



INTERIM REPORT

Linamar Announces Second Quarter Results

August 14, 2008, 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, 2008. The company's Powertrain and Driveline divisions ("Powertrain/Driveline") 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 ("Industrial") is a world leader in the design and production of innovative mobile industrial products, notably its class-leading aerial work platforms. With over 12,000 employees in 38 manufacturing locations, 5 R&D centres and 12 sales offices in Canada, the US, Mexico, the UK, Germany, Hungary, China, Korea and Japan, Linamar generated sales in excess of \$2.3 billion in 2007. 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	
	2008	2007	2008	2007
	\$	\$	\$	\$
Sales	625,438	624,393	1,239,954	1,203,812
Gross Margin	86,491	88,977	166,869	159,740
Selling, general and administrative	34,154	34,130	64,595	60,066
Operating Earnings ¹	52,337	54,847	102,274	99,674
Earnings from Continuing Operations	31,974	31,332	61,461	58,074
Net Earnings	31,974	31,332	61,461	58,074
Diluted Earnings per Share from Continuing Operations	0.48	0.45	0.90	0.83
Diluted Earnings per Share	0.48	0.45	0.90	0.83

Second Quarter Operating Highlights

Sales for the second quarter of 2008 at \$625.4 million were up \$1 million compared to \$624.4 million for the second quarter of 2007. Powertrain/Driveline sales were steady at \$474.7 million compared to \$473.6 million in the same quarter last year. Industrial sales remained stable at \$150.7 million for the quarter compared to \$150.8 million for the same quarter in 2007.

The company's operating earnings decreased to \$52.3 million for the second quarter of 2008 compared to \$54.8 million for the second quarter of 2007, a decrease of \$2.5 million. Powertrain/Driveline operating earnings of \$38.0 million for the quarter compared to \$34.9 million for the same quarter last year, an increase of 8.9%. This improvement was driven by improved results in Europe due to new program launches and margin improvement on other key programs exiting the start up phase. In addition, Q2 2007 results included an unusual loss due to foreign exchange changes related to the Hungarian Forint. These improvements were limited by the significant volume reductions and increase pricing pressures by North American OEMs. Operating earnings for Industrial were lower in the second quarter of 2008 at \$14.3 million as compared to \$19.9 million for the same quarter of 2007. Industrial operating earnings decline was largely attributable to lower margins on new boom and telehandlers sales still in the ramp up phase, a shift in Skyjack sales mix to

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. 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.

smaller units with lower per unit margins, launch costs related to the move and start up of the energy market business, increased investment in sales, marketing and research & development (“R&D”) costs at Skyjack.

Earnings from continuing operations for the quarter were \$32.0 million (5.1% of sales) versus \$31.3 million (5.0% of sales) in 2007, an increase of 0.1%.

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended June 30, 2008 of CDN\$0.06 per share on the common shares of the company, payable on or after September 15, 2008 to shareholders of record on August 29, 2008.

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

Q2 Conference Call Information:

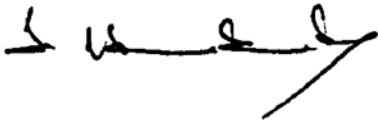
Linamar will hold a conference call on August 14, 2008 at 5:00 p.m. EST to discuss its second quarter results. The numbers for this call are (416) 642-5212 (local/overseas) or (866) 321-6651 (North America), with a call-in required 10 minutes prior to the start of the conference call. The conference 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 August 14, 2008 and at www.sedar.com by the start of business on August 15, 2008. A taped replay of the conference call will also be made available starting at 11:00 p.m. on August 14, 2008 for seven days. The number for replay is (647) 436-0148 or (888) 203-1112, Conference ID 3473280. 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.

Q3 Conference Call Information

Linamar will hold a conference call on November 4, 2008 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) confirmation number 3022641, 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 November 4, 2008 and at www.sedar.com by the start of business on November 5, 2008. A taped replay of the conference call will also be made available starting at 11:00 p.m. on November 4, 2008 for seven days. The number for replay is (647) 436-0148 or (888) 203-1112, Conference ID 3022641. 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

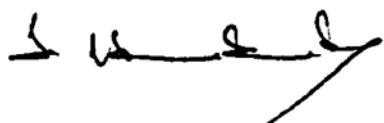
Guelph, Ontario
August 14, 2008

LINAMAR CORPORATION
CONSOLIDATED BALANCE SHEETS

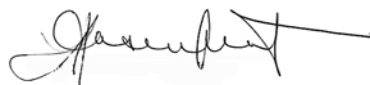
As at June 30, 2008 with comparatives as at December 31, 2007 (Unaudited)
(in thousands of dollars)

	June 30 2008	December 31 2007
	\$	\$
ASSETS		
Current Assets		
Cash	66,868	120,319
Accounts receivable	455,933	389,811
Inventories	315,247	279,299
Prepaid expenses	10,442	7,156
Income taxes recoverable	18,657	-
Current portion of long-term receivables	732	691
Future income taxes	5,935	6,726
Derivative financial instruments (note 10)	-	4,265
Current assets – discontinued operations (note 6)	1,703	1,726
	<u>875,517</u>	<u>809,993</u>
Deferred Charges	2,791	2,128
Long-Term Receivables	426	1,564
Goodwill and Other Intangibles	65,720	64,613
Property, Plant and Equipment	909,625	899,944
Future Income Taxes	31,660	32,303
Property, Plant and Equipment – Discontinued Operations (note 6)	1,075	1,438
Future Income Taxes – Discontinued Operations (note 6)	1,468	1,836
	<u>1,888,282</u>	<u>1,813,819</u>
LIABILITIES		
Current Liabilities		
Unpresented cheques	25,577	16,574
Short-term bank borrowings	120,871	143,778
Accounts payable and accrued liabilities	367,426	329,857
Income taxes payable	-	3,739
Derivative financial instruments (note 10)	621	-
Current portion of long-term debt	3,619	4,756
Current liabilities – discontinued operations (note 6)	2,927	4,195
	<u>521,041</u>	<u>502,899</u>
Long-Term Debt	326,636	324,380
Derivative Financial Instruments (note 10)	3,061	1,235
Future Income Taxes	61,160	62,785
Non-Controlling Interests	39,209	31,962
	<u>951,107</u>	<u>923,261</u>
SHAREHOLDERS' EQUITY		
Capital Stock (note 4)	112,168	116,782
Retained Earnings	869,699	851,515
Contributed Surplus	3,369	2,246
Accumulated Other Comprehensive Loss (note 5)	(48,061)	(79,985)
	<u>937,175</u>	<u>890,558</u>
	<u>1,888,282</u>	<u>1,813,819</u>

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, 2008 and June 30, 2007 (Unaudited)
(in thousands of dollars, except per share figures)

	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Sales	625,438	624,393	1,239,954	1,203,812
Cost of Sales	495,768	494,154	984,086	961,618
Amortization	43,179	41,262	88,999	82,454
Gross Margin	86,491	88,977	166,869	159,740
Selling, general and administrative	34,154	34,130	64,595	60,066
Earnings Before the Following:	52,337	54,847	102,274	99,674
Other Income (Expense)				
Interest on long-term debt	(4,029)	(3,538)	(8,052)	(7,170)
Other interest expense	(1,165)	(1,259)	(2,630)	(2,078)
Interest earned	413	1,467	1,225	2,277
Other income	465	196	635	1,474
	48,021	51,713	93,452	94,177
Provision for Income Taxes				
Current	11,950	17,880	27,815	32,950
Future	3,229	1,519	2,575	1,049
	15,179	19,399	30,390	33,999
	32,842	32,314	63,062	60,178
Non-Controlling Interests	868	982	1,601	2,104
Earnings from Continuing Operations	31,974	31,332	61,461	58,074
Discontinued Operations (note 6)	-	-	-	-
Net Earnings for the Period	31,974	31,332	61,461	58,074
Basic Earnings per Share from Continuing Operations (note 12)	0.48	0.45	0.90	0.83
Diluted Earnings per Share from Continuing Operations (note 12)	0.48	0.45	0.90	0.83
Basic Earnings per Share (note 12)	0.48	0.45	0.90	0.83
Diluted Earnings per Share (note 12)	0.48	0.45	0.90	0.83

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the six months ended June 30, 2008 and June 30, 2007 (Unaudited)
(in thousands of dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Balance – Beginning of Period, as Previously Reported	843,465	781,494	851,515	762,833
Change in accounting policies	-	-	-	(3,706)
Balance – Beginning of Period	843,465	781,494	851,515	759,127
Net Earnings for the Period	31,974	31,332	61,461	58,074
Dividends	(4,024)	(4,189)	(8,108)	(8,379)
Excess over assigned value of common shares purchased and cancelled (note 4)	(1,716)	-	(35,169)	(185)
Balance – End of Period	869,699	808,637	869,699	808,637

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

For the six months ended June 30, 2008 and June 30, 2007 (Unaudited)
(in thousands of dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Net Earnings for the Period	31,974	31,332	61,461	58,074
Other Comprehensive Earnings (Loss)				
Unrealized gains (losses) on translating financial statements of self-sustaining foreign operations (note 5)	9,620	(18,891)	36,479	(22,028)
Change in unrealized gains (losses) of derivative instruments designated as cash flow hedges (net of income taxes of \$335 and \$3,032 year to date, 2007 - \$2,301 and \$3,531 year to date) (notes 5 and 10)	794	4,711	(6,372)	7,149
Reclassification to earnings of gains (losses) on cash flow hedges (net of income taxes of \$587 and \$875 year to date, 2007 - \$1,098 and \$703 year to date) (notes 5 and 10)	1,219	2,165	1,817	1,387
	11,633	(12,015)	31,924	(13,492)
Comprehensive Earnings for the Period	43,607	19,317	93,385	44,582

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2008 and June 30, 2007 (Unaudited)
(in thousands of dollars)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2008	2007	2008	2007
Cash Provided By (Used In)	\$	\$	\$	\$
Operating Activities				
Earnings from continuing operations	31,974	31,332	61,461	58,074
Non-cash charges (credits) to earnings:				
Amortization of property, plant and equipment	41,812	40,593	86,188	81,212
Amortization of other intangible assets	1,367	669	2,811	1,242
Future income taxes	3,229	1,519	2,575	1,049
Non-controlling interests	868	982	1,601	2,104
Unrealized exchange (gain) loss on debt	942	(1,319)	265	(2,650)
Net loss on disposal of property, plant and equipment	1,070	297	6,195	2,625
Stock-based compensation	561	-	1,123	-
Other	617	262	1,589	(246)
	82,440	74,335	163,808	143,410
Changes in non-cash working capital:				
(Increase) decrease in accounts receivable	18,715	(40,432)	(44,634)	(119,379)
(Increase) decrease in inventories	(12,011)	(9,414)	(18,656)	(19,543)
(Increase) decrease in prepaid expenses	(910)	(1,898)	(3,090)	(295)
Increase (decrease) increase in income taxes payable	(8,486)	4,132	(22,610)	3,269
Increase (decrease) in accounts payable and accrued liabilities	(15,499)	7,339	18,062	26,594
Cash flow – continuing operations	64,249	34,062	92,880	34,056
Cash flow – discontinued operations (note 6)	(473)	1,162	(514)	350
	63,776	35,224	92,366	34,406
Financing Activities				
Proceeds from (repayments of) short-term bank borrowings	10,008	309	(22,908)	84,970
Proceeds from long-term debt	2,522	-	2,522	-
Repayment of long-term debt	(1,232)	(2,227)	(3,236)	(4,444)
Repurchase of shares (note 4)	(1,949)	-	(39,783)	(209)
Decrease (increase) in long-term receivables	8	158	1,103	338
Dividends to shareholders	(4,024)	(4,189)	(8,108)	(8,379)
	5,333	(5,949)	(70,410)	72,276
Investing Activities				
Payments for purchase of property, plant and equipment	(47,670)	(44,953)	(83,392)	(81,209)
Proceeds of disposal of property, plant and equipment	1,903	701	2,786	1,158
Business Acquisitions	(6,083)	(4,396)	(6,083)	(4,396)
	(51,850)	(48,648)	(86,689)	(84,447)
	17,259	(19,373)	(64,733)	22,235
Effect of Translation Adjustment	474	(1,424)	2,279	(1,824)
Increase (Decrease) in Cash Position	17,733	(20,797)	(62,454)	20,411
Cash Position - Beginning of Period	23,558	79,495	103,745	38,287
Cash Position - End of Period	41,291	58,698	41,291	58,698
Comprised of:				
Cash	66,868	97,334	66,868	97,334
Unpresented cheques	(25,577)	(38,636)	(25,577)	(38,636)
	41,291	58,698	41,291	58,698

LINAMAR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended June 30, 2008 and June 30, 2007 (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, 2008, the company adopted the CICA Handbook Section 3862, Financial Instruments – Disclosures ("CICA 3862"), Section 3863, Financial Instruments – Presentation ("CICA 3863"), Section 1535, Capital Disclosures ("CICA 1535) and Section 3031, Inventory ("CICA 3031).

CICA 3862 and CICA 3863 replace Section 3861, Financial Instruments – Disclosure and Presentation. CICA 3862 emphasizes disclosure on the significance of financial instruments, including hedging instruments, and the nature and extent of risks arising from those financial instruments and how management manages such exposures. CICA 3863 carries forward, unchanged from CICA Section 3861, Standards for presentation of financial instruments and non financial instruments.

CICA 1535 requires supplementary disclosure regarding the company's capital management and compliance with any externally imposed capital requirements.

CICA 3031, Inventory, of the CICA handbook replaces section 3030 and establishes standards for the measurement of inventories, allocation of overhead, accounting for write-downs and disclosures.

The adoption of these new accounting standards did not impact the company's net earnings or financial position.

2. Foreign Exchange (in thousands of dollars)

Included as part of selling, general and administrative expenses are gains and (losses) resulting from foreign exchange as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Foreign Exchange Gain/(Loss)	(1,394)	(4,698)	2,315	(1,460)

3. Inventories

Inventories are valued at the lower of cost, determined on a first-in, first-out basis, and market. For raw materials, market is defined as replacement cost; for work-in-process and finished goods, market is defined as net realizable value. A provision for obsolescence for slow moving inventory items is estimated by management based on historical and expected future sales and is included in cost of goods sold. The impact of these provisions have no material impact on the financial statements.

Section 3031, Inventory, of the CICA Handbook replaces Section 3030 and established standards for the measurement of inventories, allocation of overhead, accounting for write-downs and disclosures. The new recommendations were adopted effective January 1, 2008, and had no material impact on the financial statements.

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

During the first quarter of 2008, the company purchased shares for cancellation under its normal course issuer bid. The company repurchased 37,800 shares for total consideration of \$640 subsequent to December 31, 2007 until January 30, 2008. The normal course issuer bid, which permitted the company to acquire up to 5,083,839 of its outstanding common shares, expired on January 30, 2008.

On January 29, 2008, the company renewed its normal course issuer bid. The current bid permits the company to acquire up to 5,084,699 of its outstanding common shares and expires on January 30, 2009. The company has repurchased 2,720,800 shares for total consideration of \$39,152 subsequent to January 31, 2008.

5. **Accumulated Other Comprehensive Loss** (in thousands of dollars)

	Three Months Ended		Six Months Ended	
	2008	June 30 2007	2008	June 30 2007
	\$	\$	\$	\$
Balance – Beginning of Period, as Previously Reported	(59,694)	(44,886)	(79,985)	(39,896)
Change in accounting policies	-	-	-	(3,513)
Balance – Beginning of Period, as after changes in accounting policies	(59,694)	(44,886)	(79,985)	(43,409)
Other comprehensive earnings (loss) for the period	11,633	(12,015)	31,924	(13,492)
Balance – End of Period	(48,061)	(56,901)	(48,061)	(56,901)

6. **Discontinued operations**

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.

7. **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		Six Months Ended	
	2008	June 30 2007	2008	June 30 2007
	\$	\$	\$	\$
Government sponsored	6,052	5,782	11,939	11,434
Company sponsored	2,645	2,392	5,622	4,911

8. **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, 2008, outstanding commitments for capital expenditures under purchase orders and contracts amounted to approximately \$86,140. Of this amount, \$77,599 relates to the purchase of manufacturing equipment and \$8,541 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 2008.

9. **Related Party Transactions** (in thousands of dollars)

Included in the purchase of property, plant and equipment are the construction of buildings, building additions and building improvements in the aggregate amount of \$3,297 paid to a company owned by the spouse of an officer and director. In addition, the company has a commitment of \$8,541 to the same entity. Included in cost of sales, are maintenance costs of \$421 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 \$15 related to equipment and services sold to the same company.

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.

10. Financial Instruments (in thousands of dollars)

Classification and fair value of financial instruments

- i) Cash is classified as "Assets held for trading". Cash is measured at fair value and the gains or losses resulting from the re-measurement 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. The carrying amounts of accounts receivable approximate their fair values due to the relatively short periods to maturity. Subsequent measurements on long-term receivables 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 cost, which upon their initial measurement is equal to their fair value. The carrying amounts of short-term bank borrowings, accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity. Subsequent measurements of the long-term debt are recorded at amortized cost using the effective interest method.
- iv) Derivative financial instruments designated as cash flow hedges are classified as "held for trading" and are measured at fair value at the end of each period with the gains or losses resulting from re-measurement recognized in other comprehensive income, any ineffective portion is recognized in net income. Derivative financial instruments designated as fair value hedges are classified as "held for trading" and are measured at fair value at the end of each period with the gains or losses resulting from the re-measurement recognized in net income. The fair values are determined based on observable market data.

As at June 30, 2008 the carrying value of the derivative financial instruments designated as hedges are as follows:

	Liabilities
	\$
Derivative financial instruments designated as cash flow hedges	3,682
Derivative financial instruments designated as fair value hedges	2,888

Financial risk management

Foreign exchange risk

The company operates in several different geographical regions in the world and has many business arrangements with customers and suppliers based in different geographical regions in the world; the company therefore experiences changes in foreign exchange rates. These foreign exchange rate changes will impact the net sales and expenses based in foreign currencies and the translation of foreign currency monetary balances in relation to functional currencies. The highest concentration of foreign exchange impact comes from approximately 24% of the company's exposure on U.S. dollar activity, 41% based on GBP activity and 30% based on Euro activity in Canadian dollar, Hungarian forint and Mexican peso functional currency reporting entities.

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, 2008 there are contracts in place with maturity dates out to 2010. 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 re-measurement are recognized in net earnings. As at June 30, 2008 there are contracts in place with maturity dates in 2009 and 2014.

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 periods ending June 30, 2008 and June 30, 2007, the company recognized an unrealized loss of \$485, net of \$251 in income taxes and an unrealized gain of \$2,878, net of \$1,460 in incomes taxes respectively and for the six month periods 2008 and 2007, the company recognized unrealized losses of \$5,008 net of \$2,412 in income taxes, and an unrealized gain of \$5,090 net of \$2,582 in income taxes respectively, under other comprehensive earnings, representing the effective portion of the change in fair value of foreign exchange forward contract designated as cash flow hedges. A reclassification from accumulated other comprehensive loss to sales and selling, general and administrative expenses netting to \$1,219 in gains, net of \$587 in income taxes and a net gain of \$2,165, net of \$1,098 in income taxes were made in June 30, 2008 and 2007 quarters respectively. A reclassification from accumulated other comprehensive loss to sales and selling, general and administrative expenses netting to \$1,817 in gains, net of \$875 in income taxes and a net gain of \$1,386, net of \$702 in income taxes were made in the first six months of 2008 and 2007 respectively. An estimated loss of \$419 net of tax of \$201, is anticipated to be included in net earnings over the next twelve months.

For the three month periods ending June 30, 2008 and June 30, 2007, the company recognized a loss of \$719, net of \$323 in related income taxes and a gain of \$812, net of \$418 in related income taxes respectively, in net earnings representing the change in the fair value of the derivatives designated as fair value hedges. For the six month periods in 2008 and 2007, the company recognized a loss of \$241, net of \$108 in related income taxes and a gain of \$1,668, net of \$828 in related income taxes respectively.

Holding all other variables constant, at June 30, 2008, a 5% increase or decrease in the U.S. dollar, GBP and Euro foreign exchange rates against the functional currency of the company and its self-sustained foreign subsidiaries would result in a change of \$758 in net earnings and \$3,631 in other comprehensive earnings on U.S. based financial instruments, \$1,072 in net

earning on GBP financial instruments and \$780 in net earnings on Euro based financial instruments. There would be a nil impact in other comprehensive earnings on GBP and Euro based financial instruments.

Interest rate risk

Due to the company's capital structure, there is some degree of exposure to changes in the market rate of interest. The company does invest excess funds at times to maximize interest income earned. The investment quality must meet internal standards for ratings and liquidity to safeguard our cash and cash equivalents. 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.

For the three month periods ending June 30, 2008 and June 30, 2007, the company recognized an unrealized gain of \$1,279, net of \$587 in income taxes and an unrealized gain of \$1,836, net of \$841 in incomes taxes respectively, under other comprehensive earnings representing the effective portion of the change in fair value of the interest rate swaps designated as cash flow hedges. For the six month periods ending June 30, 2008 and June 30, 2007, the company recognized an unrealized loss of \$1,364, net of \$620 in income taxes and an unrealized gain of \$2,064, net of \$949 in income taxes respectively. There were no reclassifications to net earnings made in either the June 30, 2008 or 2007 year to date periods. There is no impact on earnings anticipated over the next twelve months.

As at June 30, 2008, an interest rate change of 50 basis points (all other variables held constant) would result in a \$67 increase or decrease in net earnings for the quarter. An interest rate change of 50 basis points would impact other comprehensive earnings by \$852.

Liquidity risk

Liquidity risk is the company's ability to meet its financial obligations when they come due. With Senior Management involvement, the company manages the liquidity risk of forecasted anticipated cash flows from operations, by ensuring that there are available cash resources to meet these needs. As at June 30, 2008, the company's syndicated revolving bank facility had available credit of \$237,236. The facility does not mature until 2011.

The undiscounted contractual maturities of the company's financial liabilities as at June 30, 2008 are as follows:

	Current Year	Maturing in 1 to 2 Years	Maturing after 2 Years	Total
	\$	\$	\$	\$
Short-term bank borrowings	120,871	-	-	120,871
Long-term debt	4,592	145,745	142,747	293,084
Derivative financial instruments designated as fair value hedge	-	22,656	13,350	36,006
Derivative financial instruments designated as cash flow hedge	63	496	1,118	1,677
	125,526	168,897	157,215	451,638

Credit risk

The maximum exposure to credit risk at the balance sheet date is best represented by the carrying amount of the company's cash, accounts receivable, derivative financial instruments and financial guarantees (see note 14) the company has provided. The company is exposed to credit risk from potential default by counterparties that carry the company's cash and cash equivalents and derivative financial instruments and attempts to mitigate this risk by dealing only with large financial institutions with good credit ratings. All of the financial institutions within the bank syndicate providing the company's credit facility meet these qualifications. Any short term investments are made in products rated R1 Mid or higher.

Credit risk also arises from the inability of customers to discharge their obligation to the company. A substantial portion of the company's accounts receivables are with large customers in the automotive, truck and industrial sectors and are subject to normal industry credit risks. At June 30, 2008, the accounts receivable from the company's three largest customers amounted to 12.7%, 8.4% and 7.7% (June 30, 2007 – 13.8%, 9.7%, and 9.3%). The level of accounts receivable that are past due as at June 30, 2008 are part of normal payment patterns within the industry and the allowance for doubtful accounts remains at approximately 2.0% of total trade receivables. The company does not believe it is exposed to a significant concentration of credit risk.

11. Capital Risk Management

The company's capital management objectives are to ensure the stability of its capital so as to support continued operations, provide an adequate return to shareholders and generate benefits for other stakeholders. The company's capital is composed of shareholders' equity, and is not subject to any capital requirements imposed by a regulator.

The company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the company may attempt to issue or re-acquire shares, acquire or dispose of assets, and adjust the amount of cash and cash equivalents balances. There were no changes in the company's capital risk management strategy during the period.

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

	Three Months Ended		Six Months Ended	
	2008	June 30 2007	2008	June 30 2007
	\$	\$	\$	\$
Earnings from Continuing Operations	31,974	31,332	61,461	58,074
Net Earnings for the Period	31,974	31,332	61,461	58,074
Weighted average common shares	67,071,530	69,824,276	68,076,267	69,830,420
Incremental shares from assumed conversion of stock options	-	-	-	-
Adjusted weighted average shares for diluted earnings per share	67,071,530	69,824,276	68,076,267	69,830,420
Earnings Per Share from Continuing Operations				
Basic	0.48	0.45	0.90	0.83
Diluted	0.48	0.45	0.90	0.83
Earnings Per Share from Net Earnings				
Basic	0.48	0.45	0.90	0.83
Diluted	0.48	0.45	0.90	0.83

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

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

Effective with the second quarter of 2007, the company has determined that the corporate headquarters and other small operating entities are allocated to both the Powertrain/Driveline and Industrial operational segments. Previously these costs were included in the Powertrain/Driveline operational segment. This new method to allocate the corporate headquarters and other small operating entities best matches how the chief operating decision makers monitor the business segments. Operational segment reporting for 2007 has been adjusted to reflect this change.

The company operates in five geographic segments – Canada, United States, Mexico, Europe and Asia Pacific.

The company accounts for inter-segment sales and transfers at current market rates. The company ensures that the measurement and policies are consistently followed among the company's reportable segments for earnings from continuing operations, net earnings and assets. The company's three largest customers account for 13.1%, 11.7% and 9.7% (2007 – 20.1%, 13.0%, and 7.7%) of total year to date sales and are all part of the Powertrain/Driveline segment.

Geographic	Three Months Ended		Six Months Ended	
	2008	June 30 2007	2008	June 30 2007
	\$	\$	\$	\$
Sales to external customers				
Canada	398,790	430,630	810,394	833,176
United States	66,646	54,761	134,860	103,681
Asia Pacific	9,896	1,172	15,211	2,179
Mexico	52,857	52,015	104,935	107,850
Europe	97,249	85,815	174,554	156,926
Total	625,438	624,393	1,239,954	1,203,812

Operational	Three months ended June 30, 2008			Six months ended June 30, 2008			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	474,754	9,239	38,145	958,902	19,767	69,322	1,493,975
Industrial	150,684	141	14,192	281,052	250	32,952	390,061
Total	625,438		52,337	1,239,954		102,274	1,884,036

	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

14. 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 \$14,081 over the remaining lease term, of which \$7,546 is recorded in capital leases.

The company has various other guarantees for a maximum potential future payment of \$22,346 over various terms of 4 to 5 years. The company has estimated recourse, in the form of equipment, in the amount of \$11,684.

15. Business Acquisitions (in thousands of dollars)

During the quarter, the Company purchased 15,000 shares of Linamar Hungary Nyrt for consideration of \$282, representing 0.17% of the total voting shares. This purchase was accounted for by a reduction in the minority interest of \$202 and an increase to goodwill of \$80.

On April 25, 2008, the company purchased the assets of Volvo's Material Handling Equipment (MHE) Business based in Shippensburg, Pennsylvania, USA. Volvo's MHE business complements the acquisition of Carelift Equipment, completed in August of 2007. This acquisition was accounted for using the purchase method with the results of operations included in these financial statements from the effective date of acquisition. Total consideration for the acquisition has amounted to \$11,051 as of the end of the quarter. Due to the timing of the close and complexities associated with this transaction, the purchase price allocation is subject to further adjustments pending the finalization of the value of certain assets.

16. Subsequent Events

On July 7, 2008, Linamar Corporation announced its acquisition of a new automotive manufacturing facility, former Visteon plant in Swansea, Wales, United Kingdom (UK). This facility is Linamar's first foray into manufacturing operations in the UK. The facility currently produces power transfer units, transfer cases and axles, which will extend Linamar's presence in the driveline business and complement Linamar's acquisition of Ford's PTU business in Nuevo Laredo, Mexico.

17. 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 June 30, 2008

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, 2007.

This MD&A has been prepared as at August 14, 2008.

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.

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 12,000 employees in 38 manufacturing locations, 5 R&D centres and 12 sales offices in Canada, the US, Mexico, the UK, Germany, Hungary, China, Korea and Japan, Linamar generated sales in excess of \$2.3 billion in 2007. 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 2008 and 2007:

<i>(in millions of dollars, except content per vehicle numbers)</i>	Three Months Ended June 30				Six Months Ended June 30			
	2008	2007	+/-	%	2008	2007	+/-	%
Sales	\$625.4	\$624.4	\$1.0	0.2%	\$1,240.0	\$1,203.8	\$36.2	3.0%
Gross Margin	86.5	89.0	(2.5)	(2.8%)	166.9	159.7	7.2	4.5%
Operating Earnings	52.3	54.8	(2.5)	(4.6%)	102.3	99.7	2.6	2.6%
Earnings from Continuing Operations	32.0	31.3	0.7	2.2%	61.5	58.1	3.4	5.9%
Net Earnings	32.0	31.3	0.7	2.2%	61.5	58.1	3.4	5.9%
Content per Vehicle – North America	\$102.50	\$94.76	\$7.74	8.2%	\$103.91	\$94.51	\$9.40	9.9%
Content per Vehicle – Europe	\$8.12	\$6.95	\$1.17	16.8%	\$8.44	\$6.95	\$1.49	21.4%
Content per Vehicle – Asia Pacific	\$1.23	\$0.36	\$0.87	241.7%	\$1.17	\$0.39	\$0.78	200.0%

The changes in these financial highlights are discussed in detail in the following sections of the MD&A.

Sales and Operating Earnings are discussed in the Business Segment Review Section

Gross Margin, Earnings from Continuing Operations, Net Earnings and Content per Vehicle are discussed in their respective sections below.

Certain unusual items affected earnings in the second quarter of both 2008 and 2007 as noted in the table below:

(in millions of dollars, except per share figures)	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Earnings from Continuing Operations	\$ 32.0	\$ 31.3	\$ 61.5	\$ 58.1
Adjustments due to one-time items (after tax)				
1) Foreign Exchange loss (gain) on Hungarian Forints held in Escrow	-	4.1	(2.0)	1.9
2) Ontario Capital Tax - eliminated retroactively to Jan 1, 2007	-	-	(3.0)	-
3) Program specific asset write down	-	-	3.2	-
Adjusted Earnings From Continuing Operations	\$ 32.0	\$ 35.4	\$ 59.7	\$ 60.0
As a percentage of Sales	5.1%	5.7%	4.8%	5.0%
Change over Prior Year	-9.6%		-0.5%	
Earnings per Share	0.48	0.51	0.89	0.86

1) 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 offer expired in May of 2007. During the offer period, the company purchased 981,727 of the shares that it did not already own for \$16.7 million to bring its ownership total to 70.1%. On January 22, 2008, the company announced the repatriation of the remaining funds that were held in escrow in Hungary that were intended for the purchase. The money was repatriated at the same exchange rate at which it was placed in escrow which resulted in a foreign exchange gain in the first quarter of 2008.

2) In the 2007 Economic Outlook and Fiscal Review, the Government of Ontario proposed to eliminate the Capital Tax effective January 1, 2008, for Ontario companies primarily engaged in manufacturing and resource activities. In the March 2008 Budget, the Government committed to retroactively eliminate the Capital Tax one year earlier, effective January 1, 2007, for Ontario companies primarily engaged in manufacturing and resource activities.

3) In the first quarter of 2008, the company re-assessed the fair value of a specific asset that was not meeting performance requirements as committed to by the vendor. The company's attempts to correct the performance issues have had limited success. The company was required to invest in additional equipment to ensure customer delivery and quality was not compromised. Accordingly, the original equipment has been written down to its fair value.

BUSINESS SEGMENT REVIEW

The company reports its results of operations in two business segments: Powertrain/Driveline and Industrial. The segments are distinguished by the products that each produced and reflect how the chief decision makers of the company manage the business. The following should be read in conjunction with note 22 to Linamar's consolidated financial statements for the financial year ended December 31, 2007.

(in millions of dollars)	Three Months Ended June 30					
	2008			2007		
	Powertrain /Driveline	Industrial	Linamar	Powertrain /Driveline	Industrial	Linamar
Sales	\$ 474.7	\$ 150.7	\$ 625.4	\$ 473.6	\$ 150.8	\$ 624.4
Operating Earnings	38.0	14.3	52.3	34.9	19.9	54.8

(in millions of dollars)	Six Months Ended June 30					
	2008			2007		
	Powertrain /Driveline	Industrial	Linamar	Powertrain /Driveline	Industrial	Linamar
Sales	\$ 958.9	\$ 281.1	\$ 1,240.0	\$ 923.4	\$ 280.4	\$ 1,203.8
Operating Earnings	69.2	33.1	102.3	56.1	43.6	99.7

Powertrain/Driveline Highlights

(in millions of dollars)	Three Months Ended June 30				Six Months Ended June 30			
	2008	2007	+/-	%	2008	2007	+/-	%
Sales	\$ 474.7	\$ 473.6	\$ 1.1	0.2%	\$ 958.9	\$ 923.4	\$ 35.5	3.8%
Operating Earnings	38.0	34.9	3.1	8.9%	69.2	56.1	13.1	23.4%

Sales for the Powertrain/Driveline Segment ("Powertrain/Driveline") increased by \$1.1 million, or 0.2% in the second quarter. For the first six months of 2008, Powertrain/Driveline increased by \$35.5 million or 3.8%.

The sales increase in the second quarter and year-to-date ("YTD") was impacted by:

- the acquisition of the driveline plant in Mexico in late 2007;
- the ramping up of key programs that were in the start up phase in the second quarter of 2007;
- the strong growth in Europe; and
- the continuing ramp up of the Asian operations.

The growth was offset by:

- significant volume reductions by North American OEMs notably GM, Chrysler and Ford.

Second quarter operating earnings for Powertrain/Driveline were higher by \$3.1 million or 8.9% over the same quarter of 2007. The year-to-date operating earnings for Powertrain/Driveline were \$69.2 million or 23.4% higher over the same period in 2007.

The segment did experience the following in the second quarter:

- improved margins as key programs exited the start up phase;
- improved margins as a result of increased focus on cost reductions;
- improved results in Europe resultant from the sales growth; and
- in 2007, the segment's portion of the foreign exchange loss on the Hungarian Forints held in Escrow.

But these improvements were limited by:

- significant operating earnings pressures due to cost burdens in North America;
- increased pricing pressure from North American OEM's;
- increased raw material cost; and

- increased engineering costs with the addition of the Driveline Systems Engineering Group.

In addition to the items that impacted the second quarter, the segment did experience the following positive impacts in the first six months in comparison to the same period of 2007:

- elimination of the Ontario capital tax; and
- the segment's portion of the foreign exchange gain on the repatriation of Hungarian Forints held in Escrow.

But these improvements were limited by:

- a program specific asset write down as previously discussed.

Industrial Highlights

(in millions of dollars)	Three Months Ended June 30				Six Months Ended June 30			
	2008	2007	+/-	%	2008	2007	+/-	%
Sales	\$ 150.7	\$ 150.8	\$(0.1)	(0.1%)	\$ 281.1	\$ 280.4	\$ 0.7	0.2%
Operating Earnings	14.3	19.9	(5.6)	(28.1%)	\$ 33.1	\$ 43.6	\$(10.5)	(24.1%)

The Industrial Segment ("Industrial") product sales remained relatively stable with a decrease of 0.1% or \$0.1 million for the quarter. 2008 Industrial sales were consistent with the same six month period in 2007.

The product mix for both the three month and six month periods ending June 30, 2008 differed from the corresponding periods in 2007 due to:

- added sales with the introduction of the Boom and Telehandler product lines;
- higher sales in the European Fabrication division;
- decreased sales in the Skyjack European market; and
- a shift in Skyjack's sales mix to smaller units with lower per unit revenues in 2008.

Operating Earnings decreased \$5.6 million or 28.1% over the second quarter of 2007 to \$14.3 million. The decrease in Industrial operating earnings has been predominantly driven by:

- lower margins on new boom and telehandler sales still in the ramp up phase;
- relocation costs of consolidating boom and telehandler production in a new facility;
- a shift in Skyjack's sales mix to smaller units with lower per unit margins in 2008;
- launch costs related to the move and start up of the energy market business;
- increased investment in sales and marketing related to the marketing of the new product offerings of Booms and Telehandlers; and
- increased investment in research & development ("R&D") at Skyjack;

Offset by:

- improved results due to the higher sales at the European Fabrication division;
- a favourable variance to the second quarter of 2007 when operating earnings included a foreign exchange loss on the Hungarian Forints held in Escrow.

Operating Earnings decreased \$10.5 million or 24.1% over the first six months of 2007 to \$33.1 million. The decrease in Industrial operating earnings for the six month period has been predominantly driven by the same issues as the second quarter but the following additional issues helped to minimize the impact:

- In the first six month period of 2007, the operating earnings included a foreign exchange loss on the Hungarian Forints held in Escrow compared to the same period of 2008.
- In the first half of 2008, the operating earnings included a gain on the repatriation of the funds; and
- the elimination of the Ontario capital tax.

Automotive Sales and Content per Vehicle ¹

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 and includes both automotive and non-automotive sales. 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.

As vehicle production continues to expand in Eastern Europe, the company has decided to state European content per vehicle based on all European production effective March 2008. In prior years, content per vehicle was expressed in terms of Western European production only. The 2007 comparative figures have been updated accordingly.

	Three Months Ended June 30			Six Months Ended June 30		
	2008	2007	% Change	2008	2007	% Change
<i>North America</i>						
Vehicle Production Units ²	3.49	4.14	(15.7%)	7.08	8.10	(12.6%)
Automotive Sales ³	\$ 358.1	\$ 392.7	(8.8%)	\$ 735.3	\$ 765.9	(4.0%)
Content Per Vehicle	\$102.50	\$ 94.76	8.2%	\$ 103.91	\$ 94.51	9.9%
<i>Europe</i>						
Vehicle Production Units ²	6.22	5.83	6.7%	11.93	11.35	5.1%
Automotive Sales ³	\$ 50.5	\$ 40.5	24.7%	\$ 100.7	\$ 78.9	27.6%
Content Per Vehicle	\$ 8.12	\$ 6.95	16.8%	\$ 8.44	\$ 6.95	21.4%
<i>Asia Pacific</i>						
Vehicle Production Units ²	6.47	5.20	24.4%	11.95	10.13	18.0%
Automotive Sales ³	\$ 7.9	\$ 1.9	315.8%	\$ 13.9	\$ 4.0	247.5%
Content Per Vehicle	\$ 1.23	\$ 0.36	241.7%	\$ 1.17	\$ 0.39	200.0%

Linamar's North American automotive sales decreased \$34.6 million or 8.8% as compared to the second quarter of 2007 to \$358.1 million. However, the market saw an overall decrease in vehicle production of 15.7%, resulting in a content per vehicle increase of 8.2% to \$102.5 from \$94.76 a year earlier.

European automotive sales improved by \$10.0 million to \$50.5 million or 24.7% as compared to the second quarter of 2007. Vehicle production volumes increased 6.7% and content per vehicle improved to \$8.12 from \$6.95 in the second quarter of 2007, an increase of 16.8%

Content per vehicle for Asia Pacific, while still at its anticipated low level during the start-up phase, saw a large increase for both the quarter and the six month period over the same periods last year

¹ Measured as the amount of Linamar automotive sales dollars per vehicle, not including tooling sales.

² Vehicle production units are shown in millions of units. 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 trucks. Both measures exclude the off-road (heavy equipment) market. Volume information is as regularly reported by industry sources.

³ Automotive sales are shown in millions of dollars.

Gross Margin

<i>(in millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Sales	\$625.4	\$624.4	\$1,240.0	\$1,203.8
Cost of sales	495.7	494.1	984.1	961.6
Amortization	43.2	41.3	89.0	82.5
Gross Margin	\$86.5	\$89.0	\$166.9	\$159.7
Gross Margin Percentage	13.8%	14.3%	13.5%	13.3%

Gross margin percentage decreased to 13.8% for the second quarter from 14.3% for the same quarter in 2007. Cost of sales as a percentage of sales remained relatively flat at 79.3% for the second quarter of 2008 compared to 79.1% for 2007. Amortization increased to 6.9% of sales as compared to 6.6% in the same quarter in 2007. The increase in amortization is mainly attributable to new product launches.

For the first half of 2008, Gross margin increased to 13.5% from 13.3% when compared to the same period of 2007

The year-to-date improved gross margin is mainly driven from increased sales in automotive programs such as the 6 speed transmission program and fuel efficient engine programs that were still incurring start up costs in the first the six months of 2007. In addition, gross margin improved from improved results in the European Fabrication and Powertrain/Driveline divisions. Amortization increased \$6.5 million over the same six month period of 2007, and increased to 7.2% of sales as compared to 6.9% in the same six month period of 2007. This increase relates mainly to the capital burden of machinery for the new transmission and engine programs where the volumes have not reached mature levels and lower volumes on mature programs due to industry conditions in North America.

Selling, General and Administration

<i>(in millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Selling, general and administrative ("SG&A")	\$34.2	\$34.2	\$64.6	\$60.0
SG&A Percentage	5.5%	5.5%	5.2%	5.0%

Selling, general and administrative ("SG&A") costs were flat in the second quarter of 2008 at \$34.2 million when compared to the same quarter of 2007. As a percentage of sales, SG&A costs were 5.5% in the second quarter of both 2008 and 2007.

Year-to-date SG&A was \$64.6 million or 5.2%, compared to \$60.0 million or 5.0% in 2007

This is primarily due to:

- increased engineering costs with the addition of the Driveline Systems Engineering Group;
- increased sales and marketing costs related to the new product offerings of Booms and Telehandlers; and
- increased investment in R&D in the Industrial segment.

Expenses and Other Income

(in millions of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Operating Earnings	\$52.3	\$54.8	\$102.3	\$99.7
Other Income (Expense)				
Net Interest Expense	(4.8)	(3.3)	(9.5)	(7.0)
Other Income	0.5	0.2	0.6	1.5
Provision for (Recovery of) Income Taxes	(15.1)	(19.4)	(30.3)	(34.0)
Non-Controlling Interests	(0.9)	(1.0)	(1.6)	(2.1)
Earnings from Continuing Operations	\$32.0	\$31.3	\$61.5	\$58.1
Net Earnings	\$32.0	\$31.3	\$61.5	\$58.1

Interest

Interest on long-term debt increased \$0.5 million over the same quarter in 2007, to \$4.0 million. For the six month period, interest on long-term debt increased \$0.9 million over the same period in 2007. This resulted from an increase in long-term debt converted from short-term debt as the Company executed an interest rate swap in the fourth quarter of 2007. This was partially offset by the strengthening Canadian dollar on the company's U.S. dollar interest expenses. The increase in debt was the result of acquisitions that took place during 2007. Although the expense has increased, the consolidated effective interest rate was lower in the second quarter of 2008 at 4.9% as compared to 5.1% in 2007. This was due to the effect of the strengthening Canadian dollar on U.S. dollar interest payments. The effective interest rate year-to-date is also lower at 4.9% as compared to 5.2% in the same period of 2007.

Other interest expense decreased by \$0.1 million for the quarter as compared with the same quarter in 2007. For the six month period, other interest expense increased by 0.5 million as compared to the same period in 2007. Average short-term borrowings are higher in both the current quarter and the six month period due to acquisition activity that took place throughout 2007 and share repurchases made in 2008 under the normal course issuer bid. The increased level of short-term borrowings has benefited from lower interest rates in the current quarter compared to rates in the same quarter in 2007. The decrease in interest rates were significant enough to offset the increased short-term borrowings in the quarter and to limit the increased interest expense in the six month period of 2008 when compared to the same periods of 2007.

Provision for Income Taxes

The effective tax rate for the second quarter of 2008 was 31.6%, a decrease from 37.5% in the same quarter of 2007. Year-to-date, the effective tax rate for 2008 was 32.5%, a decrease from 36.1% in the same period of 2007. This reduction in the effective rate is due primarily to the decrease in the Canadian federal income tax rate effective January 1, 2008. Also, the effective 2007 second quarter tax rate was negatively impacted by the foreign exchange loss of \$4.1 million from the funds held in escrow for the privatization bid of Linamar Hungary Nyrt.

Note 13 to the consolidated financial statements for the year ended December 31, 2007 provides additional information on the company's overall tax position.

Non-Controlling Interests

Non-Controlling Interests declined by \$0.1 million from \$1.0 million in the second quarter of 2007 to \$0.9 million in the same quarter of 2008 and by \$0.5 million from \$2.1 million in the first six months of 2007 to \$1.6 million in the same period of 2008. These reductions were mainly due to the reduction of Non-Controlling interests in Linamar Hungary Nyrt due to the Company's purchase of shares as part of its public purchase offering in 2007 as mentioned earlier in this analysis.

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended June 30, 2006 through June 30, 2008. 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)	Sep 30, 2006	Dec 31, 2006	Mar 31, 2007	Jun 30, 2007	Sep 30, 2007	Dec 31, 2007	Mar 31, 2008	Jun 30, 2008
Sales	\$528.1	\$543.6	\$579.4	\$624.4	\$581.6	\$528.2	\$614.5	\$625.4
Earnings from Continuing Operations	15.1	31.9	26.7	31.3	25.9	25.1	29.5	32.0
Net Earnings	14.6	26.8	26.7	31.3	25.9	25.4	29.5	32.0
Earnings per Share from Continuing Operations								
Basic	0.21	0.46	0.38	0.45	0.37	0.36	0.43	0.48
Diluted	0.21	0.46	0.38	0.45	0.37	0.36	0.43	0.48
Net Earnings per Share								
Basic	0.20	0.38	0.38	0.45	0.37	0.36	0.43	0.48
Diluted	0.20	0.38	0.38	0.45	0.37	0.36	0.43	0.48

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 June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Cash provided by (used in):				
Operating Activities	\$ 63.8	\$ 35.2	\$ 92.3	\$ 34.4
Financing Activities	5.3	(5.9)	(70.4)	72.2
Investing Activities	(51.9)	(48.7)	(86.6)	(84.4)
Effect of Translation Adjustment	0.5	(1.4)	2.3	(1.8)
Net Increase in Cash Position	17.7	(20.8)	(62.4)	20.4
Cash Position – Beginning of Period	23.6	79.5	103.7	38.3
Cash Position – End of Period	\$ 41.3	\$ 58.7	\$ 41.3	\$ 58.7
Comprised of:				
Cash	\$ 66.9	\$ 97.3	66.9	97.3
Unpresented Cheques	(25.6)	(38.6)	(25.6)	(38.6)
	\$ 41.3	\$ 58.7	\$ 41.3	\$ 58.7

Linamar's cash position (net of unpresented cheques) at June 30, 2008 was \$41.3 million, a decrease of \$17.4 million compared to the same period in 2007. Cash provided by operating activities in the quarter was \$63.8 million compared to cash provided of \$35.2 million in the same period in 2007. The operating activities provided \$92.3 million in cash for the first six months of 2008 compared to \$34.4 million for the same period of 2007.

During the quarter, financing activities provided \$5.3 million primarily through proceeds from short-term debt. Year-to-date, financing activities used \$70.4 million primarily to repay short-term borrowing and to re-purchase shares under the normal course issuer bids.

Operating Activities

<i>(in millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Earnings from continuing operations	\$ 32.0	\$ 31.3	\$ 61.5	\$ 58.1
Non-cash charges to earnings	50.5	43.0	102.2	85.3
	\$ 82.5	\$ 74.3	\$ 163.7	\$ 143.4
Changes in non-cash working capital	(18.2)	(40.3)	(70.9)	(109.4)
Cash flow – continuing operations	\$ 64.3	\$ 34.0	\$ 92.8	\$ 34.0
Cash flow – discontinued operations	(0.5)	1.2	(0.5)	0.4
Cash provided (used) from operating activities	\$ 63.8	\$ 35.2	\$ 92.3	\$ 34.4

Cash provided by continuing operations, before the effect of changes in non-cash working capital was a 11.0% increase at \$8.2 million in the second quarter of 2008 compared to \$5.9 million in the same quarter in 2007. On a year-to-date basis, cash provided by continuing operations, before the effect of changes in non-cash working capital, was a 14.2% increase at \$20.3 million in 2008 compared to \$9.5 million in the same quarter in 2007.

Incremental investment in non-cash working capital for the second quarter was \$18.2 million, compared to \$40.3 million in 2007 and \$70.9 million for the first six months of 2008 versus \$109.4 million in the same period of 2007.

Financing Activities

<i>(in millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Proceeds from (repayments of) short-term bank borrowings	\$ 9.9	\$ 0.3	\$ (22.9)	\$ 84.9
Proceeds from long-term debt	2.5	-	2.5	-
Repayment of long-term debt	(1.2)	(2.2)	(3.2)	(4.4)
Repurchase of shares	(1.9)	-	(39.8)	(0.2)
Decrease in long-term receivables	-	0.2	1.1	0.3
Dividends to shareholders	(4.0)	(4.2)	(8.1)	(8.4)
Cash provided (used) from financing activities	\$ 5.3	\$ (5.9)	\$ (70.4)	\$ 72.2

At the end of the second quarter of 2008, there was \$237.2 million in credit available in the revolving term facility under the Canadian syndicated credit agreement.

The company purchased 37,800 common shares for cancellation under its normal course issuer bid for total consideration of \$0.6 million. The normal course issuer bid, which permitted the company to acquire up to 5,083,839 of its outstanding common shares, expired on January 30, 2008.

On January 29, 2008, the company renewed its normal course issuer bid. The current bid permits the company to acquire up to 5,084,699 of its outstanding common shares and expires on January 30, 2009. The company has repurchased 2,720,800 shares as of June 30, 2008 for total consideration of \$39.2 million.

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

Investing Activities

<i>(in millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Payments for purchase of property, plant and equipment	\$ (47.7)	\$ (45.0)	\$ (83.3)	\$ (81.2)
Proceeds from disposal of property, plant and equipment	1.9	0.7	2.8	1.2
Business acquisitions	(6.1)	(4.4)	(6.1)	(4.4)
Cash used for investing activities	\$ (51.9)	\$ (48.7)	\$ (86.6)	\$ (84.4)

Cash spent on investing activities for the second quarter was \$51.9 million while during the same period last year the total spent was \$48.7 million. In the six month period ending June 30, 2008, cash spent on investing activities was \$86.6 million compared to \$84.4 million for the same period in 2007.

During the second quarter, the acquisition of the assets of Volvo's Material Handling Equipment ("MHE") business based in Shippensburg, PA, was finalized for total consideration of \$11.1 million. The MHE business further expands the company's Telehandler product offering by adding a Rough Terrain Straight Mast Fork lift product, and provides additional manufacturing capacity to further the company's growth potential. Due to the timing of the closing and the complexities associated with the transaction, the purchase price allocations are subject to further adjustments.

At June 30, 2008, outstanding commitments for capital expenditures under purchase orders and contracts amounted to \$86.1 million (June 30, 2007 - \$104.6 million).

Financing Resources

At June 30, 2008, cash was \$41.3 million, with unpresented cheques and short-term bank borrowings of \$120.9 million. At this time, the company's syndicated revolving facility had available credit of \$237.2 million.

Contractual Obligations

Please see the December 31, 2007 annual MD&A for a table summarizing contractual obligations by category; such obligations have not changed significantly during the first six months of 2008.

Shareholders' Equity

Book value per share¹ grew to \$13.97 per share at June 30, 2008, as compared to \$12.75 per share at December 31, 2007. Earnings net of dividends contributed \$28.0 million for the quarter to retained earnings. During the first six months, the company repurchased shares under a normal course issuer bid resulting in a charge for excess purchase over book cost to retained earnings of \$35.2 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

¹ "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. For more information refer to the Non-GAAP Measures section of this Analysis

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, British pound, Hungarian forint and Mexican peso.

At June 30, 2008, 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 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 gains and losses will be recognized in net earnings in the same period as the transaction which generates 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 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 125 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, 2007 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 8 of the interim consolidated financial statements that are hereby incorporated by reference 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, 16, 23, and 24 of the December 31, 2007 consolidated financial statements.

Transactions with Related Parties

Linamar is a party to certain transactions with related parties as discussed in note 9 of the interim consolidated financial statements that are hereby incorporated by reference herein.

PROPOSED TRANSACTIONS

On July 7, 2008, Linamar Corporation announced its acquisition of an automotive manufacturing facility, former Visteon plant in Swansea, Wales, United Kingdom (UK). This facility is Linamar's first venture into manufacturing operations in the UK. The facility currently produces power transfer units, transfer cases and axles, which will extend Linamar's presence in the driveline business. It will also complement Linamar's acquisition of Ford's PTU business in Nuevo Laredo, Mexico.

RISK MANAGEMENT

Please see the December 31, 2007 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, 2007 annual MD&A.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

As of January 31, 2008 all deficiencies have been remediated, please see the December 31, 2007 annual MD&A for more details.

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, 2007 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.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

Refer to note 1 to the interim consolidated financial statements that are hereby incorporated by reference herein for information pertaining to accounting changes effective in 2008 and for information on issued accounting pronouncements that will be effective in future fiscal years.

OUTSTANDING SHARE DATA

Linamar is authorized to issue an unlimited number of common shares, of which 67,065,676 common shares were outstanding as of August 14, 2008. As of August 14, 2008, there were 999,999 options outstanding under Linamar's share option plan.

NON-GAAP MEASURES

The following measures used by the company do not have a standardized meaning under Canadian generally accepted accounting principles and, therefore are unlikely to be comparable to similar measures presented by other issuers. Refer to the Non-GAAP measures section of the Annual MD&A for December 31, 2007 for more information.

Operating Earnings

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

(in thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Gross Margin	\$86.5	\$89.0	\$166.9	\$159.7
Selling, general and administrative	34.2	34.2	64.6	60.0
Operating Earnings	\$52.3	\$54.8	\$102.3	\$99.7

Book Value per Share

This measure, as used by the chief operating decision makers and management, indicates the value of the company based on the carrying value of the company's net assets. Book value per share is calculated by the company as Shareholders' Equity divided by shares outstanding at the end of the period.

(in thousands of dollars)	June 30 2008	December 31 2007
Shareholders' Equity	\$937.2	\$890.6
Shares outstanding at the end of the period	67,065,676	69,824,276
Book value per share	\$13.97	\$12.75

OUTLOOK

Effective the second quarter of 2006, the company determined it was not appropriate to provide outlook guidance.

FORWARD LOOKING INFORMATION

Certain information provided by Linamar in this MD&A 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 MD&A 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 cyclicality, trade and labour disruptions, world political events, pricing concessions and cost absorptions, delays in program launches, the company’s dependence on certain engine and transmission programs and major OEM customers, currency exposure, technological developments by Linamar’s competitors, governmental, environmental and regulatory policies and changes in the competitive environment in which Linamar operates.

The foregoing is not an exhaustive list of the factors that may affect Linamar’s forwarding looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Linamar’s forward-looking statements. Linamar assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.