

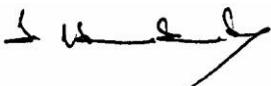
LINAMAR CORPORATION**Consolidated Interim Statements of Financial Position**

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

	March 31 2017 \$	December 31 2016 \$
ASSETS		
Cash and cash equivalents	438,184	404,966
Accounts and other receivables	1,166,249	898,445
Inventories	707,431	691,385
Income taxes recoverable	18,258	11,466
Current portion of long-term receivables (Note 5)	84,378	74,557
Current portion of derivative financial instruments (Note 5)	42,266	44,904
Other current assets	15,670	17,177
Current Assets	2,472,436	2,142,900
Long-term receivables (Note 5)	239,867	199,369
Property, plant and equipment	2,100,341	2,052,055
Investments accounted for using the equity method	4,664	5,881
Intangible assets	277,426	279,587
Goodwill	458,329	456,791
Derivative financial instruments (Note 5)	34,168	37,134
Deferred tax assets	52,151	53,453
Assets	5,639,382	5,227,170
LIABILITIES		
Short-term borrowings	9,335	7,972
Accounts payable and accrued liabilities	1,179,347	974,612
Provisions	33,042	31,713
Income taxes payable	31,348	54,836
Current portion of long-term debt (Notes 5, 6)	194,552	197,157
Current Liabilities	1,447,624	1,266,290
Long-term debt (Notes 5, 6)	1,292,440	1,228,035
Deferred tax liabilities	141,455	142,584
Liabilities	2,881,519	2,636,909
EQUITY		
Capital stock	120,744	120,385
Retained earnings	2,531,635	2,386,524
Contributed surplus	23,798	23,332
Accumulated other comprehensive earnings (loss)	81,686	60,020
Equity	2,757,863	2,590,261
Liabilities and Equity	5,639,382	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 three months ended March 31, 2017 and March 31, 2016 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

	Three Months Ended	
	2017	March 31
	\$	\$
Sales	1,655,988	1,518,051
Cost of sales	1,372,037	1,263,224
Gross Margin	283,951	254,827
Selling, general and administrative	91,097	84,797
Other income and (expenses)	(693)	2,057
Operating Earnings (Loss)	192,161	172,087
Share of net earnings (loss) of investments accounted for using the equity method	(1,233)	-
Finance expenses (Note 7)	2,885	4,995
Net Earnings (Loss) before Income Taxes	188,043	167,092
Provision for (recovery of) income taxes	42,932	40,247
Net Earnings (Loss) for the Period	145,111	126,845
Net Earnings (Loss) Attributable to:		
Shareholders of the Company	145,111	126,444
Non-Controlling Interests	-	401
	145,111	126,845
Net Earnings (Loss) Per Share Attributable to Shareholders of the Company:		
Basic	2.22	1.94
Diluted	2.20	1.92

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

LINAMAR CORPORATION**Consolidated Interim Statements of Comprehensive Earnings**

For the three months ended March 31, 2017 and March 31, 2016 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended	
	2017	2016
	\$	\$
Net Earnings (Loss) for the Period	145,111	126,845
Items that may be reclassified subsequently to net income		
Unrealized gains (losses) on translating financial statements of foreign operations	25,435	(104,191)
Change in foreign exchange gains (losses) on long-term debt designated as a net investment hedge	(3,014)	19,391
Change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	(4,153)	(20,631)
Tax impact of change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	1,038	5,158
Reclassification to earnings of gains (losses) on cash flow hedges	3,146	22,022
Tax impact of reclassification to earnings of gains (losses) on cash flow hedges	(786)	(5,506)
Other Comprehensive Earnings (Loss)	21,666	(83,757)
Comprehensive Earnings (Loss) for the Period	166,777	43,088
Comprehensive Earnings (Loss) Attributable to:		
Shareholders of the Company	166,777	42,687
Non-Controlling Interests	-	401
	166,777	43,088

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

LINAMAR CORPORATION

Consolidated Interim Statements of Changes in Equity

For the three months ended March 31, 2017 and March 31, 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)	-	145,111	-	-	-	145,111	-	145,111
Other comprehensive earnings (loss)	-	-	-	22,421	(755)	21,666	-	21,666
Comprehensive Earnings (Loss)	-	145,111	-	22,421	(755)	166,777	-	166,777
Share-based compensation	-	-	572	-	-	572	-	572
Shares issued on exercise of options	359	-	(106)	-	-	253	-	253
Balance at March 31, 2017	120,744	2,531,635	23,798	83,518	(1,832)	2,757,863	-	2,757,863

	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)	-	126,444	-	-	-	126,444	401	126,845
Other comprehensive earnings (loss)	-	-	-	(84,800)	1,043	(83,757)	-	(83,757)
Comprehensive Earnings (Loss)	-	126,444	-	(84,800)	1,043	42,687	401	43,088
Share-based compensation	-	-	606	-	-	606	-	606
Shares issued on exercise of options	173	-	(51)	-	-	122	-	122
Acquisition of non-controlling interests	-	-	-	-	-	-	(401)	(401)
Balance at March 31, 2016	118,782	2,016,917	21,649	143,506	1,228	2,302,082	-	2,302,082

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

LINAMAR CORPORATION**Consolidated Interim Statements of Cash Flows**For the three months ended March 31, 2017 and March 31, 2016 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended	
	March 31	2016
	2017	2016
	\$	\$
Cash generated from (used in)		
Operating Activities		
Net Earnings (Loss) for the Period Attributable to Shareholders of the Company	145,111	126,444
Adjustments for:		
Amortization of property, plant and equipment	76,067	79,948
Amortization of other intangible assets	6,290	2,582
Deferred income taxes	300	3,019
Share-based compensation	572	606
Finance expense	2,885	4,995
Other	2,095	(3,120)
	233,320	214,474
Changes in non-cash working capital		
(Increase) decrease in accounts and other receivables	(239,152)	(116,037)
(Increase) decrease in inventories	(13,157)	(57,317)
(Increase) decrease in other current assets	1,621	(1,479)
Increase (decrease) in income taxes	(30,805)	(24,496)
Increase (decrease) in accounts payable and accrued liabilities	156,809	158,870
Increase (decrease) in provisions	1,315	476
	(123,369)	(39,983)
Cash generated from (used in) operating activities	109,951	174,491
Financing Activities		
Proceeds from (repayments of) short-term borrowings	1,347	5,832
Proceeds from (repayments of) long-term debt	63,588	1,159,174
Proceeds from exercise of stock options	253	122
Interest received (paid)	(8,125)	(8,545)
Cash generated from (used in) financing activities	57,063	1,156,583
Investing Activities		
Payments for purchase of property, plant and equipment	(93,450)	(82,673)
Proceeds on disposal of property, plant and equipment	2,157	401
Payments for purchase of intangible assets	(3,232)	(11,303)
Business acquisitions, net of cash acquired	(1,060)	(1,133,945)
(Increase) decrease in long-term receivables	(51,380)	(11,455)
Cash generated from (used in) investing activities	(146,965)	(1,238,975)
	20,049	92,099
Effect of translation adjustment on cash	13,169	(22,771)
Increase (decrease) in cash and cash equivalents	33,218	69,328
Cash and cash equivalents - Beginning of Period	404,966	339,079
Cash and cash equivalents - End of Period	438,184	408,407
Comprised of:		
Cash in bank	251,072	390,273
Short-term deposits	204,260	28,321
Unpresented cheques	(17,148)	(10,187)
	438,184	408,407

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

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the three months ended March 31, 2017 and March 31, 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 March 31, 2017 were authorized for issue in accordance with a resolution of the Company's Board of Directors on May 10, 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 months of July and August due to model changeovers by the original equipment manufacturers and in December for maintenance shut-down periods. 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 three months ended March 31, 2017 and March 31, 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	March 31, 2017		December 31, 2016	
		Carrying Value Asset (Liability) \$	Fair Value \$	Carrying Value Asset (Liability) \$	Fair Value \$
Long-term receivables	Amortized cost (Level 2)	324,245	333,403	273,926	280,265
Derivative financial instruments					
US dollar interest payment forward contracts	Fair value (Level 2)	8,521	8,521	10,952	10,952
US dollar debt principal forward contracts	Fair value (Level 2)	67,913	67,913	71,086	71,086
Long-term debt designated as net investment hedge	Amortized cost (Level 2)	(872,439)	(801,590)	(927,529)	(848,309)
Long-term debt, other	Amortized cost (Level 2)	(614,553)	(608,883)	(497,663)	(508,018)

6 Long-Term Debt

	March 31 2017 \$	December 31 2016 \$
Senior unsecured notes	346,133	349,244
Bank borrowings	1,058,993	998,527
Obligations under finance leases	16,734	18,074
Government borrowings	65,132	58,287
Other financing	-	1,060
	1,486,992	1,425,192
Less: current portion	194,552	197,157
	1,292,440	1,228,035

As of March 31, 2017, \$665,533 was available under the credit facilities.

7 Finance Expenses

	Three Months Ended March 31	
	2017 \$	2016 \$
Interest on long-term debt	9,118	9,269
Other	(6,233)	(4,274)
	2,885	4,995

8 Commitments

As at March 31, 2017, outstanding commitments for capital expenditures under purchase orders and contracts amounted to \$172,068 (March 31, 2016 - \$116,460). Of this amount, \$166,390 (March 31, 2016 - \$111,421) relates to the purchase of manufacturing equipment and \$5,678 (March 31, 2016 - \$5,039) relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months. \$76 of the outstanding construction commitments (March 31, 2016 - \$2,532) represents amounts committed to a related party.

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the three months ended March 31, 2017 and March 31, 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 \$695 at March 31, 2017 (March 31, 2016 - \$1,524). Related party transactions included in the cost of sales are expenses such as rent, maintenance and transportation costs of \$447 for the three months ended March 31, 2017 (\$400 for three months ended March 31, 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 March 31, 2017 were \$574 (March 31, 2016 - \$1,880).

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.

	Sales to external customers \$	Inter- segment sales \$	Operating earnings (loss) \$	Total identifiable assets \$
Powertrain/Driveline	1,369,092	11,691	146,362	4,859,296
Industrial	286,896	215	45,799	780,086
Total	1,655,988	11,906	192,161	5,639,382

	Sales to external customers \$	Inter- segment sales \$	Operating earnings (loss) \$	Total identifiable assets \$
Powertrain/Driveline	1,314,500	11,954	144,014	4,802,081
Industrial	203,551	128	28,073	619,119
Total	1,518,051	12,082	172,087	5,421,200

11 Comparative Figures

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