

INTERIM REPORT

Linamar Announces Third Quarter Results

November 9, 2005, Guelph, Ontario, Canada – Linamar Corporation (TSX:LNR) (“Linamar” or “the company”), a global supplier who designs, develops and manufactures precision machined components, modules and systems for engine, transmission, chassis and industrial applications primarily for the North American, European and Asia Pacific automotive marketplace, today announced its financial results for the third quarter ended September 30, 2005.

(CDN dollars in thousands except per share figures)

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
	\$	\$	\$	\$
Sales	529,676	478,740	1,637,955	1,369,963
Gross Margin	66,786	52,682	207,809	175,140
Operating Earnings ¹	40,393	32,478	131,707	109,019
Earnings from Continuing Operations	22,477	19,808	74,639	66,159
Net Earnings	22,477	24,952	74,639	68,268
Diluted Earnings per Share				
from Continuing Operations	0.32	0.28	1.05	0.93
Diluted Earnings per Share	0.32	0.35	1.05	0.96

Third Quarter Operating Highlights

Overall third quarter sales increased by \$51.0 million or 10.7% to \$529.7 million, compared to \$478.7 million in the same quarter last year. Third quarter year to date sales have increased \$268.0 million or 19.6%, to \$1,638.0 million, compared to \$1,370.0 million for the same period in 2004. The sales growth has been primarily driven by both automotive and industrial product sales. The primary factors behind the increase in sales of automotive components were volumes on the heavy and medium duty Caterpillar Inc. (“CAT”) cylinder heads, Allison Transmission (“Allison”) transmission components, a DaimlerChrysler (“DCX”) differential case program, Ford Motor Company (“Ford”) cylinder heads as well as a Visteon Corporation (“Visteon”) differential case program. Industrial product sales have increased \$25.4 million for the quarter or 37.8% and \$73.9 million or 38.2% year to date. The increase in industrial products has been predominantly driven by market demand for aerial lift platforms produced by Skyjack Inc. (“Skyjack”).

North American content per vehicle for the third quarter grew by 5.5% to \$94.08 per vehicle compared to \$89.21 for the same quarter in the prior year. Content for the year to date was \$93.94 as compared to \$79.02 in 2004. European content per vehicle for the quarter decreased by 2.4% to \$8.08 per vehicle

¹ “Operating earnings”, as used by the chief operating decision makers and management, monitors the performance of the business specifically at the segmented level. Operating earnings is calculated by the company as gross margin less selling, general and administrative expenses and equity loss.

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
	\$	\$	\$	\$
Gross margin	66,786	52,682	207,809	175,140
Selling, general and administrative	26,393	20,204	76,102	66,121
Operating earnings	40,393	32,478	131,707	109,019

Under Canadian generally accepted accounting principles (“GAAP”), this financial measure does not have a standardized meaning and, therefore is unlikely to be comparable to similar measures presented by other issuers.

compared to \$8.27 for the same quarter in the prior year. For the year to date, 2005 content was \$7.65 down slightly from \$7.78 in 2004. Linamar has also established content in Asia Pacific of \$0.09 for the quarter or \$0.07 for the year to date.

The effect of the stronger Canadian dollar compared with the U.S. dollar in the first nine months of 2005 versus the first nine months of 2004 reduced sales by \$73.9 million (\$28.8 million for the third quarter). Sales would have otherwise increased by 25.0% year to date (16.7% for the quarter).

Operating earnings in the third quarter increased by 24.3% to \$40.4 million, compared to \$32.5 million for the same period last year. The company's operating earnings grew by \$22.7 million or 20.8% for the nine months ended in 2005 compared with 2004. Operationally, the improvement is attributed to growth in both the automotive and industrial businesses. Automotive is now realizing the anticipated volumes on previous launches such as a highly automated DCX differential case program, various medium and heavy duty CAT cylinder heads and Ford cylinder heads. These programs are now utilizing the planned production capacity in place at launch. Industrial products have been positively impacted by continued sales volume increases and the expansion of a reconditioning division.

Geographically and operationally, the Asia Pacific segment has been segregated from the Canadian and North American Automotive Systems segment during the year. This segment is currently experiencing losses as it incurs costs related to the commencement of operations in both China and Korea.

Earnings from continuing operations for the quarter were \$22.5 million or 4.2% of sales compared to \$19.8 million or 4.1% representing a 13.6% increase year over year. Year to date earnings from continuing operations were \$74.6 million or 4.6% versus \$66.2 million or 4.8% in 2004. The increased earnings can be attributed to the growth in operating earnings partially offset by higher interest costs related to additional financing obtained in October 2004, and a slightly higher effective tax rate.

Linamar continues to be focused and proactive in the management of its accounts receivable, particularly related to at-risk customers. The company continues to monitor and manage its relationship with Delphi Corporation ("Delphi") through their reorganization process. It is the belief of Linamar that the bankruptcy proceeding for Delphi will not have a material effect on the results of the company.

Dividends

The Board of Directors today declared a dividend of \$0.06 per share on the common shares of the company, payable on or after December 13, 2005 to shareholders of record on November 25, 2005.

Outlook

During the next few years, Linamar anticipates continued growth in both sales and earnings. The company is expecting to launch new programs as well as see existing programs achieve their anticipated levels of production such that growth in content per vehicle for 2005 is forecasted at 12-17% in North America, and 0-5% in Europe. Asia Pacific expects to report a content of \$0.09 for 2005 which will significantly increase for a few years thereafter while facilities continue to ramp up. Non-automotive sales will grow 25-30% this year.

2006 is expected to be a year of growth preparation for the company. Several launches for major new programs such as various 6-speed transmissions in North American and new engine platforms in both North America and Europe will initiate production though at a much lower volume level than originally anticipated. At the same time, continued strengthening of the Canadian dollar to the U.S. dollar has impacted expected content growth in North America. Accordingly, content growth in 2006 in both North America and Europe is expected to be quite modest, at most 5%. Non-automotive sales are expected to grow 10-15%. The modest sales growth and launch costs are expected to result in flat earnings in 2006 vs. 2005, with good earnings growth resuming in 2007 and 2008 as these various programs substantially ramp up.

The growth of Linamar's automotive business has progressed through increasing complexity of manufacturing and design responsibilities to graduate from single components to more integrated assemblies. Sales growth projections are based on program launches including transmission programs (such as differential cases for DCX, Visteon, and Eaton Corporation, WK carriers and differential cases,

Ford, General Motors Corporation ("GM") and DCX 6-speed components, and other transmission carrier assemblies), engine programs (such as Ford, DCX, and CAT cylinder heads and blocks, various camshafts, and Perkins engine blocks), chassis programs (such as Visteon gear hub and wheel housing, Toyota Motor Corporation knuckles, American Axle and Manufacturing, Inc. slip yokes), and European programs (such as Denso Corporation common rails and hydraulic manifolds, Robert Bosch GmbH pump housing, and Ford differential cases). Linamar also supplies the medium and heavy truck markets and expects continued strength through 2006 with softening in 2007. Earnings growth expectations are based on launch and sales ramp-ups of the programs noted as well as maturity in other programs where efficiencies of production are achieved and maintained.

In the company's industrial products business, which is comprised mainly of Linamar's Skyjack operations, the market remains highly competitive. The North American rental industry is expected to remain strong at least through 2006 and 2007 as a series of large projects commence construction. This may be offset partially by an expected cooling off in the residential market. Growth in the European construction market is expected to gain momentum allowing Skyjack's further market penetration in the region. Continued growth of the overall business is also based upon the re-introduction of booms expected in 2006 as well as further expansion into Asian and European markets of existing products.

The stronger Canadian dollar has the impact of lowering sales and to the extent that the company purchases material or supplies in U.S. dollars, this effect is substantially reduced. Equipment is also purchased in U.S. dollars; when the Canadian dollar strengthens, the equipment cost is reduced as is depreciation over future years. Since Linamar's business is capital intensive, U.S. dollar purchases have a notable positive impact on earnings over future periods. The company continues to employ a hedging strategy for net U.S. dollar positive cash flows.

Overall, these expectations assume consistent levels of North American and European automobile production, no unforeseen changes in the existing business base, and are subject to overall economic conditions and world political events and factors. As well, for the rest of 2005 and beyond, Linamar will continue to realize the benefits provided by the Linamar Production System. The system is based on lean manufacturing principles found in the Toyota Production System. A key factor in the company's future growth strategy is the effect of economic fluctuations in the automotive industry and specifically vehicles produced for the markets in which Linamar participates. Variations in these factors can have a significant impact on the industry and Linamar.

Linamar believes that its strategy to focus on the engine, transmission and chassis components of the automobile represents a significant opportunity for growth as products in these applications are expected to be the next major area of outsourcing by the original equipment manufacturers ("OEM") over the next 10 to 20 years. Other aspects of the vehicles such as interiors, seating, and structural components have already experienced greater levels of outsourcing. In addition, management believes future trends include more involvement by suppliers in component and module design, a move towards global vehicle platforms and supply base consolidation.

The company believes that it is uniquely positioned with its core competencies in precision machining and manufacturing processes, and its range of precision machined and assembled automotive and non-automotive products. To build on this strong business base, Linamar intends to continue to develop the organization and its capabilities by enhancing its existing expertise to produce every machined component in the vehicle. Linamar's strategy is to establish and develop a market leadership position in key components and assemblies, enhancing its design, development and testing expertise, and researching opportunities in product and process innovation.

The company's strategy of some diversification in industry (such as aerial lift platforms business and medium and heavy truck business) as well as in terms of customers, platforms and products produced on the light vehicle side, is helping the company to manage through this challenging time in the light vehicle automotive industry.

Risk and Uncertainties (forward looking statements)

Certain information provided by Linamar in these unaudited interim financial statements, MD&A and other documents published throughout the year that are not recitation of historical facts may constitute forward looking statements. The words "estimate", "believe", "expect" and similar expressions are intended to identify forward-looking statements. Persons reading this report are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, Linamar.

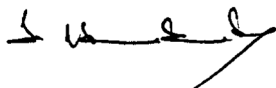
Some risks and uncertainties may cause results to differ from current expectations. The factors which are expected to have the greatest impact on Linamar include but are not limited to (in the various economies in which Linamar operates): the extent of OEM outsourcing, industry cyclicality, trade and labour disruptions, pricing concessions and cost absorptions, delays in program launches, the company's dependence on certain engine and transmission programs and major OEM customers, currency exposure, and technological developments by Linamar's competitors.

A large proportion of the company's sales are denominated in U.S. dollars and the company also purchases a significant amount of raw materials, supplies and equipment in U.S. dollars. The strengthening of the Canadian dollar has the potential to have a negative impact on financial results. The company has employed a hedging strategy to attempt to mitigate the impact but cannot be completely assured that the entire exchange effect has been offset.

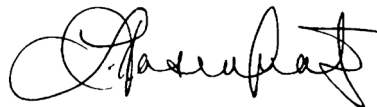
As a result of current levels of consumer spending on automobiles, the OEMs are constantly facing volume challenges which are reflected in the results of Linamar through reduced volumes on some existing programs. The OEMs do, however, continue to outsource, although not at expected levels, which allows Linamar to expand and diversify its product base.

Other factors and risks and uncertainties that cause results to differ from current expectations discussed in the MD&A include, but are not limited to: fluctuations in interest rates, environmental emission and safety regulations, governmental, environmental and regulatory policies, and changes in the competitive environment in which Linamar operates. Linamar 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 press release, please contact: Linda Hasenfratz at (519) 836-7550.



Frank Hasenfratz
Chairman of the Board



Linda Hasenfratz
Chief Executive Officer

Guelph, Ontario
November 9, 2005

Linamar Corporation
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Quarter Ended September 30, 2005

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Linamar Corporation ("Linamar" or the "company") should be read in conjunction with its consolidated financial statements and related notes thereto as well as the annual MD&A for the year ended December 31, 2004. The accompanying interim consolidated financial statements and the notes thereto have not been reviewed by the company's external auditors pursuant to a review engagement applying review standards set out in the Canadian Institute of Chartered Accountants ("CICA") Handbook. This MD&A has been prepared as at November 9, 2005.

Additional information regarding Linamar, including copies of its continuous disclosure materials such as its annual information form, is available on its website at www.linamar.com or through the SEDAR website at www.sedar.com.

In this MD&A, reference is made to operating earnings which is not a measure of financial performance under Canadian generally accepted accounting principles ("GAAP"). Operating earnings is calculated by the company as gross margin less selling, general and administrative expenses and equity (earnings) loss. The company has included information concerning this measure because it is used by management as a measure of performance and management believes it is used by certain investors and analysts as a measure of the company's financial performance. This measure is not necessarily comparable to similarly titled measures used by other companies and should not be construed as alternatives to net earnings or cash flows from operating activities as determined in accordance with Canadian GAAP or as a measure of liquidity.

OVERALL CORPORATE PERFORMANCE

Overview of the Business

Linamar designs, develops and manufactures precision machined components, modules and assemblies for Brakes, Engine, Steering and suspension, and Transmission and driveline applications (“B.E.S.T.”) for sale primarily to original equipment manufacturers (“OEMs”) and Tier 1 customers for the North American, European and Asia Pacific car and light to heavy truck markets. Linamar’s business includes industrial products that utilize the company’s core competencies of precision machining and assembly. The company also produces agricultural implements in Hungary for worldwide use.

The following table sets out certain highlights of the company’s performance for the third quarter of 2005 and 2004:

<i>(in millions of dollars, except content per vehicle numbers)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Sales	\$ 529.7	\$ 478.7	\$ 1,638.0	\$ 1,370.0
Gross Margin	66.8	52.7	207.8	175.1
Operating Earnings ¹	40.4	32.5	131.7	109.0
Earnings from Continuing Operations	22.5	19.8	74.6	66.2
Net Earnings	22.5	25.0	74.6	68.3
Content per Vehicle – North America	\$94.08	\$89.21	\$93.94	\$79.02
Content per Vehicle – Europe	\$8.08	\$8.27	\$7.65	\$7.78
Content per Vehicle – Asia Pacific	\$0.09	-	\$0.07	-

Overall Corporate Results

Overall third quarter sales increased by \$51.0 million or 10.7% to \$529.7 million, compared to \$478.7 million in the same quarter last year. Third quarter year to date sales have increased \$268.0 million or 19.6%, to \$1,638.0 million, compared to \$1,370.0 million for the same period in 2004. The sales growth has been primarily driven by both automotive and industrial product sales. The primary factors behind the increase in sales of automotive components were volumes on the heavy and medium duty Caterpillar Inc. (“CAT”) cylinder heads, Allison Transmission (“Allison”) transmission components, a DaimlerChrysler (“DCX”) differential case program, Ford Motor Company (“Ford”) cylinder heads as well as a Visteon Corporation (“Visteon”) differential case program. Industrial product sales have increased \$25.4 million for the quarter or 37.8% and \$73.9 million or 38.2% year to date. The increase in industrial products has been predominantly driven by market demand for aerial lift platforms produced by Skyjack Inc. (“Skyjack”).

North American content per vehicle for the third quarter grew by 5.5% to \$94.08 per vehicle compared to \$89.21 for the same quarter in the prior year. Content for the year to date was \$93.94 as compared to \$79.02 in 2004. European content per vehicle for the quarter decreased by 2.4% to \$8.08 per vehicle

¹ “**Operating earnings**”, as used by the chief operating decision makers and management, monitors the performance of the business specifically at the segmented level. Operating earnings is calculated by the company as gross margin less selling, general and administrative expenses and equity earnings loss.

<i>(in millions of dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Gross Margin	\$ 66.8	\$ 52.7	\$ 207.8	\$ 175.1
Selling, general and administrative	26.4	20.2	76.1	66.1
Operating Earnings	\$ 40.4	\$ 32.5	\$ 131.7	\$ 109.0

Under Canadian GAAP, this financial measure does not have a standardized meaning and, therefore is unlikely to be comparable to similar measures presented by other issuers.

compared to \$8.27 for the same quarter in the prior year. For the year to date, 2005 content was \$7.65 down slightly from \$7.78 in 2004. Linamar has also established content in Asia Pacific of \$0.09 for the quarter or \$0.07 for the year to date.

The effect of the stronger Canadian dollar compared with the U.S. dollar in the first nine months of 2005 versus the first nine months of 2004 reduced sales by \$73.9 million (\$28.8 million for the third quarter). Sales would have otherwise increased by 25.0% year to date (16.7% for the quarter).

Operating earnings in the third quarter increased by 24.3% to \$40.4 million, compared to \$32.5 million for the same period last year. The company's operating earnings grew by \$22.7 million or 20.8% for the nine months ended in 2005 compared with 2004. Operationally, the improvement is attributed to growth in both the automotive and industrial businesses. Automotive is now realizing the anticipated volumes on previous launches such as a highly automated DCX differential case program, various medium and heavy duty CAT cylinder heads and Ford cylinder heads. These programs are now utilizing the planned production capacity in place at launch. Industrial products have been positively impacted by continued sales volume increases and the expansion of a reconditioning division.

Geographically and operationally, the Asia Pacific segment has been segregated from the Canadian and North American Automotive Systems segment during the year. This segment is currently experiencing losses as it incurs costs related to the commencement of operations in both China and Korea.

Earnings from continuing operations for the quarter were \$22.5 million or 4.2% of sales compared to \$19.8 million or 4.1% representing a 13.6% increase year over year. Year to date earnings from continuing operations were \$74.6 million or 4.6% versus \$66.2 million or 4.8% in 2004. The increased earnings can be attributed to the growth in operating earnings partially offset by higher interest costs related to additional financing obtained in October 2004, and a slightly higher effective tax rate.

Linamar continues to be focused and proactive in the management of its accounts receivable, particularly related to at-risk customers. The company continues to monitor and manage its relationship with Delphi Corporation ("Delphi") through their reorganization process. It is the belief of Linamar that the bankruptcy proceeding for Delphi will not have a material effect on the results of the company.

Sales

<i>(millions of dollars)</i>	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2005	2004	2005	2004
Canada	\$ 402.5	\$ 367.1	\$ 1,255.6	\$ 1,040.0
U.S.	38.9	34.3	129.4	108.5
Asia	2.0	-	2.2	-
Mexico	36.0	32.0	102.3	93.7
Europe	50.3	45.3	148.5	127.8
Total external sales	\$ 529.7	\$ 478.7	\$ 1,638.0	\$ 1,370.0

Total sales were \$529.7 million for the quarter, and increase of \$51.0 million or 10.7%, compared to sales of \$478.7 million in 2004. Year to date sales grew 19.6% for a total of \$1,638.0 million. The increase in sales is due to a combination of net new business awarded and net volume increases on existing automotive programs, offset by the impact of the stronger Canadian dollar.

The strong sales results for the third quarter and the year to date were driven by the heavy and medium duty CAT cylinder head programs, Ford cylinder head programs, Allison transmission components, Visteon and Eaton Corporation ("Eaton") differential case programs as well as certain GM connecting rods. A large DCX differential case program reached full production levels during 2005 as compared to a launch phase in 2004. These gains were slightly offset by anticipated reductions related to Honeywell International Inc. ("Honeywell") turbo chargers and various programs for ZF Friedrichshafen AG ("ZF").

Gains were also experienced for the quarter and year to date through increased agricultural implement sales manufactured by the company's Hungarian subsidiary. The sale of non-automotive small engines continues to decline as expected. These products have been strategically de-emphasized.

Industrial product sales continued to increase for both the third quarter and the first nine months of 2005 as compared to 2004. Results were driven primarily by the aerial lift platform business as well as growth in marine and power generation precision machined components.

The stronger Canadian dollar lowered sales in the quarter by approximately \$28.8 million and by \$73.9 million year to date. Excluding the estimated effect of the stronger Canadian dollar on exchange rates, revenues would have increased by 16.7% in the quarter and 25.0% year to date.

Vehicle Production Volumes

North American vehicle production units used by Linamar for the determination of the company's content per vehicle (see table below) include medium and heavy truck volumes. European vehicle production units exclude medium and heavy trucks.

North American vehicle production volumes for 2005 to date remained consistent at 12.3 million. For the third quarter production increased slightly from 3.8 million to 3.9 million units.

European vehicle production decreased 1.7% to 11.9 million units for the first nine months of the year from 12.2 million units in 2004. Production decreased by 3.9% with approximately 3.5 million units produced in the quarter compared with approximately 3.6 million units produced in 2004.

Automotive Sales and Content Per Vehicle (i)

Automotive sales in the following discussion are based on content per vehicle determined by the final vehicle production location and, as such, there are differences in the figures as reported under the North American Automotive Systems segment which is based primarily on the company's location of manufacturing. These differences are the result of products being sold directly to one continent, and the final vehicle being assembled on another continent. It is necessary to show the sales based on the vehicle build location to provide accurate comparisons to the production vehicle units for each continent.

	Three Months Ended September 30			Nine Months Ended September 30		
	2005	2004	% Change	2005	2004	% Change
<i>North America</i>						
Vehicle Production Units (ii)	3.9	3.8	3.5%	12.3	12.3	(0.3)%
Automotive Sales (iii)	\$367,538	\$336,724	9.2%	\$1,153,884	\$973,397	18.5%
Content Per Vehicle	\$94.08	\$89.21	5.5%	\$93.94	\$79.02	18.9%
<i>Europe</i>						
Vehicle Production Units (ii)	3.5	3.6	(3.9)%	11.9	12.2	(1.7)%
Automotive Sales (iii)	\$28,257	\$30,124	(6.2)%	\$91,395	\$94,526	(3.3)%
Content Per Vehicle	\$8.08	\$8.27	(2.4)%	\$7.65	\$7.78	(1.6)%
<i>Asia Pacific</i>						
Vehicle Production Units (ii)	4.3			12.9		
Automotive Sales (iii)	\$405			\$911		
Content Per Vehicle	\$0.09			\$0.07		

- (i) Measured as the amount of Linamar automotive sales dollars per vehicle, not including tooling sales
- (ii) Vehicle Production Units are shown in millions of units
- (iii) Automotive Sales are shown in thousands of dollars

The impact of the stronger Canadian dollar accounted for a reduction of approximately \$28.0 million in total automotive revenue for North America and Europe in the third quarter and \$71.5 million year to date. If the estimated impact of the stronger dollar is removed, total automotive revenues for these groups for the quarter would have increased \$57.0 million or 15.5% and \$248.9 or 23.3% for the year.

During the third quarter of 2005 North American automotive sales increased by 9.2% over 2004 to \$367.5 million. North American vehicle production units increased 3.5% and content per vehicle for the quarter was \$94.08, compared to \$89.21 for 2004, an increase of 5.5%. For the year to date, North American automotive sales increased \$180.5 million or 18.5% to \$1,153.9 million, despite vehicle production remaining constant. For this same period content per vehicle increased 18.9% to \$93.94 from \$79.02 a year earlier.

North American automotive sales benefited from the ramping up of a number of new and expanding programs as well as customer driven volume increases. Significant programs which continued to contribute in the quarter were the CAT medium and heavy duty cylinder head programs and DCX differential cases both launched in the prior year, as well as DCX carriers and the Ford cylinder head programs launched in the second quarter of 2005. Newer programs such as the WK carrier and differential cases, Ford cylinder heads, Visteon heavy duty differential case program and various Allison components all contributed to North American content.

In the third quarter of 2005, European automotive sales were down \$1.9 million to \$28.3 million compared to the same quarter last year. Vehicle production volumes have decreased 3.9%, however content per vehicle only declined 2.4% to \$8.08 from \$8.27 in 2004. For the year, European automotive sales decreased by 3.3% to \$91.4 million from \$94.5 million in 2004. Vehicle production was lower by 1.7% as compared with 2004 levels, with content per vehicle declining consistently at 1.6% over 2004 content of \$7.78. The decline in content is partially due to the decrease in automotive products for Honeywell and the completion of the Audi Group ("Audi") camshaft program in Germany. This is mitigated by the addition of Perkins Engines Company Ltd. ("Perkins") cylinder heads and blocks, and other automotive programs which have recently begun production.

Content for Asia Pacific has started at a low level as anticipated with sales for customers such as General Motors Corporation ("GM") Daewoo International.

Automotive tooling sales for the quarter were \$10.5 million as compared to \$18.1 million in 2004, and \$42.5 million year to date as compared to \$28.8 million in 2004. The 2005 results for the quarter are primarily due to programs for a WK rear carrier, a Ford cylinder head, Eaton transmission components, and various products for Allison. Year to date tooling sales primarily relate to the continuation of the DCX differential case, Allison volume increase on various components and the Ford, GM and DCX 6-speed transmission programs. For 2004 year to date tooling sales were primarily due to the launch of a large DCX differential case program, WK carriers and bed plate intake, and exhaust manifold programs for International Truck and Engine Corporation.

Other Sales

Industrial product sales continue to grow reporting \$92.6 million in the third quarter of 2005 compared to \$67.2 million in the third quarter of 2004, primarily due to continued increased demand for Skyjack's aerial lift platforms and their reconditioning division. Year to date sales have increased to \$267.6 million or 38.2% over the 2004 level of \$193.7 million.

Gross Margin

<i>(millions of dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Sales	\$ 529.7	\$ 478.7	\$ 1,638.0	\$ 1,370.0
Cost of Sales	428.5	394.9	1,329.5	1,107.5
Amortization	34.4	31.1	100.7	87.4
Gross Margin	\$ 66.8	\$ 52.7	\$ 207.8	\$ 175.1
Gross Margin Percentage	12.6%	11.0%	12.7%	12.8%

Gross margin after amortization was 12.6% for the quarter, an improvement from 11.0% for the third quarter of 2004. The change in margin is attributed to automated product lines on certain DCX differential cases and CAT cylinder heads attaining full utilization of planned production capacity from launch in 2004. Material content for the quarter and year to date has increased. Contributing to the increase in costs were the CAT heavy duty cylinders and the Visteon throttle bodies, which previously had materials consigned and are now purchased. Also contributing to the higher material cost of sales are increased volumes from higher material content lines such as WK carrier and Visteon differential case, along with the reduction of programs such as Ford brake drums, which have lower material content. Skyjack also experienced higher material content compared to the core machining business. The growth in their reconditioning business had a positive impact on margins. Gross margin is also affected by the number of new programs launched which have yet to achieve their full operational efficiency.

Labour as a percent of sales continued to improve as programs such as the highly automated DCX differential cases, Ford cylinder heads, and DCX carriers, all launched in 2004, have reached full volumes in 2005. Labour gains are partially offset by labour costs associated with programs beginning to launch such as the Ford, GM and DCX 6-speed transmission programs, DCX crankshafts, and the shafts for Detroit Diesel Corporation and Cummins Inc. Year to date growth in the industrial reconditioning area has resulted in slightly increased labour rates as the business expands to service customer owned units in addition to the reconditioning and reselling business.

Amortization increased \$3.3 million in the quarter over the third quarter of 2004 or \$13.3 million for the nine months compared to the same period in 2004. As a percent of sales, amortization remained constant compared with the same quarter last year, and year to date declined from 6.4% to 6.2%. As a percentage of assets employed, amortization costs have increased 1.2% to 14.3% from 13.1% year to date. The dollar value of assets in production has increased over the same quarter in 2004 by \$37.9 million as more programs came online for production. The improvement, relative to sales, reflects the volume increases on the larger programs launched in 2004 such as certain DCX differential case programs, the CAT cylinder heads program, DCX carrier programs, the 6-speed transmission programs, and an Eaton differential case program.

Operating Earnings

<i>(millions of dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Gross Margin	\$ 66.8	\$ 52.7	\$ 207.8	\$ 175.1
Selling, general and administrative	26.4	20.2	76.1	66.1
Operating Earnings	\$ 40.4	\$ 32.5	\$ 131.7	\$ 109.0
Operating Earnings Percentage	7.6%	6.8%	8.0%	8.0%

Selling, general and administrative ("SG&A") costs, excluding currency exchange impacts, were \$26.3 million in the third quarter 2005, compared to \$21.6 million in the third quarter of 2004. As a percentage of

sales, SG&A costs were 5.0% as compared to 4.5% in the same quarter of 2004. Year to date SG&A costs were lower, as a percentage of sales, at 4.6% as compared to 5.0% year to date 2004.

The primary contributing factors to the dollar increase were the company's continued growth of the internal sales force, increases to infrastructure to support continued business growth, the start up in Asia Pacific, the initiation of new products within the industrial segment and reduction of exchange gains compared with the same quarter in 2004.

The company's effective foreign exchange hedging strategy has resulted in a nominal 2005 third quarter loss of \$0.1 million compared with a gain of \$1.4 million in 2004, and a \$0.7 million 2005 year to date loss compared with a \$2.5 million gain year to date in 2004. The company continues to mitigate increases in the Canadian dollar against other world currencies through a hedging strategy.

INCOME BY SEGMENT

The following should be read in conjunction with Note 21 to Linamar's consolidated financial statements for the financial year ended December 31, 2004.

Operational

Three of the company's six operating groups, Transmission, Engine, and Chassis are aggregated into the North American Automotive Systems segment. Substantially all automotive revenue for this group is derived from sales to major North American manufacturers. Europe and Asia Pacific stand alone as segments and are primarily in the automotive business. The Industrial group is primarily comprised of the self-propelled scissor lift platform business. The corporate headquarters and other small operating entities are reported in the North American Automotive Systems segment.

Sales in the North American Automotive Systems segment reached \$421.0 million from \$389.0 million in the same quarter of 2004. This increase of 8.2% or \$32.0 million was achieved despite the impact of the declining U.S. dollar against the Canadian dollar and Mexican Peso estimated at a reduction in sales of \$26.2 million for the third quarter or \$68.2 million year to date. On a constant exchange rate basis revenues would have increased \$58.2 million or 15.0% for the quarter and \$266.9 million or 24.1% for the nine months year to date. Building on momentum from the previous quarter, programs such as DCX differential cases, various medium and heavy duty CAT cylinder heads, and Ford cylinder heads continue to lead significant revenue growth in the segment. Newer programs for various Allison components, various WK carriers and differential cases, further Ford cylinder heads, as well as Visteon differential cases contributed to the sales growth during the quarter. These programs continue their respective ramp up and replace programs ending such as ZF's various pins, flanges, differential cases, and hubs and Dana Corporation ("Dana") axles.

Operating earnings for the third quarter have decreased slightly to \$29.1 million from \$29.6 million or a decrease of 1.7% over the same period last year. For the nine months year to date, operating earnings have increased 7.1% or \$6.7 million to \$100.6 million from \$93.9 million for the same period in 2004. Planned production decreases such as those in various ZF transmission parts, a DCX retainer, Dana axles, and various Ford stators and sprocket supports are offset by various differential case and cylinder heads programs which are now reaching anticipated volumes and realizing planned production efficiency.

European sales are \$36.0 million for the quarter up from \$35.0 million a year ago. Sales are at \$109.7 million for the year to date, up \$8.5 million or 8.4%, from \$101.2 million in 2004. Primary drivers of these sales continue to include automotive components as well as agricultural sales at Linamar's Hungarian operations for implements such as corn heads. Various automotive programs continue to ramp up including Perkins cylinder heads and blocks, and camshafts for a German automaker offsetting programs ending such as camshafts for Audi.

Operating earnings in Europe reached \$2.3 million for the quarter from \$0.1 million for the same period in 2004. This translates into operating earnings of \$4.7 million for the year to date from a loss of \$1.2 million a year ago. Automotive sales in Europe continue to change their mix from high material components, such as Honeywell turbo chargers, to lower material content programs such as sales to Robert Bosch GmbH ("Bosch"), Delphi Corporation ("Delphi") and Danfoss Maneurop S.A. In addition, improved cost controls achieved through the application of the Linamar Production System have resulted in increased earnings. The Linamar Production System is based on lean manufacturing principles found in the Toyota Motor Corporation's ("Toyota") Production System.

Sales in the Asia Pacific operating group have reached \$2.0 million for the third quarter and \$2.2 million for the year to date related to the sales of various GM prototypes for programs awarded during the past year. This new operating group has achieved a break even position for the quarter yet has a loss of \$1.2 million for the year to date.

Sales for the Industrial operating segment have increased 29.3% to \$70.7 million for the quarter from \$54.7 million in 2004. This is consistent with sales of \$221.7 million for the nine months year to date from \$163.1 million in the prior year's comparative period. Sales volumes have increased in the form of fleet replacement and general strength of the industrial market.

Industrial operating earnings have improved \$6.2 million to \$9.0 million in the third quarter of 2005 compared to an \$11.3 million or a 69.3% increase in earnings to \$27.6 million for the year to date. The growth in reconditioning services combined with significant market demand has improved operating earnings in both Europe and North America.

Geographical

Canadian sales for the third quarter are up 9.6% or \$35.4 million to \$402.5 million from \$367.1 million a year earlier. This is consistent to a nine months year to date sales increase of \$215.6 million from \$1,040.0 million a year earlier. Heavy and medium duty CAT cylinder heads combined with Allison transmission components, and the DCX differential cases continue to lead quarter over quarter revenue increases. New programs such as Delphi brake control bodies and GM connecting rods contributed to sales along with prior year program launches. Combined with continuing market demand for aerial lift platforms and reconditioning services at Skyjack, the year to date Canadian geographic segment sales have reached a record \$1.255 billion.

The operating earnings for the Canadian segment during the third quarter have increased \$1.4 million to \$31.7 million from \$30.3 million in the prior year. Operating earnings for 2005 year to date have increased \$14.2 million or 14.7% to \$110.9 million. Many new jobs launched and volume increases on existing programs during the quarter including GM connecting rods continue to slightly outpace such planned production decreases in ZF and Ford transmission components. Higher sales and the benefit of reaching sustained volumes in the ramp up of components such as various Ford cylinder head programs have contributed to the more effective use of planned production capacity in the Canadian automotive business.

The U.S. geographic segment has achieved significant gains in sales by reaching \$38.9 million in the third quarter, an increase of 13.4% or \$4.6 million over the same period in 2004. Sales year to date have increased 19.3% to \$129.4 million from \$108.5 million a year earlier. Sales to U.S. customers of Skyjack have nearly doubled from the previous year as a result of market demand. Sales have remained steady for McLaren Performance Technologies Inc., the testing and engineering development business acquired by the company in late 2003.

Segmented earnings for the U.S. have increased \$2.6 million to \$5.0 million or 108.3% for the third quarter. Nine months year to date operating earnings have increased \$7.8 million or 98.7% to \$15.7

million over \$7.9 million in 2004. Operating earnings for aerial lift platforms remain in line with sales increases.

Similar to the operating segment, sales in the Asia Pacific operating group have reached \$2.0 million for the third quarter and \$2.2 million for the year to date. This reflects the company's entrance into the Asian automotive parts market through the establishment of plants in China and Korea.

Sales in Mexico continue to improve reaching \$36.0 million during the third quarter, a 12.5% increase or \$4.0 million over the same period in 2004. Year to date sales have achieved \$102.3 million for an increase of 9.2% over sales of \$93.7 million in 2004. During the current quarter programs with volume increases, such as the Honeywell truck turbochargers, have accompanied new business such as DCX engine blocks. These sales combined with sales growth on programs launched near the end of 2003 for GM cylinder heads and CAT liners offset customer driven decreases in the sale of certain GM transmission components.

Operating earnings in Mexico for the quarter have increased marginally to \$0.6 million from \$0.3 million. For the year to date, operating earnings have broken even compared to prior year earnings to date of \$2.6 million. Volume reductions via plant shutdowns at GM and delays in the launch of an Eaton differential case have eroded operating earnings in relation to sales gains. The Eaton program commenced shipments during the second quarter this year.

European sales have increased \$5.0 million or 11.0% for the quarter to \$50.3 million and 16.2% or \$20.7 million for the nine months year to date to \$148.5 million. Sales of Honeywell products continue to decrease as planned, however, are outpaced by sales related to new programs such as various Bosch fuel rails. Sales of industrial and agricultural products continued to grow.

Operating earnings in the segment have increased to \$3.1 million from a loss of \$0.5 million in the third quarter of 2004. For the year to September, operating earnings have increased to \$6.3 million from \$1.8 million or \$4.5 million. Earnings continue to be driven by strong automotive and agricultural sales at Linamar's Hungarian subsidiary. Strengthening sales of Bosch fuel rails and various drive train components, combined with the ramp up of camshaft sales for a German automaker and Perkins cylinder heads and blocks, continue to contribute to operating earnings through the utilization of planned capacity at our European facilities.

NET EARNINGS AND BALANCE SHEET DATA

The following financial data should be read in conjunction with Linamar's audited consolidated financial statements for the financial years ended December 31, 2004 and 2003.

<i>(millions of dollars, except per share amounts)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Sales	\$ 529.7	\$ 478.7	\$ 1,638.0	\$ 1,370.0
Gross Margin	66.8	52.7	207.8	175.1
Operating Earnings	40.4	32.5	131.7	109.0
Net interest expense	(4.4)	(2.8)	(13.3)	(8.6)
Dilution loss	-	-	-	(0.2)
Other income	0.5	0.1	0.8	0.6
Provision for Income Taxes	(12.5)	(9.7)	(41.2)	(33.1)
Non-Controlling Interests	(1.5)	(0.3)	(3.4)	(1.5)
Earnings from Continuing Operations	\$ 22.5	\$ 19.8	\$ 74.6	\$ 66.2
Results of Discontinued Operations	-	5.2	-	2.1
Net Earnings for the Period	\$ 22.5	\$ 25.0	\$ 74.6	\$ 68.3
Earnings Per Share From Continuing Operations				
Basic	\$ 0.32	\$ 0.28	\$ 1.06	\$ 0.94
Diluted	0.32	0.28	1.05	0.93
Net Earnings Per Share				
Basic	\$ 0.32	\$ 0.36	\$ 1.06	\$ 0.97
Diluted	0.32	0.35	1.05	0.96
Total Long-Term Liabilities			\$ 351.6	\$ 206.0
Cash Dividends declared per share			0.06	0.04
Total Assets			\$ 1,539.8	\$ 1,478.5

Net Earnings and Earnings per Share

The effective tax rate for the third quarter of 2005 was 34.3%, an increase from 32.5% in the third quarter of 2004. The year to date effective rates for 2004 and 2005 were 32.8% and 34.5% respectively. The effective tax rate is impacted by the results generated by operations in Mexico and Hungary. Certain Mexican facilities have experienced losses in the quarter which have not been tax affected. The Hungarian operations enjoy the benefit of a tax holiday through a tax credit system which management expects will continue until 2011.

Net earnings from continuing operations for the quarter improved \$2.7 million to \$22.5 million from \$19.8 million in 2004. As a percentage of sales the net earnings from continuing operations in the third quarter of 2005 was 4.2% whereas in 2004 it was 4.1% of sales. For the year to date, net earnings from continuing operations were \$74.6 million or 4.6% of sales as compared to \$66.2 million or 4.8% of sales. Net earnings for 2004 reflect the results of the disposition of Weslin Industries Inc. ("Weslin").

Interest

During the third quarter, interest on long-term debt increased by \$2.4 million over last year from \$1.8 million to \$4.2 million. For the year to date, interest on long-term debt increased by \$7.2 million to \$12.4 million. The increase is primarily due to the private placement of additional debt in October of 2004. The consolidated year to date effective interest rate was lower in 2004 at 4.3% as compared to 5.4% in 2005 due to both the new private placement and increasing LIBOR rates. Partially offsetting the increases are lower effective rates on Euro debt held by Linamar Hungary. The Euro debt in Hungary affords a lower rate of interest compared to debt held in Hungarian Forints and assists Linamar Hungary in reducing exchange exposure as the company's Euro based sales grow.

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended December 31, 2003 through September 30, 2005. This information has been derived from our unaudited consolidated financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of our financial position and results of operations for those periods.

(millions of dollars, except per share amounts)	Dec 31, 2003	Mar 31, 2004	June 30, 2004	Sept 30, 2004	Dec 31, 2004	Mar 31, 2005	Jun 30, 2005	Sept 30, 2005
Sales	402.8	430.6	460.6	478.7	474.2	529.5	578.8	529.7
Earnings from								
Continuing Operations	1.0	21.7	24.6	19.8	24.2	22.4	29.8	22.5
Earnings Per Share from Continuing Operations								
Basic	0.01	0.31	0.35	0.28	0.34	0.32	0.42	0.32
Diluted	0.01	0.31	0.35	0.28	0.34	0.32	0.42	0.32
Net Earnings (Loss) Per Share								
Basic	(0.02)	0.29	0.32	0.36	0.34	0.32	0.42	0.32
Diluted	(0.02)	0.29	0.32	0.35	0.34	0.32	0.42	0.32

The quarterly results of the company are impacted by the seasonality of certain operational units. Earnings in the second quarter are positively impacted by the high selling season for both the aerial lift platform, other industrial, and agricultural businesses. The third quarter is generally negatively impacted by the scheduled summer shutdowns at automotive customers. The company takes advantage of summer shutdowns for maintenance activities that would otherwise disrupt normal production schedules.

The results above have been restated to reflect the sale of the company's 50% interest in Weslin in the third quarter of 2004. The operational results of Weslin and the gain realized on the sale have been reclassified to discontinued operations for all periods reported.

The fourth quarter of 2003 was negatively impacted by the termination of all outside sales agents which cleared the way for the company to build its own internal sales force.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

<i>(millions of dollars)</i>	Three Months Ended		Nine Months Ended	
	September 30 2005	2004	September 30 2005	2004
Cash provided from (used for):				
Operating Activities	\$ 76.1	\$ 24.1	\$142.1	\$ 89.2
Financing Activities	(6.1)	3.5	(11.9)	35.6
Investing Activities	(58.7)	(27.7)	(145.7)	(164.5)
Effect of Translation Adjustment	(1.1)	(0.4)	(1.1)	(0.1)
Increase (decrease) in Cash Position	10.2	(0.5)	(16.6)	(39.8)
Cash Position – Beginning of Period	(14.3)	(10.0)	12.5	29.3
Cash Position – End of Period	\$ (4.1)	\$ (10.5)	\$ (4.1)	\$ (10.5)
Comprised of:				
Cash	36.5	21.7	36.5	21.7
Unpresented Cheques	(40.6)	(32.2)	(40.6)	(32.2)
	\$ (4.1)	\$ (10.5)	\$ (4.1)	\$ (10.5)

Linamar's cash position (net of unpresented cheques) at September 30, 2005 was a credit of \$4.1 million, an increase of \$6.4 million from the same period in the prior year. Cash proceeds from operating activities in the third quarter of 2005 are higher compared to the third quarter of 2004 due to improved operating activities and increased sales volumes. Non-cash working capital contributed \$19.2 million, primarily from reductions in accounts receivable levels, offsetting increases in accounts payable.

During the third quarter, financing activities used \$6.1 million, primarily due to the repayment of short term borrowings and dividends. In 2004 financing activities provided \$3.5 million, primarily from short term borrowings which provided cash of \$9.3 million. Increases in the company's dividend payout policy have consumed an additional \$1.4 million in the third quarter and \$4.2 million year to date, as the dividend rate increased to \$0.06 from \$0.04 per share.

Investing activities continue to be dominated by payments for the purchase of property, plant and equipment in 2005, however at a reduced rate from 2004. Long-term receivables continue to be collected or sold under a portfolio purchase agreement signed at the end of 2004.

Operating Activities

<i>(millions of dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Earnings from continuing operations	\$ 22.5	\$ 19.8	\$ 74.6	\$ 66.2
Items not involving current cash flows	34.7	28.3	100.4	82.9
Cash provided from operations	\$ 57.2	\$ 48.1	\$ 175.0	\$149.1
Net change in non-cash working capital	19.2	(22.2)	(33.4)	(60.7)
Deferred gain	-	-	-	2.8
Cash flow – continuing operations	\$ 76.4	\$ 25.9	\$ 141.6	\$ 91.2
Cash flow – discontinued operations	(0.3)	(1.8)	0.5	(2.0)
Cash provided by operating activities	\$ 76.1	\$ 24.1	\$ 142.1	\$ 89.2

Cash provided by continuing operations, before the effect of changes in non-cash working capital, increased to \$57.2 million in the third quarter of 2005 from \$48.1 million in 2004. Year to date this was \$175.0 million compared with \$149.1 million in 2004. Cash provided from operations are driven by large programs initiated in 2004 meeting anticipated full volumes in 2005.

Incremental proceeds from non-cash working capital for the current quarter were \$19.2 million, compared to an investment of \$22.2 million for the third quarter of 2004. Year to date non-cash working capital consumed cash of \$33.4 million versus \$60.7 million in 2004. The third quarter benefit compared to the prior year resulted primarily from increases in accounts and taxes payable along with a decrease in accounts receivable, partially offset by an increase in inventories. The year to date working capital consumption of cash was a direct result of increased accounts receivable, only partially offset by increased accounts payable.

Financing Activities

<i>(millions of dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Proceeds from (repayment of) short-term bank borrowings	\$ (0.4)	\$ 9.3	\$ 5.3	\$ 47.9
Proceeds from long-term debt	-	-	0.3	7.8
Repayment of long-term debt	(1.8)	(3.0)	(5.4)	(11.6)
Proceeds from common share issuance	0.3	-	0.6	-
Dividends to shareholders	(4.2)	(2.8)	(12.7)	(8.5)
Cash provided by (used in) financing activities	\$ (6.1)	\$ 3.5	\$ (11.9)	\$ 35.6

Financing activities consumed \$6.1 million of cash during the third quarter of 2005, compared to generating \$3.5 million in 2004. For the nine month period financing activities consumed \$11.9 million versus providing \$35.6 million in 2004.

Year to date short term borrowings have provided \$5.3 million while in 2004 \$47.9 million was provided. Subsequent to the third quarter of 2004, the company completed a private debt placement of US \$120 million. The proceeds were used to reduce short term borrowings. Linamar Hungary continues to replace short-term Forint borrowings with long-term Euro debt, thereby reducing financing costs.

The company renewed the revolving term facility under its Canadian syndicated credit agreement for another year during the fourth quarter of 2004. At the end of the quarter, there was \$131.5 million in credit available in the revolving term facility and the non-revolving facility requires that it be fully drawn at all times. There is a total of \$302.0 million Canadian of available credit.

Stock options were exercised in the third quarter of 2005 for proceeds of \$0.3 million and \$0.6 million year to date. The company continued its dividend policy with payments made quarterly on 70,681,476 common shares at a rate of \$0.06 per share in 2005 as compared to \$0.04 per share in 2004.

Investing Activities

<i>(millions of dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Payments for purchases of capital assets	\$ (52.7)	\$ (63.9)	\$ (149.1)	\$ (192.1)
Proceeds from disposal of capital assets	0.4	0.9	5.6	1.5
Business acquisitions	(2.4)	-	(2.4)	-
Investment by minority shareholders	-	-	-	3.7
Investment in other long-term assets	(1.1)	(2.5)	(1.7)	(4.3)
Decrease (increase) of investment in long-term receivables	(2.9)	(13.9)	1.9	(25.0)
Proceeds on disposal of discontinued operation	-	51.7	-	51.7
Cash used in investing activities	\$ (58.7)	\$ (27.7)	\$ (145.7)	\$ (164.5)

Cash spent on investing activities for the third quarter of 2005 was \$58.7 million while, during the third quarter of 2004, the total spent was \$27.7 million which exceeds the 2005 levels by \$31.0 million. During the nine months of 2004, capital expenditures were high for the ramp up of various programs. Year to date 2005, the company invested in capital equipment for a DCX crankshaft program, the various 6-speed transmission programs, a GM camshaft program in North America, and Perkins cylinder head and block programs in Europe. These programs account for a significant portion of the investment in capital equipment during the first nine months of the year.

During the third quarter additional consideration to finalize the Linamar Antriebstechnik GmbH & Co. KG (“LAT”) acquisition, which commenced in June 2003, was paid for working capital adjustments, in the amount of \$2.4 million.

During 2004, the company increased long term receivables as part of the financing arrangements which are key to success in the aerial lift marketplace. During the third quarter of 2005, the company increased net long term receivables by \$2.9 million.

As at September 30, 2005, outstanding commitments for capital expenditures under purchase orders and contracts were \$63.4 million (December 31, 2004 - \$93.7 million).

Financing Resources

At September 30, 2005, cash on hand was \$36.5 million, with unrepresented cheques and short-term bank borrowings of \$94.7 million. At this time, the company’s syndicated revolving facility had available credit of \$131.5 million. Of the company’s consolidated long-term debt, 3.6% of the \$307.4 million is due and payable in the next 12 months.

Contractual Obligations

Please see the December 31, 2004 annual MD&A for a table summarizing contractual obligations by category.

The balance of purchase obligations² is \$63.4 million at September 30, 2005, down from \$93.7 million at December 31, 2004. Long-term debt and capital lease obligations³ have not significantly changed during the quarter and year to date. Transactions for long-term debt include repayments of \$1.8 million for the quarter, \$5.4 million year to date, and proceeds of \$0.3 million year to date. Short-term debt transactions include repayments of \$0.3 million for the quarter, and proceeds of \$5.4 million year to date, in accordance with terms similar to those as set out in the annual consolidated financial statements.

Shareholders’ Equity

Book Value Per Share⁴ grew to \$10.49 at September 30, 2005, as compared to \$9.81 at December 31, 2004, and \$9.54 at September 30, 2004. Earnings net of dividends contributed \$18.2 million to retained earnings for the quarter and \$61.9 million year to date. During the third quarter, 30,000 options were exercised for total proceeds of \$0.3 million. The number of options outstanding as at September 30, 2005 is 2,947,000.

² “**Purchase Obligations**” means an agreement to purchase goods or services that is enforceable and legally binding that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

³ “**Capital Lease Obligations**” include the interest component in accordance with the definition of minimum lease payments under Canadian GAAP.

⁴ “**Book Value Per Share**”, as used by the chief operating decision makers and management, indicates the value of the company based on the carrying value of the company’s net assets. Book value per share is calculated by the company as Shareholders’ Equity divided by shares outstanding at quarter-end.

<i>(in millions of dollars except share and per share figures)</i>	September 30, 2005	December 30, 2004	September 30, 2004
Shareholders’ Equity	\$ 741.3	\$ 692.6	\$ 673.9
Shares outstanding at quarter-end	70,681,476	70,627,476	70,603,476
Book Value Per Share	\$ 10.49	\$ 9.81	\$ 9.54

Under Canadian GAAP, this financial measure does not have a standardized meaning and, therefore is unlikely to be comparable to similar measures presented by other issuers.

The cumulative translation adjustment has increased by \$13.8 million to \$50.2 million since December 31, 2004 and represents the unrealized foreign exchange loss on Linamar's net investment in its self-sustaining foreign subsidiaries. This change is predominantly the result of the strengthening Canadian dollar relative to the US Dollar and the Euro.

Management has determined that it is now appropriate to treat the operations of the company's subsidiary LAT as self-sustaining. Effective July 1, 2005, the net investment of this operation has been translated using the current rate method with exchange adjustments arising from translation deferred and recorded as a separate component of shareholders' equity. The reliance on the parent company has been significantly reduced during the 2005 year. Based on the growing independence and dedicated LAT management team, the treatment of the operation is appropriate as self-sustaining.

Foreign Currency Activities

Linamar pursues a strategy of attempting to balance its foreign currency cash flows, to the largest extent possible, in each region in which it operates but subsequent to negotiations with its customers on those matters. The company's foreign currency cash flows for the purchases of materials and certain capital equipment denominated in foreign currencies are naturally hedged when contracts to sell products are denominated in those same foreign currencies. In an effort to manage the remaining exposure, Linamar employs hedging programs primarily through the use of forward exchange contracts. The contracts are purchased based on the projected foreign cash flows from operations. The company does not hold or issue derivative financial instruments for trading or speculative purposes, and controls are in place to detect and prevent these activities.

The amount and timing of forward contracts is dependent upon a number of factors, including anticipated production delivery schedules, anticipated customer payment dates, anticipated foreign currency costs, and expectations with respect to future foreign exchange rates. Linamar is exposed to credit risk from potential default by counterparties on its foreign exchange contracts and attempts to mitigate this risk by dealing only with Canadian chartered banks. Despite these measures, significant long-term movements in relative currency values could affect the company's results of operations. Linamar does not hedge the business activities of its self-sustaining foreign subsidiaries and, accordingly, results of operations could be further affected by a significant change in the relative values of the Canadian dollar, U.S. dollar, Euro, Hungarian Forint, Mexican Peso, Korean Won and Chinese Yuan.

At September 30, 2005, the company was committed to a series of monthly forward and zero cost option contracts to sell U.S. dollars. As these forward and zero cost option contracts qualify for accounting as cash flow hedges, the unrealized gains and losses are deferred and recognized in the same period as the sales which generate the cash flows.

The company was also committed to a series of monthly forward exchange contracts to sell British pounds, one contract to sell Euros, and two long-dated U.S. dollar forwards. As these forward exchange contracts qualify for accounting as fair value hedges, they are marked to current exchange rates to offset the exchange gains and losses on the underlying hedged items.

At September 30, 2005, the net unrecognized gain on the U.S. contracts was approximately \$1.0 million (December 31, 2004 - \$0.7 million). The unrecognized net gain on the British pound contracts was approximately \$0.1 million (December 31, 2004 - \$0.1 million). The unrecognized net loss on Euros was approximately \$0.2 million (December 31, 2004 - Nil).

During the prior two years, the company placed forward contracts to buy U.S. dollars, effectively locking in gains on forward contracts. This transaction resulted in cash proceeds of \$4.9 million for 2004 and \$30.5 million in 2003. The gains have been deferred and have been amortized to revenue based on the terms of the original underlying contracts. As at September 30, 2005, the balance remaining to be amortized is \$2.3 million.

Off Balance Sheet Arrangements

The company leases transport trucks and trailers through its subsidiaries Linamar Transportation Inc. and Linamar Transportation USA, Inc. These subsidiaries are ISO 9001-2000 registered companies, providing the best possible delivery service to their customers. This arrangement remains unchanged at September 30, 2005.

There were no significant changes during the quarter or year to date of the contractual obligations described in the December 31, 2004 annual MD&A. Please refer to the annual MD&A for the table summarizing contractual obligations including the above leases for transport trucks and trailers. Also, please see the notes to the annual consolidated financial statements for a total by year of the company's various operating leases, including transport trucks and trailers, office equipment, computers, fork trucks, and other such items.

Guarantees

Linamar is a party to certain financial guarantees as disclosed in Note 12 of the September 30, 2005 interim consolidated financial statements. The company is also exposed to certain financial guarantees and contingent liabilities on government assistance as discussed in Notes 13, 22, and 23 of the December 31, 2004 annual consolidated financial statements.

Transactions with Related Parties

Included in the purchase of property, plant and equipment are the construction of buildings, building additions and building improvements in the aggregate amount of \$10.0 million (December 31, 2004 - \$5.3 million) to Kiwi-Newton Construction Ltd., a company owned by the spouse of an officer and a director. Cost of sales contain maintenance costs of \$0.5 million (December 31, 2004 - \$0.7 million) paid to the same company. Selling, general and administrative expenses include a recovery of approximately \$Nil (December 31, 2004 - \$0.1 million) related to equipment and services sold to the same company. On a periodic basis the company entertains a closed-bid process to ensure that it receives the best price for the work done by a related party.

Lease costs, included in cost of sales, of \$0.2 million (December 31, 2004 - \$0.3 million) related to property leased from a company owned by two directors.

A component of the company's Human Resources and Corporate Governance Committee mandate is to review related party transactions for their fair market value.

Proposed Transactions

The company has no transactions currently proposed as at November 9, 2005.

RISK MANAGEMENT

Please see the December 31, 2004 annual MD&A for a listing of the company's various risks and how these risks are managed. There were no significant changes during the quarter or year to date of the risks described in the December 31, 2004 annual MD&A.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. The company bases its estimates on historical experience

and various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. On an ongoing basis, the company evaluates its estimates. However, actual results may differ from these estimates under different assumptions or conditions.

Please see the annual MD&A for the year ended December 31, 2004 for a discussion of critical accounting estimates for the Impairment of Goodwill and Other Intangibles, Future Income Tax Assets and Liabilities, Impairment of Long-Lived Assets, and Stock-Based Compensation. There were no significant changes in the assumptions used and balances of these critical accounting estimates for the year to date.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTIONS

The following accounting policies and pronouncements were adopted during the three quarters ended September 30, 2005:

a) In 2003, the CICA issued Accounting Guideline, AcG-15 "Consolidation of Variable Interest Entities" ("AcG-15"). AcG-15 requires that all companies comply with the new guideline for years beginning on or after November 1, 2004. The company adopted the new guideline effective January 1, 2005. AcG-15 sets out criteria for identifying variable interest entities and further establishes criteria to determine which entity, if any, should consolidate them. AcG-15 conforms Canadian GAAP with U.S. GAAP as it applies to variable interest entities. The company consolidates all of its subsidiaries. The adoption and compliance with AcG-15 has not had an effect on the company's financial condition.

b) In 2003 the company purchased Salzgitter Antriebstechnik GmbH & Co. KG, which now operates as LAT. Part of that acquisition included a customer contract valued at \$8.7 million. While previously this intangible asset had not been amortized as the contract was yet to begin, production commenced in June 2005. CICA Handbook Section 3062 "Goodwill and other intangible assets" ("CICA 3062") establishes criteria for the amortization of the asset. Alternatives available for the amortization of the asset include straight line over the life of the contract, straight line by units of production and diminishing balance. The company has adopted the policy of amortizing this and similar assets over the remaining life of the contract, on a straight line basis once production has physically started as this most closely reflects the benefit of the asset and is not subject to unpredictable volumes of production. If the underlying contract is extended then the amortization period should be reassessed when such information becomes available. The term of amortization for each asset will be reviewed at least annually. Amortization of this intangible asset is expected to be complete by June 2009. In the event that the contract length is amended, the unamortized balance will be amortized over the remaining period.

Intangible assets that are subject to amortization are assessed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Any impairment is recorded as a separate charge against earnings and a reduction of the carrying value of the intangible asset. These assets are amortized over the remaining life on a straight line basis. If the life of the asset is extended then the amortization period is reassessed. The term of amortization for each asset is reviewed annually.

c) Existing policies for depreciating equipment are to use the straight line method over 5 to 7 years or 15% to 20% diminishing balance method. A block of heat treating furnaces has been installed in a certain plant. This equipment is versatile and has multiple applications, and due to the size and nature of this equipment the company has established a separate category of asset. CICA Handbook Section 3061 "Property, plant and equipment" ("CICA 3061") provides guidance on matters to consider when determining the method and period of amortization for assets. Practical methods of amortization include straight line and diminishing balance. The equipment is technologically mature and is expected to remain viable for many years. Wear on the equipment is expected to be constant over the life, thus the company

has adopted the policy of amortizing the asset on a straight line basis over ten years, commencing April 2005.

Property, plant and equipment are recorded at cost. Amortization is charged to earnings in amounts sufficient to amortize the cost of property, plant and equipment over their estimated useful lives using the diminishing balance and straight line methods as follows:

Machinery – straight line over 5 – 10 years or 15% - 20% diminishing balance

The following accounting pronouncements will be adopted by the company after September 30, 2005:

a) In 2005, the CICA issued Handbook Section 1530 “Comprehensive Income” (“CICA 1530”). CICA 1530 requires that all companies comply with the new Handbook Section for fiscal years beginning on or after October 1, 2006. Companies adopting this Section for a fiscal year beginning before October 1, 2006 must also adopt CICA 3251 “Equity”, CICA 3855 “Financial Instruments – Recognition and Measurement”, CICA 3861 “Financial Instruments – Disclosure and Presentation”, CICA 3865 “Hedges”, CICA 3051 “Investments”, and CICA 1651 “Foreign Currency Translation”. CICA 1530 requires companies to present comprehensive income and its components, as well as net income, as a separate and distinct financial statement. Comprehensive income is the change in equity of an enterprise during a period from transactions and other events and circumstances from non-owner sources and includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. A component of comprehensive income is other comprehensive income which comprises of revenues, expenses, gains and losses, in accordance with primary sources of GAAP. Comprehensive income will include exchange gains and losses arising from the translation of the financial statements of the company’s self-sustaining foreign operations (as per CICA 1651 “Foreign Currency Translation” below), gains and losses arising from changes in the fair values of available-for-sale financial assets (as per CICA 3855 “Financial Instruments – Recognition and Measurement” below), and the change in fair values of effective cash flow hedging instruments (as per CICA 3865 “Hedges” below). Other than presentation and disclosure, the adoption of CICA 1530 is not expected to have an effect on the company’s consolidated financial condition.

b) In 2005, the CICA reissued Handbook Section 3251 “Equity” (“CICA 3251”) replacing Handbook Section 3250 “Surplus”. CICA 3251 requires that all companies comply with the new Handbook Section for fiscal years beginning on or after October 1, 2006. Companies adopting this Section for a fiscal year beginning before October 1, 2006 must also adopt CICA 1530 “Comprehensive Income”, CICA 3855 “Financial Instruments – Recognition and Measurement”, CICA 3861 “Financial Instruments – Disclosure and Presentation”, CICA 3865 “Hedges”, CICA 3051 “Investments”, and CICA 1651 “Foreign Currency Translation”. CICA 3251 establishes standards for the presentation of equity and changes in equity during the reporting period. The main feature of this section is a requirement for an enterprise to present separately each of the changes in equity during the period, including accumulated other comprehensive income, as well as components of equity at the end of the period. Other than disclosure, the adoption of CICA 3251 is not expected to have an effect on the company’s consolidated financial condition.

c) In 2005, the CICA issued Handbook Section 3855 “Financial Instruments – Recognition and Measurement” (“CICA 3855”). CICA 3855 requires that all companies comply with the new Handbook Section for fiscal years beginning on or after October 1, 2006. Companies adopting this Section for a fiscal year beginning before October 1, 2006 must also adopt CICA 1530 “Comprehensive Income”, CICA 3251 “Equity”, CICA 3861 “Financial Instruments – Disclosure and Presentation”, CICA 3865 “Hedges”, CICA 3051 “Investments”, and CICA 1651 “Foreign Currency Translation”. CICA 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. CICA 3855’s primary items or changes include: financial assets are now classified as held for trading, held to maturity, loans and receivables, or available for sale; almost all derivatives, including embedded derivatives that are not closely related to the host contract, are classified as held for trading; financial assets and financial liabilities held for trading are measured at fair value with gains and losses recognized

to net income in the periods in which they arise, unless they are part of a hedging relationship; financial assets held to maturity, loans and receivables, and financial liabilities other than those held for trading, are measured at amortized cost; financial assets available for sale are measured at fair value with gains and losses recognized to other comprehensive income until the financial asset is derecognized or becomes impaired; investments in equity instruments that do not have a quoted market price in an active market, other than those held for trading, are measured at cost; an company may elect on initial recognition to measure any financial instrument at fair value with gains or losses recognized in net income in the periods in which they arise. The adoption of CICA 3855, based on its new recognition standards, is expected to have an effect on the company's consolidated financial condition but that effect has yet to be quantified.

d) In 2005, the CICA reissued Handbook Section 3861 "Financial Instruments – Disclosure and Presentation" ("CICA 3861") replacing CICA 3860. CICA 3861 requires that all companies comply with the new Handbook Section for fiscal years beginning on or after October 1, 2006. Companies adopting this Section for a fiscal year beginning before October 1, 2006 must also adopt CICA 1530 "Comprehensive Income", CICA 3251 "Equity", CICA 3855 "Financial Instruments – Recognition and Measurement", CICA 3865 "Hedges", CICA 3051 "Investments", and CICA 1651 "Foreign Currency Translation". CICA 3861 establishes standards for accounting policy disclosures, a description of risk management objectives and policies, and sets standards for disclosures about fair value and hedges of anticipated future transactions. Other than disclosure, the adoption of CICA 3861 is not expected to have an effect on the company's consolidated financial condition.

e) In 2005, the CICA issued Handbook Section 3865 "Hedges" ("CICA 3865"). CICA 3865 requires that all companies comply with the new Handbook Section for fiscal years beginning on or after October 1, 2006. Companies adopting this Section for a fiscal year beginning before October 1, 2006 must also adopt CICA 1530 "Comprehensive Income", CICA 3251 "Equity", CICA 3855 "Financial Instruments – Recognition and Measurement", CICA 3861 "Financial Instruments – Disclosure and Presentation", CICA 3051 "Investments", and CICA 1651 "Foreign Currency Translation". CICA 3865's primary items or changes include: the previous guidance as provided in the withdrawn AcG-13 "Hedging Relationships" section; hedges are designated as either fair value hedges, cash flow hedges or hedges of a net investment in a self-sustaining foreign operations; for fair value hedges, the gain or loss from remeasuring a derivative hedging item at fair value or, for a non-derivative hedging item, from remeasuring the foreign currency component of its carrying amount, is recognized in net income in the period of change together with the offsetting loss or gain on the hedged item attributable to the hedged risk. The carrying amount of the hedged item is adjusted for the effect of the hedged risk; for cash flow hedges and a hedge of a net investment in a self-sustaining foreign operation, the effective portion of the hedging item's gain or loss is initially reported in other comprehensive income and subsequently reclassified to net income when the offsetting loss or gain on the hedged item affects net income; and new disclosures about the company's accounting for designated hedging relationships. The adoption of CICA 3865, based on its new recognition standards, is expected to have an effect on the company's consolidated financial condition but that effect has yet to be quantified.

f) In 2005, the CICA reissued Handbook Section 3051 "Investments" ("CICA 3051") replacing Handbook section 3050 "Long-Term Investments". CICA 3051 requires that all companies comply with the new Handbook Section for fiscal years beginning on or after October 1, 2006. Companies adopting this Section for a fiscal year beginning before October 1, 2006 must also adopt CICA 1530 "Comprehensive Income", CICA 3251 "Equity", CICA 3855 "Financial Instruments – Recognition and Measurement", CICA 3861 "Financial Instruments – Disclosure and Presentation", CICA 3865 "Hedges", and CICA 1651 "Foreign Currency Translation". CICA 3051 requires portfolio investments be accounted for in accordance with new Handbook Section CICA 3855. CICA 3051 outlines that an other-than-temporary decline in value of an investment occurs when there is a significant or prolonged decline in the fair value of an investment below its carrying value and this is evidence of an other-than-temporary loss in value of an investment. Other than additional guidance, the adoption of CICA 3051 is not expected to have an effect on the company's consolidated financial condition.

g) In 2005, the CICA issued Handbook Section 1651 "Foreign Currency Translation" ("CICA 1651") replacing CICA 1650 "Foreign Currency Translation". CICA 1651 requires that all companies comply with the new Handbook Section for fiscal years beginning on or after October 1, 2006. Companies adopting this Section for a fiscal year beginning before October 1, 2006 must also adopt CICA 1530 "Comprehensive Income", CICA 3251 "Equity", CICA 3855 "Financial Instruments – Recognition and Measurement", CICA 3861 "Financial Instruments – Disclosure and Presentation", CICA 3865 "Hedges", and CICA 3051 "Investments". CICA 1651 requires companies to include, as a component of other comprehensive income, the exchange gains and losses arising from the translation of the financial statements of the company's self-sustaining foreign operations. The effect on the company's financial position is the reclassification of the cumulative translation adjustment from the balance sheet to comprehensive income.

h) In 2005, the CICA issued Handbook Section 3831 "Non-monetary transactions" ("CICA 3831"), replacing Section 3830 "Non-monetary transactions". CICA 3831 requires that an asset exchanged or transferred in a non-monetary transaction must be measured at its fair value except when: the transaction lacks commercial substance (when the company's future cash flows are expected to change significantly as a result of the transaction); the transaction is an exchange of a product or property held for sale in the ordinary course of business for a product or property to be sold in the same line of business to facilitate sales to customers other than the parties to the exchange; neither the fair value of the asset received nor the fair value of the asset given up is reliably measurable; or the transaction is a non-monetary non-reciprocal transfer to owners that represents a spin-off or other form of restructuring or liquidation. In these cases the transaction must be measured at the carrying value.

Congruent guidance for related party non-monetary transactions is provided in CICA Handbook Section 3840 "Related party transactions" ("CICA 3840") and in CICA Handbook Section 1581 "Business combinations" ("CICA 1581") references to "culmination of the earnings process" have been removed.

CICA 1581, CICA 3831 and CICA 3840 are effective for non-monetary transactions in periods beginning on or after January 1, 2006. Accordingly the company plans to adopt the new requirements effective January 1, 2006. The adoption of CICA 1581, CICA 3831 and CICA 3840 are not expected to have an effect on the company's consolidated financial condition.

OUTSTANDING SHARE DATA

Linamar is authorized to issue an unlimited number of common shares, of which 70,681,476 common shares were outstanding as of November 9, 2005. As of November 9, 2005, options to purchase 2,947,000 common shares were outstanding under Linamar's share option plan.

OUTLOOK

During the next few years, Linamar anticipates continued growth in both sales and earnings. The company is expecting to launch new programs as well as see existing programs achieve their anticipated levels of production such that growth in content per vehicle for 2005 is forecasted at 12-17% in North America, and 0-5% in Europe. Asia Pacific expects to report a content of \$0.09 for 2005 which will significantly increase for a few years thereafter while facilities continue to ramp up. Non-automotive sales will grow 25-30% this year.

2006 is expected to be a year of growth preparation for the company. Several launches for major new programs such as various 6-speed transmissions in North American and new engine platforms in both North America and Europe will initiate production though at a much lower volume level than originally anticipated. At the same time, continued strengthening of the Canadian dollar to the U.S. dollar has impacted expected content growth in North America. Accordingly, content growth in 2006 in both North America and Europe is expected to be quite modest, at most 5%. Non-automotive sales are expected to grow 10-15%. The modest sales growth and launch costs are expected to result in flat earnings in 2006

vs. 2005, with good earnings growth resuming in 2007 and 2008 as these various programs substantially ramp up.

The growth of Linamar's automotive business has progressed through increasing complexity of manufacturing and design responsibilities to graduate from single components to more integrated assemblies. Sales growth projections are based on program launches including transmission programs (such as differential cases for DCX, Visteon, and Eaton Corporation, WK carriers and differential cases, Ford, General Motors Corporation ("GM") and DCX 6-speed components, and other transmission carrier assemblies), engine programs (such as Ford, DCX, and CAT cylinder heads and blocks, various camshafts, and Perkins engine blocks), chassis programs (such as Visteon gear hub and wheel housing, Toyota Motor Corporation knuckles, American Axle and Manufacturing, Inc. slip yokes), and European programs (such as Denso Corporation common rails and hydraulic manifolds, Robert Bosch GmbH pump housing, and Ford differential cases). Linamar also supplies the medium and heavy truck markets and expects continued strength through 2006 with softening in 2007. Earnings growth expectations are based on launch and sales ramp-ups of the programs noted as well as maturity in other programs where efficiencies of production are achieved and maintained.

In the company's industrial products business, which is comprised mainly of Linamar's Skyjack operations, the market remains highly competitive. The North American rental industry is expected to remain strong at least through 2006 and 2007 as a series of large projects commence construction. This may be offset partially by an expected cooling off in the residential market. Growth in the European construction market is expected to gain momentum allowing Skyjack's further market penetration in the region. Continued growth of the overall business is also based upon the re-introduction of booms expected in 2006 as well as further expansion into Asian and European markets of existing products.

The stronger Canadian dollar has the impact of lowering sales and to the extent that the company purchases material or supplies in U.S. dollars, this effect is substantially reduced. Equipment is also purchased in U.S. dollars; when the Canadian dollar strengthens, the equipment cost is reduced as is depreciation over future years. Since Linamar's business is capital intensive, U.S. dollar purchases have a notable positive impact on earnings over future periods. The company continues to employ a hedging strategy for net U.S. dollar positive cash flows.

Overall, these expectations assume consistent levels of North American and European automobile production, no unforeseen changes in the existing business base, and are subject to overall economic conditions and world political events and factors. As well, for the rest of 2005 and beyond, Linamar will continue to realize the benefits provided by the Linamar Production System. The system is based on lean manufacturing principles found in the Toyota Production System. A key factor in the company's future growth strategy is the effect of economic fluctuations in the automotive industry and specifically vehicles produced for the markets in which Linamar participates. Variations in these factors can have a significant impact on the industry and Linamar.

Linamar believes that its strategy to focus on the engine, transmission and chassis components of the automobile represents a significant opportunity for growth as products in these applications are expected to be the next major area of outsourcing by the original equipment manufacturers ("OEM") over the next 10 to 20 years. Other aspects of the vehicles such as interiors, seating, and structural components have already experienced greater levels of outsourcing. In addition, management believes future trends include more involvement by suppliers in component and module design, a move towards global vehicle platforms and supply base consolidation.

The company believes that it is uniquely positioned with its core competencies in precision machining and manufacturing processes, and its range of precision machined and assembled automotive and non-automotive products. To build on this strong business base, Linamar intends to continue to develop the organization and its capabilities by enhancing its existing expertise to produce every machined component in the vehicle. Linamar's strategy is to establish and develop a market leadership position in

key components and assemblies, enhancing its design, development and testing expertise, and researching opportunities in product and process innovation.

The company's strategy of some diversification in industry (such as aerial lift platforms business and medium and heavy truck business) as well as in terms of customers, platforms and products produced on the light vehicle side, is helping the company to manage through this challenging time in the light vehicle automotive industry.

FORWARD LOOKING INFORMATION

Certain information provided by Linamar in this MD&A, in the Quarterly and Annual Reports, and other documents published throughout the year that are not recitation of historical facts may constitute forward-looking statements. The words "may", "would", "could", "will", "likely", "estimate", "believe", "expect", "plan", "forecast" and similar expressions are intended to identify forward-looking statements. Readers are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, Linamar. Some of the factors and risks and uncertainties that cause results to differ from current expectations discussed in this MD&A and elsewhere in the Quarterly and Annual Reports include, but are not limited to, changes in the various economies in which Linamar operates, fluctuations in interest rates, environmental emission and safety regulations, the extent of OEM outsourcing, industry cyclicality, trade and labour disruptions, world political events, pricing concessions and cost absorptions, delays in program launches, the company's dependence on certain engine and transmission programs and major OEM customers, currency exposure, technological developments by Linamar's competitors, governmental, environmental and regulatory policies and changes in the competitive environment in which Linamar operates.

The foregoing is not an exhaustive list of the factors that may affect Linamar's forwarding looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Linamar's forward-looking statements. Linamar 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.

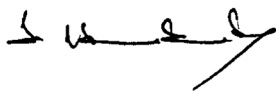
The quarterly results of the company are impacted by the seasonality of certain operational units. Earnings in second quarter are positively impacted by the high selling season for both the general lift platform and agricultural businesses. The third quarter is generally negatively impacted by the scheduled summer shut downs at Linamar's automotive customer's facilities. The company takes advantage of summer shut downs for maintenance activities that would otherwise disrupt normal production schedules.

LINAMAR CORPORATION
CONSOLIDATED BALANCE SHEETS

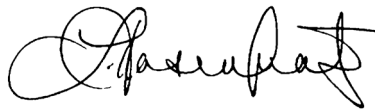
As at September 30, 2005 with comparatives as at December 31, 2004 (Unaudited)
(in thousands of dollars)

	September 30 2005	December 31 2004
	\$	\$
ASSETS		
Current Assets		
Cash	36,539	25,508
Accounts receivable	428,326	359,356
Inventories	188,452	193,839
Prepaid expenses	7,777	6,889
Current portion of other long-term assets	4,343	3,722
Current portion of long-term receivables	1,363	3,772
Future income taxes	2,331	3,141
Current assets – discontinued operations	2,798	2,962
	671,929	599,189
Other Long-Term Assets	7,530	6,690
Long-Term Receivables	6,076	10,490
Goodwill and Other Intangible Assets	35,083	33,719
Property, Plant and Equipment	816,856	796,410
Property, Plant and Equipment – Discontinued Operations	1,715	1,833
Future Income Taxes – Discontinued Operations	620	605
	1,539,809	1,448,936
LIABILITIES		
Current Liabilities		
Unpresented cheques	40,644	12,997
Short-term bank borrowings	54,036	50,919
Accounts payable and accrued liabilities	320,435	305,161
Income taxes payable	16,040	3,360
Current portion of long-term debt	11,210	7,038
Current portion of deferred gain	2,270	9,206
Current liabilities – discontinued operations	2,281	2,090
	446,916	390,771
Long-Term Debt	296,223	308,151
Future Income Taxes	27,113	27,094
Non-Controlling Interests	28,238	30,316
	798,490	756,332
SHAREHOLDERS' EQUITY		
Capital Stock	103,817	103,173
Retained Earnings	687,689	625,764
Contributed Surplus (note 2)	-	78
Cumulative Translation Adjustment	(50,187)	(36,411)
	741,319	692,604
	1,539,809	1,448,936

On behalf of the Board of Directors:



Frank Hasenfratz
Chairman of the Board



Linda Hasenfratz
Director

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS

For the nine months ended September 30, 2005 and September 30, 2004 (Unaudited)
(in thousands of dollars, except per share figures)

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
	\$	\$	\$	\$
				(Restated – Note 6)
Sales	529,676	478,740	1,637,955	1,369,963
Cost of Sales	428,505	394,936	1,329,497	1,107,494
Amortization	34,385	31,122	100,649	87,329
Gross Margin	66,786	52,682	207,809	175,140
Selling, general and administrative	26,393	20,204	76,102	66,121
Earnings Before the Following:	40,393	32,478	131,707	109,019
Interest on long-term debt	(4,219)	(1,823)	(12,440)	(5,241)
Other interest expense	(495)	(1,124)	(1,790)	(3,876)
Interest earned	335	133	849	545
Dilution loss	-	-	-	(248)
Other income	453	85	849	559
	36,467	29,749	119,175	100,758
Provision for Income Taxes				
Current	12,215	8,102	40,135	25,030
Future	283	1,574	1,025	8,022
	12,498	9,676	41,160	33,052
	23,969	20,073	78,015	67,706
Non-Controlling Interests	1,492	265	3,376	1,547
Earnings from Continuing Operations	22,477	19,808	74,639	66,159
Results of Discontinued Operations (note 6)	-	5,144	-	2,109
Net Earnings for the Period	22,477	24,952	74,639	68,268
Basic Earnings per Share				
from Continuing Operations (note 8)	0.32	0.28	1.06	0.94
Diluted Earnings per Share				
from Continuing Operations (note 8)	0.32	0.28	1.05	0.93
Basic Earnings per Share (note 8)	0.32	0.36	1.06	0.97
Diluted Earnings per Share (note 8)	0.32	0.35	1.05	0.96

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the nine months ended September 30, 2005 and September 30, 2004 (Unaudited)
(in thousands of dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
	\$	\$	\$	\$
Balance - Beginning of Period	669,450	582,216	625,764	544,589
Stock based compensation (note 2)	-	-	-	(41)
Balance – As restated (note 2)	669,450	582,216	625,764	544,548
Net Earnings for the Period	22,477	24,952	74,639	68,268
Dividends	(4,238)	(2,824)	(12,714)	(8,472)
Balance - End of Period	687,689	604,344	687,689	604,344

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2005 and September 30, 2004 (Unaudited)
(in thousands of dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Cash Provided By (Used In)	\$	\$	\$	\$
				(Restated – Note 6)
Operating Activities				
Earnings from continuing operations	22,477	19,808	74,639	66,159
Non-cash charges (credits) to earnings:				
Amortization of property, plant and equipment	33,749	31,122	100,013	87,329
Amortization of other intangible assets	477	-	636	-
Future income taxes net of unrealized exchange loss	283	1,574	1,025	8,022
Non-controlling interests	1,492	265	3,376	1,547
Unrealized exchange loss (gain) on debt	593	(680)	873	(1,449)
Amortization of deferred exchange gain	(2,291)	(4,281)	(6,936)	(13,630)
Loss on disposal of property, plant and equipment	170	(22)	375	482
Other	263	276	1,000	610
	57,213	48,062	175,001	149,070
Changes in non-cash working capital:				
Decrease (increase) in accounts receivable	8,121	(20,834)	(84,450)	(87,009)
Decrease (increase) in inventories	(11,662)	294	4,699	(13,454)
Increase (decrease) in prepaid expenses	10	(1,254)	(1,189)	(2,494)
Increase in income taxes payable	5,413	4,669	12,157	4,770
Increase (decrease) in accounts payable and accrued liabilities	17,293	(5,031)	35,422	37,580
	76,388	25,906	141,640	88,463
Deferred gain	-	-	-	2,785
Cash flow – continuing operations	76,388	25,906	141,640	91,248
Cash flow – discontinued operations	(245)	(1,766)	458	(2,048)
	76,143	24,140	142,098	89,200
Financing Activities				
Proceeds from (repayment of) short-term bank borrowings	(342)	9,336	5,350	47,855
Proceeds from long-term debt	-	-	334	7,770
Repayment of long-term debt	(1,788)	(2,973)	(5,398)	(11,585)
Proceeds from common share issuance	293	-	566	-
Dividends to shareholders	(4,238)	(2,824)	(12,714)	(8,472)
	(6,075)	3,539	(11,862)	35,568
Investing Activities				
Payments for purchase of property, plant and equipment	(52,740)	(63,852)	(149,043)	(192,094)
Proceeds on disposal of property, plant and equipment	418	861	5,574	1,525
Business acquisitions	(2,384)	-	(2,384)	-
Investment by minority shareholders	-	-	-	3,738
Investment in other long-term assets	(1,108)	(2,476)	(1,729)	(4,379)
Decrease (increase) of investment in long-term receivables	(2,911)	(13,941)	1,898	(25,054)
Other	-	1	-	9
Proceeds on disposal of discontinued operation (note 6)	-	51,726	-	51,726
	(58,725)	(27,681)	(145,684)	(164,529)
	11,343	(2)	(15,448)	(39,761)
Effect of Translation Adjustment	(1,107)	(524)	(1,168)	(67)
Increase (decrease) in Cash Position	10,236	(526)	(16,616)	(39,828)
Cash Position - Beginning of Period	(14,341)	(9,972)	12,511	29,330
Cash Position - End of Period	(4,105)	(10,498)	(4,105)	(10,498)
Comprised of:				
Cash	36,539	21,681	36,539	21,681
Unpresented cheques	(40,644)	(32,179)	(40,644)	(32,179)
	(4,105)	(10,498)	(4,105)	(10,498)

LINAMAR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2005 and September 30, 2004 (Unaudited)

1. Significant Accounting Policies

Management prepared these interim consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles using the historical cost basis of accounting and approximation and estimates based on professional judgments. These interim consolidated 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. These interim consolidated financial statements should be used in conjunction with the company's most recent annual consolidated financial statements. These interim consolidated financial statements and the notes thereto have not been reviewed by the company's external auditors, pursuant to a review engagement applying review standards set out in the Canadian Institute of Chartered Accountants ("CICA") Handbook. During the year, the company began to amortize to earnings, a customer contract which is an intangible asset subject to amortization and the policy has been modified as follows:

Intangible assets that are subject to amortization are assessed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Any impairment is recorded as a separate charge against earnings and a reduction of the carrying value of the intangible asset. These assets are amortized over the remaining life on a straight line basis. If the life of the asset is extended then the amortization period is reassessed. The term of amortization for each asset is reviewed annually.

Also, during the year the company has adopted the policy of amortizing a new class of equipment asset on a straight line basis over ten years, and as such the Property, Plant and Equipment policy has been modified to include these assets.

2. Stock Based Compensation (in thousands of dollars)

Beginning January 1, 2004 the company adopted revised CICA 3870 retroactively and chose not to restate prior periods as permitted under the revised section. The effect of the adoption was the setup of contributed surplus in the amount of \$78 for the fair value of options granted after January 1, 2002 and a reduction in the balance of opening retained earnings by \$41 as the cumulative effect of the change on prior periods for the amount that would have been expensed. During the quarter the remaining 8,000 affected options were cancelled. For the three and nine months ended September 30, 2005, \$14 for the quarter and \$22 year to date was recorded as the compensation cost.

3. Financial Instruments

At September 30, 2005, the company was committed to a series of monthly forward and zero cost option contracts to sell U.S. dollars. As these forward and zero cost option contracts qualify for accounting as cash flow hedges, the unrealized gains and losses are deferred and recognized in the same period as the sales which generate the cash flows.

The company was also committed to a forward contract to buy Euros that qualifies for accounting as a cash flow hedge. As a cash flow hedge, the unrealized gains and losses are deferred and recognized in the same period as the capital expenditure which generates the cash flows.

The company was also committed to a series of monthly forward exchange contracts to sell British pounds, one contract to sell Euros, and two U.S. dollar long-dated forwards. As these forward exchange contracts qualify for accounting as fair value hedges, they are marked to current exchange rates to offset the exchange gains and losses on the underlying hedged items.

All forward and zero cost option contracts mature in the future as noted below. The company has continued to place forward contracts after the quarter end.

Year	Amount Hedged - Sell (Buy)			Average Exchange Rate	Average Trigger Rate
2005	USD	\$9,000,000	for Canadian dollars	1.2733	1.3892
2006	USD	\$104,000,000	for Canadian dollars	1.2335	1.3517
2009	USD	\$(80,000,000)	with Canadian dollars	1.3029	
2014	USD	\$(40,000,000)	with Canadian dollars	1.3535	
2005	EUR	€ 4,000,000	for Canadian dollars	1.6037	
2005	EUR	€ (1,350,000)	with Canadian dollars	1.5168	
2005	GBP	£6,500,000	for Canadian dollars	2.2470	
2005	GBP	£400,000	for Canadian dollars	2.2230	2.3275

4. Segmented Sales and Earnings Information (Continuing Operations in thousands of dollars)

During the first quarter of 2005 the company formed the Asia Pacific operating group. During the second quarter, this group was segregated from the North American Automotive Systems segment as management believes this information would be useful to the readers of the consolidated financial statements. Accordingly, the company has restated segmented information for prior periods.

Three of the company's six operating groups, Transmission, Engine, and Chassis are aggregated into the North American Automotive Systems segment. Substantially all automotive revenue for this group is derived from sales to major North American manufacturers. Europe and Asia Pacific stand alone as segments and are primarily in the automotive business.

During 2004, the Industrial group, which is primarily comprised of the self-propelled scissor lift platform business, became a quantified reportable segment. The corporate headquarters and other small operating entities are now reported in the North American Automotive Systems segment. The company has restated segmented information for prior periods.

Geographic	For the three months ended September 30, 2005			For the nine months ended September 30, 2005		
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)
	\$	\$	\$	\$	\$	\$
Canada	402,492	1,938	31,731	1,255,609	5,726	110,892
United States	38,911	5,553	4,958	129,404	13,598	15,739
Asia Pacific	1,955	-	29	2,217	-	(1,184)
Mexico	36,037	-	598	102,299	-	(48)
Europe	50,281	2,675	3,077	148,426	7,907	6,308
Total	529,676		40,393	1,637,955		131,707

	For the three months ended September 30, 2004			For the nine months ended September 30, 2004		
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)
	\$	\$	\$	\$	\$	\$
Canada	367,125	1,353	30,293	1,040,026	3,142	96,694
United States	34,245	1,444	2,457	108,468	4,979	7,933
Asia Pacific	-	-	-	-	-	-
Mexico	32,041	-	251	93,728	-	2,585
Europe	45,329	1,439	(523)	127,741	5,277	1,807
Total	478,740		32,478	1,369,963		109,019

Operational	For the three months ended September 30, 2005			For the nine months ended September 30, 2005		
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)
	\$	\$	\$	\$	\$	\$
N.A. Automotive Systems	420,966	4,141	29,071	1,304,411	11,918	100,609
Europe	36,013	2,675	2,272	109,703	7,907	4,709
Asia Pacific	1,955	-	29	2,217	-	(1,184)
Industrial	70,742	85	9,021	221,624	448	27,573
Total	529,676		40,393	1,637,955		131,707

	For the three months ended September 30, 2004			For the nine months ended September 30, 2004		
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)
	\$	\$	\$	\$	\$	\$
N.A. Automotive Systems	389,076	2,565	29,603	1,105,697	7,217	93,858
Europe	34,980	1,439	145	101,162	5,277	(1,173)
Asia Pacific	-	-	-	-	-	-
Industrial	54,684	193	2,730	163,104	451	16,334
Total	478,740		32,478	1,369,963		109,019

5. Business Acquisitions (in thousands of dollars except where otherwise noted)

In June 2003, the company completed the purchase of 96.0% of Salzgitter Antriebstechnik GmbH & Co. KG located in Crimmitschau, Germany for consideration of \$24.1 million. The company operates as Linamar Antriebstechnik GmbH ("LAT"). During the third quarter additional consideration of \$2,384 was paid for final working capital adjustments related to the June 2003 purchase of LAT. This amount was recognized as an additional cost of the purchase. The effect of this transaction is to increase goodwill from \$9,976 to \$12,360.

6. Discontinued operations (in millions of dollars)

In August 2004, the company completed the sale of its 50% joint venture in Weslin Industries Inc. ("Weslin"), a casting and machining facility located in Oroszlany, Hungary to Wescast Industries Inc. in exchange for cash consideration of \$53.8.

As per the CICA Handbook Section 3475, the company has restated its consolidated statement of earnings results and consolidated statements of cash flows for the periods prior to the sale by moving the operations of the Weslin joint venture from continuing operations to discontinued operations. The company was part of the Europe segment for both the geographic and operational groups.

7. Cumulative Translation Adjustment (in thousands of dollars)

As a result of the growing independence of LAT, management has determined that it is now appropriate to treat the operation as self-sustaining. Effective July 1, 2005, the net assets of this operation were 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 an initial charge to equity of \$2,643 at the effective date.

8. Earnings Per Share (in thousands of dollars except for per share figures)

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
	\$	\$	\$	\$
				(Restated – Note 6)
Earnings from Continuing Operations	22,477	19,808	74,639	66,159
Net Earnings for the Period	22,477	24,952	74,639	68,268
Weighted average common shares	70,657,019	70,603,476	70,640,520	70,603,476
Incremental shares from assumed conversion of stock options	668,914	288,840	450,009	243,856
Adjusted weighted average shares for diluted earnings per share	71,325,933	70,892,316	71,090,529	70,847,332
Earnings Per Share from Continuing Operations				
Basic	0.32	0.28	1.06	0.94
Diluted	0.32	0.28	1.05	0.93
Earnings Per Share from Net Earnings				
Basic	0.32	0.36	1.06	0.97
Diluted	0.32	0.35	1.05	0.96

Earnings per share are calculated using the weighted daily average number of shares outstanding during the period.

The number of outstanding shares is 70,681,476 (September 30, 2004 – 70,603,476).

9. Related Party Transactions (in thousands of dollars)

Included in the purchase of property, plant and equipment are the construction of buildings, building additions and building improvements in the aggregate amount of \$10,002 by a company owned by the spouse of a director. Included in cost of sales, are maintenance costs of \$544 by the same company. Included in cost of sales, are lease costs of \$228 related to property leased from a company owned by two directors.

These transactions have been recorded at the exchange amount.

10. Pension Costs (in thousands of dollars)

The company has various contributory and non-contributory defined contribution pension plans which cover most employees. Current service pension costs are charged to earnings as they accrue. The following was expensed during the quarter:

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
	\$	\$	\$	\$
Government sponsored	4,029	3,371	14,348	11,769
Company sponsored	1,982	1,907	6,283	5,822

11. Foreign Exchange (in thousands of dollars)

Included as part of selling, general and administrative expenses is a gain (loss) resulting from foreign exchange as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
	\$	\$	\$	\$
				(Restated – Note 6)
Foreign Exchange Gain (Loss)	(118)	1,445	(710)	2,516

12. Guarantees (in thousands of dollars)

Under a portfolio purchase agreement signed in the prior year, the company sells certain long-term receivables. Although title is transferred and no entitlement or obligated repurchase agreement is in place before maturity, the company remains exposed to certain risks of default on the amount of proceeds from receivables under securitization less recourse in the form of property, plant and equipment. The company has a maximum potential future payment of \$21,813 over various terms of 3 to 5 years. The company has estimated recourse, in the form of property, plant and equipment, to recover a portion of the defaulted balances in the amount of \$16,745.

The company has guaranteed the lease payments of Eagle Manufacturing LLC, a joint venture, for the full term of the lease which ends in 2010. The company is receiving a guarantee fee during the lease term. As at the quarter end the maximum potential amount of future payments is \$12,144 over the remaining lease term.

The company has various other guarantees for a maximum potential future payment of \$882 over various terms of 4 to 5 years. The company has estimated recourse, in the form of property, plant and equipment, to recover a portion of the guarantee payable from customers if balances remain unpaid in the amount of \$395.

13. Contingent Liabilities and Commitments (in thousands of dollars)

The company is involved in certain lawsuits and claims. Management believes that adequate provisions have been recorded in the accounts. Although it is not possible to estimate the potential costs and losses, if any, management is of the opinion that there will not be any significant additional liability other than amounts already provided for in these financial statements.

As at September 30, 2005, outstanding commitments for capital expenditures under purchase orders and contracts amounted to approximately \$63,422.

14. Comparative Figures

Certain comparative figures have been reclassified in accordance with the current quarter's presentation (see notes 4 and 6).