

INTERIM REPORT

Linamar Announces Second Quarter Results

August 7, 2007, Guelph, Ontario, Canada – Linamar Corporation (TSX: LNR), a diversified global manufacturing company of highly engineered products, today announced its financial results for the second quarter ended June 30, 2007. The company's Powertrain and Driveline divisions are world leaders in the collaborative design, development and manufacture of precision metallic components, modules and systems for global vehicle markets. The company's Industrial division is a world leader in the design and production of innovative mobile industrial products, notably its class-leading aerial work platforms. With over 11,000 employees in 36 manufacturing locations, 5 R&D centres and 9 sales offices in Canada, the US, Mexico, Germany, Hungary, China, Korea and Japan, Linamar generated sales of close to \$2.3 billion in 2006. For more information about Linamar Corporation and its industry leading products and services, visit www.linamar.com.

(CDN dollars in thousands except per share figures)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Sales	624,393	607,091	1,203,812	1,190,439
Gross Margin	88,977	79,438	159,740	155,391
Operating Earnings ¹	54,847	49,171	99,674	94,793
Earnings from Continuing Operations	31,332	32,268	58,074	58,306
Net Earnings	31,332	32,268	58,074	58,106
Diluted Earnings per Share from Continuing Operations	0.45	0.45	0.83	0.81
Diluted Earnings per Share	0.45	0.45	0.83	0.81

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.

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Gross margin	88,977	79,438	159,740	155,391
Selling, general and administrative	34,130	30,267	60,066	60,598
Operating earnings	54,847	49,171	99,674	94,793

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

Certain unusual items impacted earnings in both 2007 and 2006. The following table summarizes these items.

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2007	2006	2007	2006
Earnings from Continuing Operations	\$31,332	\$32,268	\$58,074	\$58,306
Foreign Exchange loss on Hungarian Forints held in Escrow	3,383		1,650	
Reduction in Tax Expense		(3,500)		(3,500)
Adjusted Earnings From Continuing Operations	\$34,715	\$28,768	\$59,724	\$54,806
As a percentage of Sales	5.6%	4.7%	5.0%	4.6%
Change over Prior Year	20.7%		9.0%	
Earnings per Share	\$0.50	\$0.40	\$0.86	\$0.76

Second Quarter Operating Highlights

Sales for the second quarter of 2007 grew 2.8% to \$624.4 million, compared to \$607.1 million for the second quarter of 2006. First half 2007 sales increased \$13.4 million to \$1,203.8 million compared to \$1,190.4 million for the same period in 2006. Sales for the Powertrain/Driveline segment were down \$14.7 million, 3.0% for the quarter and \$45.6 million, 4.7% for the first half of 2007. This decline was largely attributable to the sales decrease in the medium/heavy duty vehicle volumes. Industrial sales increased \$32.0 million for the quarter and \$59.0 million for the first half of 2007, reflecting the continued strong market demand for aerial work platforms produced by Skyjack.

Operating earnings in the second quarter increased 11.4% to \$54.8 million, compared to \$49.2 million for the same period last year. Year to date operating earnings of \$99.7 million represent an increase of 5.2% to 2006 year to date operating earnings of \$94.8 million. Powertrain/Driveline operating earnings were relatively flat for the second quarter at \$34.9 million, or 7.4% of total segment sales as compared to \$35.8 million, or 7.3% of total segment sales for the same quarter of 2006. For the first half of 2007 operating earnings for Powertrain/Driveline were down \$14.0 million, or 20.0% compared to the same period in 2006. Operating earnings were \$56.1 million, or 6.1% of total segment sales for the first half of 2007 compared to \$70.1 or 7.2% of total segment sales for 2006. The reduction in Powertrain/Driveline operating earnings is largely driven by the decline in sales related to the decrease in medium/heavy duty vehicle volumes offset by sales and earnings related to new programs. The Powertrain/Driveline operating earnings for the second quarter 2007 were up \$13.8 million or 65.2% over the first quarter 2007 operating earnings as a result of these programs. The strong demand for aerial work platforms from the industrial segment led to operating earnings of \$19.9 million for the quarter compared to \$13.4 million for the same period in 2006, and \$43.6 million for the first half of 2007 compared to \$24.7 million for the same period in 2006.

Dividends

The Board of Directors today declared an **ELIGIBLE** dividend in respect to the quarter ended June 30, 2007 of CDN\$0.06 per share on the common shares of the company, payable on or after September 14, 2007 to shareholders of record on August 24, 2007.

Risk and Uncertainties (forward looking statements)

Linamar no longer provides a financial outlook.

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 as appropriate to attempt to mitigate the impact but cannot be completely assured that the entire exchange effect has been offset.

Other factors and risks and uncertainties that could cause results to differ from current expectations are discussed in the MD&A and 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.

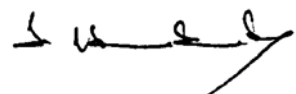
Conference Call Information

Linamar will hold a conference call on August 7, 2007 at 5:00 pm. EST to discuss its results for the second quarter ended June 30, 2007. The numbers for this call are (416) 642-5212 (local/overseas) or (866) 321-6651 (North America), with a call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the company's full quarterly financial statements, including the Management's Discussion & Analysis will be available on the company's website after 4 p.m. EST on Tuesday, August 7, 2007 and at www.sedar.com by the start of business on August 8, 2007. A taped replay of the conference call will also be made available starting at 11:00 p.m. on August 7, 2007 for seven days. The number for replay is (416) 915-1028 or (866) 244-4494, Conference ID 380810. The conference call can also be accessed by web cast at www.linamar.com, by accessing the investor relations/events menu, and will be available for a 7 day period.

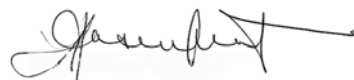
Linamar will hold a conference call on November 7, 2007 at 5:00 p.m. EST to discuss its third quarter results. The numbers for this call are (416) 642-5212 (local/overseas) or (866) 321-6651 (North America), with a call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the company's full quarterly financial statements, including the Management's Discussion & Analysis will be available on the company's website after 4 p.m. EST on Wednesday, November 7, 2007 and at www.sedar.com by the start of business on November 8, 2007. A taped replay of the conference call will also be made available starting at 11:00 p.m. on November 7, 2007 for seven days. The number for replay is (416) 915-1028 or (866) 244-4494, Conference ID 269235. The conference call can also be accessed by web cast at www.linamar.com, by accessing the investor relations/events menu, and will be available for a 7 day period.

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For further information regarding this release please contact Linda Hasenfratz at (519) 836-7550.



Frank Hasenfratz
Chairman of the Board
Guelph, Ontario
August 7, 2007



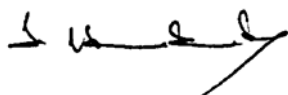
Linda Hasenfratz
Chief Executive Officer

LINAMAR CORPORATION
CONSOLIDATED BALANCE SHEETS

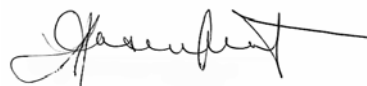
As at June 30, 2007 with comparatives as at December 31, 2006 (Unaudited)
(in thousands of dollars)

	June 30 2007	December 31 2006
	\$	\$
ASSETS		
Current Assets		
Cash	97,334	49,061
Accounts receivable	473,500	366,675
Inventories	230,379	214,953
Prepaid expenses	10,449	10,458
Current portion of long-term receivables	757	757
Derivative financial instruments (notes 1 and 4)	5,840	-
Future income taxes	6,246	6,410
Current assets – discontinued operations (note 6)	2,578	4,956
	827,083	653,270
Deferred Charges	2,472	3,693
Long-Term Receivables	1,800	2,114
Goodwill and Other Intangibles	35,869	36,697
Property, Plant and Equipment	852,082	880,651
Derivative Financial Instruments (notes 1 and 4)	1,645	-
Future Income Taxes	33,071	35,123
Property, Plant and Equipment – Discontinued Operations (note 6)	1,500	1,562
Future Income Taxes – Discontinued Operations (note 6)	2,574	3,031
	1,758,096	1,616,141
LIABILITIES		
Current Liabilities		
Unpresented cheques	38,636	10,774
Short-term bank borrowings	115,371	30,400
Accounts payable and accrued liabilities	337,732	331,687
Income taxes payable	14,389	9,313
Current portion of long-term debt	10,133	12,196
Current liabilities – discontinued operations (note 6)	7,219	9,766
	523,480	404,136
Long-Term Debt	267,170	268,911
Future Income Taxes	59,634	61,468
Non-Controlling Interests	39,294	41,883
	889,578	776,398
SHAREHOLDERS' EQUITY		
Capital Stock	116,782	116,806
Retained Earnings	808,637	762,833
Accumulated Other Comprehensive Loss (notes 1 and 3)	(56,901)	(39,896)
	868,518	839,743
	1,758,096	1,616,141

On behalf of the Board of Directors:



Frank Hasenfratz
Director



Linda Hasenfratz
Director

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS

For the six months ended June 30, 2007 and June 30, 2006 (Unaudited)
(in thousands of dollars, except per share figures)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Sales	624,393	607,091	1,203,812	1,190,439
Cost of Sales	494,154	492,265	961,618	964,025
Amortization	41,262	35,388	82,454	71,023
Gross Margin	88,977	79,438	159,740	155,391
Selling, general and administrative	34,130	30,267	60,066	60,598
Earnings Before the Following:	54,847	49,171	99,674	94,793
Other Income (Expense)				
Interest on long-term debt	(3,538)	(4,322)	(7,170)	(8,534)
Other interest expense	(1,259)	(109)	(2,078)	(291)
Interest earned	1,467	539	2,277	932
Other income	196	220	1,474	290
	51,713	45,499	94,177	87,190
Provision for Income Taxes				
Current	17,880	14,826	32,950	29,089
Future	1,519	(3,532)	1,049	(3,134)
	19,399	11,294	33,999	25,955
	32,314	34,205	60,178	61,235
Non-Controlling Interests	982	1,937	2,104	2,929
Earnings from Continuing Operations	31,332	32,268	58,074	58,306
Discontinued Operations (note 6)	-	-	-	(200)
Net Earnings for the Period	31,332	32,268	58,074	58,106
Basic Earnings per Share				
from Continuing Operations (note 7)	0.45	0.45	0.83	0.81
Diluted Earnings per Share				
from Continuing Operations (note 7)	0.45	0.45	0.83	0.81
Basic Earnings per Share (note 7)	0.45	0.45	0.83	0.81
Diluted Earnings per Share (note 7)	0.45	0.45	0.83	0.81

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the six months ended June 30, 2007 and June 30, 2006 (Unaudited)
(in thousands of dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Balance – Beginning of Period, as Previously Reported	781,494	729,928	762,833	708,783
Change in accounting policies (note 1)			(3,706)	-
Balance – Beginning of Period, as Restated	781,494	729,928	759,127	708,783
Net Earnings for the Period	31,332	32,268	58,074	58,106
Excess over assigned value of common shares purchased and cancelled (note 2)	-	(2,760)	(185)	(3,128)
Dividends	(4,189)	(4,322)	(8,379)	(8,647)
Balance – End of Period	808,637	755,114	808,637	755,114

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

For the six months ended June 30, 2007 and June 30, 2006 (Unaudited)
(in thousands of dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Net Earnings for the Period	31,332	32,268	58,074	58,106
Other Comprehensive Earnings (Loss)				
Unrealized gains (losses) on translating financial statements of self-sustaining foreign operations	(18,891)	(15,518)	(22,028)	(17,920)
Change in unrealized gains (losses) of derivative instruments designated as cash flow hedges (net of income taxes of \$3,399 and \$4,234 respectively)	6,876	-	8,536	-
	(12,015)	(15,518)	(13,492)	(17,920)
Comprehensive Earnings for the Period	19,317	16,750	44,582	40,186

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2007 and June 30, 2006 (Unaudited)
(in thousands of dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Cash Provided By (Used In)	\$	\$	\$	\$
Operating Activities				
Earnings from continuing operations	31,332	32,268	58,074	58,306
Non-cash charges (credits) to earnings:				
Amortization of property, plant and equipment	40,593	34,811	81,212	69,873
Amortization of other intangible assets	669	577	1,242	1,150
Future income taxes	1,519	(3,532)	1,049	(3,134)
Non-controlling interests	982	1,937	2,104	2,929
Unrealized exchange (gain) loss on debt	(1,319)	649	(2,650)	1,464
Loss on disposal of property, plant and equipment	297	794	2,625	924
Other	672	1,243	(246)	2,423
	74,745	68,747	143,410	133,935
Changes in non-cash working capital:				
(Increase) in accounts receivable	(40,432)	(9,998)	(119,379)	(107,694)
(Increase) decrease in inventories	(9,414)	6,462	(19,543)	7,880
(Increase) decrease in prepaid expenses	(1,898)	1,423	(295)	(511)
Increase (decrease) in income taxes payable	3,722	(6,862)	3,269	(2,600)
Increase (decrease) in accounts payable and accrued liabilities	7,339	(15,042)	26,594	19,333
Cash flow – continuing operations	34,062	44,730	34,056	50,343
Cash flow – discontinued operations (note 5)	1,162	939	350	286
	35,224	45,669	34,406	50,629
Financing Activities				
Proceeds from (repayments of) short-term bank borrowings	309	(9,774)	84,970	(1,457)
Proceeds from long-term debt	-	4,282	-	4,282
Repayment of long-term debt	(2,227)	(6,277)	(4,444)	(7,958)
Proceeds from common share issuance	-	1,444	-	1,444
Repurchase of shares (note 2)	-	(3,100)	(209)	(3,519)
Decrease (increase) in long-term receivables	158	301	338	3,753
Dividends to shareholders	(4,189)	(4,322)	(8,379)	(8,647)
	(5,949)	(17,446)	72,276	(12,102)
Investing Activities				
Payments for purchase of property, plant and equipment	(44,953)	(35,391)	(81,209)	(81,218)
Proceeds of disposal of property, plant and equipment	701	80	1,158	179
Payments for purchase of intangible assets subject to amortization	-	-	-	(434)
Business acquisitions	(4,396)	-	(4,396)	-
	(48,648)	(35,311)	(84,447)	(81,473)
	(19,373)	(7,088)	22,235	(42,946)
Effect of Translation Adjustment	(1,424)	(970)	(1,824)	(1,245)
Increase (Decrease) in Cash Position	(20,797)	(8,058)	20,411	(44,191)
Cash Position - Beginning of Period	79,495	(8,128)	38,287	28,005
Cash Position - End of Period	58,698	(16,186)	58,698	(16,186)
Comprised of:				
Cash	97,334	21,106	97,334	21,106
Unpresented cheques	(38,636)	(37,292)	(38,636)	(37,292)
	58,698	(16,186)	58,698	(16,186)

LINAMAR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended June 30, 2007 and June 30, 2006 (Unaudited)

1. Significant Accounting Policies

Management prepared these interim consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") using the same accounting policies and methods of their application as the most recent annual consolidated financial statements, except as noted below. These interim consolidated financial statements do not include all the information and footnotes as required in the annual consolidated financial statements and as such should be read in conjunction with the company's most recent audited 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.

Changes in accounting policies

Effective January 1, 2007, the company retroactively adopted the CICA Handbook Section 1530 "Comprehensive Income" ("CICA 1530"), Section 3855 "Financial Instruments – Recognition and Measurement" ("CICA 3855") and Section 3865 "Hedges" ("CICA 3865"). The adoption of the new standards resulted in changes in accounting for financial instruments and hedges as well as the recognition of certain transition adjustments that have been recorded in opening accumulated other comprehensive loss. The comparative consolidated financial statements have not been restated with the exception of the reclassification of the cumulative translation adjustment to accumulated other comprehensive loss.

A) Comprehensive Income

CICA 1530 requires the presentation of comprehensive income and its components in a new financial statement. Comprehensive income is composed of the company's net income and other comprehensive income. Other comprehensive income includes unrealized gains (losses) on translating financial statements of self-sustaining foreign operations and changes in unrealized gains (losses) on derivative instruments designated as cash flow hedges.

B) Financial Assets and Financial Liabilities

CICA 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This standard prescribes when to recognize a financial instrument in the balance sheet and at what amount. Depending on the balance sheet classification, fair value or cost-based measures are used. This standard also prescribes the basis of presentation for gains and losses on financial instruments. Based on financial instrument classification, gains and losses on financial instruments are recognized in net income or other comprehensive income.

The company has made the following classifications:

- i) Cash is classified as "Assets held for trading". Cash is measured at fair value and the gains or losses resulting from the remeasurement at the end of each period are recognized in net income.
- ii) Accounts receivable and long-term receivables are classified as "Loans and receivables". They are recorded at cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.
- iii) Short-term bank borrowings, accounts payable and accrued liabilities and long-term debt are classified as "Financial liabilities". They are recorded at their cost which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.

C) Guarantees

CICA 3855 requires the recognition of the inception fair value of the obligation undertaken in issuing a guarantee that falls within the scope of CICA 3855. The fair value of a guarantee ordinarily will be equal to the premium the company receives for giving the guarantee. The impact of the new standard related to guarantees was not significant to the company.

D) Embedded Derivatives

Derivatives may be embedded in other non-derivative contracts. CICA 3855 requires that embedded derivatives be treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the remainder of the contract. The embedded derivatives are measured at fair value with subsequent changes recognized in net income. The impact of the new standard related to embedded derivatives was not significant to the company.

E) Debt Issuance and Other Transaction Costs

In addition, CICA 3855 requires that an entity must select an accounting policy of either expensing debt issue costs as incurred or applying them against the carrying value of the related asset or liability. The company has chosen to apply debt issue costs against the carrying value of the debt.

F) Hedge Accounting

CICA 3865 allows qualifying transactions to be designated as hedges for accounting purposes. The company elected to apply hedge accounting for foreign exchange forward contracts and interest rate swaps as cash flow hedges. These derivatives are measured at fair value at the end of each period and the gains or losses resulting from remeasurement are recognized in other comprehensive income, any ineffective portion is recognized in net income. In addition, the company elected to apply hedge accounting for its long-dated foreign exchange forwards as fair value hedges. These derivatives are measured at fair value at the end of each period and the gains or losses resulting from the remeasurement are recognized in net income, with a corresponding adjustment to the carrying value of the hedged item through net income. The fair values are determined based on observable market data.

The adoption of these new standards translated into the following changes as at January 1, 2007 for the cash flow and fair value hedges: a \$3,513 thousand decrease in accumulated other comprehensive loss, a \$3,685 thousand increase in future income tax assets, a \$5,289 thousand increase in derivative financial instruments reported under liabilities, a \$5,615 thousand

increase in long-term debt, and a \$3,706 thousand reduction in opening retained earnings. The adoption of these new standards has no impact on the company's cash flows.

2. Capital Stock (in thousands of dollars except for per share figures)

In January 2007, the company filed a normal course issuer bid which entitles the company to acquire for cancellation up to 5,083,839 of its common shares before January 30, 2008. The purchases are made on the open market at the market price. Under this bid, during the first half of 2007, the company repurchased for cancellation 14,000 common shares with an assigned value of \$24 for \$209 cash.

3. Accumulated Other Comprehensive Loss (in thousands of dollars)

	Three Months Ended June 30			Three Months
			2007	Ended June 30
	Change in derivative instruments designated as cash flow hedges	Unrealized gains (losses) on translating financial statements of self-sustaining foreign operations	Total Accumulated Other Comprehensive Loss	Total Accumulated Other Comprehensive Loss
	\$	\$	\$	\$
Balance – Beginning of Period	(1,853)	(43,033)	(44,886)	(51,833)
Other comprehensive earnings (loss) for the period	6,876	(18,891)	(12,015)	(15,518)
Balance – End of Period	(5,023)	(61,924)	(56,901)	(67,351)

	Six Months Ended June 30			Six Months
			2007	Ended June 30
	Change in derivative instruments designated as cash flow hedges	Unrealized gains (losses) on translating financial statements of self-sustaining foreign operations	Total Accumulated Other Comprehensive Loss	Total Accumulated Other Comprehensive Loss
	\$	\$	\$	\$
Balance – Beginning of Period, as Previously Reported	-	(39,896)	(39,896)	(49,431)
Change in accounting policies (note 1)	(3,513)	-	(3,513)	-
Balance – Beginning of Period, as Restated	(3,513)	(39,896)	(43,409)	(49,431)
Other comprehensive earnings (loss) for the period	8,536	(22,028)	(13,492)	(17,920)
Balance – End of Period	(5,023)	(61,924)	(56,901)	(67,351)

The 2006 balance corresponds to the reclassification of the cumulative translation adjustment to accumulated other comprehensive loss.

4. Financial Instruments (in thousands of dollars)

The company enters into forward exchange contracts to manage exposure to currency rate fluctuations related primarily to its future cash inflows and outflows of U.S. dollars, Euros, and British pounds from operations. The company uses forecasted future cash flows of foreign currencies to determine the level of hedges required. As at June 30, 2007 there are contracts in place with maturity dates out to 2008. The company elected to apply hedge accounting for foreign exchange forward contracts as cash flow hedges. The reclassification of gains and losses that are reported in accumulated other comprehensive earnings, net of taxes, will be recognized in net earnings in the same period as the transactions which generate the cash flows. In addition, the company elected to apply hedge accounting for its long-dated foreign exchange forwards which are accounted for as fair value hedges. These derivatives are measured at fair value at the end of each period and the gains or losses resulting from the remeasurement are recognized in net earnings. As at June 30, 2007 there are contracts in place with maturity dates in 2009 and 2014.

Interest rate swap agreements are used as part of the company's program to manage the fixed and floating interest rate mix of the company's total debt portfolio and related overall cost of borrowing. The company elected to apply hedge accounting for interest rate swaps as cash flow hedges.

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.

For the three month and six month periods ending June 30, 2007, the company recognized an unrealized gain of \$6,876, net of \$3,399 in related income taxes and \$8,536, net of \$4,234 in related incomes taxes respectively, under other comprehensive earnings representing the effective portion of the change in fair value of the derivatives designated as cash flow hedges. A gain of \$2,623 for the quarter and \$2,365 year to date were classified under net earnings. An estimated gain of \$3,888 net of tax of \$1,952, is anticipated to be included in net earnings over the next twelve months.

For the three month and six month periods ending June 30, 2007, the company recognized a gain of \$812, net of \$418 in related income taxes and \$1,608, net of \$828 in related income taxes respectively, in net earnings representing the change in the fair value of the derivatives designated as fair value hedges.

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

Effective December 31, 2006, the company has determined the previously reported operational segments of North American Automotive Systems, Europe and Asia Pacific should be more appropriately reported within a single operational segment: Powertrain/Driveline. This consolidation more appropriately reflects the common nature of products, production processes and customers across these groups. The production of agricultural implements in Hungary and the development of fabrication business in Hungary in support of the Industrial division will be reported as part of the Industrial operational segment.

Effective with the second quarter of 2007, the company has determined that certain corporate headquarter costs previously included in the Powertrain/Driveline operating segment should be properly apportioned between both the Powertrain/Driveline and Industrial segments. The change reflects how the chief operating decision maker monitors the business segments. The segmented reporting for 2006 and 2007 have been restated to reflect this change.

Geographic	<u>Three months ended June 30, 2007</u>		<u>Six months ended June 30, 2007</u>	
	Sales to external customers	Inter-segment sales	Sales to external customers	Inter-segment sales
	\$	\$	\$	\$
Canada	430,630	2,353	833,176	4,244
United States	54,761	6,659	103,681	11,618
Asia Pacific	1,172	-	2,179	1
Mexico	52,015	-	107,850	59
Europe	85,815	2,986	156,926	6,328
Total	624,393		1,203,812	

	<u>Three months ended June 30, 2006</u>		<u>Six months ended June 30, 2006</u>	
	Sales to external customers	Inter-segment sales	Sales to external customers	Inter-segment sales
	\$	\$	\$	\$
Canada	449,557	1,615	888,461	3,096
United States	55,477	2,463	109,017	8,118
Asia Pacific	1,510	-	2,157	-
Mexico	45,287	-	89,985	-
Europe	55,260	3,315	100,819	5,897
Total	607,091		1,190,439	

Operational	Three months ended June 30, 2007			Six months ended June 30, 2007			Assets from Continuing Operations
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)	
	\$	\$	\$	\$	\$	\$	
Powertrain/Driveline	473,554	7,709	34,930	923,363	13,076	56,078	1,458,949
Industrial	150,839	64	19,917	280,449	132	43,596	292,495
Total	624,393		54,847	1,203,812		99,674	1,751,444

	Three months ended June 30, 2006			Six months ended June 30, 2006			Assets from Continuing Operations
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)	
	\$	\$	\$	\$	\$	\$	
Powertrain/Driveline	488,340	4,661	35,831	969,040	8,966	70,125	1,376,955
Industrial	118,751	88	13,341	221,399	214	24,668	222,561
Total	607,091		49,172	1,190,439		94,793	1,599,516

6. Discontinued operations (in thousands of dollars)

During the quarter, management reviewed the original estimates made with respect to the wind-up and closure of the company's in-house casting operation, and the expected results of operations until closure as appropriate. The results from discontinued operations have been reported separately within these interim financial statements.

	Three Months Ended		Six Months Ended	
	2007	June 30 2006	2007	June 30 2006
	\$	\$	\$	\$
Net loss from discontinued operations	-	-	-	308
Income tax recovery	-	-	-	(108)
Discontinued operations	-	-	-	200

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

	Three Months Ended		Six Months Ended	
	2007	June 30 2006	2007	June 30 2006
	\$	\$	\$	\$
Earnings from Continuing Operations	31,332	32,268	58,074	58,306
Net Earnings for the Period	31,332	32,268	58,074	58,106
Weighted average common shares	69,824,276	72,046,730	69,830,420	72,071,442
Incremental shares from assumed conversion of stock options	-	65,411	-	-
Adjusted weighted average shares for diluted earnings per share	69,824,276	72,112,141	69,830,420	72,071,442
Earnings Per Share from Continuing Operations				
Basic	0.45	0.45	0.83	0.81
Diluted	0.45	0.45	0.83	0.81
Earnings Per Share from Net Earnings				
Basic	0.45	0.45	0.83	0.81
Diluted	0.45	0.45	0.83	0.81

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

8. 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 \$1,428 paid to a company owned by the spouse of an officer and director. In addition, the company has a commitment of \$4,121 to the same entity. Included in cost of sales are maintenance costs of \$221 paid to the same company. The maintenance and construction costs and the commitment represent general contracting and construction activities related to plant construction, improvements, additions and maintenance for a number of facilities. Included in selling, general and administrative expenses, is a recovery of \$5 related to equipment and services sold to the same company. Included in cost of sales, are lease costs of \$119 related to property leased from a company owned by two directors.

The company has designed an independent process to ensure building construction and improvements are transacted at fair value. Other transactions have been recorded at the exchange amount.

9. 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 pension costs were expensed as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Government sponsored	5,782	5,462	11,434	10,723
Company sponsored	2,392	2,312	4,911	4,568

10. 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 June 30		Six Months Ended June 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Foreign exchange (gain) loss	4,698	(1,300)	1,460	(1,267)

11. Guarantees (in thousands of dollars)

The company has guaranteed the lease payments of Eagle Manufacturing LLC, a joint venture, for the full term of the lease which ends in 2011. The company is receiving a guarantee fee during the lease term. As at the quarter end, the maximum potential amount of future payments is \$20,926 over the remaining lease term, of which \$11,097 is recorded in capital leases.

The company has various other guarantees for a maximum potential future payment of \$28,134 over various terms of 4 to 5 years. The company has estimated recourse, in the form of equipment, in the amount of \$17,363.

12. 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 June 30, 2007, outstanding commitments for capital expenditures under purchase orders and contracts amounted to approximately \$104,590. Of this amount, \$100,469 relates to the purchase of manufacturing equipment and \$4,121 is to a related party and relates to general contracting and construction costs in respect of plant construction in Ontario. All of these commitments are due within the next twelve months.

13. Business Acquisitions (in thousands of dollars)

In June 2007, the company purchased 254,920 shares (2.97% of the voting shares) of Linamar Hungary Nyrt under the purchase offer for consideration of \$4,396. This purchase was accounted for by a reduction in the minority interest of \$3,004 and an increase to goodwill of \$1,392.

14. Comparative Figures

Certain comparative figures have been reclassified in accordance with the current quarter's presentation.



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Quarter Ended June 30, 2007

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, 2006.

This MD&A has been prepared as at August 7, 2007.

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, book value per share and content per vehicle, which are not measures 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. Book value per share is calculated by the company as Shareholders' Equity divided by shares outstanding at period end. Content per vehicle is calculated by the company as Linamar automotive sales, not including tooling sales, divided by vehicle production units as regularly reported by industry sources. The company has included information concerning these measures because they are used by management as measures of performance and management believes they are used by certain investors and analysts as measures of the company's financial performance. The measures are 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, Shareholders' Equity as determined in accordance with Canadian GAAP or as a measure of liquidity.



OVERALL CORPORATE PERFORMANCE

Overview of the Business

Linamar Corporation (TSX: LNR) is a diversified global manufacturing company of highly engineered products. The company's Powertrain/Driveline divisions are world leaders in the collaborative design, development and manufacture of precision metallic components, modules and systems for global vehicle markets. The company's Industrial division is a world leader in the design and production of innovative mobile industrial products, notably its class-leading aerial work platforms. With over 11,000 employees in 36 manufacturing locations, 5 R&D centres and 9 sales offices in Canada, the US, Mexico, Germany, Hungary, China, Korea and Japan, Linamar generated sales of close to \$2.3 billion in 2006. For more information about Linamar Corporation and its industry leading products and services, visit www.linamar.com.

Overall Corporate Results

The following table sets out certain highlights of the company's performance in the second quarter of 2007 and 2006:

<i>(in millions of dollars, except content per vehicle numbers)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Sales	\$624.4	\$ 607.1	\$1,203.8	\$ 1,190.4
Gross Margin	89.0	79.4	159.7	155.4
Operating Earnings ¹	54.8	49.2	99.7	94.8
Earnings from Continuing Operations	31.3	32.3	58.1	58.3
Net Earnings	31.3	32.3	58.1	58.1
Content per Vehicle – North America	\$94.76	\$ 93.33	\$94.51	\$ 94.94
Content per Vehicle – Europe	\$9.33	\$ 7.44	\$9.26	\$ 7.54
Content per Vehicle – Asia Pacific	\$0.36	\$ 0.32	\$0.39	\$ 0.32

Sales for the second quarter of 2007 grew 2.8% to \$624.4 million, compared to \$607.1 million for the second quarter of 2006. First half 2007 sales increased \$13.4 million to \$1,203.8 million compared to \$1,190.4 million for the same period in 2006. Sales for the Powertrain/Driveline segment were down \$14.7 million, 3.0% for the quarter and \$45.6 million, 4.7% for the first half of 2007. This decline was largely attributable to the sales decline in the medium/heavy duty vehicle volumes. Industrial sales increased \$32.0 million for the quarter and \$59.0 million for the first half of 2007, reflecting the continued strong market demand for aerial work platforms produced by Skyjack.

Operating earnings in the second quarter increased 11.4% to \$54.8 million, compared to \$49.2 million for the same period last year. Year to date operating earnings of \$99.7 million represent an increase of 5.2%

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.

<i>(in millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Gross Margin	\$89.0	\$ 79.4	\$159.7	\$ 155.4
Selling, general and administrative	34.2	30.2	60.0	60.6
Operating Earnings	\$54.8	\$ 49.2	\$99.7	\$ 94.8

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.



to 2006 year to date operating earnings of \$94.8 million. Powertrain/Driveline operating earnings were relatively flat for the second quarter at \$34.9 million, or 7.4% of total segment sales as compared to \$35.8 million, or 7.3% of total segment sales for the same quarter of 2006. For the first half of 2007, operating earnings for Powertrain/Driveline were down \$14.0 million, or 20.0% compared to the same period in 2006. Operating earnings were \$56.1 million, or 6.1% of total segment sales for the first half of 2007 compared to \$70.1 or 7.2% of total segment sales for 2006. The reduction in Powertrain/Driveline operating earnings is largely driven by the decline in sales related to the decrease in medium/heavy duty vehicle volumes offset by sales and earnings related to new programs. The Powertrain/Driveline operating earnings for the second quarter 2007 were up \$13.8 million or 65.2% over the first quarter 2007 operating earnings as a result of these programs. The strong demand for aerial work platforms from the industrial segment led to operating earnings of \$19.9 million for the quarter compared to \$13.4 million for the same period in 2006, and \$43.6 million for the first half of 2007 compared to \$24.7 million for the same period in 2006.

Certain unusual items impacted earnings in both 2007 and 2006. The following table summarizes these items.

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2007	2006	2007	2006
Earnings from Continuing Operations	\$31.3	\$32.3	\$58.1	\$58.3
Foreign Exchange loss on Hungarian Forints held in Escrow	3.4		1.7	
Reduction in Tax Expense		(3.5)		(3.5)
Adjusted Earnings From Continuing Operations	\$34.7	\$28.8	\$59.7	\$54.8
As a percentage of Sales	5.6%	4.7%	5.0%	4.6%
Change over Prior Year	20.7%		9.0%	
Earnings per Share	\$0.50	\$0.40	\$0.86	\$0.76

Vehicle Production Volumes

North American vehicle production units used by Linamar for the determination of the company's content per vehicle (see table following) include medium and heavy truck volumes. European and Asia Pacific vehicle production units exclude medium and heavy truck volumes. Both measures exclude the off-road (heavy equipment) market.

North American vehicle production volumes in the second quarter of 2007 decreased 4.9% to 4.14 million units versus 2006 production of 4.36 million units, while European vehicle production increased to 4.34 million units compared with the second quarter of 2006 at 4.27 million units. Second quarter year to date vehicle production volumes for North America are down 6.2% versus 2006, while European vehicle production volumes were up 3.2% compared to the same period in 2006.

Vehicle production in Asia Pacific decreased to 5.20 million units for the second quarter of 2007 compared to 5.33 million units for the same quarter in 2006, however year to date vehicle production volumes are up 4.2% when compared to same period in 2006.

Automotive Sales and Content per Vehicle

Automotive sales and content per vehicle in the following discussion are determined by the final vehicle production location of our customer, not the location of Linamar product manufacturing, in order to ensure accurate comparisons to the production vehicles manufactured in each continent



North American automotive sales for the second quarter of 2007 decreased \$14.0 million or 3.4% to \$392.7 million, however, content per vehicle increased 1.5% to \$94.76 from \$93.33 over the same period.

European automotive sales of \$40.5 million for the second quarter represent a 27.6% increase over 2006 sales of \$31.8 million. Vehicle production volumes remained relatively flat, and content per vehicle was up 25.3% from \$7.44 in 2006 to \$9.33. The increase is largely attributable to a camshaft program launched in late 2005 for a German automaker and utilizing our industry leading innovative technology.

Content per vehicle for Asia Pacific continues at levels anticipated in this start-up phase.

	Three Months Ended			Six Months Ended		
	June 30			June 30		
<i>North America</i>	2007	2006	% Change	2007	2006	% Change
Vehicle Production Units (i)	4.14	4.36	(4.9)%	8.10	8.64	(6.2)%
Automotive Sales (ii)	\$ 392.7	\$ 406.7	(3.4)%	\$ 765.9	\$ 820.1	(6.6)%
Content Per Vehicle	\$ 94.76	\$ 93.33	1.5%	\$ 94.51	\$ 94.94	(0.5)%
<i>Europe</i>						
Vehicle Production Units (i)	4.34	4.27	1.8%	8.52	8.25	3.2%
Automotive Sales (ii)	\$ 40.5	\$ 31.8	27.6%	\$ 78.9	\$ 62.3	26.7%
Content Per Vehicle	\$ 9.33	\$ 7.44	25.3%	\$ 9.26	\$ 7.54	22.8%
<i>Asia Pacific</i>						
Vehicle Production Units (i)	5.20	5.33	(2.4)%	10.13	9.73	4.2%
Automotive Sales (ii)	\$ 1.9	\$ 1.7	8.8%	\$ 4.0	\$ 3.1	26.7%
Content Per Vehicle	\$ 0.36	\$ 0.32	11.5%	\$ 0.39	\$ 0.32	21.6%

(i) Vehicle production units are shown in millions of units

(ii) Automotive sales are shown in millions of dollars

Gross Margin

	Three Months Ended		Six Months Ended	
	June 30		June 30	
<i>(in millions of dollars)</i>	2007	2006	2007	2006
Sales	\$624.4	\$ 607.1	\$1,203.8	\$ 1,190.4
Cost of Sales	494.1	492.3	961.6	964.0
Amortization	41.3	35.4	82.5	71.0
Gross Margin	89.0	\$ 79.4	159.7	\$ 155.4
Gross Margin as a Percentage of Sales	14.2%	13.1%	13.3%	13.1%

Gross margin as a percentage of sales was 14.2% for the quarter as compared to 13.1% for the second quarter of 2006. On a year to date basis the gross margin as a percentage of sales was 13.3% slightly up from 13.1% for the same period in 2006. The improvement in gross margin is largely attributed to efficiencies gained though the implementation of lean manufacturing initiatives in the areas of labour efficiency and purchased items cost for instance, while increasing sales. This more than offsets the increase in amortization attributed to new product launches. The amortization increased \$5.9 million for the quarter compared to 2006, and \$11.5 million for the first half of 2007 when compared to 2006. This results in amortization as a percentage of sales increasing from 5.8% for the second quarter of 2006 to 6.6% for the same period in 2007, and 6.0% for the first half of 2006 compare to 6.9% for the first half of 2007.



Operating Earnings

<i>(in millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Gross Margin	\$89.0	\$ 79.4	\$159.7	\$ 155.4
Selling, general and administrative	34.2	30.2	60.0	60.6
Operating Earnings	\$54.8	\$ 49.2	\$99.7	\$ 94.8
Operating Earnings as a Percentage of Sales	8.8%	8.1%	8.3%	8.0%

Selling, general and administrative (“SG&A”) costs were \$34.2 million for the second quarter, compared with \$30.2 million for 2006, an increase of \$4.0 million. Year to date SG&A was \$60.0 million, compared to \$60.6 million in 2006. As a percentage of sales, SG&A costs were 5.5% in the quarter as compared to 5.0% in 2006, and 5.0% for the first half of 2007 compared to 5.1% in the same period in 2006.

Included in SG&A costs in the second quarter of 2007 was a foreign exchange loss of \$4.2 million from the funds held in escrow for the privatization bid of Linamar Hungary Nyrt. In order to launch the bid it was necessary to place approximately 10.65 billion Hungarian Forints (“Huf”) on deposit. The loss is a result of the depreciation of the Huf versus the Canadian Dollar during the quarter. In the first quarter a gain of \$2.3 million was recognized, resulting in a year to date loss of \$1.9 million relating to the funds in escrow. Adjusting for the foreign exchange loss attributed to the funds in escrow of \$4.2 million for the quarter, and \$1.9 million for the first half of 2007, SG&A cost for the quarter would have been 4.8% of sales for both the quarter and the year to date. The operating earnings as a percentage of sales would have improved to 9.4% for the quarter and 8.4% for the first half of 2007.

The company continues to manage movement in the Canadian dollar against other world currencies through a foreign exchange risk management strategy whenever possible.

INCOME BY SEGMENT

The following should be read in conjunction with note 22 to Linamar’s consolidated financial statements for the financial year ended December 31, 2006.

Operational

Linamar Corporation is a diversified global manufacturing company of highly engineered precision products. The company’s Powertrain/Driveline businesses are world leaders in the collaborative design, development and manufacture of precision metallic components, modules and systems for global vehicle markets. The company’s Industrial division is a world leader in the design and production of innovative mobile industrial products, notably aerial work platforms.

Effective with the second quarter of 2007, the company has determined that certain corporate headquarter costs previously included in the Powertrain/Driveline operating segment should be properly apportioned between both the Powertrain/Driveline and Industrial segments. The change reflects how the chief operating decision makers monitor the business segments. The segmented reporting for 2006 and 2007 have been restated to reflect this change.

Powertrain/Driveline sales were down 3.0% to \$473.6 million compared to \$488.3 million in the same quarter last year. For the first half of 2007 sales were down \$45.6 million to \$923.4 million from \$969.0 million for the same period last year, a reduction of 4.7%. Powertrain/Driveline sales were down from the prior year due mainly to the reduction in the medium/heavy duty truck components that in 2006 reflected



significant pre-buy activity, as well as North American automotive production declines of 4.9% and 6.2% respectively for the quarter and year to.

Powertrain/Driveline operating earnings were relatively flat for the second quarter at \$34.9 million, or 7.4% of total segment sales as compared to \$35.8 million, or 7.3% of total segment sales for the same quarter of 2006. For the first half of 2007, operating earnings for Powertrain/Driveline were down \$14.0 million, or 20.0% compared to the same period in 2006. Operating earnings were \$56.1 million, or 6.1% of total segment sales for the first half of 2007 compared to \$70.1 or 7.2% of total segment sales for 2006. The reduction in Powertrain/Driveline operating earnings is largely driven by the decline in sales related to the decrease in medium/heavy duty vehicle volumes offset by sales and earnings related to new programs. The Powertrain/Driveline operating earnings for the second quarter 2007 were up \$13.8 million or 65.2% over the first quarter 2007 operating earnings as a result of these programs. Adjusting for the Powertrain/Driveline segment's portion of the foreign exchange loss due to the weakening of the Hungarian Forint attributed to the funds held in escrow in Hungary of \$2.8 million for the quarter and \$1.3 million for the year to date, operating earnings would have been \$37.7 million or 8.0% of total segment sales for the quarter and \$57.4 million or 6.2% of sales year to date.

Industrial sales increased 26.9% or \$32.0 million to \$150.8 million for the second quarter of 2007 compared to \$118.8 million for the same quarter in 2006. For the first half of 2007 sales increased \$59.0 million to \$280.4 million compared to \$221.4 million for the same period in 2006. The increase in industrial products has been predominantly driven by strong market demand for aerial work platforms produced by Skyjack.

Operating earnings for Industrial were also up significantly for both the quarter and first half of 2007 when compared to the same periods in 2006. Second quarter 2007 operating earnings were \$19.9 million compared to \$13.4 million in 2006, an increase of 48.5% while year to date 2007 operating earnings were \$43.6 million compared to \$24.7 million for 2006, an increase of 76.5%. This improvement primarily reflects increased volumes and a favourable product mix. Adjusting for the Industrial segment's portion of the foreign exchange loss attributed to the funds held in escrow of \$1.4 million for the quarter and \$0.6 million for the year to date, operating earnings would have been \$21.3 million for the quarter, an increase of 59.0% over the same quarter in 2006 and \$44.2 million year to date, an increase of 78.9% over 2006.

Geographical

Sales for the Canadian geographic segment were \$430.6 million in the second quarter and \$833.1 million for the first half of 2007. This compares to second quarter sales of \$449.5 million in 2006 and \$888.4 million in the prior year to date. The sales of aerial work platforms continued to reflect strong market demands in this segment, however this was more than offset by the reduction of medium/heavy duty truck components which in 2006 reflected significant pre-buy activity.

Sales for the U.S. geographic segment were relatively flat for the second quarter 2007 at \$54.8 million compared to \$55.5 million in 2006. The first half sales were down \$5.3 million or 4.9% to \$103.7 million from \$109.0 million from the same period in 2006. This decrease is largely attributed to an isolated lack of demand issue with a Powertrain/Driveline customer in the first quarter of 2007.

Sales for the start-up Asia Pacific segment were \$1.2 million in the second quarter of 2007, and \$2.2 million for the first half of 2007. This compares to second quarter sales of \$1.5 million in 2006 and \$2.2 million for the first half of 2006. The results reflect the company's entrance into the Asian automotive parts market through the establishment of operations in China.

Sales for the Mexican geographic segment reached \$52.0 million in the second quarter and \$107.9 million for the first half of 2007. This compares to second quarter sales of \$45.3 million in 2006 and \$90.0 million in the prior year to date representing increases of 14.8% and 19.9% respectively over 2006, representing growth from various transmission and engine programs for Mexican customers.



Sales for the European geographic segment reached \$85.8 million in the second quarter and \$156.9 million for the first half of 2007. This compares to second quarter sales of \$55.3 million in 2006 and \$100.8 million in the prior year to date. This increase is due to growth in automotive components such as fuel rails in Hungary and cylinder heads, camshafts and engine blocks in Germany. Industrial sales have also grown significantly compared to 2006.

NET EARNINGS AND BALANCE SHEET DATA

The following financial data has been derived from, and should be read in conjunction with, Linamar's consolidated financial statements for the financial periods ended June 30, 2007 and 2006.

<i>(in millions of dollars, except per share amounts)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Sales	\$624.4	\$ 607.1	\$1,203.8	\$ 1,190.4
Gross Margin	89.0	79.4	159.7	155.4
Operating Earnings	54.8	49.2	99.7	94.8
Net interest expense	(3.3)	(3.9)	(7.0)	(7.9)
Other income	0.2	0.2	1.5	0.3
Provision for Income Taxes	(19.4)	(11.3)	(34.0)	(26.0)
Non-Controlling Interests	(1.0)	(1.9)	(2.1)	(2.9)
Earnings from Continuing Operations	\$31.3	\$ 32.3	\$58.1	\$ 58.3
Discontinued Operations, net of Income Tax Provision	-	-	-	(0.2)
Net Earnings for the Quarter	\$31.3	\$ 32.3	\$58.1	\$ 58.1
Earnings Per Share From Continuing Operations				
Basic	\$0.45	\$ 0.45	\$0.83	\$ 0.81
Diluted	0.45	0.45	0.83	0.81
Net Earnings Per Share				
Basic	\$0.45	\$ 0.45	\$0.83	\$ 0.81
Diluted	0.45	0.45	0.83	0.81
Total Long-Term Liabilities and Non-Controlling Interests			\$366.1	\$ 254.4
Cash Dividends declared per share			0.12	0.12
Total Assets			\$1,758.1	\$ 1,604.5

Net Earnings and Earnings per Share

The effective tax rate for the second quarter of 2007 was 37.5%, an increase from the tax rate of 24.8% in the same quarter of 2006. The effective year to date tax rates were 36.1% for 2007 and 29.8% for 2006. The effective 2006 second quarter tax rate was significantly impacted by the reduced Canadian federal tax rates that were substantially enacted in June 2006. Without the rate change, the effective rate would have been 32.5% for the second quarter 2006 and 33.8% year to date. Additionally, the 2006 rates were reduced because of the utilization of previously unrecognized tax loss carryforwards and/or credits against the 2006 earnings in both Mexico and Hungary.



Certain unusual items impacted earnings in both 2007 and 2006. The following table summarizes these items.

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Earnings from Continuing Operations	\$31.3	\$32.3	\$58.1	\$58.3
Foreign Exchange loss on Hungarian Forints held in Escrow	3.4		1.7	
Reduction in Tax Expense		(3.5)		(3.5)
Adjusted Earnings From Continuing Operations	\$34.7	\$28.8	\$59.7	\$54.8
As a percentage of Sales	5.6%	4.7%	5.0%	4.6%
Change over Prior Year	20.7%		9.0%	
Earnings per Share	\$0.50	\$0.40	\$0.86	\$0.76

Second quarter diluted earnings per share from continuing operations are \$0.45 for both the second quarter of 2007 and 2006. For the year to date, diluted earnings per share from continuing operations are \$0.83 as compared to \$0.81 in the first half of 2006. In addition, the weighted average number of shares used for purposes of this calculation has decreased by approximately 3.1% over the same periods in 2006.

Interest

Interest on long-term debt decreased \$0.8 million over the same quarter in 2006 to \$3.5 million and the year to date interest on long-term debt decreased by \$1.4 million to \$7.2 million. The consolidated effective interest rate was lower year to date 2007 at 5.2% as compared to 5.6% year to date 2006. The decrease is due to the effect of lower interest rates on a lower long-term outstanding amount on Linamar's syndicated borrowings renewed during the fourth quarter of 2006.

Other interest expense is higher by \$1.2 million over the same quarter in 2006 and year to date 2007 other interest expense is higher by \$1.8 million over 2006. There was an increase in short-term borrowings in order to purchase the Hungarian Forint held in escrow. This was necessary to launch the bid for the minority interest in Linamar Hungary Nyrt. Interest earned on the Hungarian Forint was the primary contributor to the total increase in interest earned of \$0.9 million over the same quarter in 2006 and \$1.3 million over year to date 2006.



SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited consolidated information for each of the eight quarters ended September 30, 2005 through to June 30, 2007. This information has been derived from our unaudited consolidated financial statements which, in the opinion of management, have been prepared in accordance with Canadian GAAP using the same accounting policies and methods of their application as the audited consolidated financial statements.

(in millions of dollars, except per share amounts)	Sept 30, 2005	Dec 31, 2005	Mar 31, 2006	June 30, 2006	Sept 30, 2006	Dec 31, 2006	Mar 31, 2007	June 30, 2007
Sales	529.7	523.5	583.3	607.1	528.1	543.6	579.4	624.4
Earnings from Continuing Operations	22.5	26.4	26.0	32.3	15.1	31.9	26.7	31.3
Earnings per Share from Continuing Operations								
Basic	0.32	0.37	0.36	0.45	0.21	0.46	0.38	0.45
Diluted	0.32	0.37	0.36	0.45	0.21	0.46	0.38	0.45
Net Earnings per Share								
Basic	0.32	0.36	0.36	0.45	0.20	0.38	0.38	0.45
Diluted	0.32	0.36	0.36	0.45	0.20	0.38	0.38	0.45

The quarterly results of the company have traditionally been impacted by the seasonality of certain operational units. Earnings in the second quarter are positively impacted by the high selling season for the aerial work 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 internal maintenance activities that would otherwise disrupt normal production schedules.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

<i>(in millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Cash provided by (used in):				
Operating Activities	\$35.2	\$ 45.7	\$34.4	\$ 50.6
Financing Activities	(5.9)	(17.4)	72.2	(12.1)
Investing Activities	(48.7)	(35.3)	(84.4)	(81.5)
Effect of Translation Adjustment	(1.4)	(1.1)	(1.8)	(1.2)
Net decrease in Cash Position	(20.8)	(8.1)	20.4	(44.2)
Cash Position – Beginning of Period	79.5	(8.1)	38.3	28.0
Cash Position – End of Period	\$58.7	\$ (16.2)	58.7	\$ (16.2)
Comprised of:				
Cash	97.3	21.1	97.3	21.1
Unpresented Cheques	(38.6)	(37.3)	(38.6)	(37.3)
	\$58.7	\$ (16.2)	\$58.7	\$ (16.2)

Linamar's cash position (net of unpresented cheques) at June 30, 2007 was \$58.7 million, an increase of \$74.9 million when compared to June 30, 2006. The majority of the increase is related to the funds held in escrow necessary to launch the bid for the minority interest in Linamar Hungary Nyrt. Cash proceeds from operating activities are lower for the quarter and year to date compared to 2006 due to non-cash working capital. Non-cash working capital consumption is higher in 2007 primarily from inventory build up in the Industrial segment for the launch of a new product.



During the quarter, financing activities consumed \$5.9 million due to dividends paid to shareholders. During the first half of 2007, financing activities provided \$72.2 million primarily due to increased short-term borrowings offset by dividends paid to shareholders. Long-term receivables from industrial business continue to be collected or sold under a portfolio purchase agreement entered into at the end of 2004.

Investing activities continue to be dominated by payments for the purchase of property, plant and equipment.

Operating Activities

<i>(in millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Earnings from Continuing Operations	\$31.3	\$ 32.3	\$58.1	\$ 58.3
Non-cash charges to earnings	43.4	36.5	85.3	75.6
Cash provided from operations	\$74.7	\$ 68.8	\$143.4	\$ 133.9
Changes in non-cash working capital	(40.7)	(24.0)	(\$109.4)	(83.6)
Cash flow – continuing operations	\$34.0	\$ 44.8	\$34.0	\$ 50.3
Cash flow – discontinued operations	1.2	0.9	0.4	0.3
Cash provided by operating activities	\$35.2	\$ 45.7	\$34.4	\$ 50.6

Cash provided by continuing operations, before the effect of changes in non-cash working capital, increased to \$74.7 million for the second quarter from \$68.8 million a year earlier and \$143.4 million for the first half of 2007 from \$133.9 million in 2006.

Incremental investment in non-cash working capital was \$40.7 million for the second quarter of 2007 compared to \$24.0 million in 2006 and was \$109.4 million year to date 2007 compared to \$83.6 million in 2006. The increased investment in 2007 is primarily the result of inventory build-up in the Industrial segment for the launch of the new 68RT product.

Financing Activities

<i>(in millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
(Repayment of) proceeds from short-term bank borrowings	\$0.3	\$ (9.8)	\$84.9	\$ (1.5)
Proceeds from long-term debt	-	4.3	-	4.3
Repayment of long-term debt	(2.2)	(6.2)	(4.4)	(8.0)
Proceeds from common share issuance	-	1.4	-	1.4
Repurchase of shares	-	(3.1)	(0.2)	(3.5)
Decrease in long-term receivables	0.2	0.3	0.3	3.8
Dividends to shareholders	(4.2)	(4.3)	(8.4)	(8.6)
Cash used in financing activities	\$(5.9)	\$ (17.4)	\$72.2	\$ (12.1)

At the end of the quarter, there was \$302.8 million in credit available in the revolving term facility under the Canadian syndicated credit agreement.

The company continued its dividend policy at a quarterly rate of \$0.06 per share.

Long term receivables regularly arise in the industrial products marketplace. In order to manage the associated cash flow, the company periodically securitizes portions of the receivable balance. Year to date the company's long term receivables declined from December 31, 2006 by \$0.3 million.



Investing Activities

<i>(in millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Payments for purchase of property, plant and equipment	\$(45.0)	\$ (35.4)	\$(81.2)	\$ (81.2)
Proceeds from disposal of property, plant and equipment	0.7	0.1	1.2	0.1
Payments for purchase of intangible assets subject to amortization	-	-	-	(0.4)
Business acquisitions	(4.4)		(4.4)	
Cash used in investing activities	\$(48.7)	\$ (35.3)	\$(84.4)	\$ (81.5)

Cash spent on investing activities for the second quarter was \$48.7 million; in the same period last year the total spent was \$35.3 million. Given the current economic conditions, the company continues to monitor all capital expenditures.

On February 26, 2007, the company announced its public purchase offer for the balance of the outstanding shares of its consolidated subsidiary Linamar Hungary Nyrt. The company's public purchase offer was unsuccessful. During the quarter, 254,920 shares were acquired at a cost of \$4.4 million representing an addition 2.97% of the total outstanding shares. The company now owns 61.60% of Linamar Hungary Nyrt, which is a public company listed on the Budapest Stock Exchange. The company is currently evaluating all options with regards to next steps on this potential transaction.

At June 30, 2007, outstanding commitment for capital expenditures under purchase orders and contracts amounted to \$104.6 million (December 31, 2006 – \$56.9 million).

Financing Resources

At June 30, 2007, cash was \$97.3 million, with unrepresented cheques and short-term bank borrowings of \$154.0 million. Included in the cash balance are Hungarian Forints being held in escrow as necessary to launch the bid for the minority interest in Linamar Hungary Nyrt. At this time, the company's syndicated revolving facility had available credit of \$302.8 million.

Contractual Obligations

Please see the December 31, 2006 annual MD&A for a table summarizing contractual obligations by category; such obligations have not changed significantly during the quarter.

Shareholders' Equity

Book value per share² grew to \$12.44 per share at June 30, 2007, as compared to \$12.02 per share at December 31, 2006. Earnings net of dividends contributed \$27.1 million for the quarter and \$49.7 year to

² See the December 31, 2006 MD&A for discussion of non-GAAP measures. "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.

<i>(in millions of dollars except share and per share figures)</i>	2007 June 30	2006 December 31
Shareholders' Equity	\$ 868.5	\$ 839.7
Shares outstanding	69,824,276	69,838,276
Book Value Per Share	\$ 12.44	\$ 12.02



date to retained earnings. The company repurchased shares under a normal course issuer bid resulting in a charge for excess purchase over book cost to retained earnings of \$0.2 million year to date, all occurring in the first quarter.

Foreign Currency Activities

Linamar pursues a strategy of balancing its foreign currency cash flows, to the largest extent possible, in each region in which it operates. The company's foreign currency outflows for the purchases of materials and capital equipment denominated in foreign currencies are naturally hedged when contracts to sell products are denominated in those same foreign currencies. To manage the residual exposure, Linamar employs hedging programs, where rate-appropriate, through the use of forward exchange contracts. The contracts are purchased based on the projected net 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 relationship banks in its credit facility. 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 and Mexican peso.

At June 30, 2007, the company has foreign exchange forward contracts that qualify for accounting as cash flow hedges and under the new standards which are discussed further below, the fair value unrealized gains and losses are included in other comprehensive earnings, net of taxes. The gains and losses will be recognized in net earnings in the same period as the transactions which generate the cash flows. The company was also committed to two long-dated foreign exchange forward contracts. These forward exchange contracts qualify for accounting as fair value hedges and under the new standards, any fair value unrealized gains and losses are included in net earnings.

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. The company currently leases approximately 138 trucks and 194 trailers from Penske Truck Leasing and Ryder Truck Rental Canada, Ltd. The amount due under these operating leases are reflected under the heading "Operating Leases" in the table set out in the "Contractual Obligations" section of the December 31, 2006 annual financial statements. The company is allowed to return up to 20% of the fleet at any time without incurring any charges. Should the entire arrangement be terminated, the company would be responsible for the balance of the amount owing under the leases.

The company also has various operating leases for office equipment, computers, fork trucks, and other such items.

Please see note 11 of the interim consolidated financial statements incorporated herein.

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.



Under a portfolio purchase agreement signed in 2004, the company regularly 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 the receivables under securitization, less recourse in the form of the underlying physical assets. Under the agreement, receivables are sold on a fully serviced basis so that the company continues to administer the collection of such receivables. The company receives no fee for administration of the collection of such receivables.

Guarantees

Linamar is a party to certain financial guarantees and contingent liabilities with respect to government assistance as discussed in notes 14, 23, 24 and 25 of the December 31, 2006 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 \$1.2 million for the quarter and \$1.4 million year to date paid to a company owned by the spouse of an officer and director. In addition, the company has a commitment of \$4.1 million to the same entity. Included in cost of sales, are maintenance costs of \$0.1 million for the quarter and \$0.2 million year to date, paid to the same company. The maintenance and construction costs and the commitment represent general contracting and construction activities related to plant construction, improvements, additions and maintenance for a number of facilities. Included in cost of sales, are lease costs of \$0.1 million for the quarter and \$0.2 million year to date 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 establish and monitor adherence to procedures for identifying and entering into transactions with related parties. The company has designed an independent process to ensure building construction and improvements are transacted at fair value. Other related party transactions have been recorded at the exchange amount.

Proposed Transactions

On April 30th, 2007 Linamar and Ford Motor Company announced a non-binding proposal setting forth the preliminary understanding and status of discussions regarding the purchase by Linamar of Automotive Components Holdings' Power Transfer Unit business at the Converca I Plant in Nuevo Laredo, Mexico.

The proposed transaction is subject to, among other things, due diligence, negotiation of remaining business terms and the negotiation and approval of mutually satisfactory agreements.

RISK MANAGEMENT

Please see the December 31, 2006 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 of the risks described in the December 31, 2006 annual MD&A.



DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In its Annual MD&A dated March 8, 2007 and for the fiscal year ended December 31, 2006, the company reported that it, with the assistance of external specialists, had identified four areas where the internal controls over financial reporting had weaknesses requiring improvement. The company, with the assistance of its external specialists, completed in the first quarter of 2007 a remediation plan for the identified controls deficiencies, and had commenced implementation of this remediation plan. The company continues to consider remediation of these deficiencies a high priority for the organization. During the second quarter of 2007, the company again performed a number of substantive verification procedures in order to ensure the interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows as at and for the quarter ended June 30, 2007. Until implementation of the remediation plan is completed, the company intends to continue to perform supplementary verification procedures appropriate to the stage of progress in implementing the remediation plan and the resultant status of the company's internal controls over financial reporting during the relevant period. Otherwise, during the fiscal quarter ended June 30, 2007, no change in the company's internal controls over financial reporting occurred that has materially affected, or is reasonably likely to materially affect, Linamar's internal control over financial reporting.

Please see the annual MD&A for the year ended December 31, 2006 for a discussion of disclosure controls and procedures and internal controls over financial reporting.

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, 2006 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 during the quarter.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTIONS

Effective January 1, 2007, the company retroactively adopted the CICA Handbook Section 1530 "Comprehensive Income" ("CICA 1530"), Section 3855 "Financial Instruments – Recognition and Measurement" ("CICA 3855") and Section 3865 "Hedges" ("CICA 3865"). The adoption of the new standards resulted in changes in accounting for financial instruments and hedges as well as the recognition of certain transition adjustments that have been recorded in opening accumulated other comprehensive loss. The comparative consolidated financial statements have not been restated with the exception of the reclassification of the cumulative translation adjustment to accumulated other comprehensive loss.

CICA 1530 requires the presentation of comprehensive income and its components in a new financial statement. Comprehensive income is composed of the Company's net income and other comprehensive income. Other comprehensive income includes unrealized gains (losses) on translating financial statements of self-sustaining foreign operations and changes in unrealized gains (losses) on derivative instruments designated as cash flow hedges.



CICA 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This standard prescribes when to recognize a financial instrument in the balance sheet and at what amount. Depending on the balance sheet classification, fair value or cost-based measures are used. This standard also prescribes the basis of presentation for gains and losses on financial instruments. Based on financial instrument classification, gains and losses on financial instruments are recognized in net income or other comprehensive income.

CICA 3865 allows qualifying transactions to be designated as hedges for accounting purposes. The company elected to apply hedge accounting for foreign exchange forward contracts and interest rate swaps as cash flow hedges. These derivatives are measured at fair value at the end of each period and the gains or losses resulting from remeasurement are recognized in other comprehensive income, any ineffective portion is recognized in net income. In addition, the company elected to apply hedge accounting for its long-dated foreign exchange forwards as fair value hedges. These derivatives are measured at fair value at the end of each period and the gains or losses resulting from the remeasurement are recognized in net income, with a corresponding adjustment to the carrying value of the hedged item through net income.

The adoption of these new standards translated into the following changes as at January 1, 2007 for the cash flow and fair value hedges: a \$3.5 million decrease in accumulated other comprehensive income, a \$3.7 million increase in future income tax assets, a \$5.3 million increase in derivative financial instruments reported under liabilities, a \$5.6 million increase in long-term debt, and a \$3.7 million reduction in opening retained earnings. The adoption of these new standards has no impact on the company's cash flows.

The company refers the reader to notes 1, 3 and 4 to the consolidated interim financial statements for June 30, 2007 for further details regarding the adoption of these new standards.

OUTSTANDING SHARE DATA

Linamar is authorized to issue an unlimited number of common shares, of which 69,824,276 common shares were outstanding as of August 7, 2006. As of August 7, 2007, there were no options outstanding under Linamar's share option plan.

OUTLOOK

Outlook information is not provided.

FORWARD LOOKING INFORMATION

Certain information provided by Linamar in this Management Discussion and Analysis in the Annual Report and other documents published throughout the year which 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 Management Discussion and Analysis and elsewhere in the Annual Report 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 cyclicalities, 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.