

Linamar Corporation
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 Guelph, ON
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INTERIM REPORT TO THE SHAREHOLDERS
For the Nine Months ended
September 30, 2002

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

	Three Months Ended		Nine Months Ended	
	September 30, 2002	September 30, 2001	September 30, 2002	September 30, 2001
Sales	\$ 350,068	\$ 297,664	\$ 1,011,065	\$ 904,139
Operating Earnings	\$ 25,943	\$ 22,195	\$ 78,077	\$ 67,808
Earnings From Continuing Operations	\$ 12,467	\$ 12,758	\$ 43,313	\$ 42,046
Diluted Earnings Per Share From Continuing Operations	\$.17	\$.18	\$.61	\$.60

Results in thousands of CDN \$ except per share figures

Management's Discussion and Analysis
For the Nine Months Ended September 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 Management Discussion and Analysis.

The company recorded sales of \$350.1 million for the third quarter ending September 30, 2002, a 17.6% increase over the same quarter in 2001. Year to date sales were \$1,011.1 million, an 11.8% increase as compared to 2001. Third quarter results includes one month sales for Skyjack Inc. of \$7.2 million. The increase is primarily the result of increased volumes and new program launches or extensions on existing automotive programs. Small increases over the prior year were also noted in the agricultural division of the company's Hungarian Mézőgep Rt. facility.

Linamar's automotive sales and content per vehicle continued to grow. Overall, the company's total automotive sales have increased year to date by 13.6% compared to the same period of last year and 16.3% in the third quarter. Year to date 2002, automotive production has increased in North America by 6.7% and the company's content per vehicle has increased by 5.9% to \$66.38 for the year to date compared to \$62.68 for the same period in the prior year. For the third quarter, North American production increased by 8.5% and Linamar's content per vehicle grew by 4.0%. Vehicle production in the European market increased this quarter by 5.2% but production for the year has declined by approximately 2.6%. Linamar's content continues to grow in this market with an increase of 25.6% for the year to \$5.06.

Income before taxes, discontinued operations and non-controlling interest was \$21.4 million as compared to \$21.3 million in the third quarter of 2001. Excluding deferred financing and goodwill impairment writedowns, earnings for the quarter increased by 16.6%. On a year to date basis, earnings improved 9.8% from \$64.3 million to \$70.6 million including writedowns. The key factors are increased sales volumes and lower amortization.

Selling general and administrative expenses were higher than the prior year due to professional fees related to the company's continued strategic initiatives, wages and benefits due to an expanded internal sales force and costs associated with Weslin Rt., Exkor Manufacturing and Minsor. Skyjack's selling general and administrative costs contribute approximately \$2.0 million to the third quarter.

The effective tax rate was 41.7% in the quarter but excluding the effect of goodwill impairment and write off of deferred financing costs related to the Skyjack acquisition that are not subject to tax, the tax rate was 36.0%. The company's operations in Hungary are not subject to taxes and a corresponding benefit has not been recognized at this time on losses experienced in Mexico.

Diluted earnings per share from continuing operations for the third quarter was \$0.17 and \$0.61 for the year, compared to \$0.18 and \$0.60 for 2001. The effect of the Skyjack transaction was a reduction of \$0.05 related to the goodwill impairment and write off of deferred financing costs. Excluding this impact, diluted earnings per share would have been \$0.22 for the quarter and \$0.66 for the year.

Linamar Corporation announced a new corporate structure on September 25, 2002. The new structure aligns the company's business into five groups: Engine, Transmission/Driveline, Chassis, Europe and Industrial. The new structure brings a focus to each of these market segments.

Cash generated from continuing operations for the quarter was \$38.2 million before working capital changes. Investing activities of \$28.2 million related to the purchase of capital assets for new programs and the privatization of Skyjack, net of amounts outstanding to be paid at quarter end. The company also purchased land and building which was previously leased from a company owned by the CEO and Vice President of Sales, Marketing & Product Development.

Accounts receivable have increased due to the corresponding sales increases in the quarter and the addition of Skyjack. Income taxes recoverable have decreased as compared to the prior year due to the receipt of tax refunds.

In the third quarter of 2001, the company made the decision to divest of two wholly-owned casting facilities. These operations have not been disposed of as of September 30, 2002. Management continues to actively pursue sale opportunities and has reviewed the amounts accrued for future losses. Management has determined that the accrual currently provided is adequate to cover the losses going forward until the time of disposition. No further accruals have been made in 2002.

On September 30, 2002 a special resolution was passed by the shareholders of Skyjack Inc. to approve the amalgamation of Skyjack Inc. and 2013594 Ontario Ltd., an indirect wholly-owned subsidiary of Linamar Corporation. Linamar previously held 48.5% of Skyjack Inc., which was accounted for on an equity basis.

The acquisition has been accounted for as a step acquisition. Goodwill resulting from the two steps of the transaction was initially \$6.2 million in total. Applying the values determined in the second step of \$2.13 per share and net assets of \$16.6 million results in an implied goodwill value of approximately \$3.3 million. Linamar has therefore recorded a goodwill impairment of \$2.9 million. The impact is \$0.04 per share.

Skyjack had deferred financing costs associated with debt which has been subsequently repaid. These deferred costs of \$0.5 million had no future benefit to Linamar and were written off, affecting earnings by \$0.01 per share.

As a 100% subsidiary of Linamar Corporation, Skyjack was able to recognize future income tax benefits on goodwill generated for U.S. tax purposes as a result of the change in control.

The total earnings impact of the Skyjack acquisition related to a combined writedown of goodwill and deferred financing costs totaling \$3.4 million or a loss of \$0.05 per share.

On October 31, 2002, subsidiaries of Linamar purchased 100% of the outstanding common shares of Federal-Mogul's camshaft manufacturing operation in Saltillo, Mexico operating under the name of Federal-Mogul Camshafts de Mexico S. de R.L. de C.V. The company employs approximately 160 people for the

manufacturing of camshafts for the North American original equipment market. Sales in 2003 are expected to be US\$13 to US\$15 million. Major customers of the operation include General Motors and DaimlerChrysler.

Linamar has disclosed pro-forma results for the stock-based compensation issued in the previous 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 third quarter ended September 30, 2002 of \$0.04 per share payable on December 13, 2002 to shareholders of record on November 27, 2002.


The company anticipates fourth 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.

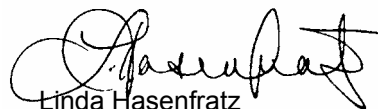
The company has approximately 8,900 employees in 31 manufacturing operations in Canada, United States, Mexico and Hungary.

Linamar will hold a conference call to discuss this press release on Wednesday, November 6, 2002 at 5:00 p.m. EST. The number for this call is (416)641-6693 (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 and CEO. This call will also be available via web cast at www.linamar.com (under Investor Relations). A taped replay of the conference call will also be made available from 7:00 p.m. on November 6, 2002 until midnight on November 11, 2002. The numbers for the replay are (416)626-4100, reference number 21012076 (local/overseas)

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



Frank Hasenfratz
Chairman of the Board



Linda Hasenfratz
President & CEO

Guelph, Ontario
November 6, 2002

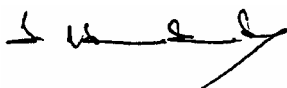
LINAMAR CORPORATION
CONSOLIDATED BALANCE SHEETS

As at September 30, 2002 (Unaudited) with comparatives as at December 31, 2001

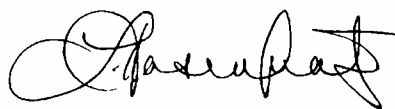
(in thousands of dollars)

	September 30	December 31
	2002	2001
	\$	\$
ASSETS		
Current Assets		
Cash and short-term investments	44,731	43,263
Accounts receivable	277,949	208,352
Inventories	123,889	99,718
Prepaid expenses	10,002	8,218
Income taxes recoverable	564	8,873
Current assets – discontinued operations	2,615	5,515
	<u>459,750</u>	<u>373,939</u>
Investments, at Cost	267	1,421
Other Long-Term Assets	2,155	474
Investments in Companies Subject to Significant Influence (note 5)	820	16,144
Loan Receivable from Skyjack, Inc.	-	11,353
Goodwill (note 6)	3,257	-
Capital Assets (note 9)	593,647	550,334
Capital Assets – Discontinued Operations	2,825	3,459
Future Income Taxes – Discontinued Operations	2,412	5,502
	<u>1,065,133</u>	<u>962,626</u>
LIABILITIES		
Current Liabilities		
Unpresented cheques	25,891	6,411
Short-term bank borrowings	55,095	45,239
Accounts payable and accrued liabilities	206,336	182,413
Advance payments from customers	1,950	3,833
Current portion of long-term debt	8,329	10,298
Current liabilities – discontinued operations	5,255	6,264
	<u>302,856</u>	<u>254,458</u>
Long-Term Debt	119,435	108,321
Future Income Taxes	11,737	20,811
Non-Controlling Interests	21,737	21,217
	<u>455,765</u>	<u>404,807</u>
SHAREHOLDERS' EQUITY		
Capital Stock (note 3)	102,918	88,385
Retained Earnings	504,480	469,639
Cumulative Translation Adjustment	1,970	(205)
	<u>609,368</u>	<u>557,819</u>
	<u>1,065,133</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 nine months ended September 30, 2002 (Unaudited)
(in thousands of dollars, except per share figures)

	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	2002	2001
	\$	\$	\$	\$
Sales (note 4)	350,068	297,664	1,011,065	904,139
Cost of Sales and Operating Expenses Before the Following:	285,611	238,494	812,859	719,212
Amortization of capital assets	21,628	21,688	65,754	69,346
Selling, general and administrative	17,361	12,884	53,118	43,457
Equity loss (income)	(475)	2,403	1,257	4,316
	<u>324,125</u>	<u>275,469</u>	<u>932,988</u>	<u>836,331</u>
Operating Earnings	25,943	22,195	78,077	67,808
Other Income (Expense)				
Interest on long-term debt	(1,631)	(51)	(4,922)	(112)
Other interest expense	(524)	(1,567)	(1,498)	(5,758)
Interest earned	543	603	1,605	1,958
Other income	451	80	749	448
Deferred financing cost writedown	(491)	-	(491)	-
Goodwill impairment writedown	(2,899)	-	(2,899)	-
	<u>21,392</u>	<u>21,260</u>	<u>70,621</u>	<u>64,344</u>
Provision for (Recovery of) Income Taxes				
Current	8,594	8,346	27,085	22,007
Future	320	(352)	654	(575)
	<u>8,914</u>	<u>7,994</u>	<u>27,739</u>	<u>21,432</u>
	<u>12,478</u>	<u>13,266</u>	<u>42,882</u>	<u>42,912</u>
Non-Controlling Interests	11	508	(431)	866
Earnings from Continuing Operations (note 4)	12,467	12,758	43,313	42,046
Results of Discontinued Operations (note 7)	-	(10,165)	-	(13,748)
Net Earnings for the Period (note 8)	<u>12,467</u>	<u>2,593</u>	<u>43,313</u>	<u>28,298</u>
Basic Earnings from Continuing Operations per Share (note 8)	<u>0.17</u>	<u>0.19</u>	<u>0.61</u>	<u>0.61</u>
Diluted Earnings from Continuing Operations per Share (note 8)	<u>0.17</u>	<u>0.18</u>	<u>0.61</u>	<u>0.60</u>
Basic Earnings per Share	<u>0.17</u>	<u>0.04</u>	<u>0.61</u>	<u>0.41</u>
Diluted Earnings per Share	<u>0.17</u>	<u>0.04</u>	<u>0.61</u>	<u>0.41</u>

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the nine months ended September 30, 2002 (Unaudited)
(in thousands of dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	2002	2001
	\$	\$	\$	\$
Balance - Beginning of Period	494,836	458,971	469,639	438,806
Net earnings for the period	12,467	2,593	43,313	28,298
Dividends	(2,823)	(2,772)	(8,472)	(8,312)
Balance - End of Period	<u>504,480</u>	<u>458,792</u>	<u>504,480</u>	<u>458,792</u>

LINAMAR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2002 (Unaudited)
(in thousands of dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	2002	2001
	\$	\$	\$	\$
Cash Provided By (Used In)				
Operating Activities				
Earnings from continuing operations	12,467	12,758	43,313	42,046
Non-cash charges (credits) to earnings:				
Amortization of capital assets	21,628	21,688	65,754	69,346
Equity loss (income) after tax (note 5)	(474)	2,436	1,002	3,664
Future income taxes	320	(352)	654	(575)
Non-controlling interests	11	508	(431)	866
Gain on disposal of portfolio investments	-	-	(111)	-
Loss (gain) on disposal of capital assets	826	(74)	829	(563)
Deferred financing fees amortization	72	-	138	-
Deferred financing cost writedown	491	-	491	-
Goodwill impairment writedown	2,899	-	2,899	-
	<u>38,240</u>	<u>36,964</u>	<u>114,538</u>	<u>114,784</u>
Changes in non-cash working capital:				
Decrease (increase) in accounts receivable	8,228	876	(39,202)	(5,812)
Decrease (increase) in inventories	(3,594)	2,628	(5,526)	173
Decrease (increase) in prepaid expenses	(90)	(1,079)	2,559	809
Decrease in income taxes recoverable	9,984	5,995	18,942	7,770
Increase in loan receivable	-	(1,419)	-	(1,419)
Increase (decrease) in accounts payable and accrued liabilities	(13,516)	1,878	(9,077)	(4,979)
Decrease in advance payments from customers	(376)	(1,977)	(1,883)	(3,242)
Cash flow – continuing operations	<u>38,876</u>	<u>43,866</u>	<u>80,351</u>	<u>108,084</u>
Cash flow – discontinued operations (note 7)	<u>124</u>	<u>(2,253)</u>	<u>(413)</u>	<u>(6,537)</u>
	<u>39,000</u>	<u>41,613</u>	<u>79,938</u>	<u>101,547</u>
Financing Activities				
Proceeds from (repayment of) short-term bank borrowings	(4,540)	21,390	577	(21,081)
Proceeds from long-term debt	-	2,228	367	3,463
Repayment of long-term debt	-	(1,226)	(11,273)	(1,504)
Proceeds from common share issuance (note 3)	-	-	14,533	6,396
Dividends to shareholders	(2,823)	(2,772)	(8,472)	(8,312)
	<u>(7,363)</u>	<u>19,620</u>	<u>(4,268)</u>	<u>(21,038)</u>
Investing Activities				
Payments for purchase of capital assets (note 9)	(39,494)	(32,123)	(94,277)	(101,724)
Proceeds from disposal of capital assets	16,851	392	17,239	8,309
Advances to Skyjack Inc.	-	(5,000)	(10,000)	(10,000)
Repayment of advances to Skyjack Inc.	-	-	380	-
Proceeds on redemption of preferred shares	38	-	171	-
Purchase of Skyjack Inc. (note 5 & 6)	(5,552)	-	(5,552)	(22,053)
Payments for purchase of investments (note 5)	-	(199)	-	(380)
Proceeds from sale of investments	-	-	1,094	-
Other	(12)	513	(66)	513
Discontinued operations (note 7)	(4)	(97)	(112)	(626)
	<u>(28,173)</u>	<u>(36,514)</u>	<u>(91,123)</u>	<u>(125,961)</u>
	<u>3,464</u>	<u>24,719</u>	<u>(15,453)</u>	<u>(45,452)</u>
Effect of Translation Adjustment	<u>(301)</u>	<u>(224)</u>	<u>(2,559)</u>	<u>1,554</u>
Increase (Decrease) in Cash Position	<u>3,163</u>	<u>24,495</u>	<u>(18,012)</u>	<u>(43,898)</u>
Cash Position - Beginning of Period	<u>15,677</u>	<u>(14,703)</u>	<u>36,852</u>	<u>53,690</u>
Cash Position - End of Period	<u>18,840</u>	<u>9,792</u>	<u>18,840</u>	<u>9,792</u>
Comprised of:				
Cash & short-term investments	44,731	32,606	44,731	32,606
Unpresented cheques	(25,891)	(22,814)	(25,891)	(22,814)
	<u>18,840</u>	<u>9,792</u>	<u>18,840</u>	<u>9,792</u>

LINAMAR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended September 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 September 30, 2002 and as at October 31, 2002 was 70,603,476 (September 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 September 30, 2002			For the Nine Months Ended September 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	282,415	114	17,025	831,150	407	51,779
United States	14,730	678	(767)	36,546	1,010	387
Mexico	22,658	-	(1,843)	67,943	-	(1,620)
Europe	30,265	2,976	(1,948)	75,426	8,235	(7,233)
Total	350,068		12,467	1,011,065		43,313

	For the Three Months Ended September 30, 2001			For the Nine Months Ended September 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	250,877	92	12,603	758,137	119	35,595
United States	10,858	66	413	35,486	232	196
Mexico	20,778	-	1,128	68,738	4	9,373
Europe	15,151	2,479	(1,386)	41,778	6,067	(3,118)
Total	297,664		12,758	904,139		42,046

- Investments in Companies subject to Significant Influence
In February 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.

In June 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 cost approximately \$22.1 million in total and represented 48.5% of the outstanding common shares of Skyjack Inc. Linamar acquired the remaining 51.5% of Skyjack Inc. in September 2002 and commenced consolidating the financial statements. Previously, Skyjack Inc. was accounted for using the equity method.

- Acquisition
In September 2002, Linamar purchased the remaining 51.5% of Skyjack Inc. in exchange for cash of \$10.6 million. The acquisition has been accounted for as a step acquisition and the results of operations of the acquired company have been included in the consolidated statement of earnings from the date of acquisition of the remaining interest. The two step transaction resulted in total goodwill of \$3.3 million. The purchase consideration was allocated as follows:

Current Assets	25.6
Capital Assets	13.4
Other Assets	0.9
Future Income Tax Asset	5.2
Goodwill	2.0
Total assets acquired	47.1
Current Liabilities	23.9
Long-term Debt	12.6
Total liabilities assumed	36.5
Net assets acquired	10.6

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7. 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. 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		Nine months ended	
	September 30		September 30	
	2002	2001	2002	2001
	\$	\$	\$	\$
Sales	5,345	4,432	16,088	14,995
Results of operations prior to September 28, 2001	-	(2,647)	-	(8,160)
Income tax recovery		926		2,856
		(1,721)		(5,304)
Net loss from discontinued operations		(12,796)		(12,796)
**				
Income tax recovery	-	4,352	-	4,352
	-	(8,444)	-	(8,444)
Results of discontinued operations		(10,165)		(13,748)

** includes a write down of capital assets of \$ 7,459

8. 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		Nine months ended	
		September 30, 2002		September 30, 2002	
Net income	As reported		12,467		43,313
	Pro forma		12,463		43,291
Basic earnings per share	As reported		0.17		0.61
	Pro forma		0.17		0.61
Diluted earnings per share	As reported		0.17		0.61
	Pro forma		0.17		0.61

9. Related party transaction

Included in the purchase of capital assets are buildings and land in the aggregate of \$4.1 million purchased from a company owned by a director. This transaction has been recorded at the exchange amount.

10. Subsequent event

On October 31, 2002, subsidiaries of Linamar purchased 100% of the outstanding common shares of Federal-Mogul Camshafts de Mexico, S. de R.L. de C.V. for \$7.8 million. The acquired company manufactures camshafts for the North American original equipment market. Sales in 2001 were approximately \$12 million.