

LINAMAR CORPORATION

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Guelph, Ontario
Canada N1H 1C5

INTERIM REPORT TO THE SHAREHOLDERS For the Six Months Ended June 30, 2002

GUELPH, ONTARIO – Linamar Corporation (TSX: LNR) today reported its financial results for the second quarter ended June 30, 2002.

	Three Months Ended		Six Months Ended	
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
Sales	\$ 348,651	\$ 309,609	\$ 660,997	\$ 606,475
Earnings From Continuing Operations	\$ 18,363	\$ 19,238	\$ 30,846	\$ 29,288
Diluted Earnings Per Share From Continuing Operations	\$ 0.26	\$ 0.27	\$ 0.44	\$ 0.42

Results in thousands of CDN \$ except per share figures

Management's Discussion and Analysis For the Six Months Ended June 30, 2002

This discussion and analysis of financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements and with the company's annual report for the year ended December 31, 2001 which includes the year end MD&A.

The company recorded sales of \$348.6 million for the second quarter ending June 30, 2002, an increase of 12.6% over the same quarter in 2001. Year to date sales were \$661.0 million as compared to \$606.5 million in 2001, an increase of 9.0%. This increase is attributed to volume increases on existing programs and new program launches.

As at June 30, 2002, North American vehicle production increased 5.9%. Linamar's content per vehicle increased 6.8% to \$64.23 compared to \$60.16 for the same period in 2001. Linamar's European content compared to 2001 increased 7.3% to \$4.28. Overall, the company's automotive sales increased 12.3% compared to the same period last year.

In other areas, agricultural sales in Hungary increased offset by a decline in North American small engine production.

Income before income taxes, discontinued operations and non-controlling interest for the quarter was \$28.8 million, a decline of 1.4% compared to the same quarter in 2001. Comparable year to date earnings were \$49.2 million, an improvement of 14.3% over 2001. Key factors for improved results were higher sales volumes, lower amortization and improvement in Skyjack results. Selling, general and administrative costs were higher for 2002 due to efforts to expand the internal sales force and increased professional fees incurred with respect to certain strategic initiatives. Prior year's selling, general and administration costs were lower due to an exchange gain of \$3.5 million which partially offset a loss in the first quarter of 2001. Measures were taken in the fourth quarter of 2001 to minimize exchange gain and losses.

The higher effective tax rate was due to losses in certain entities such as the company's Hungarian operations which are not subject to tax and a corresponding tax benefit has not been recorded for the losses experienced in Mexico and Skyjack.

Diluted earnings per share from continuing operations were \$0.26 for the second quarter and \$0.44 year to date as compared to \$0.27 and \$0.42 respectively for 2001.

During the 2nd quarter, cash generated from continuing operations before non-cash working capital was \$40.2 million. Total investing activities was \$32.5 million, \$23.9 million of which is related to payments for capital assets for new programs ramping up. On April 30th, 2002, Linamar took the assignment of the Kensington bridge loan of \$10.0 million Canadian related to Skyjack.

Accounts receivable have increased due to higher sales volumes and larger tooling receivables outstanding for the quarter. Payables have decreased as some plants had elevated payables related to the build up of banks of inventories for customers at year-end.

Linamar has disclosed pro-forma results for the stock-based compensation issued in the quarter. The options issued to date have no impact on the reported EPS.

Other Matters

The company announced that its Board of Directors declared its regular quarterly dividend for the second quarter ended June 30, 2002 of \$0.04 per share payable on September 13, 2002 to shareholders of record on August 28, 2002.

The company is pleased to announce the award in the second quarter of a cylinder head program for an existing customer. The program has an expected run of 10 years with annualized income of approximately \$65.0 million.

Annualized revenue from new business awarded in the quarter was \$216.9 million for a year to date total of \$268.3 million.

Outlook

The company anticipates third quarter North American vehicle production to remain at steady levels with normal seasonal production declines compared to the first half of the year. The company continues to be cautious about production levels for the remainder of the year. Consumer confidence is still uncertain at this time. In Europe, the company expects decreases in vehicle production to continue for the remainder of the year.

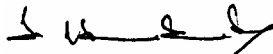
Linamar designs, develops and manufactures precision machined components, modules and assemblies for brakes, engine, steering and suspension, and transmission applications (B.E.S.T.) for sale to original equipment manufacturers and Tier 1 customers for the North American and European car and light to heavy truck markets.

The company has approximately 8000 employees in 28 manufacturing operations in Canada, United States, Mexico and Hungary.

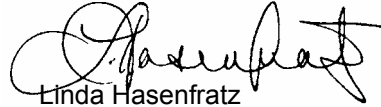
Linamar will hold a conference call to discuss this press release on Monday, August 12, 2002 at NOON EST. The number for this call is (416) 641-6659 (local/overseas), with call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's President. This call will also be available via web cast at www.linamar.com (under Quicklinks – IR web cast). A taped replay of the conference call will also be made available from 6:00 p.m. on August 12, 2002 until midnight on August 23, 2002. The numbers for the replay are (416) 626-4100, reference number 20807431 (local/overseas).

For further information regarding this release please contact Linda Hasenfratz, President or Keith Wettlaufer, Chief Financial Officer at Linamar Corporation (519) 836-7550.

Certain information regarding Linamar set forth in this document, including management's assessment of the company's future plans and operations, may constitute forward-looking statements. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. Actual results may differ materially from those anticipated in the forward-looking statements due to factors such as customer demand and timing of buying decisions, product mix, competitive products and pricing pressure. In addition, uncertainties and difficulties in domestic and foreign financial markets and economies could adversely affect demand from customers. These factors, as well as general economic and political conditions, may in turn have a material adverse effect on the company's financial results. The company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.



Frank Hasenfratz
**Chairman of the Board
& Chief Executive Officer**



Linda Hasenfratz
President

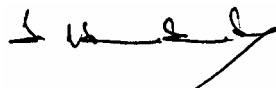
Guelph, Ontario
August 12, 2002

LINAMAR CORPORATION
CONSOLIDATED BALANCE SHEETS

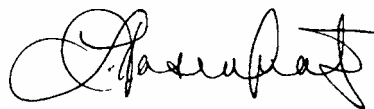
As at June 30, 2002 (Unaudited) with comparatives as at December 31, 2001
(in thousands of dollars)

	June 30 2002	December 31 2001
	<u>\$</u>	<u>\$</u>
ASSETS		
Current Assets		
Cash and short-term investments	30,983	43,263
Accounts receivable	256,786	208,352
Inventories	102,186	99,718
Prepaid expenses	5,578	8,218
Income taxes recoverable	2,574	8,873
Current assets – discontinued operations	6,231	5,515
	<u>404,338</u>	<u>373,939</u>
Investments, at Cost	305	1,421
Other Long-Term Assets	462	474
Investments in Companies Subject to Significant Influence (note 5)	14,668	16,144
Loan Receivable from Skyjack, Inc.	20,973	11,353
Capital Assets	562,890	550,334
Capital Assets – Discontinued Operations	3,062	3,459
Future Income Taxes – Discontinued Operations	2,500	5,502
	<u>1,009,198</u>	<u>962,626</u>
LIABILITIES		
Current Liabilities		
Unpresented cheques	15,306	6,411
Short-term bank borrowings	50,356	45,239
Accounts payable and accrued liabilities	188,241	182,413
Advance payments from customers	2,326	3,833
Current portion of long-term debt	2,396	10,298
Current liabilities – Discontinued operations	5,506	6,264
	<u>264,131</u>	<u>254,458</u>
Long-term Debt	106,640	108,321
Future Income Taxes	21,701	20,811
Non-Controlling Interests	20,743	21,217
	<u>413,215</u>	<u>404,807</u>
SHAREHOLDERS' EQUITY		
Capital Stock (note 3)	102,918	88,385
Retained Earnings	494,836	469,639
Cumulative Translation Adjustment	(1,771)	(205)
	<u>595,983</u>	<u>557,819</u>
Discontinued	1,009,198	962,626
	<u>1,009,198</u>	<u>962,626</u>

On behalf of the Board of Directors:



Frank Hasenfratz
Director



Linda Hasenfratz
Director

LINAMAR CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS

For the six months ended June 30, 2002 (Unaudited)
(in thousands of dollars, except per share figures)

	Three Months Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
	\$	\$	\$	\$
Sales (note 4)	348,651	309,609	660,997	606,475
Cost of Sales and Operating Expenses Before the Following:	276,678	242,763	527,248	480,731
Amortization of capital assets	22,226	23,397	44,126	47,658
Selling, general and administrative	19,643	11,455	35,757	30,573
Equity loss (income)	(218)	1,510	1,732	1,913
	<u>318,329</u>	<u>279,125</u>	<u>608,863</u>	<u>560,875</u>
Operating Earnings	30,322	30,484	52,134	45,600
Other Income (Expense)				
Interest on long-term debt	(1,640)	(30)	(3,291)	(60)
Other interest expense	(485)	(1,744)	(974)	(4,191)
Interest earned	420	379	1,062	1,367
Other income	227	169	298	368
	<u>28,844</u>	<u>29,258</u>	<u>49,229</u>	<u>43,084</u>
Provision for (Recovery of) Income Taxes				
Current	10,538	10,189	18,491	13,661
Future	175	(303)	334	(223)
	<u>10,713</u>	<u>9,886</u>	<u>18,825</u>	<u>13,438</u>
	18,131	19,372	30,404	29,646
Non-Controlling Interests	<u>(232)</u>	<u>134</u>	<u>(442)</u>	<u>358</u>
Earnings from Continuing Operations (note 4)	18,363	19,238	30,846	29,288
Results of Discontinued Operations (note 6)	-	(1,767)	-	(3,583)
Net Earnings for the Period	<u>18,363</u>	<u>17,471</u>	<u>30,846</u>	<u>25,705</u>
Basic Earnings from Continuing Operations per Share	<u>0.26</u>	<u>0.27</u>	<u>0.44</u>	<u>0.42</u>
Diluted Earnings from Continuing Operations per Share	<u>0.26</u>	<u>0.27</u>	<u>0.44</u>	<u>0.42</u>
Basic Earnings per Share	<u>0.26</u>	<u>0.25</u>	<u>0.44</u>	<u>0.37</u>
Diluted Earnings per Share	<u>0.26</u>	<u>0.25</u>	<u>0.44</u>	<u>0.37</u>

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Discontinued operations (note 6)
(in thousands of dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
	\$	\$	\$	\$
Balance - Beginning of Period	479,298	444,271	469,639	438,806
Net earnings for the period	18,363	17,471	30,846	25,705
Dividends	(2,825)	(2,771)	(5,649)	(5,540)
Balance - End of Period	<u>494,836</u>	<u>458,971</u>	<u>494,836</u>	<u>458,971</u>

LINAMAR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2002 (Unaudited)
(in thousands of dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
Cash Provided By (Used in)	\$	\$	\$	\$
Operating Activities				
Earnings from continuing operations	18,363	19,238	30,846	29,288
Non-cash charges (credits) to earnings:				
Amortization of capital assets	22,226	23,397	44,126	47,658
Equity loss after tax (note 5)	(218)	825	1,476	1,228
Future income taxes	175	(303)	334	(223)
Non-controlling interests	(232)	134	(442)	358
Deferred financing fees amortization	33	-	66	-
Gain on disposal of portfolio investments	(111)	-	(111)	-
Loss (gain) on disposal of capital assets	(9)	(419)	3	(489)
	<u>40,227</u>	<u>42,872</u>	<u>76,298</u>	<u>77,820</u>
Changes in non-cash working capital:				
Increase in accounts receivable	(12,404)	(1,744)	(47,430)	(6,688)
Increase in inventories	(1,530)	(4,298)	(1,932)	(2,455)
Decrease in prepaid expenses	1,859	1,288	2,649	1,888
Decrease in income taxes recoverable	5,916	7,539	8,958	1,815
Increase (decrease) in accounts payable and accrued liabilities	(7,874)	(1,934)	4,439	(6,937)
Increase (decrease) in advance payments from customers	393	(989)	(1,507)	(1,265)
Cash flow – continuing operations	<u>26,587</u>	<u>42,734</u>	<u>41,475</u>	<u>64,178</u>
Cash flow – discontinued operations (note 6)	<u>(255)</u>	<u>(1,919)</u>	<u>(537)</u>	<u>(4,462)</u>
	<u>26,332</u>	<u>40,815</u>	<u>40,938</u>	<u>59,716</u>
Financing Activities				
Proceeds from (repayment of) short-term bank borrowings	19,382	(27,720)	5,117	(42,471)
Proceeds from long-term debt	-	48	367	1,235
Repayment of long-term debt	(11,119)	(143)	(11,273)	(278)
Proceeds from common share issuance (note 3)	-	123	14,533	6,396
Dividends to shareholders	(2,825)	(2,771)	(5,649)	(5,540)
	<u>5,438</u>	<u>(30,463)</u>	<u>3,095</u>	<u>(40,658)</u>
Investing Activities				
Payments for purchase of capital assets	(23,900)	(40,482)	(54,783)	(69,521)
Proceeds from disposal of capital assets	102	7,827	388	7,917
Advances to Skyjack Inc.	(10,000)	(5,000)	(10,000)	(5,000)
Proceeds on redemption of preferred shares	76	-	133	-
Repayment of advances to Skyjack Inc.	129	-	380	-
Payments for purchase of investments (note 5)	-	(22,046)	-	(22,234)
Proceeds from sale of investments	1,094	-	1,094	-
Other	17	-	(54)	-
Discontinued operations (note 6)	(7)	(147)	(108)	(391)
	<u>(32,489)</u>	<u>(59,848)</u>	<u>(62,950)</u>	<u>(89,229)</u>
	<u>(719)</u>	<u>(49,496)</u>	<u>(18,917)</u>	<u>(70,171)</u>
Effect of Translation Adjustment	<u>(1,725)</u>	<u>(260)</u>	<u>(2,258)</u>	<u>1,778</u>
Increase (Decrease) in Cash Position	<u>(2,444)</u>	<u>(49,756)</u>	<u>(21,175)</u>	<u>(68,393)</u>
Cash Position - Beginning of Period	<u>18,121</u>	<u>35,053</u>	<u>36,852</u>	<u>53,690</u>
Cash Position - End of Period	<u>15,677</u>	<u>(14,703)</u>	<u>15,677</u>	<u>(14,703)</u>
Comprised of:				
Cash & short-term investments	30,983	11,950	30,983	11,950
Unpresented cheques	(15,306)	(26,653)	(15,306)	(26,653)
	<u>15,677</u>	<u>(14,703)</u>	<u>15,677</u>	<u>(14,703)</u>

LINAMAR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended June 30, 2002 (Unaudited)

- Management prepared these interim financial statements in accordance with generally accepted accounting principles using the historical cost basis of accounting and approximation and estimates based on professional judgments. These interim financial statements contain all adjustments that management believes are necessary for a fair presentation of the Company's financial position, results of operations and changes in cash flows.
- The accounting policies used in preparing these interim financial statements are consistent with those used in preparing the annual financial statements. These statements should be used in conjunction with the Company's most recent annual financial statements.
- The number of issued common shares as at June 30, 2002 and as at August 12, 2002 was 70,603,476 (June 30, 2001 - 69,302,476). During the first quarter, options for 1,301,000 common shares were exercised generating proceeds of \$14.5 million. The company granted 20,000 stock options on May 17th, 2002 to a key employee at an exercise price of \$11.87. These share options vest at a rate of 20% per year beginning on the date of issuance.
- Segmented Sales and Earnings Information (Continuing Operations)
(in thousands of dollars)

	For the Three Months Ended June 30, 2002			For the Six Months Ended June 30, 2002		
	Sales to Customers	Inter-Segment	Earnings/(Loss)	Sales to Customers	Inter-Segment	Earnings/(Loss)
	Outside the Company	Sales		Outside the Company	Sales	
Canada	287,239	57	19,068	548,734	293	34,753
United States	11,281	243	767	21,816	332	1,153
Mexico	23,113	-	889	45,285	-	225
Europe	27,018	2,490	(2,361)	45,162	5,259	(5,285)
Total	348,651		18,363	660,997		30,846

	For the Three Months Ended June 30, 2001			For the Six Months Ended June 30, 2001		
	Sales to Customers	Inter-Segment	Earnings/(Loss)	Sales to Customers	Inter-Segment	Earnings/(Loss)
	Outside the Company	Sales		Outside the Company	Sales	
Canada	261,204	(3)	17,308	507,260	27	22,992
United States	10,719	65	201	24,628	166	(217)
Mexico	22,743	(0)	2,913	47,960	4	8,245
Europe	14,943	2,130	(1,184)	26,627	3,588	(1,732)
Total	309,609		19,238	606,475		29,288

- Investments in Companies subject to Significant Influence
On February 28, 2001, Linamar invested U.S. \$0.2 million and with its partner established a new U.S. minority company, Minsor Powertrain Systems LLC (based in Michigan), of which Linamar holds a 49% interest.

On June 4, 2001, Linamar acquired 4,018,757 common shares of Skyjack Inc., a Canadian company which manufactures self-propelled scissor-type elevating work platforms. This purchase which cost approximately \$22.1 million in total represents about 48.5% of the current outstanding common shares of Skyjack Inc.

On June 7, 2002, Linamar announced an offer to purchase the remaining 51.5% of the current outstanding common shares of Skyjack Inc. The take-over bid circular was subsequently mailed on July 5, 2002. The offer which is expected to cost approximately \$9.1 million in total will expire at 8:00pm, Toronto time, on Monday, August 12, 2002. The board of directors of Skyjack Inc. has unanimously recommended that the remaining shareholders accept the offer.

- Discontinued Operations
Effective September 28, 2001, Linamar adopted a formal plan to divest the company's wholly owned in-house casting operations, which management considers is subject to significantly different business risks than the precision machining segment. These businesses will continue to operate until the disposal plan is completed, which is expected to occur within one year from the effective date. Divestiture will be in the form of a sale as a going concern or alternatively, as an asset disposal. The results from discontinued operations have been reported separately within these interim financial statements. Prior year's comparative amounts have also been reclassified. Summarized financial information for the discontinued operations are as follows (in thousands of dollars):

	Three months ended		Six months ended	
	June 30		June 30	
	2002	2001	2002	2001
Sales	<u>\$ 5,656</u>	<u>\$ 5,186</u>	<u>\$ 10,743</u>	<u>\$ 10,564</u>
Results of operations prior to September 28, 2001	-	(2,720)	-	(5,513)
Income tax recovery	-	953	-	1,930
Results of discontinued operations	<u>-</u>	<u>(1,767)</u>	<u>-</u>	<u>(3,583)</u>

- Stock-based Compensation
Linamar applies the intrinsic value based method of accounting for stock-based compensation awards granted to employees. Accordingly, no compensation expense has been recognized for its share option plan. Linamar's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below had compensation expense for the share option plan been determined based on the fair value at the grant dates. The fair value of the stock options granted during the quarter were determined using the Black-Scholes option pricing model based on the following underlying assumptions:

- 4 year risk free interest rate of 4.6%
- Average expected life of 4 years
- Average expected volatility of 36.5%
- Expected dividends of \$.16 per share per year

		(in thousands of dollars except per share figures)	
		Three months ended	Six months ended
		June 30, 2002	June 30, 2002
Net income	As reported	18,363	30,846
	Pro forma	18,345	30,828
Basic earnings per share	As reported	0.26	0.44
	Pro forma	0.26	0.44
Diluted earnings per share	As reported	0.26	0.44
	Pro forma	0.26	0.44