

INTERIM REPORT

Linamar Announces First Quarter Results

May 10, 2007, Guelph, Ontario, Canada –Linamar Corporation (TSX: LNR), a diversified global manufacturing company of highly engineered products, today announced its financial results for the first quarter ended March 31, 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 March 31 | |
|--|--------------------------------|---------|
| | 2007 | 2006 |
| | \$ | \$ |
| Sales | 579,419 | 583,348 |
| Gross Margin | 70,763 | 75,953 |
| Operating Earnings ¹ | 44,827 | 45,622 |
| Earnings from Continuing Operations | 26,742 | 26,038 |
| Net Earnings | 26,742 | 25,838 |
| Diluted Earnings per Share from Continuing Operations | 0.38 | 0.36 |
| Diluted Earnings per Share | 0.38 | 0.36 |

First Quarter Operating Highlights

Sales for the first quarter of 2007 at \$579.4 million were down \$3.9 million compared to \$583.3 million for the first quarter of 2006. Powertrain/Driveline sales were down 6.3% to \$450.4 million compared to \$480.7 million in the same quarter last year. The major contributor to the sales decrease was volume decreases related to the medium/heavy duty truck vehicle market offset by new business launches. This decline was largely offset by the Industrial sales increase of \$26.4 million or 25.7% to \$129.0 million for the quarter compared to \$102.6 million for the same quarter in 2006. The increase in industrial products continues to be driven by strong market demand for aerial work platforms produced by Skyjack Inc. "Skyjack".

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 March 31 | |
|-------------------------------------|--------------------------------|--------|
| | 2007 | 2006 |
| | \$ | \$ |
| Gross margin | 70,763 | 75,953 |
| Selling, general and administrative | 25,936 | 30,331 |
| Operating earnings | 44,827 | 45,622 |

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.

The company's operating earnings were relatively flat at \$44.8 million for the first quarter of 2007 compared to \$45.6 million for the first quarter of 2006, a decline of \$0.8 million. Operating earnings for Powertrain/Driveline were significantly lower in the first quarter of 2007 at \$19.6 million, or 4.3% of total sales as compared to \$32.9 million, or 6.8% of total segment sales for the same quarter of 2006. Powertrain/Driveline operating earnings decline were largely attributable to the sales reduction of \$30.3 million compared to first quarter of 2006. Significant growth in Industrial sales with strong gross margins led to operating earnings of \$25.2 million for the quarter compared to \$12.8 million for the same quarter last year, an increase of 97.7%.

Earnings from continuing operations for the quarter were \$26.7 million (4.6% of sales) versus \$26.0 million (4.5% of sales) in 2006, an increase of 2.7%.

In May 2006, Linamar and the Ontario government announced an investment partnership in people and technology development, specifically in support of the development, adaptation and commercialization of cutting edge machining, manufacturing and environmental technologies in the production of powertrain and driveline components and systems. On February 9, 2007 the company and the Ontario government formalized this investment agreement. The agreement provides for a conditional grant of up to \$44.5 million and is dependent upon the company satisfying various program investment criteria and achieving a cumulative job target over the term of the agreement. To the extent the investment and/or job targets are not met, a pro-rata clawback arrangement exists. The term of the agreement is January 14, 2005 through January 14, 2010. As the agreement has only recently been finalized, including the methodology for claims under the program, no amount has been recognized in the financial statements for the periods ended March 31, 2007 and 2006.

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended March 31, 2007 of CDN\$0.06 per share on the common shares of the company, payable on or after June 8, 2007 to shareholders of record on May 25, 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.

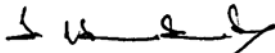
Other factors and risks and uncertainties that could cause results to differ from current expectations are discussed in the MD&A and include, but are not limited to: fluctuations in interest rates, environmental emission and safety regulations, governmental, environmental and regulatory policies, and 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

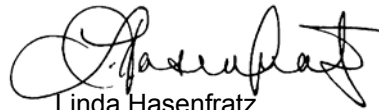
Linamar will hold a conference call on May 10, 2007 at 5:00 p.m. EST to discuss its first quarter results. The numbers for this call are (416) 642-5212 (local/overseas) or (866) 321-6651 (North America), with a call-in required 10 minutes prior to the start of the conference call. The conference call 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 Thursday, May 10, 2007 and at www.sedar.com by the start of business on May 11, 2007. A taped replay of the conference call will also be made available starting at 11:00 p.m. on May 10, 2007 for seven days. The number for replay is (416) 915-1028 or (866) 244-4494, Conference ID 928885. 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



Linda Hasenfratz
Chief Executive Officer

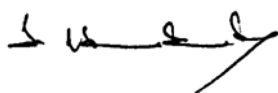
Guelph, Ontario
May 10, 2007

LINAMAR CORPORATION
CONSOLIDATED BALANCE SHEETS

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

| | March 31 2007 | December 31 2006 |
|---|------------------|---------------------|
| | \$ | \$ |
| ASSETS | | |
| Current Assets | | |
| Cash | 115,924 | 49,061 |
| Accounts receivable | 445,314 | 366,675 |
| Inventories | 224,892 | 214,953 |
| Prepaid expenses | 8,799 | 10,458 |
| Current portion of long-term receivables | 758 | 757 |
| Future income taxes | 6,580 | 6,410 |
| Current assets – discontinued operations (note 6) | 4,734 | 4,956 |
| | 807,001 | 653,270 |
| Deferred Charges | 2,826 | 3,693 |
| Long-Term Receivables | 1,932 | 2,114 |
| Goodwill and Other Intangibles | 36,018 | 36,697 |
| Property, Plant and Equipment | 861,241 | 880,651 |
| Future Income Taxes | 34,812 | 35,123 |
| Property, Plant and Equipment – Discontinued Operations (note 6) | 1,531 | 1,562 |
| Future Income Taxes – Discontinued Operations (note 6) | 2,998 | 3,031 |
| | 1,748,359 | 1,616,141 |
| LIABILITIES | | |
| Current Liabilities | | |
| Unpresented cheques | 36,429 | 10,774 |
| Short-term bank borrowings | 115,062 | 30,400 |
| Accounts payable and accrued liabilities | 338,837 | 331,687 |
| Income taxes payable | 7,637 | 9,313 |
| Derivative financial instruments (note 1) | 1,761 | - |
| Current portion of long-term debt | 11,873 | 12,196 |
| Current liabilities – discontinued operations (note 6) | 8,668 | 9,766 |
| | 520,267 | 404,136 |
| Long-Term Debt | 270,477 | 268,911 |
| Derivative Financial Instruments (note 1) | 1,033 | - |
| Future Income Taxes | 59,345 | 61,468 |
| Non-Controlling Interests | 43,847 | 41,883 |
| | 894,969 | 776,398 |
| SHAREHOLDERS' EQUITY | | |
| Capital Stock | 116,782 | 116,806 |
| Retained Earnings | 781,494 | 762,833 |
| Accumulated Other Comprehensive Loss (notes 1 and 3) | (44,886) | (39,896) |
| | 853,390 | 839,743 |
| | 1,748,359 | 1,616,141 |

On behalf of the Board of Directors:



Frank Hasenfratz
Director



Linda Hasenfratz
Director

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS

For the three months ended March 31, 2007 and March 31, 2006 (Unaudited)
(in thousands of dollars, except per share figures)

| | Three Months Ended March 31 | |
|--|--------------------------------|---------|
| | 2007 | 2006 |
| | \$ | \$ |
| Sales | 579,419 | 583,348 |
| Cost of Sales | 467,464 | 471,760 |
| Amortization | 41,192 | 35,635 |
| Gross Margin | 70,763 | 75,953 |
| Selling, general and administrative | 25,936 | 30,331 |
| Earnings Before the Following: | 44,827 | 45,622 |
| Other Income (Expense) | | |
| Interest on long-term debt | (3,632) | (4,212) |
| Other interest expense | (819) | (182) |
| Interest earned | 810 | 393 |
| Other income | 1,278 | 70 |
| | 42,464 | 41,691 |
| Provision for Income Taxes | | |
| Current | 15,070 | 14,263 |
| Future | (470) | 398 |
| | 14,600 | 14,661 |
| | 27,864 | 27,030 |
| Non-Controlling Interests | 1,122 | 992 |
| Earnings from Continuing Operations | 26,742 | 26,038 |
| Discontinued Operations (note 6) | - | (200) |
| Net Earnings for the Period | 26,742 | 25,838 |
| Basic Earnings per Share | | |
| from Continuing Operations (note 7) | 0.38 | 0.36 |
| Diluted Earnings per Share | | |
| from Continuing Operations (note 7) | 0.38 | 0.36 |
| Basic Earnings per Share (note 7) | 0.38 | 0.36 |
| Diluted Earnings per Share (note 7) | 0.38 | 0.36 |

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the three months ended March 31, 2007 and March 31, 2006 (Unaudited)
(in thousands of dollars)

| | Three Months Ended March 31 | |
|--|--------------------------------|----------------|
| | 2007 | 2006 |
| | \$ | \$ |
| Balance – Beginning of Period, as Previously Reported | 762,833 | 708,783 |
| Change in accounting policies (note 1) | (3,706) | - |
| Balance – Beginning of Period, as Restated | 759,127 | 708,783 |
| Net Earnings for the Period | 26,742 | 25,838 |
| Excess over assigned value of common shares purchased and cancelled (note 2) | (185) | (368) |
| Dividends | (4,190) | (4,325) |
| Balance – End of Period | 781,494 | 729,928 |

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

For the three months ended March 31, 2007 and March 31, 2006 (Unaudited)
(in thousands of dollars)

| | Three Months Ended March 31 | |
|---|--------------------------------|---------------|
| | 2007 | 2006 |
| | \$ | \$ |
| Net Earnings for the Period | 26,742 | 25,838 |
| Other Comprehensive Earnings (Loss) | | |
| Unrealized gains (losses) on translating financial statements of self-sustaining foreign operations | (3,137) | (2,402) |
| Change in unrealized gains (losses) of derivative instruments designated as cash flow hedges (net of income taxes of \$835) | 1,660 | - |
| | (1,477) | (2,402) |
| Comprehensive Earnings for the Period | 25,265 | 23,436 |

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2007 and March 31, 2006 (Unaudited)
(in thousands of dollars)

| | Three Months Ended March 31 | |
|--|--------------------------------|-----------|
| | 2007 | 2006 |
| Cash Provided By (Used In) | \$ | \$ |
| Operating Activities | | |
| Earnings from continuing operations | 26,742 | 26,038 |
| Non-cash charges (credits) to earnings: | | |
| Amortization of property, plant and equipment | 40,619 | 35,062 |
| Amortization of other intangible assets | 573 | 573 |
| Future income taxes | (470) | 398 |
| Non-controlling interests | 1,122 | 992 |
| Unrealized exchange (gain) loss on debt | (1,331) | 815 |
| Amortization of deferred exchange gain | - | - |
| Loss on disposal of property, plant and equipment | 2,328 | 130 |
| Other | (508) | 1,180 |
| | 69,075 | 65,188 |
| Changes in non-cash working capital: | | |
| Increase in accounts receivable | (78,947) | (97,696) |
| (Increase) decrease in inventories | (10,129) | 1,418 |
| Decrease (increase) in prepaid expenses | 1,603 | (1,934) |
| (Decrease) increase in income taxes payable | (863) | 4,262 |
| Increase in accounts payable and accrued liabilities | 19,255 | 34,375 |
| Cash flow – continuing operations | (6) | 5,613 |
| Cash flow – discontinued operations (note 5) | (812) | (653) |
| | (818) | 4,960 |
| Financing Activities | | |
| Proceeds from short-term bank borrowings | 84,661 | 8,317 |
| Proceeds from long-term debt | - | - |
| Repayment of long-term debt | (2,217) | (1,681) |
| Proceeds from common share issuance | - | - |
| Repurchase of shares (note 2) | (209) | (419) |
| Decrease (increase) in long-term receivables | 180 | 3,452 |
| Dividends to shareholders | (4,190) | (4,325) |
| | 78,225 | 5,344 |
| Investing Activities | | |
| Payments for purchase of property, plant and equipment | (36,256) | (45,827) |
| Proceeds of disposal of property, plant and equipment | 457 | 99 |
| Payments for purchase of intangible assets subject to amortization | - | (434) |
| | (35,799) | (46,162) |
| | 41,608 | (35,858) |
| Effect of Translation Adjustment | (400) | (275) |
| Increase (Decrease) in Cash Position | 41,208 | (36,133) |
| Cash Position - Beginning of Period | 38,287 | 28,005 |
| Cash Position - End of Period | 79,495 | (8,128) |
| Comprised of: | | |
| Cash | 115,924 | 32,050 |
| Unpresented cheques | (36,429) | (40,178) |
| | 79,495 | (8,128) |

LINAMAR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2007 and March 31, 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 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 income.

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 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 decrease in accumulated other comprehensive income, a \$3,685 increase in future income tax assets, a \$5,289 increase in derivative financial instruments reported under liabilities, a \$5,615 increase in long-term debt, and a \$3,706 reduction in opening retained earnings. The adoption of these new standards has no impact on the company's cash flows.

For the three month period ending March 31, 2007, the company recognized an unrealized gain of \$1,660, net of \$835 in related income taxes, under other comprehensive earnings representing the effective portion of the change in fair value of the derivatives designated as cash flow hedges. An estimated loss of \$1,155, net of tax of \$605, is anticipated to be included in net earnings over the next twelve months.

For the three month period ending March 31, 2007, the company recognized a gain of \$796, net of \$410 in related income taxes, in net earnings representing the change in the fair value of the derivatives designated as fair value hedges.

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 quarter 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 March 31 | | | Three Months Ended March 31 |
|--|---|---|--|--|
| | | | 2007 | 2006 |
| | 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 | 1,660 | (3,137) | (1,477) | (2,402) |
| Balance – End of Period | (1,853) | (43,033) | (44,886) | (51,833) |

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

4. Financial Instruments

At March 31, 2007, the company was committed to a series of monthly forward contracts to sell U.S. dollars and British pounds. These forward contracts qualify for accounting as cash flow hedges and under the new standards, the fair value unrealized gains and losses are included in other comprehensive income, net of taxes. The gains and losses will be recognized in net earnings 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. This forward contract qualifies for accounting as a cash flow hedge and under the new standards, the fair value unrealized gains and losses are included in other comprehensive income, net of taxes. The gains and losses will be recognized in net earnings in the same period as the transaction which generate the cash flows.

The company was also committed to two long-dated forward contracts to buy U.S. dollars. 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 income.

The following table is a list of forward contracts and zero cost option hedges in place at March 31, 2007:

| Year | Amount Hedged - Sell (Buy) | Average Exchange Rate |
|------|--|-----------------------|
| 2007 | USD\$ 122,100,000 for Canadian dollars | 1.1281 |
| 2008 | USD\$ 22,500,000 for Canadian dollars | 1.1657 |
| 2009 | USD\$ (80,000,000) with Canadian dollars | 1.3029 |
| 2014 | USD\$ (40,000,000) with Canadian dollars | 1.3535 |
| 2007 | GBP£ 6,270,000 for Canadian dollars | 2.1856 |
| 2007 | EUR€ (1,000,000) with USD dollars | 1.3344 |

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. The corporate headquarters and other small operating entities are included with the Powertrain/Driveline operational segment. Operational segment reporting for 2006 has been restated to reflect this change

| Geographic | For the three months ended March 31, 2007 | |
|---------------|---|---------------------|
| | Sales to external customers | Inter-segment sales |
| | \$ | \$ |
| Canada | 402,546 | 1,891 |
| United States | 48,920 | 4,959 |
| Asia Pacific | 1,007 | 1 |
| Mexico | 55,835 | 59 |
| Europe | 71,111 | 3,342 |
| Total | 579,419 | |

| Geographic | For the three months ended March 31, 2006 | |
|---------------|---|---------------------|
| | Sales to external customers | Inter-segment sales |
| | \$ | \$ |
| Canada | 438,904 | 1,481 |
| United States | 53,540 | 5,655 |
| Asia Pacific | 647 | - |
| Mexico | 44,698 | - |
| Europe | 45,559 | 2,582 |
| Total | 583,348 | |

| Operational | For the three months ended March 31, 2007 | | | |
|----------------------|---|---------------------|---------------------------|-----------------------------------|
| | Sales to external customers | Inter-segment sales | Operating earnings (loss) | Assets from Continuing Operations |
| | \$ | \$ | \$ | \$ |
| Powertrain/Driveline | 450,403 | 5,637 | 19,598 | 1,464,622 |
| Industrial | 129,016 | 68 | 25,229 | 276,581 |
| Total | 579,419 | | 44,827 | 1,741,203 |

| Operational | For the three months ended March 31, 2006 | | | |
|----------------------|---|---------------------|---------------------------|-----------------------------------|
| | Sales to external customers | Inter-segment sales | Operating earnings (loss) | Assets from Continuing Operations |
| | \$ | \$ | \$ | \$ |
| Powertrain/Driveline | 480,700 | 4,661 | 32,864 | 1,393,793 |
| Industrial | 102,648 | 88 | 12,758 | 230,983 |
| Total | 583,348 | | 45,622 | 1,624,776 |

6. Discontinued operations (in millions 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 March 31 | |
|---------------------------------------|--------------------------------|-------|
| | 2007 | 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 March 31 | |
|---|--------------------------------|------------|
| | 2007 | 2006 |
| | \$ | \$ |
| Earnings from Continuing Operations | 26,742 | 26,038 |
| Net Earnings for the Period | 26,742 | 25,838 |
| Weighted average common shares | 69,836,632 | 72,096,429 |
| Incremental shares from assumed conversion of stock options | - | - |
| Adjusted weighted average shares for diluted earnings per share | 69,836,632 | 72,096,429 |
| Earnings Per Share from Continuing Operations | | |
| Basic | 0.38 | 0.36 |
| Diluted | 0.38 | 0.36 |
| Earnings Per Share from Net Earnings | | |
| Basic | 0.38 | 0.36 |
| Diluted | 0.38 | 0.36 |

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 \$234 paid to a company owned by the spouse of an officer and director. In addition, the company has a commitment of \$4,800 to the same entity. Included in cost of sales, are maintenance costs of \$116 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 \$3 related to equipment and services sold to the same company. Included in cost of sales, are lease costs of \$60 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.

As more fully discussed in Note 11, Contingent Liabilities and Commitments, the company announced on February 26, 2007 its public purchase offer for the balance of the outstanding shares of its consolidated subsidiary, Linamar Hungary Nyrt. Two officers and directors of the company own respectively 365,000 and 97,000 of the outstanding shares of Linamar Hungary Nyrt, representing 10.3% and 2.7% respectively of the shares not already owned by the company. The officers/directors have indicated their intention to accept the public purchase offer.

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 following was expensed during the quarter:

| | Three Months Ended March 31 | |
|----------------------|--------------------------------|-------|
| | 2007 | 2006 |
| | \$ | \$ |
| Government sponsored | 5,652 | 5,261 |
| Company sponsored | 2,519 | 2,256 |

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 March 31 | |
|------------------------------|--------------------------------|------|
| | 2007 | 2006 |
| | \$ | \$ |
| Foreign Exchange (Gain) Loss | (3,238) | 33 |

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 \$21,122 over the remaining lease term, of which \$11,203 is recorded in capital leases.

The company has various other guarantees for a maximum potential future payment of \$30,404 over various terms of 4 to 5 years. The company has estimated recourse, in the form of equipment, in the amount of \$21,274.

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 March 31, 2007, outstanding commitments for capital expenditures under purchase orders and contracts amounted to approximately \$75,582. Of this amount, \$70,782 relates to the purchase of manufacturing equipment and \$4,800 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 in 2007.

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 currently owns 58.63% of Linamar Hungary Nyrt, which is a public company listed on the Budapest Stock Exchange. The offer is valued at 3,003 Huf (\$18.63 CAD) per share, for the cumulative value of \$66,121 for the residual holdings, and expires May 29th, 2007. Had the transaction been completed prior to March 31, 2007, the reduction from earnings of \$1,122 for non-controlling interest would not have been required and earnings from continuing operations for 2007 would have been \$27,864, and goodwill would have increased by \$22,274 as at March 31, 2007.

Two officers and directors of the company own respectively 365,000 and 97,000 of the outstanding shares of Linamar Hungary Nyrt, representing 10.3% and 2.7% respectively of the shares not already owned by the company. The officers/directors have indicated their intention to accept the public purchase offer.

Included in the Cash balance is a deposit of \$66,121 related to the purchase of the outstanding shares of Linamar Hungary Nyrt. These funds are being held in escrow until the expiry date.

13. Comparative Figures

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



Linamar Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Quarter Ended March 31, 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 May 10, 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 first quarter of 2007 and 2006:

| <i>(in millions of dollars, except content per vehicle numbers)</i> | Three Months Ended March 31 | |
|---|--------------------------------|----------|
| | 2007 | 2006 |
| Sales | \$ 579.4 | \$ 583.3 |
| Gross Margin | 70.7 | 75.9 |
| Operating Earnings ¹ | 44.8 | 45.6 |
| Earnings from Continuing Operations | 26.7 | 26.0 |
| Net Earnings | 26.7 | 25.8 |
| Content per Vehicle – North America | \$ 94.25 | \$ 96.59 |
| Content per Vehicle – Europe | \$ 9.20 | \$ 7.65 |
| Content per Vehicle – Asia Pacific | \$ 0.43 | \$ 0.32 |

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.

| March 31 <i>(in millions of dollars)</i> | 2007 | 2006 |
|--|----------------|----------------|
| Gross Margin | \$ 70.7 | \$ 75.9 |
| Selling, general and administrative | 25.9 | 30.3 |
| Operating Earnings | \$ 44.8 | \$ 45.6 |

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.



Sales for the first quarter of 2007 at \$579.4 million were down \$3.9 million compared to \$583.3 million for the first quarter of 2006. Powertrain/Driveline sales were down 6.3% to \$450.4 million compared to \$480.7 million in the same quarter last year. The major contributor to the sales decrease was volume decreases related to the medium/heavy duty vehicle market offset by new business launches. This decline was largely offset by the Industrial sales increase of \$26.4 million or 25.7% to \$129.0 million for the quarter compared to \$102.6 million for the same quarter in 2006. The increase in industrial products continues to be driven by strong market demand for aerial work platforms produced by Skyjack Inc. "Skyjack."

The company's operating earnings were relatively flat at \$44.8 million for the first quarter of 2007 compared to \$45.6 million for the first quarter of 2006, a decline of \$0.8 million. Operating earnings for Powertrain/Driveline were significantly lower in the first quarter of 2007 at \$19.6 million, or 4.3% of total sales as compared to \$32.9 million, or 6.8% of total segment sales for the same quarter of 2006. Powertrain/Driveline operating earnings decline were largely attributable to the sales reduction of \$30.3 million compared to first quarter of 2006. Significant growth in Industrial sales with strong gross margins led to operating earnings of \$25.2 million for the quarter compared to \$12.8 million for the same quarter last year, an increase of 97.7%.

Earnings from continuing operations for the quarter were \$26.7 million (4.6% of sales) versus \$26.0 million (4.5% of sales) in 2006, an increase of 2.7%.

In May 2006, Linamar and the Ontario government announced an investment partnership in people and technology development, specifically in support of the development, adaptation and commercialization of cutting edge machining, manufacturing and environmental technologies in the production of powertrain and driveline components and systems. On February 9, 2007 the company and the Ontario government formalized this investment agreement. The agreement provides for a conditional grant of up to \$44.5 million and is dependent upon the company satisfying various program investment criteria and achieving a cumulative job target over the term of the agreement. To the extent the investment and/or job targets are not met, a pro-rata clawback arrangement exists. The term of the agreement is January 14, 2005 through January 14, 2010. As the agreement has only recently been finalized, including the methodology for claims under the program, no amount has been recognized in the financial statements for the periods ended March 31, 2007 and 2006.

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 for the first quarter of 2007 decreased 7.5% to 4.0 million versus 2006 production of 4.3 million.

European vehicle production increased to 4.2 million units for the first quarter of 2007 compared with 4.0 million units for the first quarter of 2006, and increase of 4.6%.

Vehicle production in Asia Pacific increased 12.1% from 4.4 million units in the first quarter of 2006 to 4.9 million units in the same period of 2007.



Automotive Sales and Content per Vehicle

Automotive sales in the following discussion are determined by the final vehicle production location and, as such, there are differences in the figures as reported under the geographic segment disclosure 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.

North American automotive sales for the first quarter of 2007 decreased \$40.2 million or 9.7% to \$373.2 million from the same quarter in 2006, and content per vehicle decreased 2.4% to \$94.25 from \$96.59 over the same period. The sales for the first quarter of 2006 were very strong due to the substantial pre-buy of medium/heavy duty trucks which is the major reason for the sales decline in the current year.

European automotive sales increased by 25.8% over the prior year to \$38.4 million for the quarter as compared to \$30.5 million for the first quarter of 2006. Vehicle production volumes increased 4.6% and content per vehicle increased 20.3% from \$7.65 in 2006 to \$9.20. The increase in content is due to the increase in sales of camshafts utilizing our industry leading innovative technology for a German automaker, as well as increases in engine block and cylinder head sales.

Content per vehicle for Asia Pacific continues at a low level as anticipated in this start-up phase.

| | Three Months Ended March 31 | | |
|------------------------------|--------------------------------|-----------------|--------------|
| | 2007 | 2006 | % Change |
| <i>North America</i> | | | |
| Vehicle Production Units (i) | 3.96 | 4.28 | -7.5% |
| Automotive Sales (ii) | \$ 373.2 | \$ 413.4 | -9.7% |
| Content Per Vehicle | \$ 94.25 | \$ 96.59 | -2.4% |
| <i>Europe</i> | | | |
| Vehicle Production Units (i) | 4.17 | 3.99 | 4.6% |
| Automotive Sales (ii) | \$ 38.3 | \$ 30.5 | 25.8% |
| Content Per Vehicle | \$ 9.20 | \$ 7.65 | 20.3% |
| <i>Asia Pacific</i> | | | |
| Vehicle Production Units (i) | 4.93 | 4.40 | 12.1% |
| Automotive Sales (ii) | \$ 2.1 | \$ 1.4 | 48.0% |
| Content Per Vehicle | \$ 0.43 | \$ 0.32 | 32.0% |

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

(ii) Automotive sales are shown in millions of dollars



Gross Margin

| <i>(in millions of dollars)</i> | Three Months Ended March 31 | |
|---------------------------------|--------------------------------|----------------|
| | 2007 | 2006 |
| Sales | \$ 579.4 | \$ 583.3 |
| Cost of sales | 467.5 | 471.8 |
| Amortization | 41.2 | 35.6 |
| Gross Margin | \$ 70.7 | \$ 75.9 |
| Gross Margin Percentage | 12.2% | 13.0% |

Gross margin percentage declined to 12.2% for the quarter from 13.0% for the same quarter in 2006. Cost of sales as a percentage of sales remained flat at 80.7% for 2007 compared to 80.9% for 2006. Amortization increased \$5.6 million over the same quarter in 2006, and increased to 7.1% of sales as compared to 6.1% in 2006. The increase relates mainly to the capital burden of machinery for the 6-speed transmission program where the volumes have been lower than expected.

Operating Earnings

| <i>(in millions of dollars)</i> | Three Months Ended March 31 | |
|--------------------------------------|--------------------------------|----------------|
| | 2007 | 2006 |
| Gross margin | \$ 70.7 | \$ 75.9 |
| Selling, general and administrative | 25.9 | 30.3 |
| Operating Earnings | \$ 44.8 | \$ 45.6 |
| Operating Earnings Percentage | 7.7% | 7.8% |

Selling, general and administrative (“SG&A”) costs were \$25.9 million in the first quarter of 2007, compared to \$30.3 million in the same quarter of 2006, a decrease of \$4.4 million. As a percentage of sales, SG&A costs were 4.5% in the quarter as compared to 5.2% in 2006.

Included in SG&A costs in 2007 was a foreign exchange gain of \$2.2 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 gain is a result of the appreciation of the Huf versus the Canadian dollar during the quarter.

In addition, a gain of \$1.2 million was recognized on the fair value revaluation of the derivatives designated as fair value hedges related to our long term debt. This is a direct result of the required adoption of Section 3855 “Financial Instruments – Recognition and Measurement” of the CICA handbook, as discussed further below.

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

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.

Powertrain/Driveline sales were down 6.3% to \$450.4 million compared to \$480.7 million in the same quarter last year. The decline was largely driven by the reduction in medium/heavy duty truck components that in 2006 reflect significant pre-buy activity offset by new program sales in the Engine, Transmission and European markets. In addition overall North American OEM production volumes were down 7.5%.

Operating earnings for Powertrain/Driveline were significantly lower in the first quarter of 2007 at \$19.6 million, or 4.4% of total sales as compared to \$32.9 million, or 6.8% of total segment sales for the same quarter of 2006. This reduction was due to several factors, most notably reduced volumes on North American medium/heavy duty truck programs, continuing production cutbacks from the North American OEMs, and contributions from new program launches.

Industrial sales for the quarter were significantly higher by \$26.4 million or 25.7% to \$129.0 million compared to \$102.6 million for the same quarter in 2006. The demand for aerial work platforms continue to strengthen, reflecting strong overall market conditions.

Operating earnings for Industrial were also up significantly at \$25.2 million for the quarter compared to \$12.8 million in 2006. This improvement primarily reflects increased volumes and a favourable product mix.

Geographical

Canadian segmented sales for the quarter have decreased 8.3% or \$36.4 million to \$402.5 million from \$438.9 million a year earlier. Powertrain/Driveline sales in Canada were down when compared to 2006 which in the first quarter reflected a substantial pre-buy of medium/ heavy duty truck components. Partially offsetting the decrease was the strong demand for the Aerial work platforms in Canada for Industrial.

The U.S. geographic segment sales decreased 8.6% or \$4.6 million to \$48.9 million during the quarter compared to \$53.5 million for the same quarter in 2006. U.S. Powertrain/Driveline sales decreased due to an isolated lack of demand issue with a customer.

Sales in the Asia Pacific geographic group reached \$1.0 million for the quarter. This reflects the company's entrance into the Asian automotive parts market through the establishment of operations in China.

Mexican sales continue to grow, achieving \$55.8 million during the first quarter of 2007, a 24.8% increase or \$11.1 million over the same quarter in 2006 reflecting both new program sales and existing program additional volume increment realization . Volume increases were experienced for certain transmission components.

European sales demonstrated significant strength, achieving \$71.1 million for the first quarter of 2007, an increase of 55.9% or \$25.5 million over the same quarter in 2006. 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 March 31, 2007 and 2006.

| <i>(in millions of dollars, except per share amounts)</i> | Three Months Ended March 31 | |
|---|--------------------------------|----------------|
| | 2007 | 2006 |
| Sales | \$ 579.4 | \$ 583.3 |
| Gross Margin | 70.7 | 75.9 |
| Operating Earnings | 44.8 | 45.6 |
| Net interest expense | 3.7 | 4.0 |
| Other (income) | (1.3) | (0.1) |
| Provision for Income Taxes | 14.6 | 14.7 |
| Non-Controlling Interests | 1.1 | 1.0 |
| Earnings from Continuing Operations | \$ 26.7 | \$ 26.0 |
| Discontinued Operations, net of Income Tax Provision | - | (0.2) |
| Net Earnings for the Quarter | \$ 26.7 | \$ 25.8 |
| Earnings Per Share From Continuing Operations | | |
| Basic | \$ 0.38 | \$ 0.36 |
| Diluted | \$ 0.38 | \$ 0.36 |
| Net Earnings Per Share | | |
| Basic | \$ 0.38 | \$ 0.36 |
| Diluted | \$ 0.38 | \$ 0.36 |
| Total Long-Term Liabilities | \$ 374.7 | \$ 256.4 |
| Cash Dividends declared per share | 0.06 | 0.06 |
| Total Assets | \$ 1,748.4 | \$ 1,631.7 |

Net Earnings and Earnings per Share

The effective tax rate for the first quarter of 2007 was 34.4%, a decrease from 35.2% in the same quarter of 2006. This reduction in the effective rate is due primarily to an increase in the mix of profits generated in lower taxed jurisdictions such as Mexico and Hungary. The tax benefit from current losses in the Asia Pacific operations has not been recognized as it is too early to assess the likelihood of these early losses being utilized. The impact of this is a slight increase in the effective tax rate.

Net earnings from continuing operations for the first quarter of 2007 improved \$0.7 million to \$26.7 million from \$26.0 million in the same period of 2006. As a percentage of sales the net earnings from continuing operations in the quarter was 4.6% whereas in 2006 it was 4.5% of sales.

For the quarter, earnings per share from continuing operations were \$0.38 as compared to \$0.36 in the first quarter of 2006. The improvement is due to growth in the industrial businesses, which more than offsets the decrease in earnings from the Powertrain/Driveline segment. Industrial products have been positively impacted by continued sales volume increases, while Powertrain/Driveline sales were negatively impacted by the medium/heavy duty truck pre-buy which was very strong in the first quarter of 2006.



Interest

Interest on long-term debt decreased \$0.6 million over the same quarter 2006, to \$3.6 million. The consolidated effective interest rate was lower in the first quarter of 2007 at 5.2% as compared to 5.6% in 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 increased by \$0.6 million for the quarter as compared with the same quarter in 2006. This is primarily due to an increase in short-term borrowings during the quarter. There was an increase in short-term borrowings in order to purchase Hungarian Forint which are held in escrow. This was necessary to launch the bid for the minority interest in Linamar Hungary Nyrt. Interest on the Hungarian Forint balance resulted in the increase in interest earned of \$0.4 million quarter over quarter.

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended June 30, 2005 through March 31, 2007. 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.

| (in millions of dollars, except per share amounts) | June 30, 2005 | Sept 30, 2005 | Dec 31, 2005 | Mar 31, 2006 | June 30, 2006 | Sept 30, 2006 | Dec 31, 2006 | Mar 31, 2007 |
|--|------------------|------------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|
| Sales | 578.7 | 529.7 | 523.5 | 583.3 | 607.1 | 528.1 | 543.6 | 579.4 |
| Earnings from Continuing Operations | 29.7 | 22.5 | 26.4 | 26.0 | 32.3 | 15.1 | 31.9 | 26.7 |
| Earnings per Share from Continuing Operations | | | | | | | | |
| Basic | 0.42 | 0.32 | 0.37 | 0.36 | 0.45 | 0.21 | 0.46 | 0.38 |
| Diluted | 0.42 | 0.32 | 0.37 | 0.36 | 0.45 | 0.21 | 0.46 | 0.38 |
| Net Earnings per Share | | | | | | | | |
| Basic | 0.42 | 0.32 | 0.36 | 0.36 | 0.45 | 0.20 | 0.38 | 0.38 |
| Diluted | 0.42 | 0.32 | 0.36 | 0.36 | 0.45 | 0.20 | 0.38 | 0.38 |

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 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 March 31 | |
|--|--------------------------------|----------|
| | 2007 | 2006 |
| Cash provided by (used in): | | |
| Operating Activities | \$ (0.8) | \$ 4.9 |
| Financing Activities | 78.2 | 5.4 |
| Investing Activities | (35.8) | (46.1) |
| Effect of Translation Adjustment | (0.4) | (0.3) |
| Net increase (decrease) in Cash Position | 41.2 | (36.1) |
| Cash Position – Beginning of Period | 38.3 | 28.0 |
| Cash Position – End of Period | \$ 79.5 | \$ (8.1) |
| Comprised of: | | |
| Cash | 115.9 | 32.1 |
| Unpresented Cheques | (36.4) | (40.2) |
| | \$ 79.5 | \$ (8.1) |

Linamar's cash position (net of unpresented cheques) at March 31, 2007 was \$79.5 million, an increase of \$87.6 compared to the same period in 2006. Cash used in operating activities was \$0.8 million compared to proceeds of \$5.0 million in the same period in 2006.

During the quarter, financing activities provided \$78.2 million, primarily due to increased short-term borrowings and offset by dividends and long term debt repayment. 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 in the first quarter.

Operating Activities

| <i>(in millions of dollars)</i> | Three Months Ended March 31 | |
|--|--------------------------------|---------------|
| | 2007 | 2006 |
| Earnings from continuing operations | \$ 26.7 | \$ 26.0 |
| Non-cash charges to earnings | 42.4 | 39.2 |
| Cash provided from operations | \$ 69.1 | \$ 65.2 |
| Changes in non-cash working capital | (69.1) | (59.6) |
| Cash flow – continuing operations | 0.0 | 5.6 |
| Cash flow – discontinued operations | (0.8) | (0.7) |
| Cash provided by operating activities | \$ (0.8) | \$ 4.9 |

Cash provided by continuing operations, before the effect of changes in non-cash working capital was a 6.0% increase at \$69.1 million in the first quarter of 2007 compared to \$65.2 million a year earlier.

Incremental investment in non-cash working capital was \$69.1 million, compared to \$59.6 million in 2006. The increased investment in 2007 is primarily the result of inventory build-up in Industrial for the launch of the new 68RT product and a decrease in income taxes payable.



Financing Activities

| <i>(in millions of dollars)</i> | Three Months Ended March 31 | |
|--|--------------------------------|---------------|
| | 2007 | 2006 |
| Proceeds from short-term bank borrowings | \$ 84.6 | \$ 8.3 |
| Proceeds from long-term debt | - | - |
| Repayment of long-term debt | (2.2) | (1.7) |
| Repurchase of shares | (0.2) | (0.4) |
| Decrease (increase) in long-term receivables | 0.2 | 3.5 |
| Dividends to shareholders | (4.2) | (4.3) |
| Cash provided by financing activities | \$ 78.2 | \$ 5.4 |

At the end of the first quarter of 2007, there was \$303.0 million in credit available in the revolving term facility under the Canadian syndicated credit agreement.

There was an increase in short-term borrowings in order to purchase Hungarian Forint which is held in escrow as necessary to launch the bid for the minority interest in Linamar Hungary Nyrt.

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. During the first quarter of 2007 the company's long-term receivables declined from December 31, 2006 by \$0.2 million.

Investing Activities

| <i>(in millions of dollars)</i> | Three Months Ended March 31 | |
|---|--------------------------------|------------------|
| | 2007 | 2006 |
| Payments for purchases of property, plant and equipment | \$ (36.3) | \$ (45.8) |
| Proceeds from disposal of property, plant and equipment | 0.5 | 0.1 |
| Payments for purchase of intangible assets | - | (0.4) |
| Cash used in investing activities | \$ (35.8) | \$ (46.1) |

Cash spent on investing activities for the first quarter was \$35.8 million while during the same period last year the total spent was \$46.1 million. Given current economic conditions, the company continues to monitor all capital expenditures.

At March 31, 2007, outstanding commitments for capital expenditures under purchase orders and contracts amounted to \$75.6 million (March 31, 2006 - \$70.5 million).

Financing Resources

At March 31, 2007, cash was \$115.9 million, with unpresented cheques and short-term bank borrowings of \$151.5 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 \$303.0 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 \$12.22 per share at March 31, 2007, as compared to \$12.02 per share at December 31, 2006. Earnings net of dividends contributed \$22.6 million for the quarter to retained earnings. During the quarter, 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.

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 our 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 March 31, 2007, the company was committed to a series of forward contracts to sell U.S. dollars and British pounds. These forward contracts 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 sales which generate the cash flows. The company was also committed to a forward contract to buy Euros that qualifies for accounting as cash flow hedge and under the new standards, 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 transaction which generate the cash flows.

² See page 24 of 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 | 2006 |
|--|-----------------|-----------------|
| | March 31 | December 31 |
| Shareholders' Equity | \$ 853.4 | \$ 839.7 |
| Shares outstanding | 69,824,276 | 69,838,276 |
| Book Value Per Share | \$ 12.22 | \$ 12.02 |

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 company was also committed to two long-dated forward contracts to buy U.S. dollars. 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 107 trucks and 193 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 10 of the interim consolidated financial statements incorporated herein.

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 asset. 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 \$0.2 million paid to a company owned by the spouse of an officer and director. In addition, the company has a commitment of \$4.8 million to the same entity. Included in cost of sales, are maintenance costs of \$0.1 million 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 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.



As more fully discussed in “Proposed Transactions”, the company announced on February 26, 2007 its public purchase offer for the balance of the outstanding shares of its consolidated subsidiary, Linamar Hungary Nyrt. Two officers and directors of the company own respectively 365,000 and 97,000 of the outstanding shares of Linamar Hungary Nyrt, representing 10.3% and 2.7% respectively of the shares not already owned by the company. The officers/directors have indicated their intention to accept the public purchase offer.

Proposed Transactions

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 currently owns 58.63% of Linamar Hungary Nyrt, which is a public company listed on the Budapest Stock Exchange. The offer is valued at 3,003 Huf (\$18.63 CAD) per share, for the cumulative value of \$66.1 million for the residual holdings, and expires May 29, 2007. Had the transaction been completed prior to March 31, 2007, the reduction from earnings of \$1.1 million for non-controlling interest would not have been required and earnings from continuing operations for the first quarter of 2007 would have been \$27.9 million and goodwill would have increased by \$22.3 million as at March 31, 2007.

Two officers and directors of the company own respectively 365,000 and 97,000 of the outstanding shares of Linamar Hungary Nyrt, representing 10.3% and 2.7% respectively of the shares not already owned by the company. The officers/directors have indicated their intention to accept the public purchase offer.

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, has now completed a remediation plan for the identified controls deficiencies, and has commenced implementation of this remediation plan. The company continues to consider remediation of these deficiencies a high priority for the organization. During the first 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 March 31, 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 March 31, 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

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 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.

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 and 3 to the consolidated interim financial statements for March 31, 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 May 10, 2007. As of May 10, 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.