



Linamar Corporation
287 Speedvale Avenue West
Guelph, ON N1H 1C5

INTERIM REPORT TO THE SHAREHOLDERS
For the Three Months ended
March 31, 2003

GUELPH, ONTARIO – Linamar Corporation (TSX:LNR) today reported its financial results for the first quarter ended March 31, 2003.

FIGURE 1: FINANCIAL SUMMARY (000's except per share figures)

	Three Months Ended	
	March 31, 2003	March 31, 2002
Sales	\$ 376,977	\$ 312,346
Operating Earnings	\$ 22,831	\$ 21,812
Earnings from Continuing Operations	\$ 12,382	\$ 12,483
Diluted Earnings per Share from Continuing Operations	\$ 0.18	\$ 0.18

Management's Discussion and Analysis
For the Three Months Ended March 31, 2003

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, 2002 which includes the year end Management Discussion and Analysis.

The company recorded sales of \$377.0 million for the first quarter ended March 31, 2003, an increase of 20.7% over the same quarter of 2002. For comparison, the results for the quarter include sales for Skyjack Inc. ("Skyjack") and our newest Mexican facility, Engicom S.A. de R.L. de C.V. ("Engicom"), which were not consolidated in the first quarter of 2002. The remaining automotive sales increase is primarily the result of new program launches and increases in volumes or extensions on existing programs net of programs ending.

In other product areas, agricultural products in Hungary, automotive tooling and other precision machined products including marine and power generation, all experienced sales growth. Small engine sales were lower as that product line continues to be strategically de-emphasized.

During the prior year, Linamar completed a comprehensive review and analysis of historical sales data to ensure sales have been appropriately classified by application and geographical region. As a result, content per vehicle was restated in the fourth quarter of 2002 as shown in Figure 2 below. This revision relates to parts that initially shipped to a North American Original Equipment Manufacturer ("OEM"), further processed and ultimately assembled in European vehicle production or used in non-automotive applications.



FIGURE 2: Linamar Content Per Vehicle

	2002				
	Q1	Q2	Q3	Q4	Total
North America	\$ 61.89	\$ 60.77	\$ 68.85	\$ 65.65	\$ 64.12
Europe	\$ 6.56	\$ 7.38	\$ 9.26	\$ 6.23	\$ 7.28

Linamar's automotive sales and content per vehicle continue to grow. The company's total automotive sales have increased over the same period last year by 11.8%. North American vehicle production increased by only 0.6% compared to the first quarter of 2002 while Linamar's content per vehicle increased 9.8% to \$67.94. European vehicle production remained virtually unchanged from the same period last year while Linamar's content increased 23.7% to \$8.11.

Earnings from continuing operations were in line with expectations at \$12.4 million as compared to \$12.5 million in the first quarter of 2002.

Interest expense increased in the quarter compared to the first quarter 2002 due to the additional use of banking facilities for acquisitions completed in 2002 and the interest component of a capital lease in the company's U.S. joint venture which is proportionately consolidated.

Selling, general and administrative ("SG&A") expenses were higher than the same period in the prior year. Skyjack and Engicom contributed additional expenses of \$5.9 million in the current quarter. Skyjack's full scope sales and marketing requirements contribute a greater proportion of expenses relative to sales as compared to Linamar's core machining operations. The remaining increase is related to the company's new strategic group structure which was implemented at the end of 2002 and an exchange loss in the current quarter caused primarily by Euro denominated debt in Linamar Hungary.

The effective tax rate was 39.1% in the quarter compared with 39.8% in the first quarter of 2002. The high effective tax rate is due to losses by entities in Hungary which are not subject to tax as well as Mexican facilities where no corresponding tax benefit for losses has been recognized at this time.

Cash generated from operations before non-cash working capital was \$34.2 million for the quarter. Total investing activities were \$28.6 million, the largest component of which is capital expenditures. The major project spending in the quarter relates to the investment in the new cylinder head manufacturing facility under construction in Guelph. Plans for this new state of the art facility include more than 200,000 square feet of manufacturing space and up to 400 new jobs once the facility reaches full production. Accounts receivable and accounts payable have increased due to increased business volume since the year end.

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

Other Matters

Linamar filed a Notice of Intention with the Toronto Stock Exchange to make a normal course issuer bid. The Notice of Intention was accepted and the Company will have the right to purchase for cancellation up to a maximum of 3,530,173 Common Shares commencing March 27, 2003. The normal course issuer bid will remain in effect until the earlier of March 26, 2004, termination of the bid by the Company or the Company purchasing the maximum number of shares permitted under the bid.

On April 9, 2003 Linamar entered into a non-binding letter of intent with McLaren Performance technologies, under which Linamar will acquire by merger all the issued and outstanding shares in McLaren Performance Technologies. The parties intend to negotiate mutually acceptable definitive agreements within 60 days from the date of the announcement.



On May 5, 2003 Linamar announced the signing of a purchase agreement to acquire the assets and technology of Salzgitter Antriebstechnik GmbH & Co. KG ("SZAT") located in Crimmitschau, Germany. The purchase agreement was signed May 2, 2003 and is due to close May 30, 2003, conditional on the final approval of Salzgitter AG's Supervisory Board, which is expected in May. Terms of the sale were not released. The facility will be renamed Linamar Antriebstechnik GmbH ("LAT").

The company announced that its Board of Directors declared its regular quarterly dividend for the first quarter ended March 31, 2003 of \$0.04 per share payable on May 30, 2003 to shareholders of record on May 19, 2003.

Outlook

The company expects a slight decline in North American light vehicle production levels in 2003. In Europe, the company expects decreases to continue through the first part of 2003 but improve in the latter half of the year. However, changes in current world events could result in more significant declines in vehicle production levels. As a result, the company expects moderate sales growth in 2003 with improved earnings as new programs ramp up to full volume

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 33 manufacturing operations in Canada, United States, Mexico, Germany and Hungary.

Linamar will hold a conference call to discuss this press release on Tuesday, May 6, 2003 at 5:00 p.m. EST. The number for this call is (416) 682-1063 (local/overseas), with call-in required 10 minutes prior to the start of the conference call. The conference call ID number is 9850196. 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/Events). A taped replay of the conference call will also be made available from 7:00 p.m. on May 6, 2003. The numbers for the replay are (800) 642-1687, reference number 9850196.

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 these 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.



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

A handwritten signature in black ink, appearing to read "F. Hasenfratz", with a long horizontal stroke extending to the right.

Frank Hasenfratz
Chairman of the Board

A handwritten signature in black ink, appearing to read "L. Hasenfratz", with a large, stylized initial "L" and a long horizontal stroke extending to the right.

Linda Hasenfratz
President & CEO

Guelph, Ontario
May 6, 2003



**LINAMAR CORPORATION
CONSOLIDATED BALANCE SHEETS**

As at March 31, 2003 (Unaudited) with comparatives as at December 31, 2002

(in thousands of dollars)

	March 31 2003	December 31 2002
	<u>\$</u>	<u>\$</u>
ASSETS		
Current Assets		
Cash and short-term investments	21,802	32,787
Accounts receivable	285,120	234,318
Inventories	135,257	133,735
Prepaid expenses	6,894	8,446
Current assets – discontinued operations	<u>3,569</u>	<u>3,057</u>
	452,642	412,343
Investments, at cost	-	210
Other Long-Term Assets	2,387	2,297
Goodwill	3,257	3,257
Capital Assets	627,292	637,429
Capital Assets – Discontinued Operations	2,960	3,183
Future Income Taxes – Discontinued Operations	<u>1,315</u>	<u>1,554</u>
	<u><u>1,089,853</u></u>	<u><u>1,060,273</u></u>
LIABILITIES		
Current Liabilities		
Unpresented cheques	11,428	4,861
Short-term bank borrowings	56,976	52,334
Accounts payable and accrued liabilities	212,013	191,022
Advance payments from customers	1,889	2,142
Current portion of long-term debt	6,325	6,672
Income taxes payable	13,123	6,508
Current liabilities – discontinued operations	<u>4,679</u>	<u>5,382</u>
	306,433	268,921
Long-Term Debt	131,480	133,187
Future Income Taxes	10,993	12,087
Non-Controlling Interests	<u>21,659</u>	<u>23,157</u>
	470,565	437,352
SHAREHOLDERS' EQUITY		
Capital Stock (note 3)	102,913	102,913
Retained Earnings	524,903	515,345
Cumulative Translation Adjustment	<u>(8,528)</u>	<u>4,663</u>
	<u>619,288</u>	<u>622,921</u>
	<u><u>1,089,853</u></u>	<u><u>1,060,273</u></u>

On behalf of the Board of Directors:

Frank Hasenfratz
Director

Linda Hasenfratz
Director



LINAMAR CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS

For the three months ended March 31, 2003 (Unaudited)
(in thousands of dollars, except per share figures)

	March 31 2003	March 31 2002
	\$	\$
Sales (note 4)	376,977	312,346
Cost of Sales and Operating Expenses Before the Following:	303,854	250,570
Amortization	23,420	21,900
Selling, general and administrative	26,872	16,114
Equity loss	-	1,950
	<u>354,146</u>	<u>290,534</u>
Operating Earnings	22,831	21,812
Other Income (Expense)		
Interest on long-term debt	(1,642)	(1,651)
Other interest expense	(537)	(489)
Interest earned	215	642
Other income	62	71
	<u>20,929</u>	<u>20,385</u>
Provision for (Recovery of) Income Taxes		
Current	9,428	7,953
Future	(1,246)	159
	<u>8,182</u>	<u>8,112</u>
	12,747	12,273
Non-Controlling Interests	<u>365</u>	<u>(210)</u>
Earnings from Continuing Operations (note 4)	12,382	12,483
Results of Discontinued Operations	-	-
Net Earnings for the Period (note 7)	<u>12,382</u>	<u>12,483</u>
Basic Earnings per Share (note 7)	<u>0.18</u>	<u>0.18</u>
Diluted Earnings per Share (note 7)	<u>0.18</u>	<u>0.18</u>

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the three months ended March 31, 2003 (Unaudited)
(in thousands of dollars)

	March 31 2003	2002
	\$	\$
Balance - Beginning of Period	515,345	469,639
Net earnings for the period	12,382	12,483
Dividends	(2,824)	(2,824)
Balance - End of Period	<u>524,903</u>	<u>479,298</u>



LINAMAR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2003 (Unaudited)

(in thousands of dollars)

	March 31 2003	March 31 2002
	\$	\$
Cash Provided By (Used In)		
Operating Activities		
Earnings from continuing operations	12,382	12,483
Non-cash charges (credits) to earnings:		
Amortization of capital assets	23,420	21,900
Equity loss after tax	-	1,694
Future income taxes	(1,246)	159
Non-controlling interests	365	(210)
Deferred financing fees amortization	33	33
Loss (gain) on disposal of capital assets	(795)	12
	<u>34,159</u>	<u>36,071</u>
Changes in non-cash working capital:		
Increase in accounts receivable	(58,760)	(35,026)
Increase in inventories	(4,804)	(402)
Decrease in prepaid expenses	1,615	790
Increase in income taxes payable	6,328	3,042
Increase in accounts payable and accrued liabilities	31,697	12,318
Decrease in advance payments from customers	(253)	(1,900)
Cash flow – continuing operations	9,982	14,893
Cash flow – discontinued operations	(694)	(282)
	<u>9,288</u>	<u>14,611</u>
Financing Activities		
Proceeds from (repayment of) short-term bank borrowings	4,642	(14,265)
Proceeds from long-term debt	560	367
Repayment of long-term debt	-	(154)
Proceeds from common share issuance (note 3)	-	14,528
Dividends to shareholders	(2,824)	(2,824)
	<u>2,378</u>	<u>(2,348)</u>
Investing Activities		
Payments for purchase of capital assets	(32,376)	(30,883)
Proceeds on disposal of capital assets	3,580	286
Proceeds on redemption of preferred shares	210	57
Net advances to investments under significant influence	-	251
Other	29	(71)
Discontinued operations	(59)	(101)
	<u>(28,616)</u>	<u>(30,461)</u>
	(16,950)	(18,198)
Effect of Translation Adjustment	(602)	(533)
Decrease in Cash Position	(17,552)	(18,731)
Cash Position - Beginning of Period	27,926	36,852
Cash Position - End of Period	<u>10,374</u>	<u>18,121</u>
Comprised of:		
Cash & short-term investments	21,802	36,559
Unpresented cheques	(11,428)	(18,438)
	<u>10,374</u>	<u>18,121</u>



LINAMAR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2003 (Unaudited)

1. 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.
2. 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.
3. The number of issued common shares as at March 31, 2003 and as at April 30, 2003 was 70,603,476 (December 31, 2002 – 70,603,476).
4. Segmented Sales and Earnings Information (Continuing Operations in thousands of dollars)

For the Three Months Ended March 31, 2003			
	Sales to Customers Outside the Company	Inter-Segment Sales	Earnings/(Loss)
Canada	281,976	1,946	16,948
United States	29,085	142	321
Mexico	27,080	-	(2,775)
Europe	38,836	2,971	(2,112)
Total	376,977		12,382

For the Three Months Ended March 31, 2002			
	Sales to Customers Outside the Company	Inter-Segment Sales	Earnings/(Loss)
Canada	261,495	236	15,685
United States	10,535	89	386
Mexico	22,172	-	(664)
Europe	18,144	2,769	(2,924)
Total	312,346		12,483

5. Cumulative Translation Adjustment
 As a result of the growing independence of Linamar de Mexico S.A. de C.V., management has determined that it is now appropriate to treat them as self-sustaining. Effective January 1, 2003, the net assets of this operation are translated using the current rate method. Adjustments arising from the translation are deferred and recorded as a separate component of shareholders' equity. This change has been applied prospectively, resulting in a charge to equity of \$1,519 thousand at the effective date.

Cumulative unrealized loss on initial conversion of assets to current rate method	\$	1,519
Unrealized loss for the period on translation of net assets excluding cash		3,439
Unrealized loss for the period on translation of cash		335
Balance - end of period	\$	5,293

6. 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.
7. Stock Based Compensation
 The Company 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. The Company'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 company determines the fair value using Black & Scholes option pricing model.



(in thousands of dollars except per share figures)

		Three months ended
		March 31, 2003
Net income	As reported	12,382
	Pro forma	12,378
Basic earnings per share	As reported	0.18
	Pro forma	0.18
Diluted earnings per share	As reported	0.18
	Pro forma	0.18

8. Subsequent Event

On April 9, 2003, The Company entered into a non-binding letter of intent with McLaren Performance Technologies, under which the company will acquire by merger all the issued and outstanding shares in McLaren Performance Technologies.

On May 5, 2003, The Company announced the signing of a purchase agreement to acquire the assets and technology of Salzgitter Antriebstechnik GmbH & Co. KG ("SZAT") located in Crimmitschau, Germany. The purchase agreement was signed May 2, 2003 and is due to close May 30, 2003, conditional on the final approval of Salzgitter AG's Supervisory Board, which is expected in May. Terms of the sale were not released. The facility will be renamed Linamar Antriebstechnik GmbH ("LAT").