



TSE Symbol: WJX

**WAJAX ANNOUNCES IMPROVED FOURTH QUARTER 2003 RESULTS
AND REINSTITUTES DIVIDEND PROGRAM**

(Dollars in millions, except per share data)	Three Months Ended December 31		Year Ended December 31	
	2003	2002	2003	2002
Revenue *	\$230.9	\$223.2	\$884.0	\$908.8
Net earnings (loss)	\$3.4	\$(8.0)	\$9.6	\$(25.8)
Earnings (loss) per share	\$0.22	\$(0.51)	\$0.61	\$(1.64)

* 2002 revenues and earnings include the results of Pacific North Equipment ("PNE") which was sold on October 31, 2002. PNE had revenues of \$6.9 million and \$64.2 million and losses of \$0.1 million and \$0.3 million for the three month and year ended December 31, 2002 periods.

Fourth Quarter Highlights

- Revenue of 230.9 million up 6.7% (ex. PNE).
- Net Earnings of \$0.22 per share versus a loss of \$0.51 last year.
- \$40.2 million of cash flow in the quarter.
- Board reinstitutes dividend program and declares \$0.04 per share quarterly dividend.
- Secured a new \$20.0 million bank facility.

Toronto, Ontario – February 27, 2004 – Wajax Limited today announced improved fourth quarter 2003 earnings of \$3.4 million or \$0.22 per share compared to a loss of \$8.0 million or \$0.51 per share for the corresponding period in 2002. For the year ended December 31, 2003 the Company earned \$9.6 million or \$0.61 per share compared to a loss of \$25.8 million or \$1.64 per share recorded in the prior year.

In the fourth quarter of 2002 other items totaling \$5.1 million (\$8.5 million pretax) or \$0.33 per share were recorded as a charge against earnings. This charge included \$3.4 million (\$5.5 million pretax) for the write down of a computer system and \$1.7 million (\$3.0 million pretax) for severances and restructuring charges relating to staff reductions. Excluding other items, the 2002 fourth quarter loss was \$2.9 million or \$0.18 per share.

Revenues for the quarter of \$230.9 million increased by \$14.6 million or 6.7% compared to 2002, excluding PNE. This increase was driven by higher sales in the crane/utility, mining and material handling sectors in eastern Canada. As well, the Canadian operation of Industrial Components, Kinecor, posted slightly higher revenue. For the year ended December 31, 2003 revenues, excluding PNE, were up \$39.4 million or 4.7% on the strength of sales increases in Mobile Equipment.

A number of factors contributed to the significant increase in earnings before other items. Earnings in the Industrial Components segment increased by \$4.3 million due to increased revenues, improved margins and lower selling and administrative costs in Canada and the closure of four unprofitable branches and a distribution centre in the U.S. Higher revenues in Mobile Equipment resulted in an earnings increase of \$0.9 million and Diesel Engines earnings decreased by \$0.3 million as a result of increased occupancy costs related to a new facility in Calgary. Also contributing to the earnings improvement were reduced corporate costs due mainly to expenses for fees associated with the unwinding of fixed interest rate swaps incurred last year and lower interest expense as a result of a reduction in overall borrowing levels.

The Company generated \$40.2 million of cash flow before financing in the fourth quarter of 2003, with \$10.5 million coming from operating earnings and the remainder generated from non cash working capital reductions less investing activities. For the full year 2003, cash flow generated before financing activities amounted to \$68.2 million. At December 31, 2003, the Company had \$45.4 million of cash on hand and no bank indebtedness (excluding \$4.0 million of letters of credit). This resulted in a year end debt-to-equity ratio net of cash of 0.22:1 compared to 0.67:1 the previous year.

In December 2003, the Company entered into a new \$20 million 364-day revolving secured committed bank borrowing facility, which effectively replaced the bank facility that expired December 31, 2003.

During the quarter, Kinecor acquired the assets of P.M.D.F. Hydraulique, a Quebec based hydraulics distributor with expertise in sourcing quality offshore products, for \$1.0 million. This acquisition is part of Industrial Components' initiative to build its revenue through the marketing of high quality offshore sourced products by the new Hy-Spec Hydraulik division of Kinecor.

The Board of Directors reinstated the Company's dividend program and declared a quarterly dividend of \$0.04 per common share payable on March 31, 2004, to shareholders of record on March 15, 2004.

Commenting on the results for 2003, and the outlook for next year CEO Neil Manning stated, "We are very pleased with our results for 2003 and the progress we have made in establishing a solid base on which to grow. The confidence in our ability to sustain and improve earnings is reflected in the Board's decision to begin payment of a four cent quarterly dividend. Going into 2004 we recognize that more hard work is ahead of us in order to continue to improve upon our operating performance. In Industrial Components we intend to increase our revenue and margins while at the same time maintaining tight control over costs and assets employed. We expect continued improvement in Spencer in 2004. In Mobile Equipment we plan to increase market share in our material handling and construction sectors while prudently managing our expenses and assets and in Diesel Engines we expect to continue to deliver solid results."

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.

Wajax will Webcast its Fourth Quarter Financial Results Conference Call. You are invited to listen to the live Webcast on Friday February 27, 2004 at 2:00 p.m. EST. To access the Webcast, go to www.wajax.com and click on the link for the Webcast on the Investor Relations page. The archived Webcast will be available at the above mentioned website within 24 hours after the conference call.

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

For further information, please contact:

Neil Manning, President and Chief Executive Officer

Email: nmanning@wajax.com

or

John Hamilton, Chief Financial Officer

Email: jhamilton@wajax.com

Telephone #: (905) 212-3300

WAJAX LIMITED
CONSOLIDATED BALANCE SHEETS
(unaudited)

(in thousands of dollars)	December 31 2003	December 31 2002
Current Assets		
Cash and cash equivalents	\$ 45,395	\$ 13,557
Accounts receivable	106,027	114,305
Inventories	143,682	179,112
Income taxes receivable	-	3,431
Future income taxes	6,257	7,845
Prepaid expenses and other recoverable amounts	2,353	7,797
	303,714	326,047
Non-Current Assets		
Rental equipment	16,205	14,519
Capital assets	31,855	37,355
Goodwill and other assets	53,137	56,555
Future income taxes	2,772	7,562
	103,969	115,991
	\$ 407,683	\$ 442,038
Current Liabilities		
Accounts payable and accrued liabilities	\$ 139,879	\$ 141,435
Income taxes payable	1,348	-
Current portion of long-term debt	4,267	29,580
	145,494	171,015
Non-Current Liabilities		
Future income taxes	2,745	2,680
Long term debt	79,838	98,373
	82,583	101,053
Shareholders' Equity		
Share capital	102,212	102,212
Contributed surplus	63	-
Retained earnings	77,331	67,758
	179,606	169,970
	\$ 407,683	\$ 442,038

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

(in thousands of dollars, except per share data)	Three months ended December 31		Year ended December 31	
	2003	2002	2003	2002
Revenue	\$ 230,905	\$ 223,208	\$ 883,967	\$ 908,789
Cost of sales	181,787	174,884	688,927	705,831
Gross profit	49,118	48,324	195,040	202,958
Selling and administrative expenses	39,959	47,566	166,348	190,887
Other items	-	(8,480)	-	(28,479)
Earnings (loss) before interest and income taxes	9,159	(7,722)	28,692	(16,408)
Interest	2,368	3,661	10,858	15,769
Earnings (loss) before income taxes	6,791	(11,383)	17,834	(32,177)
Income taxes – current	(171)	1,377	2,560	942
– future	3,532	(4,735)	5,701	(7,325)
Net earnings (loss)	\$ 3,430	\$ (8,025)	\$ 9,573	\$ (25,794)
Retained earnings, beginning of period	73,901	75,783	67,758	102,614
Adjustment for goodwill impairment write-down	-	-	-	(9,062)
Retained earnings, end of period	\$ 77,331	\$ 67,758	\$ 77,331	\$ 67,758
Basic earnings (loss) per share (Note 3)	0.22	(0.51)	0.61	(1.64)
Diluted earnings (loss) per share (Note 3)	\$ 0.22	\$ (0.51)	\$ 0.61	\$ (1.64)
Number of common shares outstanding	15,696,960	15,696,960	15,696,960	15,696,960
Number of common share stock options outstanding	744,000	874,000	744,000	874,000

WAJAX LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands of dollars)	Three months ended December 31	
	2003	2002
OPERATING ACTIVITIES		
Net earnings (loss)	\$ 3,430	\$ (8,025)
Amortization		
- Rental equipment	1,298	576
- Capital assets	1,372	1,788
- Deferred expenses	271	326
Stock compensation expense	63	-
Future income taxes	3,664	(5,583)
Pension expense	395	318
Other items	-	8,480
Cash flows before changes in non-cash working capital	10,493	(2,120)
Changes in non-cash working capital:		
Accounts receivable	5,882	11,466
Inventories	18,132	18,009
Prepaid expenses and other recoverable amounts	66	(2,282)
Accounts payable and accrued liabilities	8,469	(6,570)
Income taxes payable	(262)	5,313
	32,287	25,936
Cash flows provided by operating activities	42,780	23,816
INVESTING ACTIVITIES		
Rental equipment additions	(1,302)	(638)
Rental equipment disposals	561	188
Capital asset additions	(1,832)	492
Proceeds on disposal of capital assets	964	247
Acquisition of business (Note 4)	(1,004)	-
	(2,613)	289
Cash flows before financing activities	40,167	24,105
FINANCING ACTIVITIES		
Increase in current bank indebtedness	-	25,000
Decrease in long-term debt	-	(46,085)
Increase in deferred financing costs	(275)	-
Repayment of debentures	(1,216)	(1,116)
	(1,491)	(22,201)
Cash flows before effect of foreign exchange	38,676	1,904
Effect of foreign exchange on translation adjustment	(231)	(205)
Net change in cash and cash equivalent	\$ 38,445	\$ 1,699
Cash and cash equivalent – beginning of period	\$ 6,950	\$ 11,858
Cash and cash equivalent – end of period	\$ 45,395	\$ 13,557
Cash provided by operating activities included the following:		
Interest paid	\$ 2,940	\$ 4,415
Income taxes paid (received)	\$ 78	\$ (2,941)
Significant non-cash transaction:		
Rental equipment transferred to inventory	\$ 239	\$ 204

WAJAX LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands of dollars)	Year ended December 31	
	2003	2002
OPERATING ACTIVITIES		
Net earnings (loss)	\$ 9,573	\$ (25,794)
Amortization		
- Rental equipment	4,268	2,314
- Capital assets	6,545	8,999
- Deferred expenses	1,048	951
Stock compensation expense	63	-
Future income taxes	5,294	(7,519)
Pension expense	2,865	2,120
Other items	-	28,479
Cash flows before changes in non-cash working capital	29,656	9,550
Changes in non-cash working capital:		
Accounts receivable	7,238	22,609
Inventories	33,868	61,128
Prepaid expenses and other recoverable amounts	5,377	(4,300)
Accounts payable and accrued liabilities	(3,622)	(21,008)
Income taxes payable	4,693	1,940
	47,554	60,369
Cash flows provided by operating activities	77,210	69,919
INVESTING ACTIVITIES		
Rental equipment additions	(7,819)	(1,808)
Rental equipment disposals	1,187	633
Capital asset additions	(4,520)	(8,980)
Proceeds on disposal of capital assets	3,132	1,629
Acquisition of business (Note 4)	(1,004)	-
	(9,024)	(8,526)
Cash flows before financing activities	68,186	61,393
FINANCING ACTIVITIES		
Increase in current bank indebtedness	-	25,000
Decrease in long-term debt	(25,691)	(74,492)
Increase in deferred financing costs	(275)	-
Repayment of debentures	(3,888)	(3,544)
Hedging activities	(6,336)	-
	(36,190)	(53,036)
Cash flows before effect of foreign exchange	31,996	8,357
Effect of foreign exchange on translation adjustment	(158)	321
Net change in cash and cash equivalent	\$ 31,838	\$ 8,678
Cash and cash equivalent – beginning of period	\$ 13,557	\$ 4,879
Cash and cash equivalent – end of period	\$ 45,395	\$ 13,557
Cash provided by operating activities included the following:		
Interest paid	\$ 9,582	\$ 14,439
Income taxes received	\$ (1,545)	\$ (1,029)
Significant non-cash transaction:		
Rental equipment transferred to inventory	\$ 678	\$ 605

WAJAX LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2003 and 2002
(Tabular amounts 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 Policy

a. Guarantees

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. As at December 31, 2003, the Company had guaranteed \$4.7 million (December 31, 2002 - \$3.5 million) for guaranteed residual value contracts and provided the option to customers for buy-back contracts in the amount of \$1.1 million (December 31, 2002 - \$0.6 million), with commitments arising between 2004 and 2009. The commitments made by the Company in these contracts reflect the estimated future value of the equipment, based on judgment and experience of management. The Company has recorded a provision of \$0.4 million (December 31, 2002 - \$0) as an estimate of the financial exposure likely to result from such commitments.

b. Employee Stock Options

In 2003, the Company has adopted the fair value based method of accounting for employee stock options on a prospective basis. Accordingly, the fair value of options at the date of grant is calculated and charged to operations on a straight-line basis over the vesting period, with an offsetting adjustment to contributed surplus. In 2002, the Company accounted for employee stock options using the intrinsic value method and accordingly did not record a compensation cost, but instead provided pro forma information in accordance with the recommendation.

Note 3 Earnings per Share

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

Quarter	2003		2002	
Numerator for basic and diluted earnings per share – net (loss) income	\$	3,430	\$	(8,025)
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		214,943		-
Denominator for diluted earnings per share		15,911,903		15,696,960
Basic earnings (loss) per share	\$	0.22	\$	(0.51)
Diluted (loss) earnings per share	\$	0.22	\$	(0.51)

Year	2003		2002	
Numerator for basic and diluted earnings per share – net (loss) income	\$	9,573	\$	(25,794)
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		108,610		-
Denominator for diluted earnings per share		15,805,570		15,696,960
Basic (loss) earnings per share	\$	0.61	\$	(1.64)
Diluted (loss) earnings per share	\$	0.61	\$	(1.64)

Excluded from the above calculations are 202,000 (2002 – 874,000) outstanding stock options with an exercise price range of \$7.34-\$11.50 (2002 - \$3.80-\$17.25) as they are currently anti-dilutive. These securities could potentially dilute earnings per share in future periods.

Note 4 Acquisition

During the year, the Company's Industrial Components segment acquired the assets of P.M.D.F. Hydraulique Inc., an industrial hydraulic distribution business, for a total purchase price of \$1.0 million. The effective date of acquisition was December 1, 2003. The results of operations from the acquisition have been included in the consolidated statements of the Company as of the effective date.

The following is a summary of the purchase price allocation:

Working capital	\$ 927
Capital assets	77
Total purchase price	\$ 1,004

Note 5 Stock-Based Compensation Plans

The following table summarizes the status of the stock option plan as at December 31, 2003 and 2002 and the changes during the years then ended:

	2003		2002	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	874,000	\$ 7.55	840,000	\$ 7.85
Granted	110,000	5.50	245,000	4.41
Exercised	-	-	-	-
Forfeited and expired	(240,000)	13.43	(211,000)	5.12
Outstanding at end of year	744,000	\$ 5.35	874,000	\$ 7.55

Of the options granted during the year, 40,000 were granted in the quarter with a weighted average exercise price of \$7.34 (2002 - 200,000 with a weighted average exercise price of \$4.25). Of the options forfeited and expired during the year, 200,000 expired during the quarter with a weighted average exercise price of \$15.06 (2002 - 104,000 with a weighted average exercise price of \$3.80).

The following table summarizes information about stock options outstanding at December 31, 2003:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number of Shares	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
\$3.80 to \$5.10	542,000	5.67	4.09	10,000	3.80
\$7.34 to \$9.25	162,000	5.09	8.02	98,600	8.41
\$11.50	40,000	2.15	11.50	40,000	11.50
Outstanding at end of year	744,000	5.36	5.35	148,600	8.93

The Company recorded a compensation cost of \$51 thousand for the quarter and \$63 thousand for the year in respect of employee stock options granted in 2003. The Company had accounted for employee stock options using the intrinsic value method prior to 2003 and accordingly has not recorded compensation cost for grants prior to this year. There would have been a reduction in net earnings of \$44 thousand (2002 - \$39 thousand) for the quarter and \$253 thousand (2002 - \$56 thousand) for the year and a nominal reduction in earnings per share for the quarter and a \$0.01 reduction in earnings per share for the year if the Company had accounted for employee stock options issued in 2002 under the fair value method. The fair value of employee stock options is determined using the Black-Scholes option pricing model using the following weighted average assumptions:

Risk free interest rate	3.98% - 4.18%
Expected life	5 years
Expected volatility	39%
Expected dividends	2%

The weighted average fair value of the options issued during the year at the grant date was \$2.00 (2002 - \$1.90)

Note 6 Financial Instruments

The Company had previously entered into interest rate swap agreements to manage its interest rate exposure on floating rate debt. During the year the Company unwound \$25.0 million (2002 - \$40.5 million) of fixed interest rate swaps at a cost of \$0.8 million (2002 - \$4.2 million). As of December 31, 2003 there were no outstanding interest rate swaps (December 31, 2002 - \$25.0 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. At June 30, 2003 the Company had entered into a short-term foreign currency forward contract to buy \$30.0 million U.S. dollars. The differential the Company would have paid to hypothetically terminate the forward contracts at December 31, 2003 is estimated at \$2.7 million.

Note 7 Segmented Information:

	For the three months ended December 31	
	2003	2002
Revenue		
Mobile Equipment *	117,233	109,727
Industrial Components		
- Canada	57,531	56,663
- United States	<u>11,158</u>	<u>12,228</u>
Total Industrial Components	68,689	68,891
Diesel Engines	45,653	45,681
Segment Eliminations	<u>(670)</u>	<u>(1,091)</u>
Total Consolidated	<u><u>230,905</u></u>	<u><u>223,208</u></u>
Segment Earnings (Loss) before Interest and Income Taxes		
Mobile Equipment *	5,194	4,266
Industrial Components		
- Canada	1,068	(1,728)
- United States	<u>(916)</u>	<u>(2,389)</u>
Total Industrial Components	152	(4,117)
Diesel Engines	5,090	5,370
Segment eliminations	16	(7)
Corporate costs	(1,293)	(4,754)
Other items	<u>-</u>	<u>(8,480)</u>
Total Consolidated	<u><u>9,159</u></u>	<u><u>(7,722)</u></u>

* 2002 segment revenues and earnings for Mobile Equipment include the results of the PNE operations. These operations were sold on October 31, 2002. For the three months ended December 31, 2002, the revenues of the PNE operations were \$6,901 and divisional earnings, before allocation of corporate expenses, were (\$333).

**For the year ended
December 31**

	2003	2002
Revenue		
Mobile Equipment *	438,856	454,204
Industrial Components		
- Canada	229,032	236,519
- United States	<u>51,060</u>	<u>56,449</u>
Total Industrial Components	280,092	292,968
Diesel Engines	166,884	166,863
Segment Eliminations	<u>(1,865)</u>	<u>(5,246)</u>
Total Consolidated	<u>883,967</u>	<u>908,789</u>

Segment Earnings (Loss) before Interest and Income Taxes

Mobile Equipment *	18,290	13,532
Industrial Components		
- Canada	4,182	(2,578)
- United States	<u>(2,852)</u>	<u>(6,493)</u>
Total Industrial Components	1,330	(9,071)
Diesel Engines	15,696	16,858
Segment eliminations	(8)	24
Corporate costs	(6,616)	(9,272)
Other items	<u>-</u>	<u>(28,479)</u>
Total Consolidated	<u>28,692</u>	<u>(16,408)</u>

* 2002 segment revenues and earnings for Mobile Equipment include the results of the PNE operations. These operations were sold on October 31, 2002. For the year ended December 31, 2002, the revenues of the PNE operations were \$64,244 and divisional profit, before allocation of corporate expenses, was (\$533).

Note 8 Contingencies

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

In making this assessment, the Company has been made aware of potential claims that may be advanced by a group of former and current employees arising 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 administrative expenses from the pension fund. No claim has been served on the Company. However, based on very limited communications with the group and its representative, the Company has evaluated the claims it anticipates could be articulated and believes such claims would be unlikely to succeed.

Note 9 Comparative Information

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