



WJAX LIMITED
News Release

TSE Symbol: WJX

WJAX ANNOUNCES IMPROVED FIRST QUARTER 2003 RESULTS

| (Dollars in millions, except per share data) | Three Months Ended March 31 | |
|--|--------------------------------|----------|
| | 2003 | 2002 |
| Revenue | \$218.3 | \$214.2 |
| Net earnings (loss) | \$1.1 | \$(1.0) |
| Earnings (loss) per share | \$0.07 | \$(0.07) |

Toronto, Ontario – May 2, 2003 – Wajax Limited today announced improved first quarter 2003 earnings of \$1.1 million or \$0.07 per share compared to a loss of \$1.0 million or \$0.07 per share for the first quarter of 2002.

Revenues for the quarter of \$218.3 million increased by \$4.1 million compared to the \$214.2 million recorded in 2002. After adjusting for last year's fourth quarter sale of Pacific North Equipment (PNE), revenues were up by \$17.5 million or 8.7% for the quarter. The increase in revenue was entirely attributable to gains in Mobile Equipment. Increases in western Canada were led by deliveries of four 330 ton Euclid mining trucks to a customer in the Alberta oil sands. Eastern Canada recorded higher equipment and parts sales in the forestry and construction, crane/utility, mining and material handling sectors. Revenues in Industrial Components declined by \$7.1 million mainly due to softness in hydraulics parts sales in eastern Canada and the western United States, while revenues in Diesel Engines were little changed from last year.

The earnings improvement in the quarter was attributable to the increase in revenue, the elimination of PNE's \$1.3 million 2002 operating loss, overhead cost reduction initiatives implemented in the fourth quarter of last year, and a reduction in interest expense on lower debt. One area of Industrial Components that has continued to underperform is Spencer Industries, the Company's western U.S. based operation. Management has recently taken steps to reduce Spencer's operating losses, including the closing of four unprofitable branches and a distribution centre. These actions, combined with previously announced

initiatives, are intended to bring Spencer close to a break-even position in the second half of this year.

The Company continued to apply cash flow from earnings and working capital reductions to reduce overall indebtedness. At the end of the quarter, the Company had funded debt net of cash of \$97.7 million, which was \$16.7 million lower than the previous quarter and \$63.2 million lower than the first quarter of 2002. The resulting quarter-end debt to equity ratio of 0.57:1 improved from 0.67:1 in the previous quarter and 0.83:1 in the first quarter of last year.

Commenting on the quarter and the outlook for the remainder of the year, Neil Manning, President and CEO stated, "Our first quarter results were ahead of our expectations, from an earnings and cash flow standpoint. Our cost reduction initiatives and renewed marketplace focus are beginning to show in our results. This year we are targeting to achieve a meaningful profit and generate cash flow in excess of \$30 million and as we stated at the end of last year, we will not rely upon substantive improvements in the economy to drive profitability. In the future, I believe the Company can generate a steady and predictable stream of earnings. Our immediate goal is to begin to demonstrate this potential".

Wajax is a diversified company that has three core distribution businesses engaged in the sale and after-sales parts and service support of mobile equipment, diesel engines and industrial components, through a network of over 100 branches across Canada and the western United States. Its customer base spans natural resources, construction, transportation, manufacturing, industrial processing and utilities.

The Company's Annual General Meeting is to be held today at 11:00 a.m. (Eastern Time) in the Royal Bank Theatre of the Living Arts Centre, 4141 Living Arts Drive, Mississauga. The proceedings will be simultaneously webcast. As well, the Company's First Quarter Financial Results Conference Call will be webcast at 2:00 p.m. To access either or both webcasts, enter www.wajax.com and click on the webcast link on either the Home or Investor Relations page. Rebroadcasts of both webcasts will be posted to the Company's website shortly following the webcast.

This news release contains forward-looking information. Actual future results may differ from expected results.

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WAJAX LIMITED
CONSOLIDATED BALANCE SHEETS
(unaudited)

| (in thousands of dollars) | March 31 2003 | December 31 2002 | March 31 2002 |
|--|-------------------|---------------------|-------------------|
| Current Assets | | | |
| Cash and cash equivalents | \$ 9,114 | \$ 13,557 | \$ 11,633 |
| Accounts receivable | 115,807 | 114,305 | 133,835 |
| Inventories | 169,242 | 184,050 | 235,565 |
| Income taxes receivable | 2,357 | 3,431 | 7,533 |
| Future income taxes | 7,845 | 7,845 | 9,569 |
| Prepaid expenses and other recoverable amounts | 2,422 | 7,797 | 5,605 |
| | 306,787 | 330,985 | 403,740 |
| Non-Current Assets | | | |
| Rental equipment | 10,101 | 9,581 | 10,737 |
| Capital assets | 34,001 | 37,355 | 64,705 |
| Goodwill and other assets (Note 7) | 55,402 | 56,555 | 57,966 |
| Future income taxes | 6,204 | 7,562 | 5,206 |
| | 105,708 | 111,053 | 138,614 |
| | \$ 412,495 | \$ 442,038 | \$ 542,354 |
| Current Liabilities | | | |
| Accounts payable and accrued liabilities | \$ 131,948 | \$ 141,435 | \$ 165,748 |
| Current portion of long-term debt | 14,469 | 29,580 | 4,307 |
| | 146,417 | 171,015 | 170,055 |
| Non-Current Liabilities | | | |
| Future income taxes | 2,680 | 2,680 | 9,373 |
| Long-term debt | 92,338 | 98,373 | 168,209 |
| | 95,018 | 101,053 | 177,582 |
| Shareholders' Equity | | | |
| Share capital | 102,212 | 102,212 | 102,212 |
| Retained earnings (Note 7) | 68,848 | 67,758 | 92,505 |
| | 171,060 | 169,970 | 194,717 |
| | \$ 412,495 | \$ 442,038 | \$ 542,354 |

WAJAX LIMITED
CONSOLIDATED STATEMENTS OF EARNINGS
AND RETAINED EARNINGS
(unaudited)

| (in thousands of dollars, except per share data) | Three months ended March 31 | |
|--|--------------------------------|------------|
| | 2003 | 2002 |
| Revenue | \$ 218,279 | \$ 214,225 |
| Cost of sales | 170,257 | 163,911 |
| Gross profit | 48,022 | 50,314 |
| Selling and administrative expenses | 42,748 | 48,296 |
| Earnings before interest and income tax | 5,274 | 2,018 |
| Interest expense | 3,106 | 3,956 |
| Earnings (loss) before income taxes | 2,168 | (1,938) |
| Income taxes - current | 203 | (891) |
| - future | 875 | - |
| Net earnings (loss) | 1,090 | (1,047) |
| Retained earnings, beginning of period | 67,758 | 102,614 |
| Adjustment to opening retained earnings for goodwill impairment (Note 7) | - | (9,062) |
| Retained earnings, end of period | \$ 68,848 | \$ 92,505 |
| Basic and diluted earnings (loss) per share (Note 3) | \$ 0.07 | \$ (0.07) |
| Number of common shares outstanding | 15,696,960 | 15,696,960 |
| Number of common share options outstanding | 834,000 | 733,000 |

WAJAX LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

| (in thousands of dollars) | Three months ended March 31 | |
|---|-----------------------------|------------------|
| | 2003 | 2002 |
| OPERATING ACTIVITIES | | |
| Net earnings (loss) | \$ 1,090 | \$ (1,047) |
| Items not affecting cash flows: | | |
| Amortization | | |
| - Rental equipment | 474 | 563 |
| - Capital assets | 1,900 | 1,687 |
| - Deferred expenses | 256 | 191 |
| Pension expense | 897 | 788 |
| Future income taxes | 875 | - |
| Cash flows before changes in non-cash working capital | 5,492 | 2,182 |
| Changes in non-cash working capital: | | |
| Accounts receivable | (2,002) | 3,306 |
| Inventories | 13,823 | 9,973 |
| Prepaid expenses and other recoverable amounts | 5,346 | (2,030) |
| Accounts payable and accrued liabilities | (9,385) | 6,134 |
| Income taxes receivable | 1,037 | (2,135) |
| | 8,819 | 15,248 |
| Cash flows provided by operating activities | 14,311 | 17,430 |
| INVESTING ACTIVITIES | | |
| Rental equipment additions | (1,262) | (383) |
| Rental equipment disposals | 102 | 157 |
| Capital asset additions | (841) | (3,225) |
| Proceeds on disposal of capital assets | 2,102 | 922 |
| | 101 | (2,529) |
| Cash flows before financing activities | 14,412 | 14,901 |
| FINANCING ACTIVITIES | | |
| Decrease in long-term debt | (15,191) | (7,605) |
| Repayment of debentures | (734) | (662) |
| Hedging activities (Note 5) | (2,712) | - |
| | (18,637) | (8,267) |
| Cash flows before effect of foreign exchange | (4,225) | 6,634 |
| Effect of foreign exchange on translation adjustment | (218) | 120 |
| Net change in cash and cash equivalents | \$ (4,443) | \$ 6,754 |
| Cash and cash equivalents – beginning of period | \$ 13,557 | \$ 4,879 |
| Cash and cash equivalents – end of period | \$ 9,114 | \$ 11,633 |
| Cash flows provided by operating activities include the following: | | |
| Interest paid | \$ 1,771 | \$ 2,261 |
| Income taxes (received) paid | \$ (835) | \$ 1,579 |
| Significant non-cash transaction: | | |
| Rental equipment transferred to inventory | \$ 165 | \$ 251 |

WAJAX LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabulated in thousands of dollars)
(unaudited)

Note 1 Significant accounting policies

The accounting policies used in the preparation of these unaudited interim consolidated financial statements conform with those used in the Company's annual consolidated financial statements except for the changes noted below (See Note 2).

These interim consolidated financial statements do not include all of the disclosures included in the Company's annual consolidated financial statements. Accordingly, these unaudited interim financial statements should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended December 31, 2002.

Note 2 Change in accounting policies

Effective January 1, 2003, the Company adopted the Canadian Institute of Chartered Accountants new Accounting Guideline ACG-14, which requires certain disclosures of guarantees. The Company's annual consolidated financial statements as at and for the year ended December 31, 2002 disclose the existence of guarantees provided by the Company and that no material financial impact is likely to result from such commitments. There have been no material changes to the amounts or nature of the guarantees as disclosed in note 14 of those statements.

Note 3 Earnings per share

The following table sets forth the computation of basic and diluted earnings (loss) per share (in thousands, except per share information):

| Quarter | 2003 | | 2002 |
|---|-------------|------------|-------------|
| Numerator for basic and diluted earnings per share: | | | |
| – net income (loss) | \$ | 1,090 | \$ (1,047) |
| Denominator for basic earnings per share : | | | |
| – weighted average shares | | 15,696,960 | 15,696,960 |
| Denominator for diluted earnings per share: | | | |
| – weighted average shares | | 15,696,960 | 15,696,960 |
| – effect of dilutive employee stock options | | 880 | - |
| Denominator for diluted earnings per share | | 15,697,840 | 15,696,960 |
| Basic earnings (loss) per share | \$ | 0.07 | \$ (0.07) |
| Diluted earnings (loss) per share | \$ | 0.07 | \$ (0.07) |

Of the 834,000 (2002 – 733,000) stock options outstanding, 597,000 (2002 – 733,000) options with an exercise price range of \$3.80-\$17.25 (2002 - \$3.80-\$17.25) are excluded from the above calculations as they are currently anti-dilutive. These securities could potentially dilute earnings per share in future periods.

Note 4 Stock-based compensation plans

During the quarter, the Company cancelled employee stock options to purchase 40,000 shares with a weighted-average exercise price of \$5.25 and weighted average remaining life of 7.08 years as of December 31, 2002. Of this amount, 12,000 options were exercisable as of December 31, 2002 with a weighted-average exercise price of \$6.70. No options were issued during the current quarter.

Note 5 Financial Instruments

The Company has entered into interest rate swap agreements to manage its interest rate exposure on floating rate debt. During the quarter the Company unwound \$15.0 million of fixed interest rate swaps at a cost of \$0.5 million. At March 31, 2003 the Company had \$10.0 million of floating rate swaps outstanding. The differential the Company would pay to hypothetically terminate or exchange the swap agreement in the prevailing market conditions is estimated at \$0.3 million.

The Company hedges its foreign currency exposures on a portion of its U.S. dollar-denominated senior notes by entering into offsetting U.S. dollar forward contracts. During the quarter, the Company had a \$2.7 million loss on these hedging activities that was offset by a \$2.7 million unrealized foreign currency gain on the U.S. dollar-denominated senior notes. At March 31, 2003 the Company had entered into a short-term foreign currency forward contract to buy \$30 million U.S. dollars. There is no material difference between the face value of the foreign currency forward contract and its value as calculated by prevailing currency exchange rates.

Note 6 Segmented information:

| | For the three months ended March 31 | |
|--------------------------------|--|---------|
| | 2003 | 2002 |
| Revenue | | |
| Mobile Equipment | 106,890 | 95,381 |
| Industrial Components | | |
| - Canada | 57,380 | 62,179 |
| - United States | 14,333 | 16,592 |
| Total Industrial Components | 71,713 | 78,771 |
| Diesel Engines | 40,884 | 41,289 |
| Segment Eliminations | (1,208) | (1,216) |
| Total Consolidated | 218,279 | 214,225 |
| Segment Earnings (Loss) | | |
| Mobile Equipment | 3,035 | (591) |
| Industrial Components | | |
| - Canada | 649 | 190 |
| - United States | (1,737) | (1,092) |
| Total Industrial Components | (1,088) | (902) |
| Diesel Engines | 3,327 | 3,511 |
| Segment Eliminations | - | - |
| Total Consolidated | 5,274 | 2,018 |

Interest expense and income taxes are not allocated to business segments. All other corporate expenses are allocated based on net working capital.

Note 7 Comparative information

Certain comparative numbers have been reclassified to conform with current presentation. In particular, the reported March 31, 2002 balance sheet amounts for retained earnings and goodwill and other assets have been restated from their previously disclosed amounts to reflect the write-down of goodwill recorded effective January 1, 2002.