For Immediate Release: August 10, 2016

CWC ENERGY SERVICES CORP. ANNOUNCES SECOND QUARTER 2016 OPERATIONAL AND FINANCIAL RESULTS AND RECORD SECOND QUARTER SERVICE RIG OPERATING HOURS

CALGARY, ALBERTA – (TSXV: CWC) CWC Energy Services Corp. ("CWC" or the "Company") announces the release of its operational and financial results for the three months ended June 30, 2016.

"CWC is very pleased to report that despite the severe industry downturn, CWC had a record second quarter with 21,724 operating hours in our service rig division; the most for a second quarter in our eleven year history," said Duncan Au, President and Chief Executive Officer. "Continued strong operational and financial results in a challenging industry environment, an oversubscribed equity rights offering and the extension and amendment of our credit facilities until July 31, 2018, highlight the tremendous efforts by our Board of Directors, management team and employees during Q2 2016. These Q2 2016 operational and financial results reflect CWC's superior ability to manage through the current industry downturn with positive EBITDAS[(1)] and places CWC in a stronger position when the industry eventually rebounds."

The interim Financial Statements and Management Discussion and Analysis ("MD&A") for the three months ended June 30, 2016 are filed on SEDAR at www.sedar.com.

Highlights for the Three Months Ended June 30, 2016

- CWC's service rig fleet worked a record 21,724 operating hours in Q2 2016, the highest second quarter in the Company's eleven year history, despite a very challenging industry operating environment. The Company's industry leading service rig utilization of 37% in Q2 2016 (Q2 2015: 23%) was impressive given the seasonal quarterly slowdown in activity known as spring break-up in the Western Canadian Sedimentary Basin ("WCSB"). During Q2 2016, total industry operating hours (as reported by the Canadian Association of Oilwell Drilling Contractors ("CAODC")) declined 33% from Q2 2015. The strong demand for the Company's service rigs can be attributed to its modern fleet, exceptional sales and operational management, and experienced rig crews performing work safely and efficiently. Customer appreciation and acceptance of our outstanding service and safety performance and high quality and well maintained equipment are strong and has been a differentiating factor for CWC.

- CWC's drilling rig utilization of 9% in Q2 2016 (Q1 2015: 12%) exceeded the CAODC industry average of 7%. The lower activity level in Q2 2016 compared to Q2 2015 reflects the persistent pressure on our exploration and production ("E&P") customers from the ongoing commodity price uncertainty. The Q2 2016 average crude price, as measured by WTI, of US$45.46/bbl was 37% higher than Q1 2016.

- Revenue of $13.9 million, a 3% increase of $0.4 million compared to $13.5 million in Q2 2015. The increase from Q2 2015 is predominately due to increased service rig utilization offset by lower year-over-year rates charged to E&P customers resulting from lower commodity prices and continued declines in drilling rig activity.

- EBITDAS[(1)] of $1.0 million, a 29% increase of $0.2 million compared to $0.8 million in Q2 2015. Increased EBITDAS is a direct result of increased service rig activity and lower variable and fixed costs from the Company's cash saving initiatives offset by lower day and hourly rig rates.

- Net loss of $2.3 million, a 47% decrease of $2.0 million compared to a net loss of $4.3 million in Q2 2015. The year-over-year reduction in net loss is due to higher EBITDAS and a reduction in, deferred income tax, depreciation & amortization expenses and non-cash stock based compensation, offset by an increase in finance costs.

- On April 25, 2016, the Company extended its credit agreement with its banking syndicate to include, among other things, the following terms:
    - the maturity date of the credit facilities were extended to July 31, 2018;

- the credit facilities were voluntarily reduced from $75.0 million to $65.0 million with the ability to increase the credit facilities by an additional $60.0 million through an accordion feature, subject to approval by the banking syndicate;
- amendments to the quarterly financial covenants for Consolidated Debt to Consolidated EBITDA ratio; and
- the inclusion of an equity cure provision which allows the Company to apply the proceeds of equity offerings in the calculation of Consolidated EBITDA towards the Consolidated Debt to Consolidated EBITDA ratio until March 31, 2018, subject to certain conditions as follows:
  - an equity cure may be utilized in no more than two quarters during such period;
  - an equity cure may not be utilized in consecutive quarters; and
  - an equity cure utilized in any quarter is not to exceed the greater of 50% of total Consolidated EBITDA over the prior twelve month period or $15.0 million.

- On June 2, 2016, CWC announced the closing of its equity rights offering and the issuance of an additional 97.5 million common shares. The equity rights offering was oversubscribed and generated $14.6 million in gross proceeds. A portion of the proceeds are in a segregated account, $7.0 million was used to reduce long-term debt in July 2016.

Highlights for the Six Months Ended June 30, 2016

- CWC's drilling rig utilization of 18% in the first six months of 2016 (2015: 28%) exceeded the CAODC industry average of 14%. The lower activity level in 2016 compared to 2015 persistent pressure on our customers from the ongoing commodity price uncertainty.

- Year-to-date, CWC's service rig utilization was 38% compared to 26% in 2015. The Company's increased market share can be attributed to its modern fleet of 74 service rigs, exceptional sales and operational management, and experienced rig crews performing work safely and efficiently. Customer appreciation and acceptance of our outstanding service and safety performance and high quality and well maintained equipment are strong and has been a differentiating factor for CWC.

- Revenue of $33.6 million, a decrease of $7.7 million (19%) compared to $41.3 million in the first six months of 2015. The decline from the previous year is predominately due to lower year-over-year rates charged to E&P customers resulting from lower commodity prices and a significant decline in drilling rig activity, partially offset by increased service rig utilization.

- EBITDAS[(1)] of $3.6 million, a decline of $2.5 million (41%) from the first six months of 2015. Lower EBITDAS is a direct result of lower day and hourly rig rates partly offset by increased service rig utilization and lower variable and fixed costs from the Company's cash saving initiatives.

- Net loss of $3.7 million, a 13% decrease of $0.5 million compared to a net loss of $4.3 million in the first six months of 2015.

[(1)] Please refer to the "Reconciliation of Non-IFRS Measures" section for further information.

Financial and Operational Highlights

$ thousands, except shares, per share amounts, margins and ratios	Three months ended June 30, 2016	Three months ended June 30, 2015	% Change	Six months ended June 30, 2016	Six months ended June 30, 2015	% Change
FINANCIAL RESULTS						
Revenue						
Contract drilling	1,414	2,640	(46%)	5,533	13,613	(59%)
Production services	12,470	10,868	15%	28,091	27,725	1%
	13,884	13,508	3%	33,624	41,338	(19%)
EBITDAS [1]	999	777	29%	3,556	6,031	(41%)
EBITDAS margin (%) [1]	7%	6%		11%	15%	(4%)
Funds from operations [1]	999	777	29%	3,556	6,031	(41%)
Net loss and comprehensive loss	(2,279)	(4,294)	(47%)	(3,709)	(4,256)	(13%)
Net loss and comprehensive loss margin (%)	(16%)	(32%)	16%	(11%)	(10%)	(1%)
Dividends declared	-	1,435	n/m[2]	-	2,856	n/m[2]
Per share information						
Weighted average number of shares outstanding – basic	324,840,096	283,902,087		308,738,337	280,797,326	
Weighted average number of shares outstanding – diluted	324,840,096	283,902,087		308,738,337	280,797,326	
EBITDAS [1] per share – basic	$0.00	$0.00		$0.01	$0.02	
EBITDAS [1] per share – diluted	$0.00	$0.00		$0.01	$0.02	
Net loss per share - basic and diluted	($0.01)	($0.02)		($0.01)	($0.02)	
Dividends declared per share	$0.000	$0.005		$0.00	$0.01	

$ thousands, except ratios	June 30, 2016	December 31, 2015
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) [1]	8,029	11,822
Working capital (excluding debt) ratio [1]	2.4:1	3:1
Total assets	212,440	222,428
Total long-term debt (including current portion)	32,235	52,241
Shareholders' equity	158,515	147,462

[1] Please refer to the "Reconciliation of Non-IFRS Measures" section for further information.

[2] Not meaningful.

Operational Overview

Contract Drilling

CWC Ironhand Drilling, the Company's Contract Drilling segment has a fleet of nine telescopic double drilling rigs with depth ratings from 3,200 to 4,500 metres, eight of nine rigs have top drives and the rig fleet has an average age of seven years. In 2015, drilling rig #3 was upgraded to include a Pad Rig Walking System. All of the drilling rigs are well suited for the most active depths for horizontal drilling in the WCSB, including the Montney, Cardium, Duvernay and other deep basin horizons. Given the current downturn in the industry, at the beginning of 2016, CWC chose to park one of its drilling rigs and focus its sales and operational efforts on the remaining eight drilling rigs. CWC has now found a customer for its one inactive drilling rig and as such all nine drilling rigs will become active in Q3 2016.

OPERATING HIGHLIGHTS	Three months ended Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sep. 30, 2014
Drilling Rigs								
Active drilling rigs, end of period	8	8	9	9	9	9	9	9
Inactive drilling rigs, end of period	1	1	-	-	-	-	-	-
Total drilling rigs, end of period	9	9	9	9	9	9	9	9
Revenue per operating day [1]	$21,754	$21,565	$24,996	$24,740	$26,661	$30,553	$29,305	$27,715
Drilling rig operating days	65	191	191	379	99	359	693	551
Drilling rig utilization % [2]	9%	26%	23%	46%	12%	44%	84%	75%
CAODC industry average utilization %	7%	20%	20%	24%	13%	34%	45%	46%

[1] Revenue per operating day is calculated based on operating days (i.e. spud to rig release basis). New or inactive drilling rigs are added based on the first day of field service.

[2] Drilling rig utilization is calculated based on operating days (i.e. spud to rig release basis) in accordance with the methodology prescribed by the CAODC.

Contract Drilling revenue of $1.4 million for Q2 2016 and $5.5 million for the first six months of 2016 was achieved with a utilization rate of 9% and 18% respectively, compared to the CAODC industry average of 7% and 14% for the same respective periods. Overall, revenue for Q2 2016 and the first six months of 2016 in the Contract Drilling segment was 46% and 59% lower respectively when compared to the same periods in the prior year as the impact of low commodity prices continues to reduce industry activity and pricing. Approximately 55% of the year-over-year reduction in revenue resulted from reduced activity (drilling rig operating days), while 45% is due to pricing, as measured by average revenue per day in 2016 of $21,613, which is 27% lower than the 2015 average price of $29,690.

The ongoing commodity price uncertainty continues to be driven by record global production levels, growing storage levels, and persistent demand concerns. This uncertainty has forced E&P companies to conserve cash resources by reducing wells drilled, amongst other measures, until commodity prices improve.

Production Services

CWC is the second largest service rig provider in the WCSB, based on our modern fleet of 74 service rigs as at June 30, 2016 which consists of 41 single, 27 double, and 6 slant rigs. CWC's fleet is amongst the newest in the WCSB and provides services which include completions, maintenance, workovers and abandonments with depth ratings from 1,500 to 5,000 metres. Given the current downturn in the industry, CWC has chosen to park nine of its service rigs and focus its sales and operational efforts on the remaining 65 service rigs.

CWC's Class I, II and III coil tubing units have depth ratings from 1,500 to 4,000 metres. As at June 30, 2016, the Company's fleet of nine coil tubing units consists of five Class I, three Class II and one Class III coil tubing units. In light of competitive challenges for CWC's Class III coil tubing unit, the Company has chosen to focus its sales and operational efforts on its eight Class I and II coil tubing units which are better suited at servicing SAGD wells, which are shallower in depth and more appropriate for these coil tubing operations.

OPERATING HIGHLIGHTS	Three months ended Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sep. 30, 2014
Service Rigs								
Active service rigs, end of period	65	65	64	65	66	66	69	68
Inactive service rigs, end of period	9	9	10	9	8	7	3	3
Total service rigs, end of period	74	74	74	74	74	73	72	71
Operating hours	21,724	23,466	21,008	16,676	14,051	16,580	28,644	26,354
Revenue per hour	$548	$580	$615	$657	$668	$769	$790	$756
Service rig utilization % [1]	37%	40%	36%	27%	23%	29%	45%	42%
Coil Tubing Units								
Active coil tubing units, end of period	8	8	8	8	8	8	9	9
Inactive coil tubing units, end of period	1	1	1	1	1	1	0	0
Total coil tubing units, end of period	9	9	9	9	9	9	9	9
Operating hours	1,147	3,034	1,665	1,048	2,111	4,351	2,631	2,056
Revenue per hour	$508	$662	$657	$771	$724	$885	$825	$894
Coil tubing units utilization % [2]	16%	42%	23%	14%	29%	60%	32%	29%

(1) Service rig utilization is calculated based on 10 hours a day, 365 days a year. New service rigs are added based on the first day of field service. Service rigs requiring their 24,000 hour recertification, refurbishment or have been otherwise removed from service for greater than 90 days are excluded from the utilization calculation until their first day back in field service.

(2) Coil tubing unit utilization is calculated based on 10 hours a day, 365 days a year. New coil tubing units are added based on the first day of field service.

Production Services revenue was $12.5 million in Q2 2016 up $1.6 million (15%) when compared to Q2 2015 as the impact of lower pricing was more than offset by record second quarter activity for the Company's service rigs. A relatively warm winter and low precipitation in Q1 2016 and dry ground conditions in certain operating areas in Q2 2016 allowed for uninterrupted customer operations in what would otherwise normally be slower activity levels during spring break-up. The Company's operating hours were the highest amongst all CAODC registered service rig companies in Q2 2016 with 21,724 operating hours. Increased activity was offset by an 18% decline in revenue per hour from Q2 2015 and 6% from Q1 2016, suggesting that pricing pressure from E&P customers and competitors has not yet abated. CWC's increased utilization is a result of: (i) a focus on production work; (ii) an increase in market share with a select number of senior E&P customers; (iii) an aggressive pricing strategy initiated in 2015; and (iv) a service rig fleet, amongst the newest in the WCSB, which stands out in an industry characterized by ageing equipment and infrastructure.

Coil tubing utilization was 16% in Q2 2016 compared to 29% in Q2 2015. The lower utilization was impacted by the Fort McMurray, Alberta wildfires as well as delays in customer activities. While the lower activity levels affected Q2 2016 coil tubing's financial results, the wildfires forced CWC's customers to quickly shut-in production resulting in significant sand build up downhole. Such build up in the pipe will need to be cleaned out, potentially resulting in significantly more work than before the shut-ins for CWC's coil tubing units. The decrease of 30% in coil tubing units' average hourly rate from Q2 2015 is a combination of more shallow coil tubing units working in Q2 2016 compared to Q2 2015, which have a lower hourly rate, and overall pricing pressures from our E&P customers.

Capital Expenditures

	Three months ended June 30,		Six months ended June 30,	
$ thousands	**2016**	**2015**	**2016**	**2015**
Contract Drilling	268	1,492	294	3,262
Production Services	107	641	347	3,882
Total capital expenditures	375	2,133	641	7,144
Growth capital	-	321	-	4,153
Maintenance and infrastructure capital	375	1,812	641	2,991
Total capital expenditure	375	2,133	641	7,144

Capital expenditures in the first six months of 2016 of $0.6 million are $6.5 million (91%) lower than $7.1 million in 2015 and primarily consist of a vehicle and recertification costs. This compares to 2015 capital expenditures related to costs associated with completion of slant service rigs #505 and #506, the addition of a pad rig walking system to drilling rig #3 and costs incurred prior to the decision to delay the upgrade of drilling rig #2 and completion of a new drilling rig #10.

A 2016 capital expenditure budget of $2.6 million was approved by the Board of Directors on December 8, 2015 comprised entirely of maintenance and infrastructure capital related to recertifications, additions and upgrades to field equipment for the drilling rigs, service rigs and coil tubing divisions as well as for information technology.

Outlook

Crude oil, as represented by WTI, averaged US$45.46/bbl in Q2 2016, 37% higher than Q1 2016 average price of US$33.14/bbl. Natural gas prices, as represented by AECO, ended Q2 2016 at $2.30/GJ, 150% higher than March 31, 2016 close of $0.92/GJ. CWC saw an increased level of customer enquiry and activity as crude oil prices approached US$50/bbl in early June 2016. However, such enquiries now seem to be delayed with more recent crude oil price declines towards US$40/bbl. Canadian drilling rig industry utilization at August 10, 2016 has increased to 20% from an average of 7% in Q2 2016, while CWC Ironhand Drilling currently has 4 drilling rigs working (44% utilization). CWC Well Services fleet of 65 active service rigs worked 21,724 operating hours in Q2 2016, the highest second quarter activity in the Company's eleven year history resulting in a 13% market share in the WCSB compared to 10% in Q1 2016 and 6% in Q2 2015. E&P customers continue to prioritize maintenance on producing wells to maintain or increase production levels as opposed to drilling new wells. The trend of higher commodity prices and activity may be early signs of stronger industry demand in future quarters, however, CWC continues to manage its business within the constraints of current market conditions as the global supply and demand position remains oversupplied. Since late 2014, the Company has proactively made changes to its capital and cost

structure to preserve cash and liquidity. To date, CWC targeted reductions to variable and fixed costs, reduced headcount and wages, eliminated cash dividends and lowered capital expenditures. CWC's financial stability was significantly enhanced in Q2 2016 with a rights offering and an agreement with its banking syndicate to extend and amend the credit facilities. CWC's strong financial position is a competitive advantage as certain E&P companies are now focused on the financial health and stability of its service providers.

CWC's current outperformance in utilization relative to the industry has allowed it to attract and retain high quality, experienced employees throughout the Company, which will position the Company well when industry activity levels substantially increase. Throughout this downturn, CWC has made incremental investments in sales and safety programs in addition to ensuring maintenance programs on equipment are performed to ensure a high quality fleet that our E&P customers can rely on.

While CWC maintains focus on its cost structure in a lower oilfield services activity environment, it is also mindful of taking advantage of opportunities as they arise. Management continues to evaluate strategic opportunities and pursue those it believes will fundamentally position CWC well for the future with the overriding criteria of being able to create long-term shareholder value.

About CWC Energy Services Corp.

CWC Energy Services Corp. is a premier contract drilling and well servicing company operating in the WCSB with a complementary suite of oilfield services including drilling rigs, service rigs and coil tubing units. The Company's corporate office is located in Calgary, Alberta, with operational locations in Nisku, Grande Prairie, Slave Lake, Red Deer, Drayton Valley, Lloydminster, Provost and Brooks, Alberta. The Company's shares trade on the TSX Venture Exchange under the symbol "CWC".

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This news release contains certain forward-looking information and statements within the meaning of applicable Canadian securities legislation. Certain statements contained in this news release including most of those contained in the section titled "Outlook" and including statements which may contain such words as "anticipate", "could", "continue", "should", "seek", "may", "intend", "likely", "plan", "estimate", "believe", "expect", "will", "objective", "ongoing", "project" and similar expressions are intended to identify forward-looking information or statements. In particular, this news release contains forward-looking statements including management's assessment of future plans and operations, planned levels of capital expenditures, expectations as to activity levels, expectations on the sustainability of future cash flow and earnings and the ability to pay dividends, expectations with respect to crude oil and natural gas prices, activity levels in various areas, continuing focus on cost saving measures, expectations regarding the level and type of drilling and production and related drilling and well services activity in the WCSB, expectations regarding entering into long term drilling contracts and expanding its customer base, and expectations regarding the business, operations and revenue of the Company in addition to general economic conditions. Although the Company believes that the expectations and assumptions on which such forward-looking information and statements are based are reasonable, undue reliance should not be placed on the forward-looking information and statements because the Company can give no assurances that they will prove to be correct. Since forward-looking information and statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the drilling and oilfield services sector (ie. demand, pricing and terms for oilfield drilling and services; current and expected oil and gas prices; exploration and development costs and delays; reserves discovery and decline rates; pipeline and

transportation capacity; weather, health, safety and environmental risks), integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation, including but not limited to tax laws, royalties and environmental regulations, stock market volatility and the inability to access sufficient capital from external and internal sources and the inability to pay dividends. Accordingly, readers should not place undue reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company's financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through SEDAR at www.sedar.com. The forward-looking information and statements contained in this news release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Any forward-looking statements made previously may be inaccurate now.

Reconciliation of Non-IFRS Measures

	Three months ended June 30,		Six months ended June 30,	
$ thousands except share and per share amounts	**2016**	**2015**	**2016**	**2015**
NON-IFRS MEASURES				
EBITDAS:				
Net loss and comprehensive loss	(2,279)	(4,294)	(3,709)	(4,256)
Add:				
Depreciation	3,139	3,278	6,810	7,462
Finance costs	840	525	1,417	1,099
Transaction costs	-	-	-	-
Income tax expense	(805)	738	(1,295)	838
Stock based compensation	135	251	219	574
Loss (gain) on sale of equipment	(31)	279	114	314
EBITDAS (1)	999	777	3,556	6,031
EBITDAS per share – basic(1)	$0.00	$0.00	$0.01	$0.02
EBITDAS per share – diluted(1)	$0.00	$0.00	$0.01	$0.02
EBITDAS margin (EBITDAS/Revenue) (1)	7%	6%	11%	15%
Weighted average number shares outstanding - basic	324,840,096	283,902,087	308,738,337	280,797,326
Weighted average number shares outstanding - diluted	324,840,096	283,902,087	308,738,337	280,797,326
Funds from operations:				
Cash flows from operating activities	5,120	5,869	7,349	23,357
Add (deduct): Change in non-cash working capital	(4,121)	(5,092)	(3,793)	(17,326)
Funds from operations (2)	999	777	3,556	6,031
Gross margin:				
Revenue	13,884	13,508	33,624	41,338
Less: Direct operating expenses	9,886	9,711	24,002	27,930
Gross margin (3)	3,998	3,797	9,622	13,408
Gross margin percentage (3)	29%	28%	29%	32%

$ thousands	**June 30, 2016**	**December 31, 2015**
Working capital (excluding debt):		
Current assets	13,834	17,333
Less: Current liabilities	(6,023)	(5,716)
Add: Current portion of long term debt	218	205
Working capital (excluding debt) (4)	8,029	11,822
Working capital (excluding debt) ratio (4)	2.4:1	3:1
Net debt:		
Long term debt	32,017	52,036
Less: Current assets	(13,834)	(17,333)
Add: Current liabilities	6,023	5,716
Net debt (5)	24,206	40,419

(1) EBITDAS (Earnings before interest and finance costs, income tax expense, depreciation, amortization, gain or loss on disposal of asset, transaction costs, goodwill impairment and stock based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Company's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes, pay dividends, repurchase common shares under the Normal Course Issuer Bid, and fund capital programs.

Investors should be cautioned, however, that EBITDAS should not be construed as an alternative to net income (loss) and comprehensive income (loss) determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities. EBITDAS margin is calculated as EBITDAS divided by revenue and provides a measure of the percentage of EBITDAS per dollar of revenue. EBITDAS per share is calculated by dividing EBITDAS by the weighted average number of shares outstanding as used for calculation of earnings per share.

(2) Funds from operations is not a recognized measure under IFRS. Management believes that in addition to cash flow from operations, funds from operations is a useful supplemental measure as it provides an indication of the cash flow generated by the Company's principal business activities prior to consideration of changes in working capital. Investors should be cautioned, however, that funds from operations should not be construed as an alternative to cash flow from operations determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating funds from operations may differ from other entities and accordingly, funds from operations may not be comparable to measures used by other entities. Funds from operations is equal to cash flow from operations before changes in non-cash working capital items related to operations.

(3) Gross margin is calculated from the statement of comprehensive income as revenue less direct operating costs and is used to assist management and investors in assessing the Company's financial results from operations excluding fixed overhead costs. Gross margin percentage is calculated as gross margin divided by revenue. The Company believes the relationship between revenue and costs expressed by the gross margin percentage is a useful measure when compared over different financial periods as it demonstrates the trending relationship between revenue, costs and margins. Gross margin and gross margin percentage are non-IFRS measures and do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies.

(4) Working capital (excluding debt) is calculated based on current assets less current liabilities excluding the current portion of long-term debt. Working capital (excluding debt) is used to assist management and investors in assessing the Company's liquidity. Working capital (excluding debt) does not have any meaning prescribed under IFRS and may not be comparable to similar measures provided by other companies. Working capital (excluding debt) ratio is calculated as current assets divided by the difference of current liabilities less the current portion of long term debt.

(5) Net debt is not a recognized measure under IFRS and does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies. Management believes net debt is a useful indicator of a company's debt position.