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. See the Financial Instruments section.

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. Market conditions generally 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.

A strengthening U.S. dollar relative to the Canadian dollar can have a positive effect on the Fund's revenues as a result of certain products being imported from the U.S. The Fund will periodically institute price increases to offset the negative impact of foreign exchange rate increases and volatility on imported goods to ensure margins are not eroded.

The Fund maintains a hedging policy whereby significant transactional currency risks are identified and hedged.

Contractual Obligations

	Total	2009	2010	2011	2012	2013	After 2013
Long-term debt	**$ 117.0**	$ –	$ –	$ 117.0	$ –	$ –	$ –
Operating leases	**$ 85.8**	$ 18.0	$ 14.1	$ 11.4	$ 9.1	$ 6.2	$ 27.1
Total	**$ 202.8**	$ 18.0	$ 14.1	$ 128.4	$ 9.1	$ 6.2	$ 27.1

The $117 million long-term debt obligation in 2011 relates to the bank term credit facility, see the Liquidity and Capital Resources section. 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") or has guaranteed a portion of customer lease payments ("recourse contracts"). These contracts are subject to certain conditions being met by the customer. As at December 31, 2008, the Fund had guaranteed $6.7 million (2007 – $7.6 million) for contracts with commitments arising between 2009 and 2013. The commitments made by the Fund for the guaranteed residual value contracts reflect the estimated future value of the equipment, based on the judgment and experience of management. The Fund has recorded a $0.2 million provision in 2008 (2007 – $0.2 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, 2008, the non-discounted operating lease commitments for facilities totaled $71.2 million, rental fleet $12.5 million, vehicles $0.6 million and other equipment $1.5 million.

In addition, the Mobile Equipment segment had $72.6 million of consigned inventory on-hand from a major manufacturer at December 31, 2008 compared to $52.1 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 interest free financing, if any, 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 management currently believes the Fund has adequate debt capacity, the Fund would have to access the equity or debt markets, or temporarily reduce distributions to accommodate any shortfalls in the Fund's credit facilities. See Liquidity and Capital Resources section.

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.

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

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

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

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

Distributions

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

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

Cash distributions to unitholders for the periods January 1, 2008 to December 31, 2008 and January 1, 2007 to December 31, 2007 were declared as follows:

	2008		2007	
Month [1]	**Per Unit**	**Amount**	Per Unit	Amount
January	**$ 0.33**	**$ 5.5**	$ 0.32	$ 5.3
February	**0.33**	**5.5**	0.32	5.3
March	**0.33**	**5.5**	0.32	5.3
April	**0.33**	**5.5**	0.32	5.3
May	**0.34**	**5.6**	0.32	5.3
June	**0.34**	**5.6**	0.32	5.3
July	**0.34**	**5.6**	0.32	5.3
August	**0.35**	**5.8**	0.33	5.5
September	**0.36**	**6.0**	0.33	5.5
October	**0.36**	**6.0**	0.33	5.5
November	**0.36**	**6.0**	0.33	5.5
December	**0.36**	**6.0**	0.33	5.5
Total monthly cash distributions	**4.13**	**68.5**	3.89	64.5
December – Special cash	**–**	**–**	0.47	7.8
Total cash distributions for the year ended December 31	**$ 4.13**	**$ 68.5**	$ 4.36	$ 72.3

(1) The Fund's monthly cash distributions are generally payable to unitholders of record on the last business day of each calendar month and are paid on or about the 20th day of the following month.

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 total of the Fund's regular monthly cash distributions to unitholders of $4.13 per unit increased by $0.24 per unit, or 6%, reflecting growth in distributable cash generated by the Fund during 2008.

On December 16, 2008 the Fund announced that it would not declare a special cash distribution for 2008 as it believed it was prudent to maintain liquidity given the level of economic uncertainty going into 2009. In 2007 the Fund declared a $0.47 per unit special cash distribution.

As a result, on December 31, 2008 a special non-cash distribution of $0.47 per unit, or $7.8 million, was paid to ensure, as provided by the Fund's Declaration of Trust, the Fund's total distributions for the year equaled its taxable income. In 2007 a $0.05 per unit special non-cash distribution was paid in order to distribute the Fund's non-taxable portion of its capital gains for the year.

Immediately after the issuance of the additional units, the outstanding Fund units were consolidated such that the number of Fund units was unchanged from the number held immediately prior to the special non-cash distribution.

Treatment of the Fund's distributions for Canadian Income Tax Purposes for 2008 and 2007 is as follows:

Taxation Year	**Other Income**	**Capital Gain**	**Total**
2008	100%	–	100%
2007	97.7324%	2.2676%	100%

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

Distributable Cash [1]

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

For the year ended December 31		2008		2007
Cash flows from operating activities	**$**	**58.7**	$	97.2
Changes in non-cash working capital [2]		**28.8**		(12.2)
Cash flows from operating activities before changes in non-cash working capital		**87.5**		85.0
Entity specific adjustments [3]:				
Maintenance capital expenditures [1] [3a]		**(11.1)**		(11.4)
Gain on sale of land [3b]		**–**		2.4
Accrual for mid-term incentives [3c]		**0.9**		(1.6)
Amortization of deferred financing costs [3d]		**(0.3)**		(0.4)
Distributable cash [1]	**$**	**77.0**	$	74.1
per unit basic	**$**	**4.64**	$	4.47
per unit fully diluted	**$**	**4.60**	$	4.44
Distributions declared				
Cash	**$**	**68.5**	$	72.3
Non-cash [4]	**$**	**7.8**	$	0.9
Distributions declared – per unit				
Cash	**$**	**4.13**	$	4.36
Non-cash [4]	**$**	**0.47**	$	0.05
Payout ratio [5]		**88.9%**		97.6%

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

(2) **Changes in non-cash working capital** are excluded from the calculation of distributable cash as the Fund currently has a $175 million bank credit facility which is available for use to fund general corporate requirements including working capital requirements (subject to borrowing capacity restrictions dependent on the level of the Fund's inventories on-hand and outstanding trade accounts receivable) and a $15 million demand inventory equipment financing facility with a non-bank lender. In addition, the Fund will periodically finance equipment inventory on a non-interest bearing basis through Wajax Finance, a "private label" financing operation of CIT Financial Ltd. See "Financing Strategies" section for further bank credit facility financial covenants.

(3) **Other entity specific adjustments** made in calculating distributable cash include the following:

- a **Maintenance capital expenditures** represent capital expenditures, net of disposals and rental fleet transfers to inventory, required to maintain normal operations. "Maintenance capital expenditures" exclude acquisitions and land and building additions as they are considered to be expenditures that are not required to maintain normal operations.
- b **Gain on sale of land:** during the third quarter of 2007, the Fund excluded proceeds from the sale of land previously held for development, up to the cost amount, of $3.1 million as the cost was excluded from the distributable cash when it was originally acquired.
- c **Accruals for mid-term incentives: change in accruals for mid-term incentives** are added back in determining cash flows from operating activities as they were treated as long-term liabilities effective January 1, 2007. These accruals are deducted in calculating distributable cash as the Fund believes it provides unitholders with a better indication of annual compensation costs and provides consistency with prior years.
- d **Amortization of deferred financing costs** is a deduction in calculating distributable cash based on the amount included in the financing activities section of the statement of cash flow (in the year of the financing transaction) allocated over the term of the financing. The Fund believes this treatment provides a better indication of annual financing costs.

(4) See Distributions section.

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

For the twelve months ended December 31, 2008, distributable cash was $77.0 million, or $4.64 per unit, compared to $74.1 million, or $4.47 per unit, the previous year. The $2.9 million increase in distributable cash is due primarily to a $2.5 million increase in cash flows from operations before changes in non-cash working capital. In addition, the lower accruals for mid-term incentives offset the $2.4 million gain on sale of land included in 2007.

For the same period, monthly cash distributions declared were $4.13 per unit (2007 – $3.89 per unit) and in 2007 a special cash distribution of $0.47 per unit was declared. A special cash distribution for 2008 was not declared as the Fund believed it was prudent to maintain liquidity given the level of economic uncertainty going in 2009. As a result, on December 31, 2008 a special non-cash distribution equal to $0.47 per unit was paid to ensure, as provided by the Fund's Declaration of Trust, the Fund's total distributions for the year equal its taxable income. In 2007 a $0.05 per unit special non-cash distribution was paid in order to distribute the Fund's non-taxable portion of its capital gains for the year.

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 $175 million bank credit facility which is available for use to fund general corporate requirements including working capital requirements, subject to borrowing capacity restrictions dependent on the level of the Fund's inventories on-hand and outstanding 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, 2008 of $8.5 million, or $0.51 per unit, provides the Fund an additional reserve for fluctuations in working capital requirements and capital expenditure requirements given the level of economic uncertainty going into 2009, or for future distributions. See the Distributions section.

For the twelve months ended December 31, 2008, the payout ratio of cash distributions based on distributable cash was 89%.

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

For the year ended December 31	**2008**	2007
A. Cash flows from operating activities	**$ 58.7**	$ 97.2
B. Net earnings	**75.8**	72.0
C. Distributable cash (1)	**77.0**	74.1
D. Cash distributions declared	**68.5**	72.3
E. Excess (shortfall) of cash flows from operating activities over cash distributions declared (A – D)	**(9.8)**	24.9
F. Excess (shortfall) of net earnings over cash distributions declared (B – D)	**7.3**	(0.3)
G. Excess of distributable cash over cash distributions declared (C – D)	**8.5**	1.8

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

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

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

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

The excess of net earnings and distributable cash over distributions declared for the twelve months ended December 31, 2008 of $7.3 million and $8.5 million, respectively, provides the Fund an additional reserve for fluctuations in working capital requirements and capital expenditure requirements given the level of economic uncertainty going into 2009, or for future distributions.

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

For the year ended December 31	**2008**	2007
Net earnings	**$ 75.8**	$ 72.0
Add (deduct)		
Amortization (1)	**9.4**	9.5
Maintenance capital expenditures (2) (3)	**(11.1)**	(11.3)
Non-cash items:		
Pension expense, net of payment	**0.2**	0.1
Non-cash rental expense	**0.3**	0.1
Unit-based compensation expense	**1.8**	1.3
Future income taxes	**0.6**	2.4
Distributable cash (2)	**$ 77.0**	$ 74.1

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

For the twelve months ended December 31, 2008 distributable cash exceeded net earnings by $1.2 million (2007 – $2.1 million) due to the excess of amortization and other non-cash items over maintenance capital expenditures.

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

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

For the year ended December 31		**2008**		2007
Cash flows from operating activities	**$**	**58.7**	$	97.2
A. Capital expenditure outlays (3) :		**(15.8)**		(13.4)
B. Restriction on distributions (4)		**–**		–
Standardized distributable cash (1) (2)	**$**	**42.9**	$	83.8
per unit basic	**$**	**2.59**	$	5.05
per unit fully diluted	**$**	**2.56**	$	5.02
i. Capital adjustments made to reflect maintenance capital expenditures (5) :				
Proceeds from disposals of capital expenditures		**1.3**		1.0
Growth capital expenditures		**1.5**		–
Rental fleet transferred to inventory		**1.9**		1.1
ii. Other entity specific adjustments (6) :				
Changes in non-cash working capital (6a)		**28.8**		(12.2)
Gain on sale of land (6b)		**–**		2.4
Accrual for mid-term incentives (6c)		**0.9**		(1.6)
Amortization of deferred financing costs (6d)		**(0.3)**		(0.4)
Distributable cash (2)	**$**	**77.0**	$	74.1
per unit basic	**$**	**4.64**	$	4.47
per unit fully diluted	**$**	**4.60**	$	4.44
Distributions declared				
Cash	**$**	**68.5**	$	72.3
Non-cash (7)	**$**	**7.8**	$	0.9
Distributions declared – per unit				
Cash	**$**	**4.13**	$	4.36
Non-cash (7)	**$**	**0.47**	$	0.05
Payout ratio (8)				
based on standardized distributable cash		**159.6%**		86.3%
based on distributable cash		**88.9%**		97.6%

(1) **Standardized distributable cash** is a non-GAAP measure calculated in accordance with the recommendations provided in the CICA publication: *Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities: Guidance on Preparation and Disclosure.*
(2) Non-GAAP measure, see Non-GAAP Measures section.
(3) **Capital expenditure outlays** include both maintenance capital expenditure outlays and growth capital expenditure outlays deducted in calculating standardized distributable cash. See Productivity Capacity and Productivity Capacity Management section.
(4) There are currently no restrictions on distributions arising from compliance with financial covenants. See Financing Strategies section.
(5) **Capital adjustments** are made to adjust capital expenditure outlays (deducted in computing standardized distributable cash) to reflect maintenance capital expenditures, net of disposals, as a deduction in computing distributable cash. These adjustments include: the exclusion of growth capital, the inclusion of proceeds from the disposal of capital expenditures and rental fleet transferred to inventory. See Non-GAAP Measures and Productivity Capacity and Productivity Capacity Management sections for calculation of maintenance capital expenditures.
(6) **Other entity specific adjustments** made in calculating distributable cash include the following:
 a **Changes in non-cash working capital** see Distributable Cash section.
 b **Gain on sale of land** see Distributable Cash section.
 c **Accruals for mid-term incentives** see Distributable Cash section.
 d **Amortization of deferred financing costs** see Distributable Cash section.
(7) See Distributions section.
(8) Payout ratio is equal to cash distributions declared as a percentage of distributable cash.

For the twelve months ended December 31, 2008, standardized distributable cash was $42.9 million, or $2.59 per unit, compared to $83.8 million, or $5.05 per unit, the previous year. The $40.9 million reduction was primarily attributable to the $38.5 million decrease in cash flows from operating activities.

Since the conversion of Wajax Limited to Wajax Income Fund on June 15, 2005, the payout ratio of cash distributions based on standardized distributable cash and distributable cash is 130.3% and 95.0%, respectively. The difference is comprised of changes in non-cash working capital of $51.4 million, capital adjustments and other entity specific adjustments since conversion that have been funded through the Fund's bank credit facility. See Financing Strategies section.

Productive Capacity and Productive Capacity Management

Wajax is a distributor and service support provider. As such, the Fund's productive capacity is determined primarily by its branch infrastructure across Canada, manufacturer relationships and other maintenance and growth capital employed.

Wajax operates from 112 facilities throughout Canada, of which 80 are leased. Wajax's principal properties are primarily sales and service outlets. (At December 31, 2008, the non-discounted operating lease commitments for facilities totaled $71.2 million.)

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.

Maintenance capital employed includes rental fleet in the Mobile Equipment segment, which will vary with market demand, and other capital which is employed primarily to support and maintain the branch network operations.

In addition, the Fund enters into off balance sheet financing arrangements including operating lease contracts entered into for the long-term lift truck rental fleet in Mobile Equipment with Wajax Finance, vehicles and other equipment. At December 31, 2008, the non-discounted operating lease commitments for rental fleet totaled $12.5 million, vehicles $0.6 million and other equipment $1.5 million.

Growth capital expenditures include acquisitions and land and building that are not required to maintain normal operations.

For the eight year period from 2000 to 2008, average annual maintenance capital expenditures, net of proceeds from disposals, (including rental fleet but excluding discontinued operations and an ERP computer system abandoned in 2002), were $9.4 million. The annual maintenance capital expenditures varied between $2.8 million and $13.0 million during the period. Management's expectation for future annual maintenance capital expenditures is between $8 million and $14 million.

Financing Strategies

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

The Fund's short-term normal course working capital requirements can swing widely quarter-to-quarter due to timing of large inventory purchases and/or sales and changes in market activity. In general, as Wajax experiences growth, there is a need for additional working capital as was the case in 2006 and 2008. Conversely, as Wajax experiences economic slowdowns working capital reduces reflecting the lower activity levels. This can result in standardized distributable cash increasing in years of declining activity and decreasing in years of growth. Fluctuations in working capital are generally funded by, or used to repay, the bank credit facilities. Therefore, for the reasons noted the Fund adjusts for changes in non-cash working capital in calculating distributable cash in periods where the Fund has capacity under its credit facility to fund the changes in non-cash working capital.

However, there has been a sudden and dramatic change in the economy and the financial crisis has resulted in limited credit availability from traditional sources. In particular, management is concerned about the potential increase in working capital due to order cancellations or deferrals and delays in the payment for certain large mining equipment orders as a result of customers experiencing difficulties in obtaining financing. This issue negatively impacted the Fund's year end working capital by $8.0 million. Although management currently believes the Fund has adequate debt capacity to work through this issue, the Fund may have to access the equity or debt markets, or temporarily reduce distributions to accommodate any shortfalls in the Fund's credit facilities.

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

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

Unit Capital

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

Issued and fully paid Trust Units as at December 31, 2008	**Number**	**Amount**
Balance at the beginning of the year	16,585,206	$ 104.9
Rights exercised	–	–
Balance at the end of the year	**16,585,206**	**$ 104.9**

The Fund has four unit-based compensation plans: the Wajax Unit Ownership Plan ("UOP"), the Deferred Unit Program ("DUP"), the Trustees' Deferred Unit Plan ("TDUP") and the Mid-Term Incentive Plan ("MTIP"). UOP, DUP and TDUP rights are issued to the participants and are settled by issuing Wajax Income Fund units, while the MTIP consists of an annual grant that vests over three years and is subject to time and performance vesting criteria. Compensation expense for the UOP, DUP and TDUP is determined based upon the fair value of the rights at the date of grant and charged to earnings on a straight line basis over the vesting period, with an offsetting adjustment to unitholders' equity. Compensation expense for the MTIP varies with the price of Fund units and is recognized over the 3 year vesting period with an offsetting adjustment to accrued liabilities. The Fund recorded compensation cost of $1,759 thousand for the year (2007 – $1,342 thousand) in respect of these plans.

At December 31, 2008, 109,559 (2007 – 83,229) rights were outstanding under the UOP, 18,722 (2007 – Nil) rights were outstanding under the DUP and 83,780 (2007 – 53,068) rights were outstanding under the TDUP.

Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Fund has taken into account the current economic downturn when determining the provision for inventory obsolescence, provision for doubtful accounts and any impairment of goodwill and other assets. As conditions change in 2009, actual results could differ from those estimates. Note 2 to the Consolidated Financial Statements describes 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. The inventory obsolescence charged to earnings for 2008 was $3.0 million compared to $5.4 million in 2007 which included a $2.4 million write-down of forestry equipment inventory related to a supplier insolvency. If economic conditions continue to deteriorate, there is risk that the Fund could have an increase in inventory obsolescence compared to 2008 which would result in an increased charge to earnings.

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. The $2.1 million provision for doubtful accounts at December 31, 2008 did not reflect any significant increase in expected losses compared to prior years. However if economic conditions continue to deteriorate, there is risk that the Fund could experience a greater number of defaults compared to 2008 which would result in an increased charge to earnings.

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 carrying 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 for impairment, the Fund compares the fair value of the intangible asset with its carrying 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 would be recorded as a charge against current earnings.

Finite life intangible assets are amortized on a straight line basis over their useful lives 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. The Fund took into account the deteriorating market conditions heading into 2009 when estimating the fair value of goodwill and other assets.

Financing Costs

Transaction costs related to the acquisition or amendment of long-term debt are deferred and amortized to interest expense using an effective yield method. Deferred financing costs are included in the carrying amount of the related debt.

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, 2007 were issued.

Capital Disclosures

CICA Handbook Section 1535, Capital Disclosures, establishes standards for disclosure of information regarding an entity's capital and how it is managed. It requires disclosure of an entity's objectives, policies and processes for managing capital. In addition, disclosures are to be included whether the entity has complied with externally imposed capital requirements and the consequences of any non-compliance. This standard has no impact on the recognition and measurement of amounts included in the financial statements.

Inventories

CICA Handbook Section 3031, Inventories, changes the standards for the measurement and disclosure of inventories. The measurement changes include the elimination of the last in first out method, the requirement to measure inventories at the lower of cost and net realizable value, the allocation of overhead based on normal capacity, the use of the specific cost method for inventories that are not ordinarily interchangeable or goods and services produced for specific purposes, the requirement for an entity to use a consistent cost formula for inventory of a similar nature and use, and the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories. The Fund retrospectively adopted the new inventory requirements without restatement. It reassessed the method whereby it was allocating service department overhead to cost of conversion resulting in an increase in the carrying value of work in process inventory of $0.7 million and an adjustment of $0.6 million (net of tax of $0.1 million) which was recorded directly to opening accumulated retained earnings. Inventory disclosures have also been enhanced. Inventory policies, carrying amounts, amounts recognized as an expense, write-downs and the reversals of write-downs are required to be disclosed.

Financial Instruments –
Disclosures and Financial Instruments – Presentation

CICA Handbook Sections 3862 and 3863 increase the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standards carry forward the former presentation requirements. The above standard has no impact on the recognition and measurement of amounts included in the financial statements.

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. Section 3064 provides new guidelines for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Section also issued amendments to Section 1000, Financial Statement Concepts. These changes are effective for fiscal years beginning on or after October 1, 2008, with earlier adoption encouraged. Collectively, these changes bring Canadian practice closer to International Financial Reporting Standards and U.S. GAAP by eliminating the practice of recognizing as assets a variety of startup, pre-production and similar costs that do not meet the definition and recognition criteria of an asset. The Fund has decided to early adopt CICA 3064 on January 1, 2008. Adoption of this standard has no impact on the recognition and measurement of amounts included in the financial statements and no additional disclosure is necessary.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which clarifies that the credit risk of counterparties should be taken into account in determining the fair value of derivative instruments. EIC 173 is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in the interim and annual financial statements for periods ending on or after the date of issuance of the Abstract. The Fund has early adopted this Abstract, and has concluded that this standard has no material impact on its consolidated financial statements.

Accounting Changes

The following is a summary of the new standards which may impact the Fund:

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

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

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

Risks and Uncertainties

As with most businesses, the Fund is subject to a number of marketplace and industry related risks and uncertainties which could have a material impact on operating results 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

Under legislation enacted on June 22, 2007, the Fund as a publicly traded income trust will pay tax on its income distributed commencing in 2011 at a rate that is substantially equivalent to the general corporate income tax rate. The Fund may become taxable on its distributions prior to 2011 where its equity capital grows beyond certain dollar limits measured by reference to the Fund's market capitalization on October 31, 2006. The Fund has not exceeded its growth limits at December 31, 2008.

On November 28, 2008, the Department of Finance released draft legislation designed to permit income funds to "convert" into public corporations without triggering adverse tax consequences to the income fund and its unitholders. The Fund is currently evaluating the draft legislation which provides for alternative methods whereby an income fund can convert to a public corporation. The Fund's current expectation is that it will delay conversion to a corporate structure until January 1, 2011 so long as it continues to benefit from the efficient distribution of its taxable income to unitholders and continues to meet the limitations on growth in equity. After conversion it is anticipated that the Fund's dividends will be equal to its distributions prior to conversion, less incremental income taxes to be paid as a corporation. The Fund will continue to monitor its position on timing of conversion to a corporation and its distribution policy taking into account any changes in tax rules governing income trusts and other capital market considerations.

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 can be 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 each 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 or other Asian countries 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.

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, including sudden and volatile changes in the U.S. dollar exchange rate, may have a material adverse effect on the results of operations or financial condition of 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.

A strengthening U.S. dollar relative to the Canadian dollar can have a positive effect on the Fund's revenues as a result of certain products being imported from the U.S. The Fund will periodically institute price increases to offset the negative impact of foreign exchange rate increases and volatility on imported goods to ensure margins are not eroded.

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. 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 $175 million bank credit facility (see Liquidity and Capital Resources section above). While management believes this facility will be adequate to fund normal course working capital requirements, there can be no assurance that additional credit will become available if required, or that an appropriate amount of credit with comparable terms and conditions will be available when the facility matures. See Financing Strategies section.

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. See Liquidity and Capital Resources section. 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 Fund's 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. A new computer system is expected to be implemented into Kinecor's operations across Canada by the end of 2009.

Labour Relations

Wajax has approximately 2,662 employees. The Fund is a party to thirteen collective agreements covering a total of approximately 400 employees. Of these, two agreements covering 74 employees in Lachine, Quebec that expired December 31, 2008 are set to go to conciliation in March, 2009. Of the remaining eleven, three that expired December 31, 2008 are in the midst of negotiations, six expire in 2009, one expires in 2010 and one expires in 2011. In addition, the Fund is currently negotiating an initial collective agreement covering 70 employees at a Mobile Equipment branch in Mississauga. Overall, the Fund believes its labour relations to be satisfactory and does not anticipate any difficulties in respect of renewing the collective agreements. If the Fund is unable to renew or negotiate collective agreements from time to time, it could result in work stoppages and other labour disturbances. The failure to renew collective agreements upon satisfactory terms could have a material adverse impact on 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

While the Fund finished 2008 with record revenue and earnings, the latter part of the year witnessed the beginning of a sudden and dramatic change in the Canadian economy. The steep decline in the price of oil and other commodities, the financial crisis resulting in limited credit availability and the volatile Canadian dollar has led to an uncertain and increasingly challenging economic environment for the Fund and its customer base going into 2009. The magnitude and duration of this economic downturn and its effect on the Fund's operations is currently not possible to predict with any degree of certainty. However, in an effort to minimize the impact on profitability and preserve liquidity in the short-term, the Fund has undertaken the following steps:

- All segments are focused on reducing working capital through strict controls over inventory purchases, vigilant accounts receivable collections and deferral of capital spending where appropriate.

- Cost structures are being reduced in anticipation of softer revenues. Workforce reductions of approximately 220 employees or 8% of the Fund's overall headcount will be completed by the end of the first half of 2009, salaries have been frozen at 2008 levels and other selling and administrative costs will be reduced accordingly. These measures are expected to result in 2009 cost savings of approximately $18 million before severance costs which are expected to approach $2 million. Cost structures will continue to be monitored throughout 2009 and additional reduction measures may be taken depending on the direction of economic activity.

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

At December 31, 2008 the Fund had approximately $49 million of available credit under its $175 million bank term debt facility which matures December 31, 2011 and was in compliance with all covenants. It also has a $15 million equipment finance demand facility with a non-bank lender, which was not utilized at December 31, 2008. However, the recent lack of credit availability in the market may result in the Fund carrying more mining equipment in inventory than normal if customers delay deliveries or are unable to secure equipment financing for their purchases in a timely fashion. Management currently believes the Fund's unused debt capacity is adequate for these potential working capital changes.

Management also believes that the magnitude of equipment sales over the last few years should support a strong level of higher margin product support revenues in Mobile Equipment and the Power Systems segment should also continue to benefit from its proportionately higher reliance on product support sales. As well, recently announced government infrastructure spending initiatives should positively affect all three segments as these programs are rolled out throughout 2009.

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

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

John J. Hamilton
Senior Vice President
and Chief Financial Officer

Mississauga, Canada
February 27, 2009

Auditors' Report

To the Unitholders of Wajax Income Fund:

We have audited the consolidated balance sheets of Wajax Income Fund as at December 31, 2008 and 2007 and the consolidated statements of earnings and accumulated earnings, comprehensive income 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 audit.

We conducted our audit 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, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

KPMG LLP
Chartered Accountants,
Licensed Public Accountants
Toronto, Canada
February 27, 2009

Consolidated Balance Sheets

As at December 31 ($ thousands)		2008		2007
Assets				
Current				
Accounts receivable	$	**162,696**	$	143,669
Inventories (Note 5)		**226,971**		207,212
Future income taxes (Note 9)		**2,644**		2,247
Prepaid expenses		**4,966**		4,799
		397,277		357,927
Non-Current				
Rental equipment (Note 6)		**21,812**		21,700
Property, plant and equipment (Note 7)		**33,568**		29,491
Goodwill and other assets (Note 8)		**76,073**		59,108
		131,453		110,299
	$	**528,730**	$	468,226
Liabilities and Unitholders' Equity				
Current				
Bank indebtedness	$	**4,320**	$	6,830
Accounts payable and accrued liabilities		**185,443**		188,735
Distributions payable to unitholders		**5,972**		13,268
Income taxes payable		**2,697**		1,457
Equipment notes payable (Note 10)		**–**		70
		198,432		210,360
Non-Current				
Future income taxes (Note 9)		**1,486**		914
Other liabilities		**818**		1,716
Long-term pension liability (Note 18)		**3,371**		3,079
Derivative instrument liability (Note 12)		**2,770**		175
Long-term debt (Note 11)		**116,160**		53,879
		124,605		59,763
Unitholders' Equity				
Trust units (Note 14)		**104,871**		104,871
Unit-based compensation (Note 15)		**4,666**		2,907
Accumulated earnings		**98,407**		90,432
Accumulated other comprehensive loss (Note 4)		**(2,251)**		(107)
		96,156		90,325
		205,693		198,103
	$	**528,730**	$	468,226

On behalf of the Board:

Paul E. Gagné
Chairman

Ian A. Bourne
Trustee

Consolidated Statements of Earnings and Accumulated Earnings

For the years ended December 31 ($ thousands, except per unit data)	2008	2007
Revenue	$ 1,213,475	$ 1,192,267
Cost of sales	928,674	928,126
Gross profit	284,801	264,141
Selling and administrative expenses	202,449	187,756
Gain on sale of property, plant and equipment	–	(2,384)
Earnings before interest and income taxes	82,352	78,769
Interest expense (Note 11)	4,746	4,870
Earnings before income taxes	77,606	73,899
Income tax expense (Note 9)	1,784	1,929
Net earnings	$ 75,822	$ 71,970
Basic earnings per unit (Note 16)	$ 4.57	$ 4.34
Diluted earnings per unit (Note 16)	$ 4.53	$ 4.31
Accumulated earnings, beginning of year, as reported	$ 90,432	$ 90,773
Accounting change – effect of inventory adjustment (Note 3)	650	–
Distributions (Note 13)	(68,497)	(72,311)
Net earnings	75,822	71,970
Accumulated earnings, end of year	$ 98,407	$ 90,432

Consolidated Statements of Comprehensive Income

For the years ended December 31 ($ thousands)	2008	2007
Net earnings	$ 75,822	$ 71,970
(Gains) losses on derivative instruments designated as cash flow hedges in prior years reclassified to net income in the current year, net of tax of $25 (2007 – $17) (Note 4)	(234)	152
Losses on derivative instruments designated as cash flow hedges, net of tax of $426 (2007 – $144) (Note 4)	(1,910)	(812)
Other comprehensive loss	(2,144)	(660)
Comprehensive income	$ 73,678	$ 71,310

Consolidated Statements of Cash Flows

For the years ended December 31 ($ thousands)	2008	2007
Operating Activities		
Net earnings	$ 75,822	$ 71,970
Items not affecting cash flow:		
Amortization		
Rental equipment	5,002	4,663
Property, plant and equipment	3,981	4,542
Intangible assets	470	287
Deferred financing costs	281	391
Unit compensation expense (Note 15)	1,759	1,342
Gain on sale of property, plant and equipment	–	(2,384)
Long-term portion of mid-term incentive plan expense	(898)	1,596
Non-cash rental expense	246	67
Future income taxes (Note 9)	626	2,416
Pension expense, net of payments	172	148
Cash flows from operating activities before changes in non-cash working capital	87,461	85,038
Changes in non-cash working capital:		
Accounts receivable	(10,406)	1,914
Inventories	(11,403)	26,206
Prepaid expenses	(167)	2,652
Accounts payable and accrued liabilities	(8,051)	(17,667)
Income taxes payable	1,240	(942)
Unrealized gain in derivative instrument	–	23
	(28,787)	12,186
Cash flows from operating activities	58,674	97,224
Investing Activities		
Rental equipment additions	(8,183)	(9,447)
Proceeds on disposal of rental equipment	1,190	877
Property, plant and equipment additions	(7,581)	(3,997)
Proceeds on disposal of property, plant and equipment	147	5,628
Acquisition of businesses (Note 17)	(27,874)	(322)
Cash flows used in investing activities	(42,301)	(7,261)
Cash flows before financing activities	16,373	89,963
Financing Activities		
Increase in deferred financing costs	–	(535)
Increase (decrease) in long-term bank debt	62,000	(5,000)
Decrease in equipment notes payable (Note 10)	(70)	(2,664)
Distributions paid (Note 13)	(75,793)	(82,926)
Cash flows used in financing activities	(13,863)	(91,125)
Net change in cash and cash equivalents	2,510	(1,162)
Bank Indebtedness – beginning of year	(6,830)	(5,668)
Bank Indebtedness – end of year	$ (4,320)	$ (6,830)
Cash flows provided by operating activities includes the following:		
Interest paid	$ 4,198	$ 4,026
Income taxes (received) paid	$ (16)	$ 401
Significant non-cash transactions:		
Rental equipment transferred to inventory	$ 1,879	$ 1,100

Notes to the Consolidated Financial Statements

December 31, 2008 and 2007 ($ thousands, except unit and per unit data)

1. Structure of the Trust and Fund Profile

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

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

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. If insufficient historical evidence exists to support this pattern, then revenue is recognized on a straight-line basis over the term of the contract.

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 net earnings.

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.

All derivative instruments, including embedded derivatives, are recorded in the consolidated balance sheets at fair value unless exempted from derivative treatment as a normal purchase and sale. All changes in their fair value are recorded in earnings unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income with any ineffectiveness charged to earnings.

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 bank indebtedness, 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.

Cost of equipment and parts include purchase cost, conversion cost and cost incurred in bringing inventory to its present location and condition.

Cost of conversion includes cost of direct labour, direct materials and a portion of direct and indirect overheads, allocated based on normal capacity.

Cost of inventories includes the associated gains or losses transferred from accumulated comprehensive income relating to forward contracts hedging the purchase of inventory.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell.

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	5%
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 terms of the leases	

Impairment of Long Lived Assets
Property, plant and equipment and rental 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 that indicate goodwill might be impaired. To test for impairment, the Fund compares each reporting unit's carrying 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 would be recorded as a charge against current earnings (Note 8).

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 carrying 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 would be recorded as a charge against current earnings (Note 8).

Finite life intangible assets are amortized on a straight line basis 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.

Financing Costs
Transaction costs related to the acquisition or amendment of long-term debt are deferred and amortized to interest expense using an effective yield method. Deferred financing costs are included in the carrying amount of the related debt.

Unit-based Compensation Plans
The Fund has four unit-based compensation plans: the Wajax Unit Ownership Plan ("UOP"), the Deferred Unit Program ("DUP"), the Trustees' Deferred Unit Plan ("TDUP") and the Mid-Term Incentive Plan for Senior Executives ("MTIP").

Under the UOP, DUP 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 based upon the fair value of the rights at date of grant and charged to earnings 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.

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 is 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.

Income Taxes
Income taxes are accounted for 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 income tax rates for the years in which tax and accounting basis differences are expected to reverse. The effect on future income tax assets and liabilities of a change in tax rate is recognized in the period during which the change is considered substantively enacted. Valuation allowances are established when necessary to reduce future income tax assets to the amounts more likely than not to be realized.

3. Changes in Accounting Policies

Effective January 1, 2008, the Fund adopted the following standards:

Capital Disclosures
CICA Handbook Section 1535, Capital Disclosures, establishes standards for disclosure of information regarding an entity's capital and how it is managed. It requires disclosure of an entity's objectives, policies and processes for managing capital. In addition, disclosures are to include whether the entity has complied with externally imposed capital requirements and the consequences of any non-compliance. These new disclosures are included in note 19.

The above standard has no impact on the recognition and measurement of amounts included in the financial statements.

Inventories
CICA Handbook Section 3031, Inventories, changes the standards for the measurement and disclosure of inventories. The measurement changes include the elimination of the last in first out method, the requirement to measure inventories at the lower of cost and net realizable value, the allocation of overhead based on normal capacity, the use of the specific cost method for inventories that are not ordinarily interchangeable or goods and services produced for specific purposes, the requirement for an entity to use a consistent cost formula for inventory of a similar nature and use, and the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories.

The Fund retrospectively adopted the new inventory requirements without restatement. It reassessed the method whereby it was allocating service department overhead to costs of conversion resulting in an increase in the carrying value of inventory of $713 and an adjustment of $651 (net of tax of $62) which was recorded directly to opening accumulated earnings.

Inventory disclosures have also been enhanced. Inventory policies, carrying amounts, amounts recognized as an expense, write-downs and the reversals of write-downs are required to be disclosed. These new disclosures are included in note 5.

Financial Instruments –
Disclosures and Financial Instruments – Presentation
Handbook Sections 3862 and 3863 increase the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standards carry forward the former presentation requirements. These new disclosures are included in note 12.

The above standard has no impact on the recognition and measurement of amounts included in the financial statements.

Goodwill and Intangible Assets
In February 2008, the Canadian Institute of Chartered Accountants issued Handbook Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. Section 3064 provides new guidelines for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Section also issued amendments to Section 1000, Financial Statement Concepts. These changes are effective for fiscal years beginning on or after October 1, 2008, with earlier adoption encouraged. Collectively, these changes bring Canadian practice closer to International Financial Reporting Standards and U.S. GAAP by eliminating the practice of recognizing as assets a variety of startup, pre-production and similar costs that do not meet the definition and recognition criteria of an asset.

The Fund has decided to early adopt CICA 3064 on January 1, 2008. Adoption of this standard has no impact on the recognition and measurement of amounts included in the financial statements and no additional disclosure is necessary.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which clarifies that the credit risk of counterparties should be taken into account in determining the fair value of derivative instruments. EIC 173 is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in the interim and annual financial statements for periods ending on or after the date of issuance of the Abstract. The Fund has early adopted this Abstract, and has concluded that this standard has no material impact on its consolidated financial statements.

New Standards Issued but Not Yet Effective

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

4. Accumulated Other Comprehensive Income

During 2008, $259 ($234 – net of tax) of losses on derivative contracts designated as cash flow hedges in prior periods were reclassified out of comprehensive income into earnings, while the change in the fair value of the outstanding contracts at December 31, 2008 resulted in a loss of $2,336 ($1,910 – net of tax) being recorded in other comprehensive income.

During 2007, $169 ($152 – net of tax) of gains on derivative contracts designated as cash flow hedges in prior periods were reclassified out of comprehensive income into earnings, while the change in the fair value of the outstanding contracts at December 31, 2007 resulted in a loss of $956 ($812 – net of tax) being recorded in other comprehensive income. The ineffective portion of the outstanding contracts was recognized in earnings as a $14 loss.

As at December 31, 2008, the differential the Fund would pay to hypothetically terminate or exchange the swap agreement in the prevailing market conditions is estimated to be $3,830 (2007 – receive $104), and the currency forward contracts, receive $1,060 (2007 – $71).

	2008	2007
Balance beginning of year	**$ (107)**	$ –
Transitional amount for new accounting guidelines on January 1, 2007 (note 3), net of tax of $59	**–**	553
(Gains) losses on derivatives designated as cash flow hedges in prior year reclassified to net earnings in the current year, net of tax of $25 (2007 – $17)	**(234)**	152
Losses on derivatives designated as cash flow hedges, net of tax of $426 (2007 – $144)	**(1,910)**	(812)
Accumulated other comprehensive loss	**$ (2,251)**	$ (107)

5. Inventories

	2008	2007
Equipment	**$ 99,722**	$102,245
Parts	**111,323**	89,893
Work-in-process	**15,926**	15,074
Total inventories	**$226,971**	$207,212

All amounts shown are net of applicable reserves.

The Fund recognized $909,203 of inventory as an expense which is included in cost of sales during the year (2007 – $907,197). During the year $2,956 was recorded in cost of sales for the write-down of inventory to estimated net realizable value (2007 – $5,393).

All of the Fund's inventory is pledged as security for the bank credit facility (Note 11).

6. Rental Equipment

	Cost	Accumulated Amortization	Net Book Value
December 31, 2008	**$ 37,306**	**$ 15,494**	**$ 21,812**
December 31, 2007	$ 35,325	$ 13,625	$ 21,700

7. Property, Plant and Equipment

	Cost	Accumulated Amortization	Net Book Value
Land and buildings	**$ 29,459**	**$ 11,902**	**$ 17,557**
Equipment and vehicles	**32,548**	**23,683**	**8,865**
Information systems	**20,846**	**17,911**	**2,935**
Furniture and fixtures	**8,486**	**6,793**	**1,693**
Leasehold improvements	**9,397**	**6,879**	**2,518**
December 31, 2008	**$ 100,736**	**$ 67,168**	**$ 33,568**
Land and buildings	$ 27,786	$ 11,289	$ 16,497
Equipment and vehicles	30,243	22,036	8,207
Information systems	18,254	17,398	856
Furniture and fixtures	8,034	6,457	1,577
Leasehold improvements	8,664	6,310	2,354
December 31, 2007	$ 92,981	$ 63,490	$ 29,491

8. Goodwill and Other Assets

	2008	2007
Goodwill	**$ 66,335**	$ 55,030
Deferred pension asset (Note 18)	**1,849**	1,870
Intangible assets – indefinite life		
Product distribution rights	**4,900**	1,500
Intangible assets – finite life		
Customer lists and non-competition agreements, net of accumulated amortization of $1,313 (2007 –- $843)	**2,989**	708
Total goodwill and other assets	**$ 76,073**	$ 59,108

During the year and in 2007, the Fund performed impairment tests 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.

9. Income Taxes

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

Under legislation enacted on June 22, 2007, the Fund as a publicly traded income trust will pay tax on its income distributed commencing in 2011 at a rate that is substantially equivalent to the general corporate income tax rate. The Fund may become taxable on its distributions prior to 2011 where its equity capital grows beyond certain dollar limits measured by reference to the Fund's market capitalization on October 31, 2006. The Fund has not exceeded its growth limits at December 31, 2008.

The Fund has recognized a future income tax liability for the temporary differences between the carrying amount and tax values of assets and liabilities in respect of the proportion of Fund income taxed directly to the unitholders that is expected to reverse in or after 2011. No future tax asset or liability has been recorded for such temporary differences that are expected to reverse before 2011. The tax basis of the assets and liabilities of the Fund related to such temporary differences expected to reverse before 2011 exceed the financial statement carrying amounts by approximately $14,982 (2007 – $14,108), reflecting future tax deductions in excess of future taxable amounts.

Future income taxes are comprised of the following amounts:

	2008	2007
Current future income tax asset	**$ 2,644**	$ 2,247
Non-current future income tax liability	**(1,486)**	(914)
Net future income tax asset	**$ 1,158**	$ 1,333

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

	2008	2007
Accrued liabilities not currently deductible	**$ 3,160**	$ 2,857
Property, plant and equipment	**(834)**	(147)
Deductible goodwill and other assets	**(1,780)**	(1,749)
Deductible deferred financing costs	**12**	94
Derivative instrument liability not currently deductible	**519**	70
Debt prepayment penalty not currently deductible	**81**	208
Net future income tax asset	**$ 1,158**	$ 1,333

The components of the provision for income taxes are as follows:

	2008	2007
Current	**$ 1,158**	$ (487)
Future	**626**	2,416
Income tax expense	**$ 1,784**	$ 1,929

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

	2008	2007
Combined statutory income tax rate	**31.2%**	33.6%
Expected income tax expense at statutory rates	**$ 24,213**	$ 24,834
Income of the Fund taxed directly to unitholders	**(23,409)**	(24,282)
Non-deductible expenses	**552**	354
Future tax related to changes in tax law and rates	**432**	1,246
Other	**(4)**	(223)
Income tax expense	**$ 1,784**	$ 1,929

10. Equipment Notes Payable

The Fund has a $15,000 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 $1 (2007 – $106).

11. Long-Term Debt

The $175,000 fully secured bank credit facility consists of a $30,000 non-revolving term portion and a $145,000 revolving term portion with a maturity date of December 31, 2011. Borrowing capacity under the 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 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, 2008. The Fund will be restricted from the payment of monthly cash distributions in the event the Fund's ratio of debt to earnings before interest, taxes, depreciation and amortization (the "Leverage Ratio") exceeds three times. In addition, monthly cash distributions in each fiscal quarter may not exceed 115% of the distributable cash flow (as defined in the credit facility) for the trailing four fiscal quarters. Borrowings under the facility bear floating rates of interest at applicable margins over Canadian dollars bankers' acceptance yields, U.S. 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 $30,000 non-revolving term portion of the credit facility is fixed at effectively 3.47% plus applicable margins until June 7, 2008 and 4.6% plus applicable margins from June 7, 2008 to December 31, 2011. Margins depend on the Fund's Leverage Ratio at the time of borrowing and range between 0.75% and 2.50% for Canadian dollar bankers' acceptances and U.S. dollar LIBOR borrowings, and nil% and 1.5% for prime rate borrowings. (See note 12)

	2008	2007
Bank credit facility,		
repayable December 31, 2011		
Non-revolving term portion	**$ 30,000**	$ 30,000
Revolving term portion	**87,000**	25,000
	117,000	55,000
Deferred financing costs, net of accumulated amortization of $1,727 (2007 – $1,446)	**(840)**	(1,121)
Total long-term debt	**$116,160**	$ 53,879

The Fund had $4,185 (2007 – $3,845) letters of credit outstanding at the end of the year.

Interest on long-term debt amounted to $4,721 in 2008 (2007 – $4,874).

12. Financial Instruments

The Fund categorizes its financial assets and financial liabilities as follows:

	2008	2007
Held for trading:		
Bank indebtedness	**$ (4,320)**	$ (6,830)
Loans and receivables:		
Accounts receivable	**162,696**	143,669
Other financial liabilities:		
Accounts payable and accrued liabilities	**(185,443)**	(188,735)
Distributions payable to unitholders	**(5,972)**	(13,268)
Equipment notes payable	**–**	(70)
Other liabilities	**(818)**	(1,716)
Long-term debt	**(116,160)**	(53,879)
Derivatives designated as effective hedges:		
Derivative instrument liability	**(2,770)**	(175)

The Fund measures financial instruments held for trading at fair value with subsequent changes in fair value being charged to earnings. Loans and receivables and other financial liabilities are measured at amortized cost. Derivatives designated as effective hedges are measured at fair value with subsequent changes in fair value being charged to other comprehensive income. Bank indebtedness was designated as held for trading upon initial recognition. The fair value of derivative instruments is estimated based upon market conditions using appropriate valuation models. The carrying values reported in the balance sheet for financial instruments are not significantly different from their fair values.

Credit Risk

The Fund is exposed to non-performance by counterparties to interest rate swaps and short-term currency forward contracts. These counterparties are large financial institutions with "Stable" outlook and high short-term and long-term credit ratings from Standard and Poor's. To date, no such counterparty has failed to meet its financial obligations to the Fund. Management does not believe there is a significant risk of non-performance by these counterparties and will continue to monitor the credit risk of these counterparties.

The Fund is also exposed to credit risk with respect to its accounts receivable. This risk is somewhat minimized by the Fund's large customer base which covers many 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's accounts receivable are made up of trade accounts receivable from customers and other accounts receivable generally from suppliers for warranty and rebates. The aging of the trade accounts receivable is as follows:

	2008	2007
Current	**$ 91,332**	$ 70,268
Less than 60 days overdue	**48,756**	46,793
More than 60 days overdue	**5,887**	5,040
Total trade accounts receivable	**$145,975**	$122,101

The carrying amounts of accounts receivable represent the maximum credit exposure.

The Fund maintains provisions for possible credit losses by performing an analysis of specific accounts. Any such losses to date have been within management's expectations. Movement of the allowance for credit losses is as follows:

	2008	2007
Opening balance	**$ 2,388**	$ 2,030
Increase (decrease) during the period	**(327)**	358
Closing balance	**$ 2,061**	$ 2,388

Liquidity Risk
Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities. The contractual maturity of long term debt is December 31, 2011. At December 31, 2008 the Fund had borrowed $117,000 and issued $4,185 of letters of credit for a total utilization of $121,185 of its $175,000 bank credit facility and had not utilized any of its $15,000 equipment financing facility.

The Fund's $175,000 bank credit facility along with the $15,000 demand inventory equipment financing facility should be sufficient to meet the Fund's short-term normal course working capital, maintenance capital and growth capital requirements. However, the recent economic downturn and global financial crisis has resulted in limited credit availability from traditional sources. In particular, management is concerned about the potential increase in working capital due to order cancellations, deferrals, or delays in payment of certain large mining equipment orders as a result of customers experiencing difficulties in obtaining financing. This issue negatively impacted the Fund's year end working capital by approximately $8,000. Although management currently believes the Fund has adequate debt capacity to work through this issue, the Fund may have to access the equity or debt markets, or temporarily reduce distributions to accommodate any shortfalls in the Fund's credit facilities.

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

Financial Risk Management Policy
The Fund has in place a financial risk management policy that addresses the Fund's financial exposure to currency risk and interest rate risk. The Fund's tolerance to interest rate risk decreases as the percentage of debt to tangible net worth increases. To manage this risk prudently, guideline percentages of floating interest rate debt decrease as the percentage of debt to tangible net worth increases. The policy also defines acceptable levels of exposure to transactional currency risk. The exposure to currency and interest rate risk is managed through the use of various derivative instruments. Derivative instruments are used only to hedge risks as determined within these policy guidelines.

Currency Risk
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, 2008, the Fund had contracts outstanding to buy U.S.$13,231 and €36 and to sell U.S. $10,034 (December 31, 2007 – to buy U.S.$10,674 and €1,168). These include contracts expiring between January 2009 and March 2010, with a weighted average U.S. dollar rate of 1.1711 and a weighted average Euro dollar rate of 1.6594. The impact of a change in foreign currency relative to the Canadian dollar on the Fund's financial statements of unhedged foreign currency-denominated sales to (receivables from) customers and purchases from (payables to) vendors would be insignificant.

The Fund maintains a hedging policy whereby significant transactional currency risks are usually identified and hedged.

Interest Risk
The Fund's borrowing costs are impacted by changes in interest rates. In order to manage this risk to an acceptable level, the Fund has entered into the following interest rate swaps with its lenders that have effectively fixed the interest rate on $80,000 of the Fund's debt at the combined rate of 2.925%, plus applicable margins, until December 31, 2011:

- On June 7, 2008 the delayed interest rate swap the Fund entered into on May 9, 2007 with two of its lenders became effective. As a result, the interest rate on the $30,000 non-revolving term portion of the bank credit facility was effectively fixed at 4.60% plus applicable margins until expiry of the facility on December 31, 2011.

- On December 18, 2008, the Fund entered into a delayed start interest rate swap with two of its lenders such that in total the interest rate on $50,000 of the revolving term portion of the bank credit facility is effectively fixed at 1.92% plus applicable margins. The delayed interest rate swap commences on January 23, 2009 until expiry of the facility on December 31, 2011.

- Margins on the swaps depend on the Fund's Leverage Ratio and range between 0.75% and 2.5%.

A 2.50 percentage point change in interest rates, which is indicative of the change in the prime lending rate over the preceding twelve-month period would, all things being equal, have resulted in an insignificant increase to earnings before income taxes and a decrease to other comprehensive income of approximately $2,700 for the period as a result of the change in fair values of the interest rate swaps. The magnitude of the impact on earnings before income taxes and other comprehensive income is the same whether interest rates increase or decrease.

13. Distributions Paid

The Fund makes monthly cash distributions and 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.

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

On December 31, 2008 a special non-cash distribution of $0.47 per unit, or $7,795 (2007 – $0.05 per unit, or $829), was paid by way of additional Fund units in order to distribute the Fund's taxable income for the year. Immediately after the issuance of the additional units, the outstanding Fund units were consolidated such that the number of Fund units was unchanged from the number held immediately prior to the special non-cash distribution.

14. Trust Units

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, 2007 and 2008	16,585,206	$104,871

15. Unit-Based Compensation Plans

The Fund has four unit-based compensation plans: the Wajax Unit Ownership Plan ("UOP"), the Deferred Unit Program ("DUP"), the Trustees' Deferred Unit Plan ("TDUP") and the Mid-Term Incentive Plan for Senior Executives ("MTIP").

a) Unit Rights Plans

Under the UOP, DUP and the TDUP, rights are issued to the participants which, upon satisfaction of certain time and performance 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 1,050,000 units. Compensation expense is based upon the fair value of the rights at the date of grant and is charged to earnings on a straight - line basis over the vesting period, with an offsetting adjustment to unitholders' equity. The Fund recorded compensation cost of $1,759 (2007 – $1,342) for the year in respect of these plans. At December 31, 2008, 109,559 (2007 – 83,229) rights were outstanding under the UOP, 18,722 (2007 – nil) rights were outstanding under the DUP and 83,780 (2007 – 53,068) rights were outstanding under the TDUP.

	2008	2007
	Number of Units	Number of Units
Unit Ownership Plan		
Outstanding at beginning of year	**83,229**	70,217
Granted	**26,330**	13,012
Outstanding at end of year	**109,559**	83,229
Deferred Unit Program		
Outstanding at beginning of year	**–**	–
Granted	**18,722**	–
Outstanding at end of year	**18,722**	–
Trustees' Deferred Unit Plan		
Outstanding at beginning of year	**53,068**	34,986
Granted	**30,712**	18,082
Outstanding at end of year	**83,780**	53,068

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 $339 (2007 – $354) for the year in respect of the unit-based portion of the MTIP.

16. Earnings Per Unit

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

	2008	2007
Numerator for basic and diluted earnings per unit:		
net earnings	**$ 75,822**	$ 71,970
Denominator for basic earnings per unit – weighted average units	**16,585,206**	16,585,206
Denominator for diluted earnings per unit:		
weighted average units	**16,585,206**	16,585,206
effect of dilutive unit rights	**160,124**	120,359
Denominator for diluted earnings per unit	**16,745,330**	16,705,565
Basic earnings per unit	**$ 4.57**	$ 4.34
Diluted earnings per unit	**$ 4.53**	$ 4.31

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

17. Acquisitions

On September 5, 2008 the Fund's Industrial Components segment acquired certain assets of Weir Process Equipment, a division of Weir Canada Inc. for $25,727 subject to post-closing adjustments. Weir, which was previously known as Peacock, is a leading Canadian distributor of high performance industrial, instrumentation and process control equipment to the oil & gas, power generation, mining and infrastructure sectors across Canada.

During the year, the Fund paid out $323 to complete the acquisition of Baytec Fluid Power Limited as per the Agreement of Purchase and Sale. This additional amount has been recorded as goodwill.

On March 17, 2008 the Fund's Mobile Equipment segment acquired certain assets of Dan Greer Enterprises Limited ("Greer"), the dealer of JCB construction equipment in the Ontario area from Mississauga to Niagara Falls, including Hamilton, for approximately $1,824.

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 allocations:

	2008	2007
Working capital	**$ 9,771**	$ –
Property, plant and equipment	**647**	–
Goodwill	**11,306**	322
Product distribution rights	**3,400**	–
Customer lists	**2,750**	–
Purchase price	**$ 27,874**	$ 322

18. Employees' Pension Plans

The Fund sponsors five pension plans: the Wajax Limited Pension Plan and the Wajax Pension Plan for Salaried Midwest Employees which, except for a small group of employees collecting long-term disability benefits and a small group of inactive members, have been converted to defined contribution plans ("DC"), the Wajax Pension Plan for Hourly Midwest Employees which is also a DC plan, and two defined benefit plans: the Pension Plan for Executive Employees of Wajax Limited and the Wajax Limited Supplementary Executive Retirement Plan. The Fund also contributes to several union sponsored multi-employer plans for a small number of employees which are accounted for as DC plans.

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 December 31 of each year. The most recent actuarial valuations of the pension plans for funding purposes were as of January 1, 2006, June 1, 2006, and January 1, 2007 and the next required valuations will be as of January 1, 2009, June 1, 2009 and January 1, 2010. The following significant actuarial assumptions were employed to determine the periodic pension income and the accrued benefit obligations:

	2008	2007
Expected long-term rate of return on plan assets	**7.0%**	7.0%
Discount rate – at beginning of year (to determine plan expenses)	**5.25%**	5.0%
Discount rate – at end of year (to determine accrued benefit obligation)	**6.0% – 6.5%**	5.25%
Rate of compensation increase	**3.5%**	3.0% – 3.5%
Estimated average remaining service life	**5 –17 years**	5 –17 years

Total Cash Payments

Total cash payments for employee future benefits for 2008, 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 DC plans was $5,482 (2007 – $5,274).

The Fund's net plan expense is as follows:

	2008	2007
Defined contribution plans		
Current service cost	**$ 4,953**	$ 4,630
Defined benefit plans		
Current service cost	**441**	454
Interest cost	**809**	767
Actual loss (return) on plan assets	**1,526**	(70)
Actuarial gain	**(1,634)**	(607)
Difference between expected and actual return on plan assets	**(2,281)**	(693)
Difference between actuarial loss recognized for the year and actual actuarial loss	**1,966**	987
Amortization of transitional asset	**(111)**	(111)
Administration expenses	**80**	65
Net plan expense	**$ 5,749**	$ 5,422

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

Accrued Benefit Obligation	**2008**	2007
Accrued benefit obligation, beginning of year	**$ 15,108**	$ 15,642
Current service cost	**441**	454
Participant contributions	**44**	52
Interest cost	**809**	767
Actuarial gain	**(1,634)**	(607)
Benefits paid	**(586)**	(1,200)
Accrued benefit obligation, end of year	**$ 14,182**	$ 15,108

Plan Assets	2008	2007
Fair value of plan assets, beginning of year	**$ 10,706**	$ 11,205
Actual loss (return) on plan assets	**(1,526)**	70
Participant contributions	**44**	52
Employer contributions	**529**	644
Benefits paid	**(586)**	(1,200)
Administration expenses	**(80)**	(65)
Fair value of plan assets, end of year	**$ 9,087**	$ 10,706

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

	2008	2007
Plan assets, end of year	**$ 9,087**	$ 10,706
Accrued benefit obligation, end of year	**(14,182)**	(15,108)
Funded status – plan deficit	**$ (5,095)**	$ (4,402)
Unamortized net actuarial losses	**3,766**	3,493
Unamortized past service costs	**–**	2
Unamortized net transitional asset	**(284)**	(395)
Accrued benefit liability	**$ (1,613)**	$ (1,302)

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

	2008	2007
Goodwill and other assets	**$ 1,849**	$ 1,870
Accounts payable and accrued liabilities	**(91)**	(93)
Long – term pension liability	**(3,371)**	(3,079)
Accrued benefit liability	**$ (1,613)**	$ (1,302)

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:

	2008	2007
Accrued benefit obligation	**$ (14,182)**	$ (11,714)
Fair value of plan assets	**9,087**	7,087
Fund status – plan deficit	**$ (5,095)**	$ (4,627)

Accrued benefit obligation includes a benefit obligation of $3,102 (2007- $3,164) related to the Wajax Limited Supplemental Executive Retirement Plan that is not funded. This obligation is secured by a letter of credit of $3,400 (2007 – $3,400).

19. Capital Management

Objective

The Fund defines its capital as the total of its unitholders' equity and interest bearing debt. The Fund's objective when managing capital is to have a capital structure and capacity to support the Fund's operations and strategic objectives set by the Board of Trustees.

Management of Capital

The Fund's capital structure is managed such that it maintains a relatively low Leverage Ratio as the Fund distributes a significant portion of its cash flow from operations before changes in working capital.

The Fund's level of interest bearing debt is determined by a combination of the Fund's cash flow required to meet its strategic objectives and the value of its tangible assets.

The amount of the Fund's unitholders' equity generally remains unchanged as income from the business is expected to equal the amount of distributions paid to unitholders over time.

Although management currently believes the Fund has adequate debt capacity, the Fund may have to access the equity or debt markets, or temporarily reduce distributions to accommodate any shortfalls in the Fund's credit facilities or significant growth capital requirements.

There were no changes in the Fund's approach to capital management during the period.

As well, the Fund will continue to review its capital structure in the context of the limitations on growth in equity imposed under tax legislation enacted on June 22, 2007 (note 9). The Fund has not exceeded its growth limits at December 31, 2008.

Restrictions on Capital

The Fund's interest bearing debt includes a $175,000 bank credit facility which expires December 31, 2011 and a $15,000 demand equipment financing facility. The bank credit facility contains the following covenants:

- Borrowing capacity is dependent upon the level of the Fund's inventories on-hand and the outstanding trade accounts receivable ("borrowing base"). The Fund's borrowing base was in excess of $175,000 at December 31, 2008 and, as a result, did not restrict the borrowing capacity under the bank credit facility.

- The Fund's ratio of EBITDA to interest expense (the "Interest Coverage Ratio") must not be lower than four times. As at December 31, 2008 the Fund's Interest Coverage Ratio was 20.4 times.

- The Fund will be restricted from the payment of monthly cash distributions in the event the Fund's Leverage Ratio exceeds three times. In addition, monthly cash distributions in each fiscal quarter may not exceed 115% of the distributable cash flow (as defined in the credit facility) for the trailing four fiscal quarters. As at December 31, 2008 the Fund's Leverage Ratio was 1.25 times and there were no restrictions on the payment of monthly cash distributions.

20. Commitments and Contingencies

Operating Leases

Undiscounted long-term lease commitments amount to $85,801 (2007 – $74,484) over the remaining lease terms. The annual payments required under the lease agreements over the next five years and thereafter are as follows:

2009	$ 17,959
2010	14,115
2011	11,421
2012	9,053
2013	6,182
Thereafter	27,071
	$ 85,801

Guaranteed Residual Value and Recourse Contracts

The Fund has guaranteed the resale value of equipment sold ("guaranteed residual value contracts") and guaranteed a portion of a customer's lease payments ("recourse contracts"). These contracts are subject to certain conditions being met by the customer. As at December 31, 2008, the Fund had guaranteed $6,694 (2007 – $7,591) of contracts, with commitments arising between 2009 and 2013. 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 $200 provision in 2008 (2007 – $200) as an estimate of the financial exposure likely to result from such commitments.

Contingencies

In the ordinary course of business, the Fund is contingently liable for litigation in varying amounts and for which provisions have been made in these consolidated financial statements when the liability is determined to be likely and the amount can be reasonably estimated. 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 defense has been filed.

21. Segmented Information

The Fund operates through a network of 112 branches in Canada. 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.

2008	Mobile Equipment	Industrial Components	Power Systems	Segment Eliminations and Unallocated Amounts	Total
Revenue	**$ 635,281**	**$ 322,778**	**$ 258,431**	**$ (3,015)**	**$ 1,213,475**
Segment earnings before interest and income taxes	**$ 49,970**	**$ 20,219**	**21,723**	**$ –**	**$ 91,912**
Corporate costs and eliminations				**(9,560)**	**(9,560)**
Earnings before interest and income taxes					**$ 82,352**
Segment assets excluding goodwill and other intangible assets	**$ 222,140**	**$ 124,337**	**$ 103,305**	**$ –**	**$ 449,782**
Goodwill and other intangible assets	**21,714**	**47,066**	**5,444**	**–**	**74,224**
Corporate and other assets				**5,243**	**5,243**
Total assets	**$ 243,854**	**$ 171,403**	**$ 108,749**	**$ 5,243**	**$ 529,249**
Asset additions					
Rental equipment	**$ 7,770**	**$ –**	**$ 412**	**$ –**	**$ 8,182**
Property, plant and equipment	**2,783**	**3,357**	**1,946**	**144**	**8,230**
Goodwill and other intangible assets	**450**	**17,006**	**–**	**–**	**17,456**
	$ 11,003	**$ 20,363**	**$ 2,358**	**$ 144**	**$ 33,868**
Asset amortization					
Rental equipment	**$ 4,639**	**$ –**	**$ 363**	**$ –**	**$ 5,002**
Property, plant and equipment	**1,343**	**1,080**	**1,434**	**148**	**4,005**
Deferred financing and intangible assets	**160**	**310**	**–**	**281**	**751**
	$ 6,142	**$ 1,390**	**$ 1,797**	**$ 429**	**$ 9,758**

2007	Mobile Equipment	Industrial Components	Power Systems	Segment Eliminations and Unallocated Amounts	Total
Revenue	$ 627,570	$ 309,474	$ 258,386	$ (3,163)	$ 1,192,267
Segment earnings before interest and income taxes	$ 45,069	$ 20,003	$ 22,727	$ -	$ 87,799
Corporate costs and eliminations				(9,030)	(9,030)
Earnings before interest and income taxes					$ 78,769
Segment assets excluding goodwill and other intangible assets	$ 214,745	$ 97,290	$ 94,446	$ –	$ 406,481
Goodwill and other intangible assets	21,424	30,369	5,445	–	57,238
Corporate and other assets				3,324	3,324
Total assets	$ 236,169	$ 127,659	$ 99,891	$ 3,324	$ 467,043
Asset additions					
Rental equipment	$ 8,678	$ –	$ 769	$ –	$ 9,447
Property, plant and equipment	1,086	831	2,008	72	3,997
Goodwill and other intangible assets	–	322	–	–	322
	$ 9,764	$ 1,153	$ 2,777	$ 72	$ 13,766
Asset amortization					
Rental equipment	$ 4,390	$ –	$ 273	$ -	$ 4,663
Property, plant and equipment	1,375	1,513	1,494	160	4,542
Deferred financing and intangible assets	67	220	–	391	678
	$ 5,832	$ 1,733	$ 1,767	$ 551	$ 9,883

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

22. Comparative Figures

Certain comparative figures have been reclassified to conform to the 2008 presentation.

Summary of Quarterly Data – Unaudited

($ millions, except per unit data)	**2008** Q1	**2008** Q2	**2008** Q3	**2008** Q4	2007 Q1	2007 Q2	2007 Q3	2007 Q4
Revenue	**$ 285.7**	**$ 311.2**	**$ 299.2**	**$ 317.3**	$ 302.3	$ 319.1	$ 289.4	$ 281.5
Net earnings	**18.1**	**20.0**	**18.4**	**19.4**	18.7	15.0	19.6	18.6
Earnings per unit – Basic	**$ 1.09**	**$ 1.20**	**$ 1.11**	**$ 1.17**	$ 1.13	$ 0.91	$ 1.18	$ 1.12
Earnings per unit – Diluted	**1.08**	**1.19**	**1.10**	**1.15**	1.12	0.90	1.17	1.11

Eleven Year Summary – Unaudited

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Operating Results											
Revenue*	**$ 1,213.5**	$ 1,192.3	$ 1,206.5	$ 1,049.4	$ 871.4	$ 884.0	$ 908.8	$ 1047.6	$ 1147.5	$ 1038.4	$ 992.2
Net earnings (loss)*	**75.8**	72.0	71.5	35.6	17.6	9.6	(25.8)	8.7	(9.7)	4.0	9.5
Interest expense	**4.8**	4.9	4.5	4.6	7.5	10.9	15.8	18.2	20.3	20.2	17.9
Cash flows before changes in non-cash working capital*	**87.5**	85.0	85.1	46.0	29.5	29.7	9.5	26.2	28.2	28.3	20.2
Property, plant and equipment – net	**7.4**	4.0	8.3	4.7	3.5	1.4	7.4	16.9	16.3	12.7	10.7
Rental equipment expenditures – net	**7.0**	8.6	7.9	6.2	5.4	6.6	1.2	0.8	3.3	2.8	13.6
Amortization	**9.7**	9.9	10.0	10.0	10.3	11.9	12.3	15.2	16.2	21.0	16.9
Per Unit											
Net earnings (loss) – Basic*	**$ 4.57**	$ 4.34	$ 4.31	$ 2.19	$ 1.12	$ 0.61	$ (1.64)	$ 0.55	$ (0.62)	$ 0.25	$ 0.60
Dividends paid	**–**	–	–	0.14	0.16	–	–	–	–	–	–
Distributions paid	**4.13**	4.36	4.43	1.89	–	–	–	–	–	–	–
Equity	**12.40**	11.94	11.89	11.88	12.39	11.38	10.83	13.05	12.49	13.11	12.86
Financial Position											
Working capital*	**$ 198.8**	$ 147.4	$ 147.8	$ 129.8	$ 153.0	$ 157.1	$ 155.0	$ 241.6	$ 264.6	$ 278.9	$ 292.0
Rental equipment	**21.8**	21.7	18.9	17.2	16.4	16.2	14.5	11.3	14.5	28.2	33.7
Property, plant and equipment – net	**33.6**	29.5	33.3	29.0	28.8	31.9	37.4	64.2	55.1	46.5	42.7
Long-term debt excluding current portion	**116.2**	53.9	59.0	33.4	70.9	79.8	98.4	176.4	223.2	226.0	250.9
Unitholders' equity	**205.7**	198.1	197.2	197.1	195.0	178.7	170.0	204.8	196.1	205.8	201.8
Total assets*	**528.7**	468.2	500.6	437.9	418.1	409.7	442.0	554.5	623.2	617.5	644.4
Other Information											
Number of employees	**2,662**	2,551	2,566	2,387	2,357	2,279	2,308	2,601	2,804	2,692	2,717
Trust units outstanding (thousands)	**16,585**	16,585	16,585	16,582	15,739	15,697	15,697	15,697	15,697	15,697	15,697
Price range of trust units											
High	**$ 35.75**	$ 37.95	$ 47.00	$ 32.45	$ 14.90	$ 8.25	$ 7.25	$ 6.00	$ 5.75	$ 9.00	$ 22.00
Low	**14.00**	24.80	24.60	13.00	7.70	3.10	3.76	4.00	3.25	4.60	7.65

* 2006, 2005 and 2004 exclude discontinued operations

Corporate Information

1 Member of the Audit Committee of the Fund
2 Member of the Human Resources and Compensation Committee of Wajax Limited
3 Member of the Governance Committee of the Fund

* The Boards of Wajax Income Fund and Wajax Limited consist of the same individuals except for Neil D. Manning who is not a Trustee of the Fund.

Honourary Director

H. Gordon MacNeill

Officers (Wajax Limited)

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 J. Corbett
Treasurer

Christopher J. Desjardins
General Counsel and Secretary

Head Office

3280 Wharton Way
Mississauga, ON L4X 2C5
Tel: (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
Tel: (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, 2008)

Open	High	Low	Close	Volume of Units Traded
$ 31.78	$ 35.75	$ 14.00	$ 21.10	9,721,855

Quarterly Earnings Reports

Quarterly earnings for the balance of 2009 are anticipated to be announced on May 6, August 5 and November 4.

2009 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
Tel: (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 and Special Meeting of Wajax Income Fund, to be held in the Port Credit North Room of The Waterside Inn, 15 Stavebank Road South, Mississauga, Ontario, Canada, on Wednesday, May 6, 2009, at 11:00 a.m.

Vous pouvez obtenir la version française de ce rapport en écrivant à la Secrétaire,
Fonds de revenu Wajax
3280 Wharton Way
Mississauga (ON) 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
1865 Sharlyn Road
Mississauga, Ontario L4X 2C5
Tom Plain,
General Manager, Ontario

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

Power Systems
Waterous Power Systems
10025 – 51st Avenue
Edmonton, Alberta T6E 0A8
Gary Pennycook, President

DDACE Power Systems
2997 rue Watt
Québec City, 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
One 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 MacKay, AB
Fort McMurray, AB
Saskatoon, SK
Winnipeg, MB

Wajax Industries Ontario
London, ON
Milton, ON
Mississauga, ON
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
Pasadena, NF
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

DDACE Power Systems
Concord, ON
Dorval, QC
Québec City, QC
Saint Nicephore, QC
Val d'Or, QC
Moncton, NB
Dartmouth, NS
Grand Falls, NF
Mount Pearl, NF

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

Kinecor Central
Belleville, ON
Concord, ON
Espanola, ON
Guelph, ON
Hearst, ON
Kapuskasing, ON
London, ON
Marathon, ON
Mississauga, ON (2)
North Bay, ON
Sarnia, ON
Sault Ste. Marie, ON
Stoney Creek, ON
Sudbury, ON
Thunder Bay, ON (2)
Timmins, ON
Windsor, ON
Temiscaming, QC

Kinecor East
Ottawa, ON
Chicoutimi, QC
Drummondville, QC
Granby, QC
Lachine, QC
LaSalle, QC
Laval, 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
Moncton, NB
Charlottetown, PEI
Dartmouth, NS
Port Hawkesbury, NS
Stellarton, NS
Corner Brook, NF
Mount Pearl, NF
Wabush, NF

Wajax Income Fund
3280 Wharton Way
Mississauga, ON L4X 2C5
Web: www.wajax.com
Tel: 905-212-3300
Fax 905-624-6020

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