

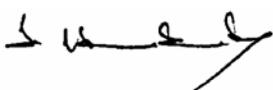
LINAMAR CORPORATION
Consolidated Interim Statements of Financial Position

As at June 30, 2017 with comparatives as at December 31, 2016 (Unaudited)
(in thousands of Canadian dollars)

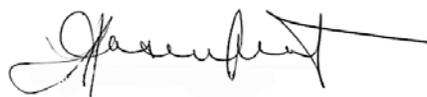
	June 30 2017 \$	December 31 2016 \$
ASSETS		
Cash and cash equivalents	510,577	404,966
Accounts and other receivables	1,221,508	898,445
Inventories	680,502	691,385
Income taxes recoverable	23,663	11,466
Current portion of long-term receivables (Note 5)	110,563	74,557
Current portion of derivative financial instruments (Note 5)	37,660	44,904
Other current assets	14,748	17,177
Current Assets	2,599,221	2,142,900
Long-term receivables (Note 5)	270,488	199,369
Property, plant and equipment	2,144,862	2,052,055
Investments accounted for using the equity method	7,285	5,881
Intangible assets	286,388	279,587
Goodwill	477,887	456,791
Derivative financial instruments (Note 5)	31,638	37,134
Deferred tax assets	52,560	53,453
Assets	5,870,329	5,227,170
LIABILITIES		
Short-term borrowings	5,826	7,972
Accounts payable and accrued liabilities	1,216,215	974,612
Provisions	35,440	31,713
Income taxes payable	43,735	54,836
Current portion of long-term debt (Notes 5, 6)	190,221	197,157
Current Liabilities	1,491,437	1,266,290
Long-term debt (Notes 5, 6)	1,314,496	1,228,035
Deferred tax liabilities	146,523	142,584
Liabilities	2,952,456	2,636,909
EQUITY		
Capital stock	120,972	120,385
Retained earnings	2,677,895	2,386,524
Contributed surplus	24,303	23,332
Accumulated other comprehensive earnings (loss)	94,703	60,020
Equity	2,917,873	2,590,261
Liabilities and Equity	5,870,329	5,227,170

The accompanying notes are an integral part of these consolidated interim financial statements.

On behalf of the Board of Directors:



Frank Hasenfratz
Director



Linda Hasenfratz
Director

LINAMAR CORPORATION**Consolidated Interim Statements of Earnings**

For the six months ended June 30, 2017 and June 30, 2016 (Unaudited)

(in thousands of Canadian dollars, except per share figures)

	Three Months Ended		Six Months Ended	
	June 30	June 30	June 30	June 30
	2017	2016	2017	2016
	\$	\$	\$	\$
Sales	1,766,244	1,657,216	3,422,232	3,175,267
Cost of sales	1,453,410	1,364,872	2,825,447	2,628,096
Gross Margin	312,834	292,344	596,785	547,171
Selling, general and administrative	90,044	84,104	181,141	168,901
Other income and (expenses)	(7,188)	5,503	(7,881)	7,560
Operating Earnings (Loss)	215,602	213,743	407,763	385,830
Share of net earnings (loss) of investments accounted for using the equity method	(1,390)	(478)	(2,623)	(478)
Finance expenses (Note 7)	2,876	6,928	5,761	11,923
Net Earnings (Loss) before Income Taxes	211,336	206,337	399,379	373,429
Provision for (recovery of) income taxes	49,410	48,993	92,342	89,240
Net Earnings (Loss) for the Period	161,926	157,344	307,037	284,189
Net Earnings (Loss) Attributable to:				
Shareholders of the Company	161,926	157,344	307,037	283,788
Non-Controlling Interests	-	-	-	401
	161,926	157,344	307,037	284,189
Net Earnings (Loss) Per Share Attributable to Shareholders of the Company:				
Basic	2.48	2.41	4.70	4.35
Diluted	2.45	2.39	4.65	4.31

The accompanying notes are an integral part of these consolidated interim financial statements.

LINAMAR CORPORATION

Consolidated Interim Statements of Comprehensive Earnings

For the six months ended June 30, 2017 and June 30, 2016 (Unaudited)

(in thousands of Canadian dollars)

	Three Months Ended		Six Months Ended	
	2017	June 30 2016	2017	June 30 2016
	\$	\$	\$	\$
Net Earnings (Loss) for the Period	161,926	157,344	307,037	284,189
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	50,241	(92,759)	75,676	(196,950)
Change in foreign exchange gains (losses) on long-term debt designated as a net investment hedge	(38,314)	31,940	(41,328)	51,331
Change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	(7,646)	1,172	(11,799)	(19,459)
Tax impact of change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	1,912	(517)	2,950	4,641
Reclassification to earnings of gains (losses) on cash flow hedges	9,100	468	12,246	22,490
Tax impact of reclassification to earnings of gains (losses) on cash flow hedges	(2,276)	107	(3,062)	(5,399)
Other Comprehensive Earnings (Loss)	13,017	(59,589)	34,683	(143,346)
Comprehensive Earnings (Loss) for the Period	174,943	97,755	341,720	140,843
Comprehensive Earnings (Loss) Attributable to:				
Shareholders of the Company	174,943	97,755	341,720	140,442
Non-Controlling Interests	-	-	-	401
	174,943	97,755	341,720	140,843

The accompanying notes are an integral part of these consolidated interim financial statements.

LINAMAR CORPORATION

Consolidated Interim Statements of Changes in Equity

For the six months ended June 30, 2017 and June 30, 2016 (Unaudited)

(in thousands of Canadian dollars)

	Capital stock \$	Retained earnings \$	Contributed surplus \$	Cumulative translation adjustment \$	Hedging reserves \$	Equity Attributable to Shareholders \$	Non- Controlling Interests \$	Total Equity \$
Balance at January 1, 2017	120,385	2,386,524	23,332	61,097	(1,077)	2,590,261	-	2,590,261
Net Earnings (Loss)	-	307,037	-	-	-	307,037	-	307,037
Other comprehensive earnings (loss)	-	-	-	34,348	335	34,683	-	34,683
Comprehensive Earnings (Loss)	-	307,037	-	34,348	335	341,720	-	341,720
Share-based compensation	-	-	1,145	-	-	1,145	-	1,145
Shares issued on exercise of options	587	-	(174)	-	-	413	-	413
Dividends	-	(15,666)	-	-	-	(15,666)	-	(15,666)
Balance at June 30, 2017	120,972	2,677,895	24,303	95,445	(742)	2,917,873	-	2,917,873

	Capital stock \$	Retained earnings \$	Contributed surplus \$	Cumulative translation adjustment \$	Hedging reserves \$	Equity Attributable to Shareholders \$	Non- Controlling Interests \$	Total Equity \$
Balance at January 1, 2016	118,609	1,890,473	21,094	228,306	185	2,258,667	-	2,258,667
Net Earnings (Loss)	-	283,788	-	-	-	283,788	401	284,189
Other comprehensive earnings (loss)	-	-	-	(145,619)	2,273	(143,346)	-	(143,346)
Comprehensive Earnings (Loss)	-	283,788	-	(145,619)	2,273	140,442	401	140,843
Share-based compensation	-	-	1,202	-	-	1,202	-	1,202
Shares issued on exercise of options	271	-	(80)	-	-	191	-	191
Acquisition of non-controlling interests	-	-	-	-	-	-	(401)	(401)
Dividends	-	(13,037)	-	-	-	(13,037)	-	(13,037)
Balance at June 30, 2016	118,880	2,161,224	22,216	82,687	2,458	2,387,465	-	2,387,465

The accompanying notes are an integral part of these consolidated interim financial statements.

LINAMAR CORPORATION

Consolidated Interim Statements of Cash Flows

For the six months ended June 30, 2017 and June 30, 2016 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period Attributable to Shareholders of the Company	161,926	157,344	307,037	283,788
Adjustments for:				
Amortization of property, plant and equipment	74,196	84,249	150,263	164,197
Amortization of other intangible assets	6,902	2,767	13,192	5,349
Deferred income taxes	2,518	342	2,818	3,361
Share-based compensation	573	596	1,145	1,202
Finance expense	2,876	6,928	5,761	11,923
Other	(992)	2,565	1,103	(555)
	247,999	254,791	481,319	469,265
Changes in non-cash working capital				
(Increase) decrease in accounts and other receivables	(46,707)	(87,652)	(285,859)	(203,689)
(Increase) decrease in inventories	34,979	21,920	21,822	(35,397)
(Increase) decrease in other current assets	1,031	1,835	2,652	356
Increase (decrease) in income taxes	6,973	(549)	(23,832)	(25,045)
Increase (decrease) in accounts payable and accrued liabilities	29,705	(24,293)	186,514	134,577
Increase (decrease) in provisions	2,518	1,626	3,833	2,102
	28,499	(87,113)	(94,870)	(127,096)
Cash generated from (used in) operating activities	276,498	167,678	386,449	342,169
Financing Activities				
Proceeds from (repayments of) short-term borrowings	(4,045)	(10,939)	(2,698)	(5,107)
Proceeds from (repayments of) long-term debt	(15,320)	3,987	48,268	1,163,161
Proceeds from exercise of stock options	160	69	413	191
Dividends	(15,666)	(13,037)	(15,666)	(13,037)
Interest received (paid)	3,342	(1,488)	(4,783)	(10,033)
Cash generated from (used in) financing activities	(31,529)	(21,408)	25,534	1,135,175
Investing Activities				
Payments for purchase of property, plant and equipment	(100,823)	(85,468)	(194,273)	(168,141)
Proceeds on disposal of property, plant and equipment	4,637	904	6,794	1,305
Payments for purchase of intangible assets	(4,387)	3,958	(7,619)	(7,345)
Business acquisitions, net of cash acquired	-	-	(1,060)	(1,133,945)
(Increase) decrease in long-term receivables	(64,628)	(46,387)	(116,008)	(57,842)
Other	(3,834)	(178)	(3,834)	(178)
Cash generated from (used in) investing activities	(169,035)	(127,171)	(316,000)	(1,366,146)
	75,934	19,099	95,983	111,198
Effect of translation adjustment on cash	(3,541)	(12,767)	9,628	(35,538)
Increase (decrease) in cash and cash equivalents	72,393	6,332	105,611	75,660
Cash and cash equivalents - Beginning of Period	438,184	408,407	404,966	339,079
Cash and cash equivalents - End of Period	510,577	414,739	510,577	414,739
Comprised of:				
Cash in bank	314,738	314,556	314,738	314,556
Short-term deposits	200,807	113,174	200,807	113,174
Unpresented cheques	(4,968)	(12,991)	(4,968)	(12,991)
	510,577	414,739	510,577	414,739

The accompanying notes are an integral part of these consolidated interim financial statements.

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2017 and June 30, 2016 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

1 General Information

Linamar Corporation and its subsidiaries, including jointly controlled entities, (together, the "Company") is a diversified global manufacturing company of highly engineered products. The Company is incorporated in Ontario, Canada with common shares listed on the Toronto Stock Exchange. The Company is domiciled in Canada and its registered office is 287 Speedvale Avenue West, Guelph, Ontario, Canada.

The consolidated interim financial statements of the Company for the period ended June 30, 2017 were authorized for issue in accordance with a resolution of the Company's Board of Directors on August 2, 2017.

2 Significant Accounting Policies

The Company has prepared these unaudited consolidated interim financial statements ("interim financial statements") using the same accounting policies and methods as those used in the Company's audited consolidated annual financial statements ("annual financial statements") for the year ended December 31, 2016. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of Presentation

The Company has prepared its interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretations of the International Financial Reporting Issues Committee.

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, certain information and footnotes as required in the annual financial statements have been omitted or condensed and as such these interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2016. These interim financial statements and the notes thereto have not been reviewed by the Company's external auditors pursuant to a review engagement applying review standards set out in the Canadian Chartered Professional Accountants handbook.

These interim financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value.

3 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year have been set out in Note 5 of the Company's annual financial statements for the year ended December 31, 2016.

4 Seasonality

Historically, earnings in the second quarter, for the Industrial segment, are positively impacted by the high selling season for both the access equipment and agricultural businesses. For the Powertrain/Driveline segment, vehicle production is typically at its lowest level during the third and fourth quarters due to lower original equipment manufacturers production schedules resulting from shutdowns related to summer and winter maintenance, and model changeovers. The Company takes advantage of summer and winter shutdowns for maintenance activities that would otherwise disrupt normal production schedules.

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2017 and June 30, 2016 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

5 Fair Value of Financial Instruments

The comparison of fair values to carrying amounts of financial assets and financial liabilities along with the fair value hierarchy for financial assets and financial liabilities carried at fair value on a recurring basis is as follows:

	Subsequent Measurement	June 30, 2017		December 31, 2016	
		Carrying Value Asset (Liability) \$	Fair Value \$	Carrying Value Asset (Liability) \$	Fair Value \$
Long-term receivables	Amortized cost (Level 2)	381,051	388,686	273,926	280,265
Derivative financial instruments					
US dollar interest payment forward contracts	Fair value (Level 2)	7,743	7,743	10,952	10,952
US dollar debt principal forward contracts	Fair value (Level 2)	61,555	61,555	71,086	71,086
Long-term debt designated as net investment hedge	Amortized cost (Level 2)	(910,754)	(846,616)	(927,529)	(848,309)
Long-term debt, other	Amortized cost (Level 2)	(593,963)	(580,671)	(497,663)	(508,018)

6 Long-Term Debt

	June 30 2017 \$	December 31 2016 \$
Senior unsecured notes	337,068	349,244
Bank borrowings	1,086,344	998,527
Obligations under finance leases	15,858	18,074
Government borrowings	65,447	58,287
Other financing	-	1,060
	1,504,717	1,425,192
Less: current portion	190,221	197,157
	1,314,496	1,228,035

As of June 30, 2017, \$649,131 was available under the credit facilities.

7 Finance Expenses

	Three Months Ended		Six Months Ended	
	June 30 2017 \$	June 30 2016 \$	June 30 2017 \$	June 30 2016 \$
Interest on long-term debt	7,495	8,806	16,613	18,075
Other	(4,619)	(1,878)	(10,852)	(6,152)
	2,876	6,928	5,761	11,923

8 Commitments

As at June 30, 2017, outstanding commitments for capital expenditures under purchase orders and contracts amounted to \$185,935 (June 30, 2016 - \$156,210). Of this amount, \$180,596 (June 30, 2016 - \$153,027) relates to the purchase of manufacturing equipment and \$5,339 (June 30, 2016 - \$3,183) relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months. There are no outstanding construction commitments (June 30, 2016 - \$926) committed to a related party.

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2017 and June 30, 2016 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

9 Related Party Transactions

Included in the cost of property, plant and equipment is the construction of buildings, building additions and building improvements performed by related parties in the aggregate amount of \$889 at June 30, 2017 (June 30, 2016 - \$3,569). Related party transactions included in the cost of sales are expenses such as rent, maintenance and transportation costs of \$380 for the three months ended June 30, 2017 and \$827 for the six months ended June 30, 2017 (\$511 for three months ended June 30, 2016 and \$911 for the six months ended June 30, 2016). The maintenance and construction costs represent general contracting and construction activities related to plant construction, improvements, additions and maintenance for a number of facilities. Amounts owed to related parties at June 30, 2017 were \$424 (June 30, 2016 - \$1,706).

10 Segmented Information

Management has determined the operating segments based on the reports reviewed by the Senior Executive Group that are used to make strategic decisions.

Powertrain/Driveline: The Powertrain/Driveline segment derives revenues primarily from the collaborative design, development and manufacture of precision metallic components, modules and systems for global vehicle and power generation markets.

Industrial: The Industrial segment is a world leader in the design and production of innovative mobile industrial equipment, notably its class-leading aerial work platforms, telehandlers and agricultural equipment.

The segments are differentiated by the products that each produces and reflects how the Senior Executive Group manages the business. Corporate headquarters and other small operating entities are allocated to the Powertrain/Driveline and Industrial operating segments accordingly.

The Company accounts for inter-segment sales and transfers as arm's length transactions at current market rates. The Company ensures that the measurement and policies are consistently followed among the Company's reportable segments for sales, operating earnings, net earnings and assets.

	Three Months Ended June 30, 2017			Six Months Ended June 30, 2017			
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Total identifiable assets
	\$	\$	\$	\$	\$	\$	\$
Powertrain/Driveline	1,405,161	15,115	161,546	2,774,253	26,806	307,908	5,017,732
Industrial	361,083	428	54,056	647,979	642	99,855	852,597
Total	1,766,244	15,543	215,602	3,422,232	27,448	407,763	5,870,329

	Three Months Ended June 30, 2016			Six Months Ended June 30, 2016			
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Total identifiable assets
	\$	\$	\$	\$	\$	\$	\$
Powertrain/Driveline	1,367,114	11,865	160,967	2,681,614	23,819	304,981	4,665,475
Industrial	290,102	67	52,776	493,653	195	80,849	736,310
Total	1,657,216	11,932	213,743	3,175,267	24,014	385,830	5,401,785

11 Pending Business Acquisition

On July 4, 2017, the Company announced that it has filed conditional offers with the Commercial Court in Paris to acquire selected assets of Societe Aveyronnaise de Metallurgie S.A. ("SAM") and F.V.M. Technologies S.A. ("FVM") from their respective bankruptcy estates and 100% of the outstanding shares of Alfisa Technologies, S.L.U. ("Alfisa") a Spanish company. SAM, FVM and Alfisa are a part of Groupe Arche S.A., a French company specialized in the design, casting, and machining of high pressure die cast aluminum components for the automotive industry. The proposed transaction is subject to, among other things, further due diligence and regulatory

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2017 and June 30, 2016 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

approvals. The Company anticipates that the purchase transaction, if approved by the Commercial Court and the other conditions are met, will be completed in the fourth quarter of 2017.

12 Comparative Figures

Certain comparative figures have been reclassified in accordance with the period's presentation.