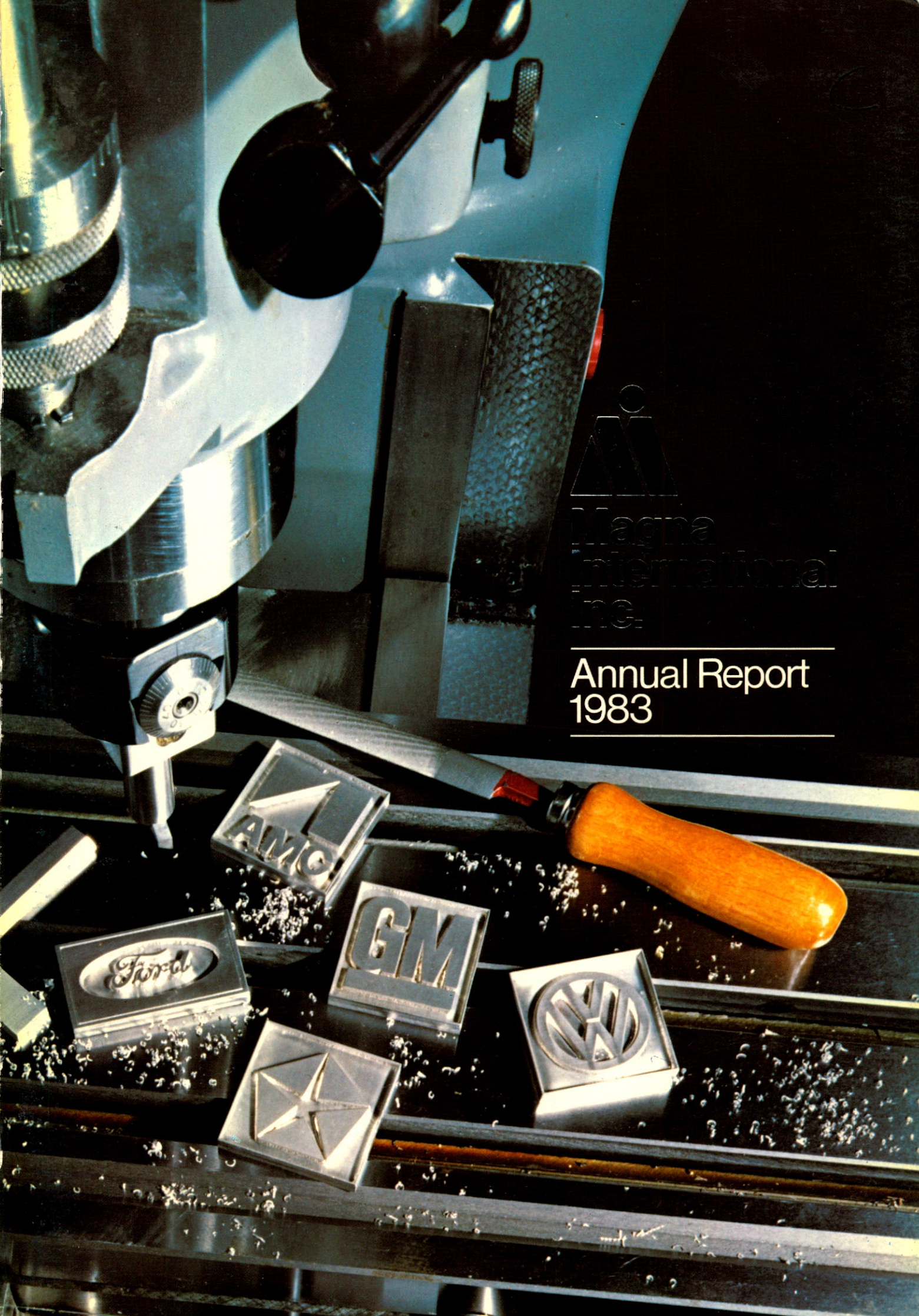




Annual Report 1983



Financial Highlights

Dollars in thousands except per share figures

	1983	1982	1981 ¹	1980	1979	1978	1977	1976	1975	1974
Sales	\$302,451	\$226,534	\$232,114	\$183,456	\$165,738	\$128,189	\$80,953	\$55,010	\$39,415	\$31,644
Income from operations	25,473	9,055	12,054	9,249	15,924	12,899	8,185	5,734	2,880	1,990
Net income ⁴	14,647	5,265	6,911	5,640	8,455	6,595	4,093	2,786	1,339	1,080
Working capital	48,291	31,792	30,792	28,223	19,174	15,351	7,412	4,925	3,233	2,164
Earnings per share ^{2,3}										
Class A and Class B	\$1.10	\$0.49	\$0.64	\$0.53	\$0.86	\$0.71	\$0.48	\$0.36	\$0.17	\$0.14
Dividends declared per share ²										
(Annual rate)										
Class A and Class B	\$0.26⁵	\$0.25	\$0.36	\$0.36	\$0.28	\$0.19	\$0.12	\$0.06	\$0.03	\$0.03
6½% Preference	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50
7% Preference	\$1.75	\$1.75	\$1.75	\$1.75						

¹ 1981 and prior figures include sales and income from Aerospace/Defence operations sold effective August 1, 1981.

² Adjusted for years prior to 1979 to give effect to the capital reorganization during 1979.

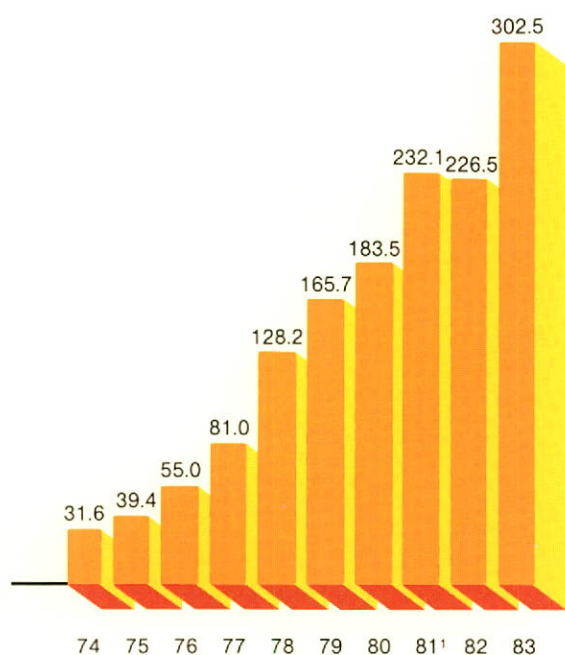
³ All figures adjusted to give effect to the stock dividend issued June, 1983.

⁴ Before extraordinary items.

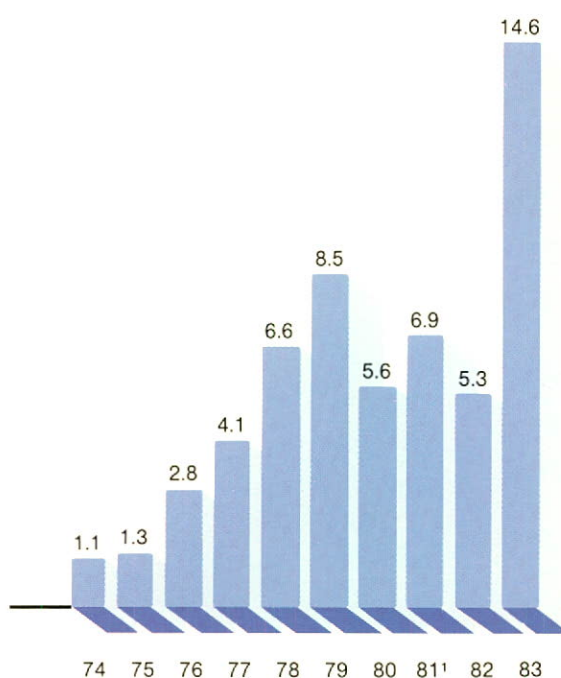
⁵ In addition stockholders received a special stock dividend issued June, 1983. (See note 6 in Financial Statements.)

Record of Growth

Sales (millions of dollars)



Net Income (millions of dollars)



**1983 Annual Report
for Magna International Inc.
and its Subsidiary Companies**

Magna International Inc. is a diversified manufacturer of parts for the North American automotive industry, with manufacturing facilities in Canada and the United States. During the last decade Magna has experienced an average annual growth rate of 28% due primarily to its unique operating structure. The company currently employs 4,000 people and produces in excess of 2,000 different automotive components incorporating a wide variety of technologies. Magna International Inc. is a public company, listed on the Toronto Stock Exchange.

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1983 Annual Report for Magna International Inc. and its Subsidiary Companies

Magna International Inc. is a diversified manufacturer of parts for the North American automotive industry, with manufacturing facilities in Canada and the United States. During the last decade Magna has experienced an average annual growth rate of 38% due primarily to its unique operating structure. The company currently employs 4,000 people and produces in excess of 2,000 different automotive components incorporating a wide variety of technologies. Magna International Inc. is a public company, listed on the Toronto Stock Exchange.

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Magna's new Research and Development Centre in Markham, Ontario.

Report to the Shareholders

Review of 1983



During fiscal 1983, your Company again demonstrated its ability to greatly outperform market conditions. While North American automotive and light truck production increased by only 10%, Magna continued to excel with a 34% increase in total revenue. After several years of poor economic conditions and lower profitability, Magna's profit has returned to a more reasonable level. The results are, in part, a reflection of cost reduction efforts at all levels of the Company. They also reflect increased productivity which can be attributed to your Company's strong, participative labour environment. We firmly believe this healthy working relationship with our employees will continue to serve Magna and its customers well in the future and will provide a secure foundation for continued growth.

Magna's success was also due in great measure, to your Company's philosophy and operating policies which are discussed in more detail later in this report. Refinements to the Group Structure, which organizes Magna's decentralized, autonomous facilities into common technologies and/or geographics, has permitted your Company to respond quickly and aggressively to our customers' changing requirements. We firmly believe Magna has an excellent reputation throughout the industry as a quality supplier who can respond quickly to market conditions. This reputation for quality and flexibility will continue to serve Magna well in the coming years.

During fiscal 1983, Magna has experienced increased market penetration in *all* of its automotive product lines. This statement is clearly demonstrated in the following statistics. In 1982, Magna's average dollar of sales per car or truck produced in North America amounted to \$24.60. In 1983, this figure increased to \$31.34 which translates into an increased penetration of 27% including price inflation. The chart in the opposite column graphically illustrates this increased penetration by displaying the relationship between Magna's automotive component sales and North American car and truck production.

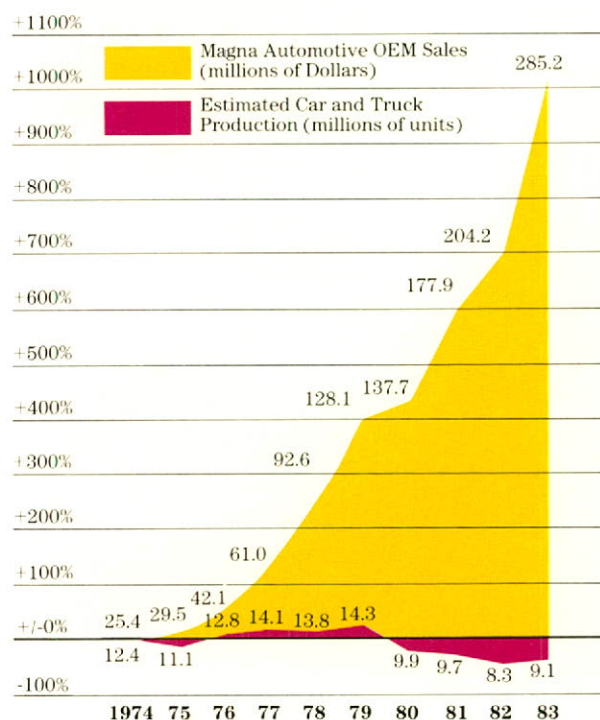
To facilitate this increase in sales volume it was necessary, within Magna's operating structure, to establish 5 new manufacturing plants. Capital expenditures for new facilities were funded in accordance with our overall financial philosophy which stresses a healthy equity base complemented by internally generated profit and debt financing as required.

Magna feels strongly that all those who have participated in generating profits should share in the results of their efforts. This commitment is clearly defined in Magna's policy of allocating 7% of pretax earnings to an employee equity

participation program. For fiscal 1983, this translated into an allocation of \$2.05 million. These funds are used to purchase Magna stock, thereby giving our employees a unique opportunity to participate in the ownership and growth of the Company.

In addition, management is continually looking for ways in which to improve working conditions and benefits for its employees as profits and market conditions permit. As a direct result of our improved financial position for this year, we are pleased to announce the establishment of the Magna Employee Recreation Park. This 100 acre facility, described in detail later in this report, will contain a wide range of family recreational facilities when it becomes fully operational in fiscal 1984.

Percentage Magna Sales Change Versus
Percentage Change in Estimated N. American
Auto and Truck Production (*estimated figures
correspond to Magna's fiscal year*)



With regard to working conditions, Magna is sincerely committed to improving the work environment for its employees while still remaining cost competitive. Magna is currently proceeding with its plan to upgrade all of its facilities to provide the most modern, clean, safe working environments possible for all its employees.

It is our belief that providing a superior work environment will help to develop a positive employee relations climate, increase productivity and achieve our objective of having everyone work as a team towards a common goal.

Long-Term Outlook

We feel confident that the North American automotive companies will be successful in overcoming the challenges facing the automobile industry. The primary challenge of producing a more efficient, high-quality vehicle presents a great opportunity for Magna to increase its penetration into the automotive marketplace. Given the advantages of our unique operating structure, we are certain Magna will be able to significantly increase its relatively small share of this enormous market.

In order to accomplish this growth, your Company is already laying the groundwork to become even more competitive in terms of cost and quality. During fiscal 1983 Magna opened an in-house centre for robotics and process automation. This centre is responsible for developing automated applications for various Magna production processes, including the use of internally designed and manufactured industrial robots.

Your Company has also taken the initial steps to establish a CAD/CAM (computer aided design/computer aided manufacturing) centre. This state-of-the-art division will have two purposes. First, it will form an integral part in Magna's component design studies. Second, it will be of great assistance in determining the most efficient manufacturing application(s) for various products.

The use of robotics, process automation and CAD/CAM will not only increase the efficiency of Magna's operations, but will also enhance your Company's product reliability and overall quality.

With regards to quality, your Company has effectively implemented Statistical Process Control (SPC) techniques where applicable. Simply stated, SPC is the application of statistics to quality control procedures. At the conclusion of fiscal 1983, more than 350 Magna employees, including machine operators as well as quality inspectors, had been thoroughly trained in the use of SPC. This program will continue to receive emphasis in the coming years.

Adding to Magna's technical base will remain a high priority in the coming years as we continue to offer more services to our customers, and strive to remain current and competitive. This diversification within our area of expertise will continue to be achieved via internal development and joint ventures.

Finally, a major advance in the development of your Company occurred in fiscal 1983 with the completion of Magna's Research and Development Centre, located in Markham, Ontario. The Centre was established to bring new product development capability to Magna as we position ourselves to meet the automotive industry's rapid advances in technology. Automobile companies expect suppliers to have product development capabilities and this Centre, with its design and development

resources, will enable Magna to better service its customers' needs and thereby achieve greater market penetration.

With the growing trend towards single-sourcing, (the practice of sourcing 100% of a component's requirements with one supplier), the original equipment manufacturers (OEMs) are seeking longer-term contracts with key suppliers. In selecting these vendors, OEMs are focusing on price competitiveness and superior quality. We are confident Magna's expanded technical base, as outlined previously, will permit Magna to take advantage of this new relationship between customer and supplier.

Summary

Magna has performed reasonably well in the face of difficult economic conditions during the last few years. Given the recent improvement in the North American automobile market and based on the backlog of orders for fiscal 1984 and 1985, we are very optimistic that Magna will continue to experience sizeable growth in sales and profits in the coming years.

Magna would like to take this opportunity to thank its employees, Directors, customers and suppliers for their invaluable support. We firmly believe that a "team" oriented approach has been truly adopted at all levels of Magna's business relationships and we look forward to this support continuing in the future.



Manfred Gingl
President and
Chief Operating Officer



Frank Stronach
Chairman of the Board
and Chief Executive Officer

Corporate Philosophy & Operating Policies



The Company believes that all parties who contribute to its success have a right to benefit from their contribution. Magna's success must be shared equitably amongst the Company's employees, managers and shareholders.

The management of Magna must prove to shareholders and employees that they are capable and honourable operators. Management must demonstrate to its shareholders that Magna is a good place to invest and to its employees that it is fair and concerned with their short and long-term needs.

We feel strongly that a motivated labour force is a company's greatest asset. It is Magna's philosophy that factories of up to approximately 100 employees allow managers to communicate more effectively with their people to ensure employee needs are identified and management decisions are understood.

The Company maintains a policy of competitive wages to ensure its survival in bad economic times. However, the Company firmly believes that employees and managers should not only share in the profits generated from their labour, but also share in the growth of the company through an Equity Participation Program (*See Employee Equity Participation and Profit Allocation, below, and Recreational Park, page 5.*)

Employees also have a right to work in a safe and pleasant environment. The Company feels that the environment will play a more important role in the future and is committed to improving working conditions. (*See Working Conditions, page 3, and Industrial Campus Concept, page 5.*)

Employee Equity Participation

Each year Magna follows a policy of allocating 7% of pretax profits to purchase shares in the Company for the benefit of employees. The Company believes that this not only allows employees to share in profits generated and to acquire ownership in Magna, but also promotes employee goodwill, resulting in increased commitment and employee productivity.

Profit Allocation

In those years in which the financial results are exceptional, Magna allocates a portion of its profits for the benefit of employees in addition to the 7% allocated to employee equity participation. In fiscal 1983, for example, the Company commenced development of a large recreational park for use by all Magna employees. (*See Recreational Park, page 5.*)

Working Conditions

Magna believes effective employees are a company's greatest asset. Employees should be provided with workplaces that are pleasant, clean and safe and Magna is committed to improving the present work environment where necessary and laying the groundwork for future improvements through such methods as the campus concept.

A campus would consist of a cluster of small, autonomous plants located in a Magna-owned industrial park. This concept allows Magna to create an operating environment that can economically support social and recreational facilities while still maintaining small decentralized plants. (*See Industrial Campus Concept, page 5.*)

Social Responsibility

Magna believes a company has responsibilities to the community of which it is a part, and should fulfill these responsibilities by giving financial assistance and contributing time to the development of socially beneficial projects.

It is Magna's policy to allocate approximately 1% of pretax earnings to selected community programs to develop healthy and socially responsible individuals. (*See Community and Social Commitments, page 5.*)

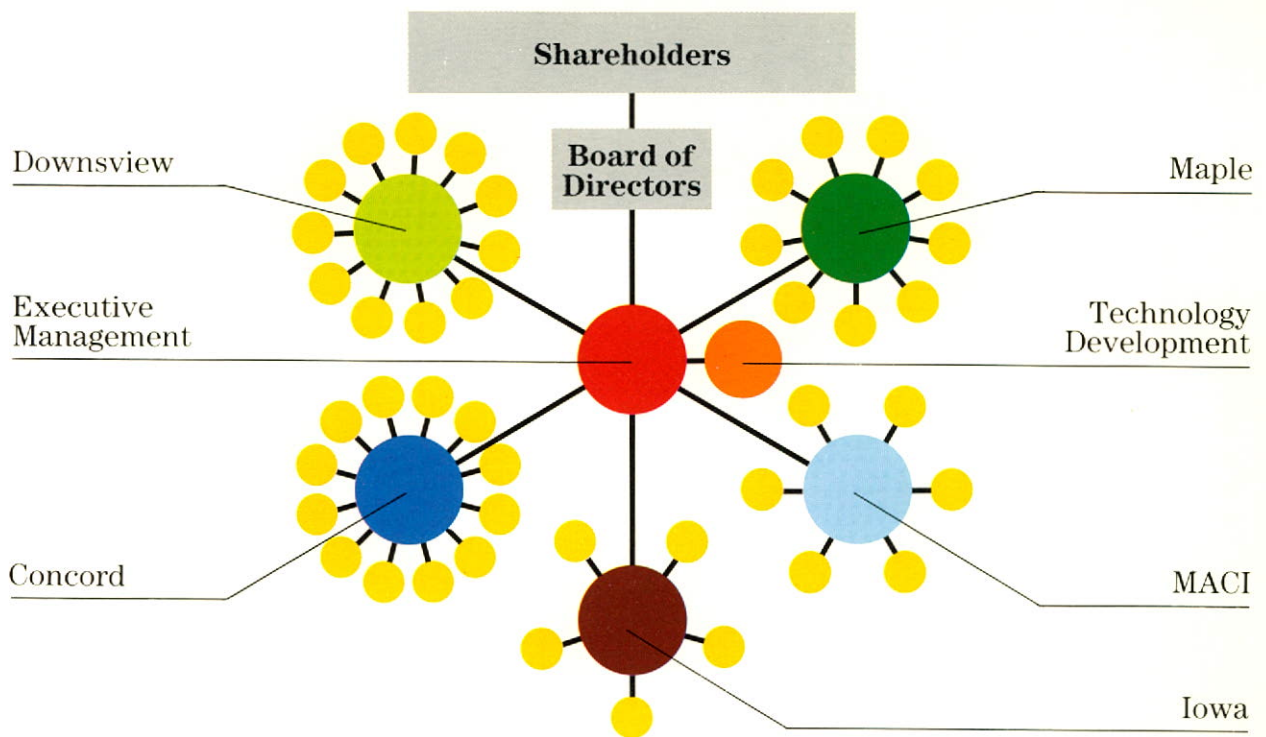
Technology Development

Magna believes a developing technology base is essential for the long term well-being of industrial enterprise. It is Magna's policy to allocate approximately 7% of pretax earnings for approved technology development.

Dividends

Magna believes shareholders should benefit from their investment. The Company intends to maintain a policy of paying to its Class A and B shareholders, dividends representing approximately one-fifth of the Company's current year's after tax earnings.

Operating Structure



Operating Unit

Each operating unit is an autonomous entity under the control and direction of a General Manager. The General Managers have complete authority and responsibility for the operation and profitability of their units. A portion of the General Managers' remuneration package is tied directly to the profitability of their divisions.

Each unit employs as a rule, up to 100 people, thus giving the General Managers close, personal contact with their employees and direct knowledge and control of any concerns which could affect the efficiency and profitability of their units.

Group Management

The operating units are segmented into like technologies and geographics to form groups. These groups are the direct responsibility of a Group Manager, an individual with proven general management capabilities gained from on-line experience.

The Group Manager provides support to each General Manager who is free to draw upon that experience for counsel and advice.

The Group Manager is also the liaison between Executive Management and the General Managers. As such, it is their responsibility to ensure that Corporate operating policies and procedures are implemented correctly and maintained.

Executive Management

Executive Management is responsible for establishing operational policies consistent with the Company's philosophy as developed by the Board of Directors.

This group is responsible for the allocation of corporate resources, monitoring of all business opportunities and for long-range strategic planning.

Executive Management coordinates efforts which affect all areas of operation such as sales and marketing, finance and corporate administration, safety, personnel, employment standards and labour relations.

Technology Development

Technology development is an important management tool in the implementation of strategic plans. Magna concentrates its developmental efforts on engineering process applications and component improvement rather than pure research.

Responsibility for the allocation of resources and the establishment of development priorities rests with Executive Management.

The Board of Directors

The Board of Directors is elected by, and is responsible to, the shareholders and has overall responsibility for the direction of the Company.

Presently the Board is comprised of 5 external Directors and 4 internal Directors.

Community & Social Commitments



Magna strongly believes that a company has a responsibility not only to its employees, but also the community from which it derives its income.

Magna has remained active during 1983 in its continued support of many non-profit, voluntary organizations working at local, provincial and national levels in the area of health, welfare, advancement of Canadian arts, education and especially youth development.

Magna is also a firm believer in the free enterprise system. Consequently, Magna supports this system through political donations and sponsorship of entrepreneurial study programs in schools of higher learning.

Magna Employee Recreational Park

Consistent with Magna's philosophy that employees should share in additional benefits, profits and market conditions permitting, Magna purchased a 100 acre tract of land in fiscal 1983 for conversion into an Employee Recreational Park in the coming fiscal year.

Located on a private lake within 30 minutes of downtown Toronto, Ontario, it will be available for use by all Magna employees. The Park will be equipped with a variety of family sporting and recreational facilities, including tennis courts, soccer fields, baseball diamonds, playgrounds, boating, a sanded beach, barbecue pits, picnic facilities, and cross country ski trails.

Industrial Campus Concept

Your Company is constantly seeking new ways in which to improve the environmental and working conditions of its employees while still remaining competitive in the marketplace. Therefore, Magna has established the concept of an industrial campus owned by Magna which would consist of a cluster of 10-20 small, autonomous plants together with social facilities such as daycare centres, and recreational facilities such as soccer fields, baseball diamonds and tennis courts.

The campus concept allows Magna to create an operating environment that can economically support social and recreational facilities while still maintaining small decentralized plants. This can be accomplished by developing the campus on low cost, undeveloped land located in outlying communities surrounding major markets.

The cost savings of buying undeveloped land in these communities more than offset the costs of building recreational and social facilities. In addition, the company believes that the costs of maintaining these facilities will be greatly outweighed by the increase in labour productivity and goodwill. The first such campus is being developed in Newmarket, Ontario, and should be completely occupied within the next few years.

Top: Youth development plays an important role in Magna's social responsibility program. It is believed that activities such as the Magna-sponsored youth soccer tournament, will assist in the development of socially responsible individuals.

Opposite: The Magna Employee Recreational Park is dedicated to all Magna employees for their enjoyment and relaxation.

Bottom: Sponsorship of students to a cooperative work/school educational institution, and sponsorship of a chair for entrepreneurial studies are just two of the ways Magna fulfills its commitment to higher learning and the free enterprise system.





Technology Development

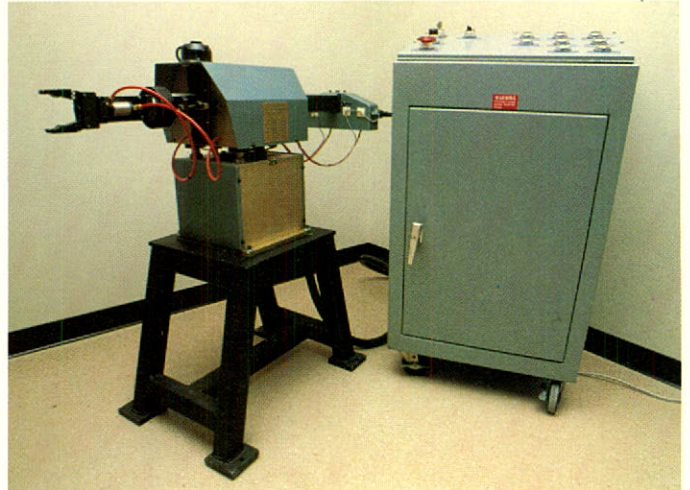


During fiscal 1983, Magna designed and constructed its new Research and Development Centre. The Centre is located in Markham, Ontario, and also houses Magna's corporate offices.

The Centre was established to bring expanded product development capabilities to Magna as we position your Company to take advantage of the automotive industry's rapid advances in technology and the expanded role of parts suppliers as partners in product design and development. This facility will greatly increase Magna's capabilities in these areas. In addition to housing design quarters, the Centre also has a toolroom, containing state-of-the-art toolroom and prototyping equipment. This will enable Magna to coordinate prototyping and design under one roof, thereby ensuring manufacturing feasibility for all new concepts.

Besides designing new components, the R&D Centre will also focus on servicing Magna's existing manufacturing facilities by developing new and improved production techniques and processes for our current product lines. Resources such as CAD/CAM (computer aided design/computer aided manufacturing) will be made available to operating divisions to assist in their product improvement efforts. A robotics and process automation facility has also been established to increase plant efficiency and decrease costs through applied automation.

The results of this approach are two-fold. Programs supporting current product lines will lead to increased production efficiencies. In the long term, new product introductions will occur which will result in the creation of new



plants, more jobs within Magna and continued growth for your Company.

The Research and Development Centre will also be utilized as an evaluation centre for new managers, particularly General Managers. Housing both classrooms and the latest equipment, the Centre will be able to provide high-potential employees with both practical and theoretical training prior to their assuming responsible management positions.

Top: In order to remain current and competitive, Magna has established a robotics and process automation facility. Robots, such as the one pictured, are being internally developed for specific automation applications.

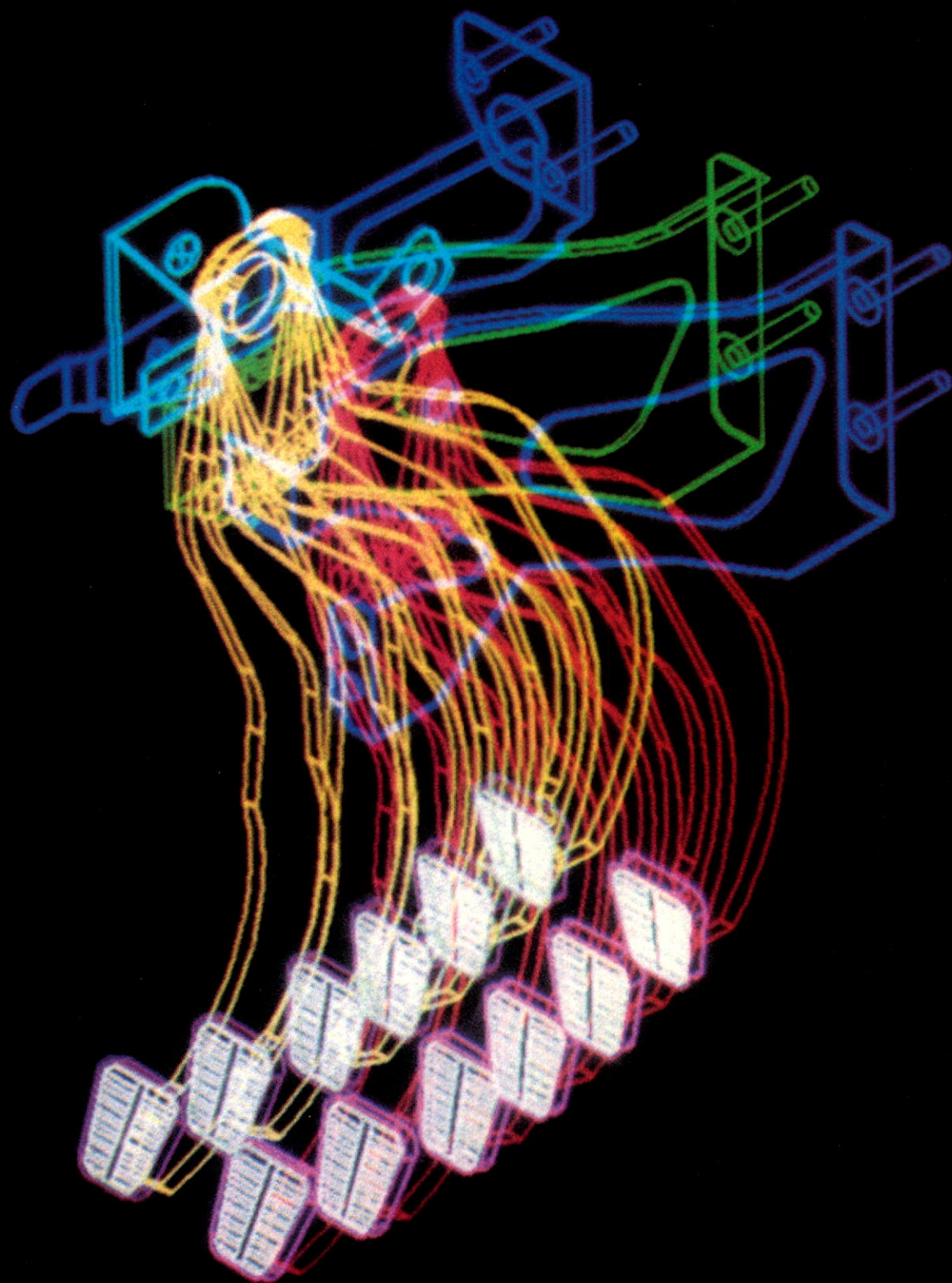
Opposite: CAD/CAM (computer aided design/computer aided manufacturing) is another technology being incorporated as Magna continues to enhance its value as a partner with the automobile companies in cooperative component design and supply efforts. Pictured opposite is a CAD/CAM terminal display of Magna's new modular brake/clutch pedal assembly.

Bottom: The new Research and Development Centre also houses Magna's corporate offices.



CADD5 /PART:MAPLE.ASSY
DRAW:A
MODE:Model

LAY: 0



#2#

#2#

#2#*MAGNA INTERNATIONAL INC.

#2#* CLUTCH AND BRAKE ASSEMBLY _

Magna – Concord Group



The Magna-Concord Group consists of 12 plants and represents 25% of Magna's total sales. These plants focus on the production of various trim components.

The majority of Concord's output is in the form of bright trim. These components are either stamped or roll formed out of stainless steel, aluminum or bi-metals. Typical products include grille mouldings, body side and wheel opening mouldings, interior garnish mouldings, textured instrument panel covers, front and back window mouldings and light bezels.

These components are referred to as "bright" due to the anodized, or plated, chrome finish they receive. Consistent with Magna's policy of vertical integration where critical quality and/or reliability processes are involved, the Concord Group operates a facility capable of anodizing its manufactured trim parts.

The Concord Group is currently in the midst of expanding its finishing capabilities by opening a paint division in early fiscal 1984. This facility will finish-paint interior and exterior trim parts including garnish mouldings.



As a producer of visible, exterior style components, the Concord Group must constantly be aware of changing style trends and potential new looks or processes. The most recent example of this has been the shift to co-extruded plastic to metal trim. The Concord Group, aware of the pervading influence towards this style perfected the co-extrusion process and in fact, was the first North American manufacturer to have this process accepted under production conditions.

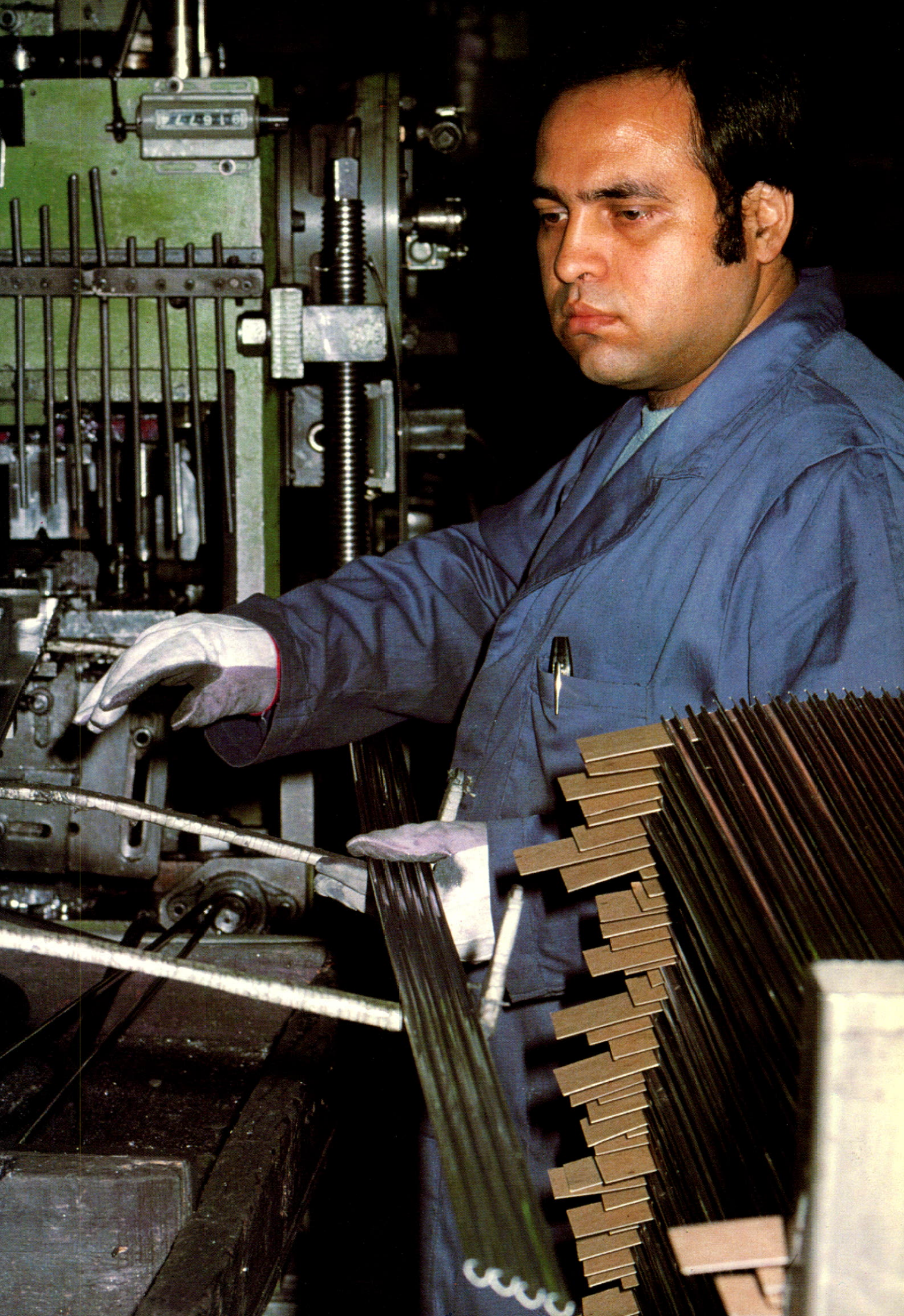
As one of the leading trim suppliers in North America, the Concord Group prides itself on the quality of its products achieved through stringent control procedures built into the manufacturing cycle.

The Concord Group is continually adding new, innovative technology in its manufacturing processes, and believes this approach will ensure its continued growth in the coming years.

Top: Producing trim components means keeping pace with styling trends. Co-extruded plastic-to-metal trim is Magna-Concord's most recent product line development.

Opposite: One of many "bright" trim components produced by the Concord Group.

Left: Internal control of critical reliability and quality related manufacturing processes is one method of ensuring the production of top quality parts. In this picture, wheel house opening trim is being end-formed at one Magna-Concord facility before being transferred to another Concord plant for anodizing.



Magna – Downsview Group



Our Magna-Downsview Group is comprised of 11 plants and represents 27% of Magna's total sales. These facilities produce a multitude of stamped components ranging from complex heavy stampings such as floor cross members and shock towers, to intricate hardware assemblies such as door latches, hinges, seat tracks and parking brake assemblies.

Each and every plant is staffed with talented, seasoned toolmakers and designers who are able to build tooling and special machinery to produce quality products.

As a result of the Downsview Group's demonstrated technical and manufacturing capability, they have been awarded contracts for such new components as the brake/clutch pedal modular assembly and our revolutionary stamped water pump assembly which is used in transverse mounted engines. This water pump is a complex part and is a radical departure from the heavier and more expensive cast version. Magna-Downsview was one of only a few stamping firms approached to bid on this assembly, thereby demonstrating the confidence our customers have in this Group's capabilities.

Cooperative developmental design efforts between the Downsview Group and the car manufacturers occurred during fiscal 1983 which led to new market opportunities. The brake pedal/clutch pedal assembly is a prime example of the supplier and customer pooling their respective resources to develop a more cost effective design. This particular component is now in production and is included in the Downsview Group's product line for the '84 model year.

Additional cooperative design projects are now in progress, particularly in the area of mechanical assemblies. Door latch assemblies as well as future cross member and side rail support assemblies are currently being designed at Magna's new Research and Development Centre in cooperation with the Downsview Group.

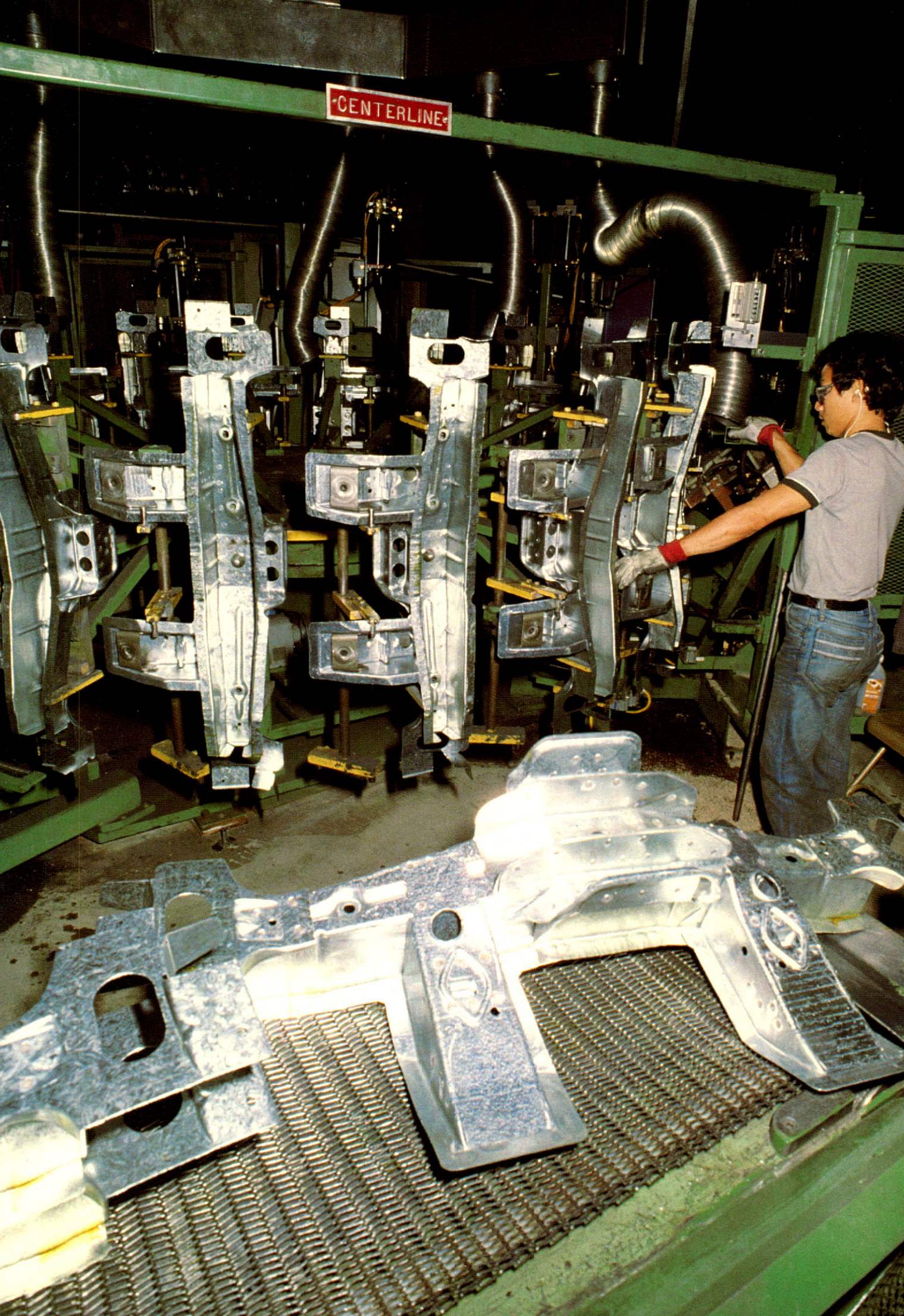
We are confident that this Group will achieve extensive market penetration as developmental supply continues to provide opportunities to participate in future product design. Early source selection techniques currently employed by automotive companies consider design contribution critical to supplier selection.

Lower Right: Technical capability and product innovation are key ingredients to Downsview's success. Pictured here is the Downsview developed stamped water pump housing, a radical departure from the heavier, more expensive cast version.

Lower Left: Adding the manufacture of mechanical assemblies, such as these door locks, has greatly expanded Downsview's technical base and production capability.

Opposite: To facilitate the efficient production of larger, more complex welded assemblies, Downsview has continued to invest significantly in capital equipment and plant automation. Rear cross members, pictured right, are being removed from an automatic welding machine.





Magna-Iowa Group



The Magna-Iowa Group consists of 5 divisions and contributes 11% of Magna's total sales. All facilities are located in the state of Iowa and manufacture a variety of stampings including motor mount and transmission supports, oil strainers, bumper guards, accumulator dryers for air conditioning units, and catalytic converters. The Iowa Group also supplies bumper reinforcement beams which provide impact support for urethane (RIM) fascias, another of Magna's product lines.

Consistent with Magna's philosophy to control all critical quality and reliability related manufacturing processes, the Iowa Group is our most vertically integrated Group. The Group operates its own heat treating facility which permits it to have complete control over the manufacture of the high strength aluminum bumper reinforcements. The manufacture of our heavy duty transmission supports is also controlled by virtue of the Iowa Group operating its own baked painting facility. Finally, the Iowa Group owns and operates an extensive trucking fleet, thereby ensuring prompt delivery of its products.

The catalytic converter was introduced in 1983 as the latest addition to the Iowa Group's line of products. Excellence in tool design once again played an important role in the successful acquisition of this business and will undoubtedly continue to distinguish the Iowa Group from its competition in the coming years. Coupled with increased press capacity currently being purchased, the Iowa Group has formed a solid foundation upon which to grow.

Top: Excellence in tool design is one of Magna-Iowa's distinguishing features. Here, a skilled "set-up" man prepares one of Iowa's presses for a new production run.

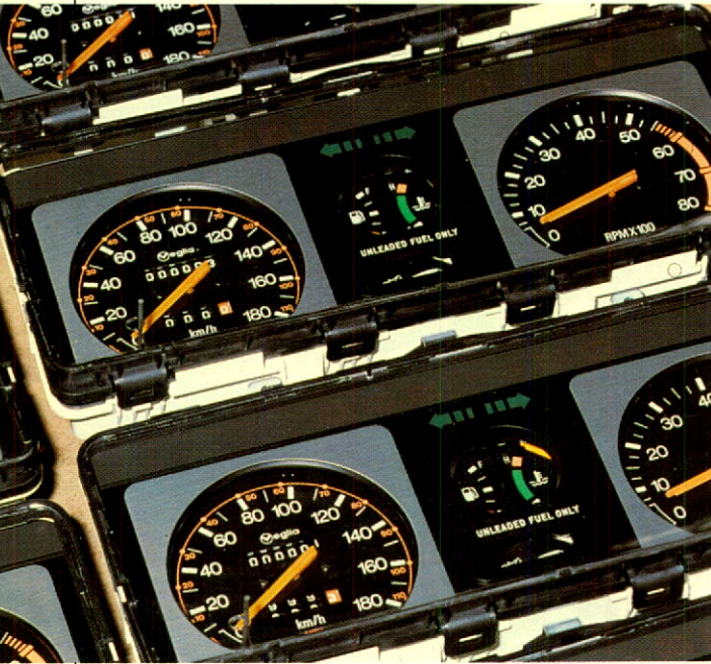
Opposite: A skilled, experienced workforce is a company's greatest asset, especially when quality production of sophisticated stampings is the primary objective.

Lower: Catalytic converters, the Iowa Group's most recent product line addition, are shown here being roller seam welded before inspection.





Magna – MACI Group



Our Magna-MACI Group is comprised of 6 plants representing 18% of Magna's sales. MACI produces a large variety of electro-mechanical devices, electronic components and instrument clusters.

Originally a supplier to the aftermarket in the fractional horsepower D.C. motors, the MACI Group has expanded during the past decade to also supply motors to automotive Original Equipment Manufacturers (OEMs). Current manufacturing capacity is in excess of 20,000 motors per day, placing MACI among the leaders in this field. MACI is extremely cost competitive as a result of these economies of scale. This position is enhanced through internal vertical integration whereby other MACI divisions perform preliminary functions such as the lamination of armatures, or produce sub-assembly components such as casings for MACI's motor assembly facilities. Primary application for these motors is in air moving devices such as air conditioning and heater units, and in engine cooling fans.

A second area of expertise within the MACI Group is found in the production of electronic devices, with increased emphasis being placed on various circuit board applications.

The MACI Group produces a variety of devices including tone alarms and timers, cruise control switches, fuel pump and level sending units and trailer braking systems. These components are produced in modern, automated facilities where once again, production quality is emphasized. Statistical process control (SPC) techniques have been employed at all critical steps in the manufacturing process. In addition, every function of any component product is operationally checked prior to packaging.

Through a joint venture arrangement, MACI began production of instrument clusters in fiscal 1982. The success of this venture is illustrated in the fact that additional instrument cluster contracts have already been obtained during this venture's first full year of production. Also, many instrument cluster components initially produced in Europe are now being manufactured by MACI in Canada. This step has resulted in maintaining cost competitiveness and expanding MACI's expertise in this field of technology.

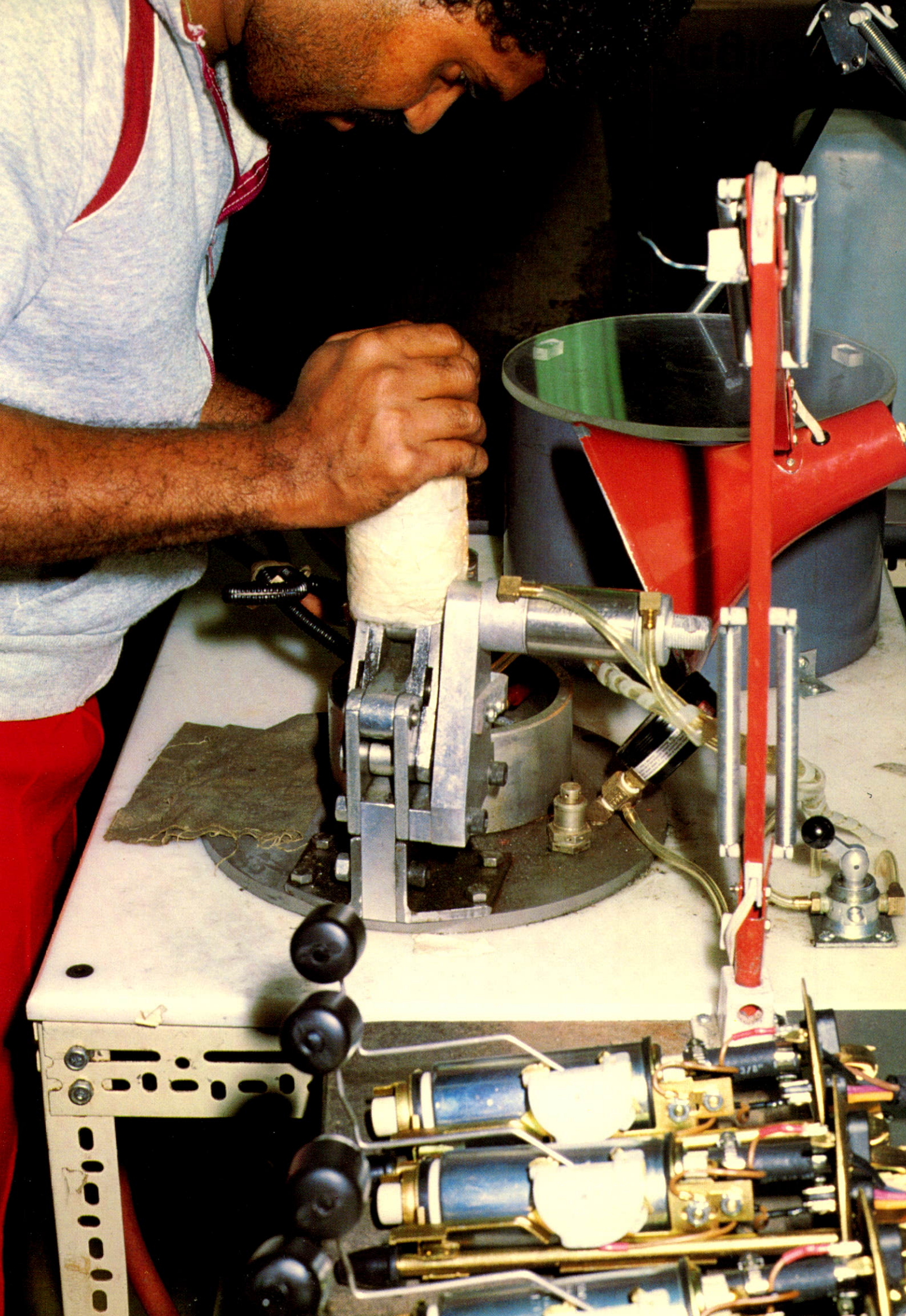
Finally, the most recent development has been the formation of a MACI Group Research and Development facility dedicated to advancement of electronic applications within the automotive marketplace. This facility will be operational in September, 1983 and will help to strategically position the MACI Group to take advantage of future advancements within this technically based field.

Top: Instrument clusters are the latest addition to MACI's long line of electronic products.

Lower and Opposite: Rigorous quality control procedures, including the incorporation of SPC (Statistical Process Control) techniques, ensure that all shipped products are of superior quality and reliability.

Below, an instrument cluster is prepared for placement on an electronic functional testing device. To the right, an employee tests a fuel sender unit for compartment leaks in a MACI Group designed testing device.





Magna – Maple Group



The Magna-Maple Group consists of 9 plants and represents 19% of Magna's sales. Its production segments into two lines: accessory drive systems and reaction injection moulded (RIM) parts.

The Maple Group has been firmly entrenched in the automotive accessory drive market for years, producing a variety of split and spun pulleys. The use of our own custom designed pulley forming equipment has enabled the Maple Group to maintain critical dimension tolerances, earning us the reputation of a quality supplier of mass produced sheet metal pulleys.

In order to maintain a leading position in the accessory drive market, this Group's product development wing has been very active in developing new and improved systems. The Maple Group pioneered the development of the Poly "V" single belt, or serpentine, accessory drive system.

This system requires less space than the traditional multiple belt system and is ideally suited to the trend towards smaller cars and transverse mounted engines. This system has the added advantage of reduced assembly time, lower component costs, improved system durability and better engine efficiency due to reduced horsepower drag.



The Maple Group is responsible for the production of two very different and distinct product lines. This Group produces a series of spun and split pulleys (above) for accessory drive systems.

Magna-Maple also produces poly-urethane reaction injection moulded (RIM) bumper fascias for the automotive market. Top right, an employee carefully applies exterior trim to a moulded fascia.

Opposite: Magna-Maple produces a multitude of pulleys in various sizes to accommodate all market requirements. Research and development efforts have led to several patents and to the recognition of Magna-Maple as a leader in this technology.



Maple's development facility is currently progressing in technology to further improve accessory drive related fuel efficiency.

The most recent addition to our Maple Group's product line has been automatic tensioning devices. This component was also developed by Magna engineers and is used to maintain constant belt tension as the belt stretches during its operating life. These components are currently in production and are proving to be very successful.

The second area of technical expertise is found in the production of reaction injection moulded (RIM) components, primarily front and rear bumper fascia. Magna's two fascia production plants have twelve (12) RIM clamps capable of processing glass reinforced urethane materials. These plants are state-of-the-art facilities with fully automated electrostatic paint lines.

The Maple Group also has its own mould making plant, capable of handling moulds weighing up to 50 tons. This plant employs highly qualified tool and mould makers who can produce virtually any size of RIM or injection mould.

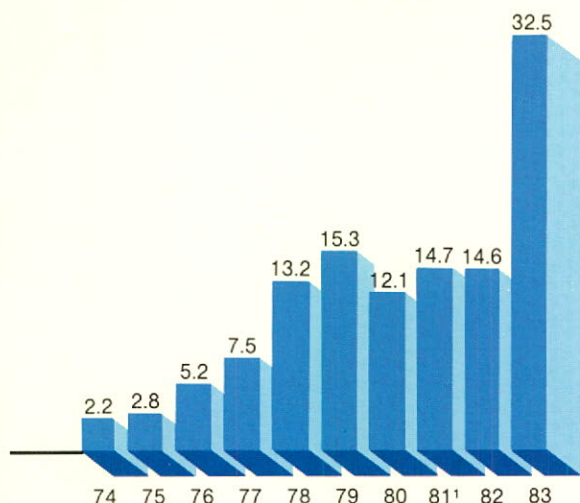
Product development is once again an integral part of this program with the most recent development being the advent of reinforced RIM rocker panels currently being supplied for application to a mid-year 1983 model.

Given the Maple Group's excellence in tool-making and research and development, plus its already established leadership role in the accessory drive marketplace, we expect this Group to continue to grow in the coming years.

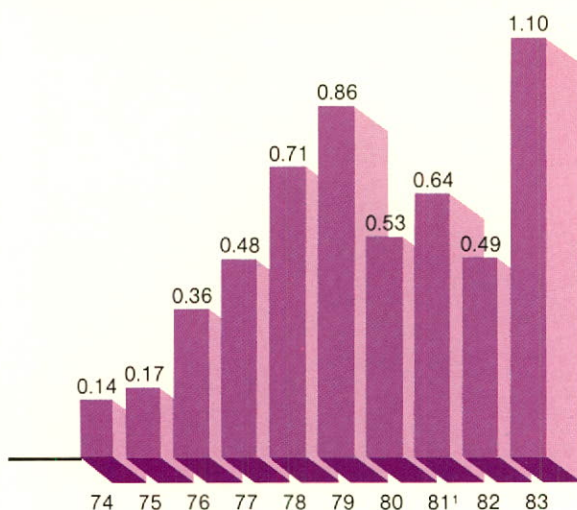


Comparative Highlights

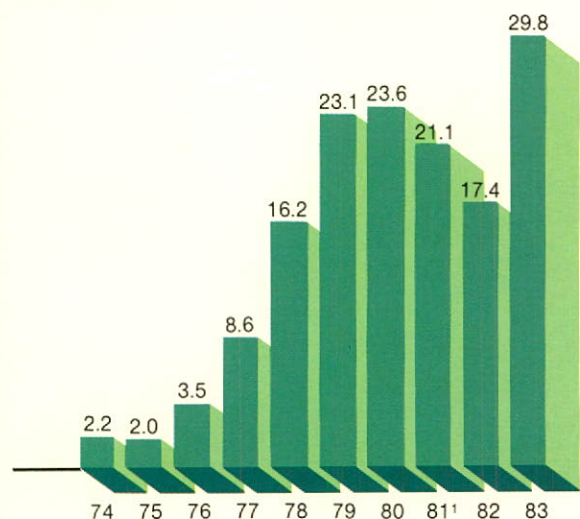
Funds from Operations (millions of dollars)



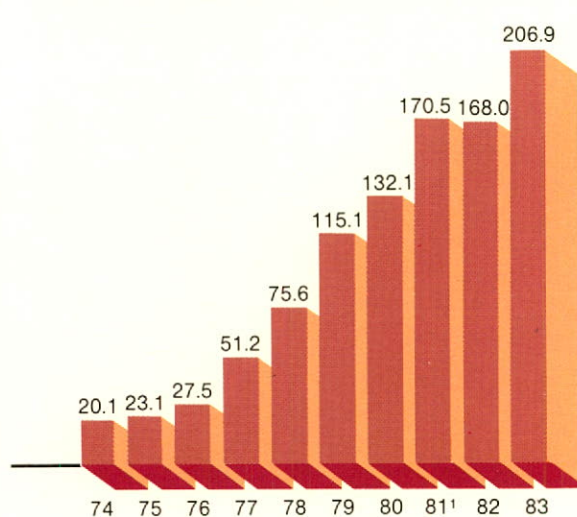
Earnings Per Common Share ^{2,3} (dollars)



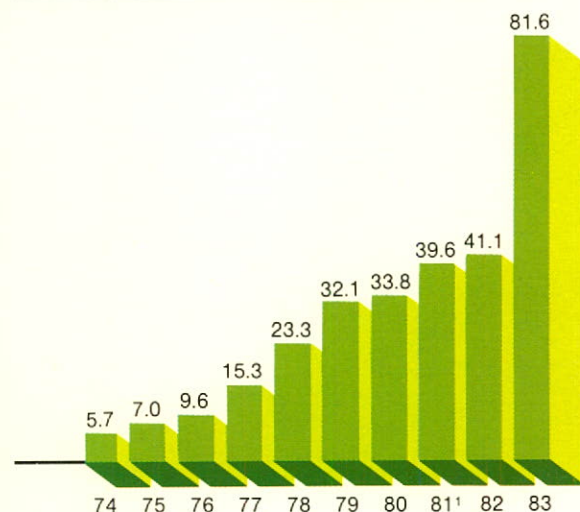
Capital Expenditure (millions of dollars)



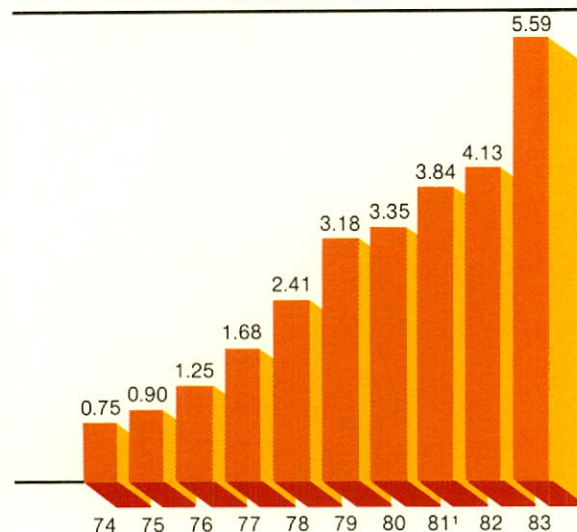
Total Assets (millions of dollars)



Common Shareholder's Equity (millions of dollars)



Book Value Per Common Share ^{2,3} (dollars)



¹ 1981 and prior figures include sales and income from Aerospace Defence operations sold effective August 1, 1981.

² Adjusted for years prior to 1979 to give effect to the capital reorganization during 1979.

³ All figures adjusted to give effect to the stock dividend issued June, 1983.

Financial Review



Statement of Income

Sales increased to a record level of \$302 million in 1983.

This significant achievement is due to increased market penetration in all of the Company's product lines. Sales increased 34% during 1983 while North American auto production improved 9.6% from the depressed levels of 1982. This improved market penetration is due to our record of providing quality products on time and at competitive prices.

Magna's operating structure allows the operating units to react quickly to our customers' technical needs and changing requirements. Our success in identifying and satisfying these needs has resulted in record sales.

Income from operations increased to \$25.473 million in 1983 from the 1982 level of \$9.055 million. The improvement in operating profit is due to the return to more normal operating conditions in 1983, increased volume efficiencies and lower interest costs.

The higher volume levels, primarily in the second half of the year, resulted in increased operating efficiency and improved profit margins.

Interest costs in 1983 decreased due to reduced borrowings and reduced interest rates. The Company utilized the proceeds of the March 2, 1983, equity issue to reduce operating debt. This issue, together with improved cash flow from operations and the general reduction in rates, resulted in an interest saving of \$4.85 million in 1983.

Net income of \$14.647 million represents a return to more normal levels in 1983 compared to \$5.265 million in 1982. This improved profit figure reflects the modest improvement in the auto industry and Magna's improved market penetration.

Earnings per share were \$1.10, basic and \$1.07, fully diluted in 1983. These figures compare favourably to the 1982 earnings per share amounts of \$0.49 basic and \$0.44 fully diluted. The 1982 earnings per share have been restated to give effect to the June, 1983, stock dividend.

Balance Sheet and Financial Position

Management's decision to increase equity and reduce debt significantly improved the financial position of your Company at July 31, 1983.

On March 2, 1983, the Company issued and sold 1,345,000 Class A Subordinate Voting shares at \$14.90 per share. The proceeds of \$19.791 million net of issue costs, were used to reduce operating and long-term debt, resulting in improved working capital, debt and equity positions at July 31, 1983.

Working capital increased to \$48.3 million at July 31, 1983, an increase of \$16.5 million during the year. The current ratio at year end was

a significant 1.8:1 compared to 1.5:1 last year.

Long-term debt was reduced by payments of \$10.9 million in 1983. Long-term debt was further reduced by the conversion of \$7 million of the 8 $\frac{3}{4}$ % convertible debentures outstanding at July 31, 1982 and \$250,000 of the 10% convertible notes to Class A Subordinate Voting shares.

The equity issue, together with the conversion of debt to equity, increased the permanent capital of the Company by \$27 million and improved the ratio of long-term debt to equity to .49:1 from 1.19:1 at the previous year end.

The deferred income tax balance of \$10 million represents tax deferrals due to utilization of capital cost allowance in excess of depreciation charged. These tax deferrals significantly improve the cash flow from operations by reducing the Company's current tax payable. This deferral was achieved through an internal reorganization completed in 1983.

The increase of \$1.6 million in the minority interest accounts represents the minority interest shareholders' share of the after-tax income of consolidated subsidiaries. This amount compared to \$209,000 in 1982, indicates the success of these ventures and the soundness of management policy to pursue joint ventures as a means of achieving corporate growth.

The Company added \$29.8 million to fixed assets, primarily in production equipment during the year. In addition, your Company's strong financial position allowed management to capitalize on depressed real estate prices to acquire land necessary for future growth.

Dividends

Dividends paid in 1983, before giving effect to the special stock dividend, were as follows:

	Class A and Class B Shares
September 1, 1982	\$0.04
December 1, 1982	\$0.05
March 1, 1983	\$0.05
June 1, 1983	\$0.06
	<u>\$0.20</u>

In addition, the Board of Directors declared a Special Stock Dividend of one Class A Subordinate Voting share for each Class A Subordinate Voting and each Class B share held on June 16, 1983.

In summary, the improved financial position of your company has placed Magna in a position to capitalize upon the numerous opportunities and challenges currently available within the improving automotive industry.

Edward E. Parent, C.A.
Vice President, Finance and
Chief Financial Officer

Management's Responsibility for Financial Reporting



Magna's management is responsible for the integrity and fair presentation of the financial statements and all information in the Annual Report. The financial statements were prepared by management in accordance with generally accepted accounting principles as set out in Note 1 of the financial statements. The financial statements have been approved by the Board of Directors.

Magna's policy is to maintain systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is accurate and reliable and that the Company's assets are adequately safeguarded and accounted for.

The Company's Audit Committee is appointed by the Board of Directors annually, and is comprised of a majority of non-management Directors. The Committee meets periodically with management, as well the independent auditor, to satisfy itself that each group is properly discharging its responsibilities and to review the financial statements and the independent auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration in approving the financial statements for issuance to the shareholders.

The consolidated financial statements have been examined independently by Clarkson Gordon on behalf of the shareholders, in accordance with generally accepted auditing standards. Their report below outlines the nature of their examination and their opinion on the consolidated financial statements of the Company.

Edward E. Parent, C.A.
Vice President, Finance and
Chief Financial Officer

Manfred Gingl,
President, and
Chief Operating Officer

October 21, 1983

Auditors' Report

Clarkson Gordon



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

To the Shareholders of
Magna International Inc.:

We have examined the consolidated balance sheet of Magna International Inc. as at July 31, 1983 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at July 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chartered Accountants

Toronto, Canada,
October 19, 1983.

Consolidated Statement of Income & Retained Earnings

Magna International Inc.

Year Ended July 31, 1983

(with comparative figures for 1982)

(dollars in thousands except per share figures)

	1983	1982
Sales	\$302,451	\$226,534
Income before the following	\$ 44,377	\$ 30,686
Deduct:		
Depreciation	11,267	9,325
Interest on long-term debt	4,230	6,507
Other interest expense	3,010	5,591
Amortization of goodwill	397	208
	18,904	21,631
Income from operations	25,473	9,055
Deduct:		
Income taxes (note 4)	9,235	3,581
Minority interest	1,591	209
	10,826	3,790
Net income for the year	14,647	5,265
Retained earnings, beginning of year	32,633	30,940
	47,280	36,205
Deduct:		
Dividends on preference shares	388	398
Dividends on Class A Subordinate Voting and Class B shares – cash	1,227	1,546
– special stock dividend (note 6)	7	
Reduction on shares cancelled		1,628
	1,622	3,572
Retained earnings, end of year	\$ 45,658	\$ 32,633
Earnings per share:		
Basic – Class A Subordinate Voting and Class B shares	\$ 1.10	\$.49
Fully diluted – Class A Subordinate Voting and Class B shares	\$ 1.07	\$.44

(See accompanying notes)

Consolidated Balance Sheet

Magna International Inc.

(Incorporated under the laws of Ontario)

July 31, 1983

(with comparative figures at July 31, 1982)

(dollars in thousands)

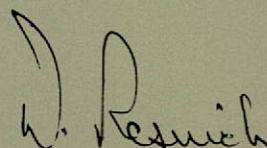
Assets	1983	1982
Current assets:		
Accounts receivable	\$ 56,990	\$ 42,151
Inventories (note 2)	50,206	46,260
Prepaid expenses and claims (note 10)	4,529	1,791
Total current assets	111,725	90,202
Investment in Devtek Corporation	2,971	2,832
Fixed assets (note 3)	87,388	70,553
Other assets:		
Goodwill	3,189	3,553
Sundry assets, at cost	1,656	869
	4,845	4,422
	\$206,929	\$168,009

Liabilities	1983	1982
Current liabilities:		
Bank indebtedness (note 5)	\$ 7,521	\$ 23,447
Accounts payable and accrued charges	44,327	23,218
Income and other taxes payable	3,956	4,272
Long-term debt due within one year	7,630	7,473
Total current liabilities	63,434	58,410
Long-term debt (note 5)	42,159	55,554
Deferred income taxes	10,062	4,616
Minority interest in subsidiary companies	4,507	2,735
Shareholders' equity:		
Capital stock (note 6)	41,109	14,061
Retained earnings	45,658	32,633
	86,767	46,694
	\$206,929	\$168,009

On behalf of the Board:



Director



Director

(See accompanying notes)

Consolidated Statement of Changes in Financial Position

Magna International Inc.

Year Ended July 31, 1983

(with comparative figures for 1982)

(dollars in thousands)

	1983	1982
Sources of working capital:		
From operations –		
Net income to shareholders	\$14,647	\$ 5,265
Charges to net income which do not affect working capital, including depreciation, deferred income taxes, amortization and minority interest	17,875	9,339
	32,522	14,604
Class A Subordinate Voting shares issued for cash and on conversion of shares, debentures and notes	27,541	
Less conversion of:		
8¾% debentures	(7,000)	
10% notes	(250)	
7% preference shares	(500)	
	19,791	
Operating assistance loans	650	1,665
Capital contribution by minority interest	113	600
Disposal of aerospace/defence fixed assets (net)		1,694
Proceeds from disposal of other fixed assets	1,809	140
	54,885	18,703
Uses of working capital:		
Additions to fixed assets	29,806	17,434
Financed by –		
Lien notes payable	(492)	(1,315)
Mortgages payable	(3,995)	
Capital assistance grants and loans		(1,124)
Capital lease obligations	(235)	(812)
	25,084	14,183
Reduction of long-term debt	10,867	702
Purchase and cancellation of 6½% preference and Class A Subordinate Voting shares		364
Cash dividends	1,615	1,944
Purchase of goodwill (note 7)	33	510
Increase in sundry assets	787	
	38,386	17,703
Increase in working capital	16,499	1,000
Working capital, beginning of year	31,792	30,792
Working capital, end of year	\$48,291	\$31,792

(See accompanying notes)

Notes to the Consolidated Financial Statements

Magna International Inc.

July 31, 1983

1. Significant accounting policies

Principles of consolidation –

The consolidated financial statements include the accounts of Magna International Inc. and its subsidiaries, some of which have a minority interest. All significant inter-company balances and transactions have been eliminated on consolidation.

The company accounts for its investment in Devtek Corporation, in which it has a 20% equity interest, on the equity basis. Under the equity method, the company recognizes in income its proportionate share of that company's earnings since acquisition with a corresponding entry to the investment account. Dividends, when received, are credited to the investment account.

Foreign exchange –

Assets and liabilities stated in other currencies, together with the accounts of the company's U.S. subsidiaries, are translated as follows:

Monetary assets and liabilities – at year-end rate.

Non-monetary assets and depreciation expense – at historic rates.

Revenues and expenses, other than depreciation – at average exchange rates for the year.

Foreign exchange gains and losses on transactions during the year and on the year-end translation of the accounts, which are reflected in income, were not significant.

Inventories –

Inventories are valued at the lower of cost and net realizable value, with cost being determined substantially on a first-in, first-out basis.

Revenue recognition –

Revenue from sales of manufactured products is recognized upon shipment to customers. Profits on contracts in the company's construction division are accounted for under the completed contract method. Anticipated losses on contracts in progress are charged to income as and when the amount of such losses is determined.

Research and development costs –

Research and development costs (except for capital assets) have been charged against income in the year of expenditure. Such costs totalled approximately \$2.0 million in 1983 (\$1.1 million in 1982).

Government assistance –

The company makes periodic applications for financial assistance under available government incentive programs. Assistance resulting from these applications under government incentive programs is recorded in the accounts on the following basis:

Grants relating to capital expenditures are reflected as a reduction of the cost of such assets. Grants relating to current operating expenditures are recorded as a reduction of expense at the time the eligible expenses are incurred.

The company also receives assistance in the form of non-forgivable loans which are recorded as liabilities.

Income taxes –

The company follows the tax allocation method of accounting for income taxes. Under this method, timing differences between accounting and taxable income result in the recording of deferred income taxes.

Investment tax credits relating to fixed asset purchases are accounted for as a reduction in the current year's tax provision, net of deferred income taxes where applicable.

Fixed assets –

Fixed assets are recorded at historical cost. Expenditures for maintenance and repairs are charged to income as incurred. Fixed assets retired or otherwise disposed of, and the related accumulated depreciation, are removed from the accounts with the net gain or loss being included in income.

Depreciation is provided on a straight-line basis over the estimated useful lives of fixed assets at annual rates of 5% for buildings, 10% for general purpose machinery and equipment, and 20%-30% for special purpose machinery and equipment, vehicles and aircraft.

Goodwill (excess of purchase price of interest in subsidiary companies over fair value of underlying net identifiable assets) –

Goodwill arising on acquisitions which occurred prior to April 1, 1974, has a value of \$1,911,000 and represents cost without amortization less amounts written off where, in the view of management, there has been an impairment in value. For acquisitions subsequent to April 1, 1974, goodwill, to the extent that there has been no impairment, is being amortized over such periods as is deemed appropriate for each acquisition (currently, 10 years).

Earnings per share –

Earnings per share are calculated on the weighted average number of shares outstanding during the year. Fully diluted earnings per share are calculated on the weighted average number of shares that would have been outstanding during the year had all of the 10% convertible notes and 7% convertible preference shares been converted into Class A Subordinate Voting shares at the beginning of the year. In making this calculation, the earnings applicable to the Class A Subordinate Voting and Class B shares have been increased by the amount of interest on the 10% convertible notes, net of applicable income taxes and the dividends paid on the 7% convertible preference shares.

The weighted average number of shares has been computed as though the stock dividend paid during 1983 (note 6) had been distributed at the beginning of the year. This computation has been retroactively applied to the calculation of earnings per share of the previous year.

2. Inventories

Inventories consist of:

	1983	1982
	(dollars in thousands)	
Raw materials and supplies	\$29,036	\$21,019
Finished and in process	21,170	25,241
	\$50,206	\$46,260

3. Fixed assets

Fixed assets consist of:

	1983	1982
	(dollars in thousands)	
Land	\$ 13,743	\$ 6,372
Buildings	13,801	9,555
Machinery and equipment	103,729	89,456
	131,273	105,383
Less accumulated depreciation	43,885	34,830
	\$ 87,388	\$ 70,553

4. Income taxes

(a) The provision for income tax expense differs from that which would be obtained by applying statutory rates primarily as a result of deductions permitted for tax purposes which have no counterpart in the determination of accounting income. These deductions include the 3% inventory allowance, the manufacturing and processing profits deduction and investment tax credits.

(b) Deferred income taxes have been provided on timing differences which arise primarily from the claiming of capital cost allowance in excess of recorded depreciation. The provision for such taxes amounted to \$5,446,000 in 1983 (1982 – \$280,000).

5. Long-term debt

(a) Long-term debt consists of:

	1983	1982
	(dollars in thousands)	
6½% unsecured sinking fund debentures due December 1, 1987	\$ 121	\$ 121
8¾% unsecured convertible debentures (see note 6)		7,000
10% unsecured convertible notes due 1989	5,350	5,600
The 10% convertible notes are convertible into Class A Subordinate Voting shares at rates ranging from one share for each \$10.75 to \$14.50 face amount of debt, depending on the date of conversion until 1989 (\$21.50 to \$29, respectively, prior to the special stock dividend - note 6)		
Non-forgivable capital and operating assistance loans - non-interest bearing, principal payments commencing in 1985	12,844	12,194
Mortgages payable at interest rates from 10% to 15¾% due 1984 to 2004	13,371	11,203
Lien notes payable (mainly at the prime interest rate) due 1984 to 1989	16,043	25,030
Capital lease obligations (primarily denominated in U.S. dollars) at their effective interest rates ranging from 5½% to 7¼% maturing over twenty years with purchase options at nominal amounts on termination of leases	2,060	1,879
	49,789	63,027
Less due within one year	7,630	7,473
	\$42,159	\$55,554

(b) Required repayments are estimated to be approximately as follows:

	(dollars in thousands)
1984	\$ 7,630
1985	6,496
1986	8,050
1987	5,368
1988	6,479
Thereafter	15,766

(c) The company's assets are pledged, by way of fixed or floating charges, as collateral for bank indebtedness, mortgages, lien notes and capital lease obligations.

(d) At July 31, 1983 the company had commitments under operating leases requiring annual rental payments in each of the next five years as follows:

	(dollars in thousands)
1984	\$2,343
1985	1,877
1986	1,643
1987	1,533
1988	999
Thereafter	2,164

6. Capital stock

The company's authorized and issued capital stock is as follows (dollars in thousands):

	Authorized		Issued	
	Number of shares	Stated value	Number of shares	Stated value
8,273 6½% preference shares	773	\$ 77	773	\$ 77
220,000 7% preference shares (1979 Series)	204,000	5,100	224,000	5,600
18,699,497 Class A Subordinate Voting shares	13,168,987	34,292	3,161,218	6,325
1,496,056 Class B shares	1,435,924	1,640	1,803,368	2,059
		\$41,109		\$14,061

6½% Preference Shares -

The 6½% cumulative sinking fund preference shares are without par value and are redeemable at \$105.

Preference Shares Issuable in Series -

The company's authorized share capital includes 99,980,000 preference shares, issuable in series. The first such series (1979 Series) was issued as 7% non-voting, cumulative, convertible preference shares without par value which are convertible into Class A Subordinate Voting shares at \$9.49 (\$19 prior to the special stock dividend) per share until 1986 after which the shares may be purchased for cancellation by the company at their stated value. These shares are redeemable by the holder after 1989 (at their stated value) provided that none of the 6½% cumulative sinking fund preference shares are outstanding at that time. During the year, 20,000 7% preference shares with a stated value of \$500,000 were converted to Class A Subordinate Voting shares.

Class A Subordinate Voting shares and Class B shares - Class A Subordinate Voting shares without par value have the following attributes:

(a) Each share is entitled to one vote per share at all meetings of shareholders.

(b) Each share shall participate equally as to dividends with each Class B share.

Class B shares without par value have the following attributes:

(a) Each share is entitled to 500 votes per share at all meetings of shareholders.

(b) Each share shall participate equally as to dividends with each Class A Subordinate Voting share.

(c) Each share may be converted at any time into a fully-paid Class A Subordinate Voting share on a one-for-one basis.

In the event that either the Class A Subordinate Voting shares or the Class B shares are subdivided or consolidated, the other class shall be similarly changed to preserve the relative position of each class.

During the year, transactions involving Class A Subordinate Voting and Class B shares were as follows (dollars in thousands):

	Class A Subordinate Voting		Class B	
	Number of shares	Stated value	Number of shares	Stated value
Outstanding at July 31, 1982	3,161,218	\$ 6,325	1,803,368	\$2,059
Conversion of Class B shares to Class A Subordinate Voting shares (at average stated value per share)	367,444	419	(367,444)	(419)
Class A Subordinate Voting shares issued on the conversion of:				
(i) the \$7,000,000 8¾% convertible debentures at a conversion price of \$7.33 per share	954,975	7,000		
(ii) 10% convertible notes	11,633	250		
(iii) 7% preference shares	39,507	500		
Class A Subordinate Voting shares issued for cash (net of fees of \$250,000)	1,345,000	19,791		
Class A Subordinate Voting shares issued in accordance with the special stock dividend	7,289,210	7		
Outstanding at July 31, 1983	13,168,987	\$34,292	1,435,924	\$1,640

During the year, the company issued a special stock dividend of one Class A Subordinate Voting share on each Class A Subordinate Voting and Class B share then issued and outstanding. The Directors have assigned a value of 1/10¢ to each Class A Subordinate Voting share issued in accordance with the terms of the special stock dividend. The total so assigned, \$7,289, has been charged to retained earnings.

At July 31, 1983 two employees of Magna held options to purchase an aggregate of 30,000 Class A Subordinate Voting and 10,000 Class B shares at a price in each case of \$4.50 per share, exercisable until June 10, 1985.

7. Acquisitions

During the year the company acquired one company and the minority interest in a subsidiary company for total consideration of \$1,723,000. These acquisitions were accounted for as purchases with \$33,000 allocated to goodwill.

8. Segment information

Substantially all of the company's operations are related to a single industry segment, the automotive industry. Automotive operations include the manufacture of automobile parts for the original equipment manufacturers as well as the after market suppliers. Substantially all revenue is derived from sales to the major North American automobile manufacturers.

The following table shows certain information with respect to geographic segmentation (dollars in thousands):

1983			
	Canada	United States	Total
Sales	\$267,414	\$35,037	\$302,451
Operating profit before the following	\$ 35,125	\$ 2,752	\$ 37,877
Deduct:			
Interest expense			7,240
Corporate expense			5,164
			12,404
Income before income taxes and minority interest			\$ 25,473
Assets	\$156,199	\$19,660	\$175,859
Corporate and other assets			31,070
Total assets			\$206,929
1982			
	Canada	United States	Total
Sales	\$195,227	\$31,307	\$226,534
Operating profit before the following	\$ 21,936	\$ 2,747	\$ 24,683
Deduct:			
Interest expense			12,098
Corporate expense			3,530
			15,628
Income before income taxes and minority interest			\$ 9,055
Assets	\$134,679	\$19,050	\$153,729
Corporate and other assets			14,280
Total assets			\$168,009

Canadian sales includes export sales of \$217,929,000 (\$161,771,000 in 1982).

9. Transactions with related parties

The company leases certain of its real estate from companies in which certain of the officers of Magna are shareholders. Payments under these leases totalled approximately \$594,000 in 1983.

During the year, the company purchased land and buildings for approximately \$2.9 million from companies, the shareholders of which are officers of Magna. In addition, the company paid a fee of \$250,000 in connection with the issue of Class A Subordinate Voting shares to a company of which a director of Magna is a director.

During the year a Trust (which has as its trustees officers of Magna and which exists to make orderly purchases of Magna shares from time to time for employees, either for transfer to the employees' Deferred Profit Sharing Plan (the Plan) which invests exclusively in such shares, or to recipients of either bonuses or rights to purchase such shares at cost from the Trust) borrowed up to \$1,922,000 from the company to facilitate the purchase during the year of 159,050 Class A Subordinate Voting shares and 87,241 Class B shares of the company. Of these totals, 122,000 Class A Subordinate Voting shares and 60,841 Class B shares were purchased from directors of the company. The Trust received a further 110,167 Class A Subordinate Voting shares as a special stock dividend.

During the year, the Trust sold, in the open market (at prevailing market prices) or to the Plan (at cost), 542,034 Class A Subordinate Voting shares (some of which had been acquired in 1982 and all but 24,700 of the Class B shares held by the Trust having first been converted into Class A Subordinate Voting shares). At the year end the Trust's indebtedness to the company had been repaid and the trust held 24,700 Class B shares.

At the end of the year, directors and officers were indebted to the company in the aggregate amount of \$456,000 in connection with loans to assist them in the purchase of shares of the company and in one case to assist in the purchase of a house following relocation. These amounts are included in accounts receivable.

10. Insurance claim

In March 1983, a fire destroyed a portion of the production equipment and inventory at one of the company's operating units. The company has been working with its insurers to determine the amount to be claimed under its direct-damage and business-interruption insurance policies. Included in prepaid expenses and claims is an amount of approximately \$3.4 million representing the book value of the assets destroyed, payments to third parties to complete delivery under certain contracts, and other recoverable costs through July 31, 1983 less progress payments received to year-end, which the company believes are recoverable under its direct-damage and business-interruption policies. The business-interruption policy covers losses for a period of 12 months from the date of the insured occurrence and as a result the full amount of the final claim cannot yet be ascertained.

11. Comparative figures

Certain of the 1982 comparative figures have been reclassified to conform to the current year's method of presentation.

10 Year Financial Summary

Magna International Inc.

Dollars in thousands except per share figures

	1983	1982	1981 ¹	1980	1979	1978	1977	1976	1975	1974
Operations Data										
Sales	\$302,451	\$226,534	\$232,114	\$183,456	\$165,738	\$128,189	\$80,953	\$55,010	\$39,415	\$31,644
Income from operations	25,473	9,055	12,054	9,249	15,924	12,899	8,185	5,734	2,880	1,990
Net income ⁴	14,647	5,265	6,911	5,640	8,455	6,595	4,093	2,786	1,339	1,080
Extraordinary items				(1,922)	272	795				
Earnings per share ^{2,3}										
Before extraordinary items										
Class A and Class B	\$1.10	\$0.49	\$0.64	\$0.53	\$0.86	\$0.71	\$0.48	\$0.36	\$0.17	\$0.14
After extraordinary items										
Class A and Class B	\$1.10	\$0.49	\$0.64	\$0.34	\$0.89	\$0.80	\$0.48	\$0.36	\$0.17	\$0.14
Depreciation	11,267	9,325	9,188	6,154	4,506	3,349	2,210	1,416	1,118	890
Cash flow from operations	32,522	14,604	14,672	12,052	15,275	13,160	7,542	5,171	2,757	2,241
Dividends declared per share ²										
(Annual rate)										
Class A and Class B	\$0.26⁵	\$0.25	\$0.36	\$0.36	\$0.28	\$0.19	\$0.12	\$0.06	\$0.03	\$0.03
Financial Position										
Working capital	48,291	31,792	30,792	28,223	19,174	15,351	7,412	4,925	3,233	2,164
Capital expenditures	29,806	17,434	21,052	23,630	23,085	16,231	8,584	3,456	2,016	2,237
Fixed assets										
(Less accum. depreciation)	87,388	70,553	74,074	62,629	47,089	30,269	19,387	8,940	6,900	6,001
Long-term debt	42,159	55,554	56,308	45,830	30,441	19,588	10,238	4,627	4,578	4,165
Equity relating to										
Class A and Class B shares	81,590	41,071	39,631	33,792	32,086	23,270	15,226	9,646	6,951	5,726
Equity per share ^{2,3}										
Class A and Class B	\$5.59	\$4.13	\$3.84	\$3.35	\$3.18	\$2.41	\$1.68	\$1.25	\$0.90	\$0.75

¹ 1981 and prior figures include sales and income from Aerospace/Defence operations sold effective August 1, 1981.

² Adjusted for years prior to 1979 to give effect to the capital reorganization during 1979.

³ All figures adjusted to give effect to the stock dividend issued June, 1983.

⁴ Before extraordinary items.

⁵ In addition stockholders received a special stock dividend issued June, 1983. (See note 6 in Financial Statements.)

Corporate Directory

Directors:

Wm. B. Boggs
Wm. J. Corcoran
Manfred Gintl
George C. Hitchman
James F. McCallum
Burton V. Pabst
Donald Resnick
D. Robin Sloan
Frank Stronach

Officers:

Frank Stronach,
Chairman of the Board and Chief Executive Officer
Burton V. Pabst,
Vice Chairman of the Board
Manfred Gintl,
President and Chief Operating Officer
D. Robin Sloan,
Senior Vice President
Bruce N. Bound,
Vice President and Treasurer
J. Brian Colburn,
Vice President, Secretary and General Counsel
Michael R. Hottinger,
Vice President, Automotive
Robert M. Jones,
Vice President, Marketing
Edward E. Parent,
Vice President, Finance, and Chief Financial Officer
Wm. J. Schabereiter,
Vice President, Special Projects
Philip J. Wolfenden,
Vice President, Human Resources
W. Fraser Wray,
Vice President, Financial Planning & Acquisitions
Harry H. Bytzek,
Group Vice President
Richard G. Hrga,
Group Vice President
Hermann J. Koob,
Group Vice President
Ronald G. Peck,
Group Vice President

Auditors:

Clarkson Gordon, Toronto

Solicitors:

Miller, Thomson, Sedgewick, Lewis & Healy, Toronto

Stock Exchange Listing

The Toronto Stock Exchange
Symbols: Class A – MG A
Class B – MG B

Registrar and Transfer Agent:

The Canada Trust Company, Toronto

Principal Banker:

The Bank of Nova Scotia, Toronto

Corporate Office:

36 Apple Creek Blvd.
Markham, Ontario
L3R 4Y4
Telephone: (416) 477-7766
Telex: 06-966856



Concord Group

Reaction Injection Moldings

- 1. Front bumper and grille fascia
- 2. Rear bumper fascia
- 3. Rocker panels

Electromechanical Devices

- 4. Cooling fan motors
- 5. Heating fan motors
- 6. Windshield wiper motors
- 7. Immersible fuel pumps
- 8. Thermostatic air controllers
- 9. Magnetic capsule switches
- 10. Relay switches

Electronic Devices

- 11. Instrument clusters
- 12. Fuel control devices
- 13. Electronic tone and voice synthesized alarms
- 14. Electronic fluid level devices

Latch Assemblies

- 15. Door latches
- 16. Hood latches
- 17. Trunk latches

Accessory Drive Systems

- 18. Poly V crankshaft pulleys
- 19. Power steering pulleys
- 20. Alternator pulleys
- 21. Automatic Poly V belt tensioners
- 22. Water pump pulleys
- 23. Compressor pump pulleys

Stampings

- 24. Aluminum bumper reinforcements
- 25. Shock absorber towers
- 26. Rear cross members
- 27. Fuel tank straps
- 28. Sill Plates
- 29. Scuff plates
- 30. Alternator fans
- 31. Motor mounts
- 32. Canister support brackets
- 33. Glove box doors
- 34. Seat belt anchors
- 35. Heat shields
- 36. Catalytic converters
- 37. Oil strainers
- 38. Thermostat housings
- 39. Water pumps
- 40. Instrument panel supports
- 41. Headrests

Mechanical Assemblies

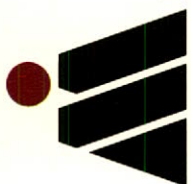
- 42. Seat track mechanisms
- 43. Window winding regulators
- 44. Hand brake assemblies
- 45. Hood hinges
- 46. Door hinges
- 47. Foot pedal assemblies

Trim

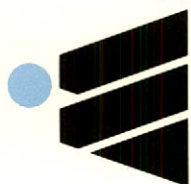
- 48. Wheel house opening moldings
- 49. Window channels
- 50. Weather strip channels
- 51. Headlamp retainers
- 52. Centre hood moldings
- 53. Windshield moldings
- 54. Rear window moldings
- 55. Drain trough moldings
- 56. Exterior window moldings
- 57. Tail light bezels
- 58. Rocker panel moldings
- 59. Body side moldings



Downsview Group



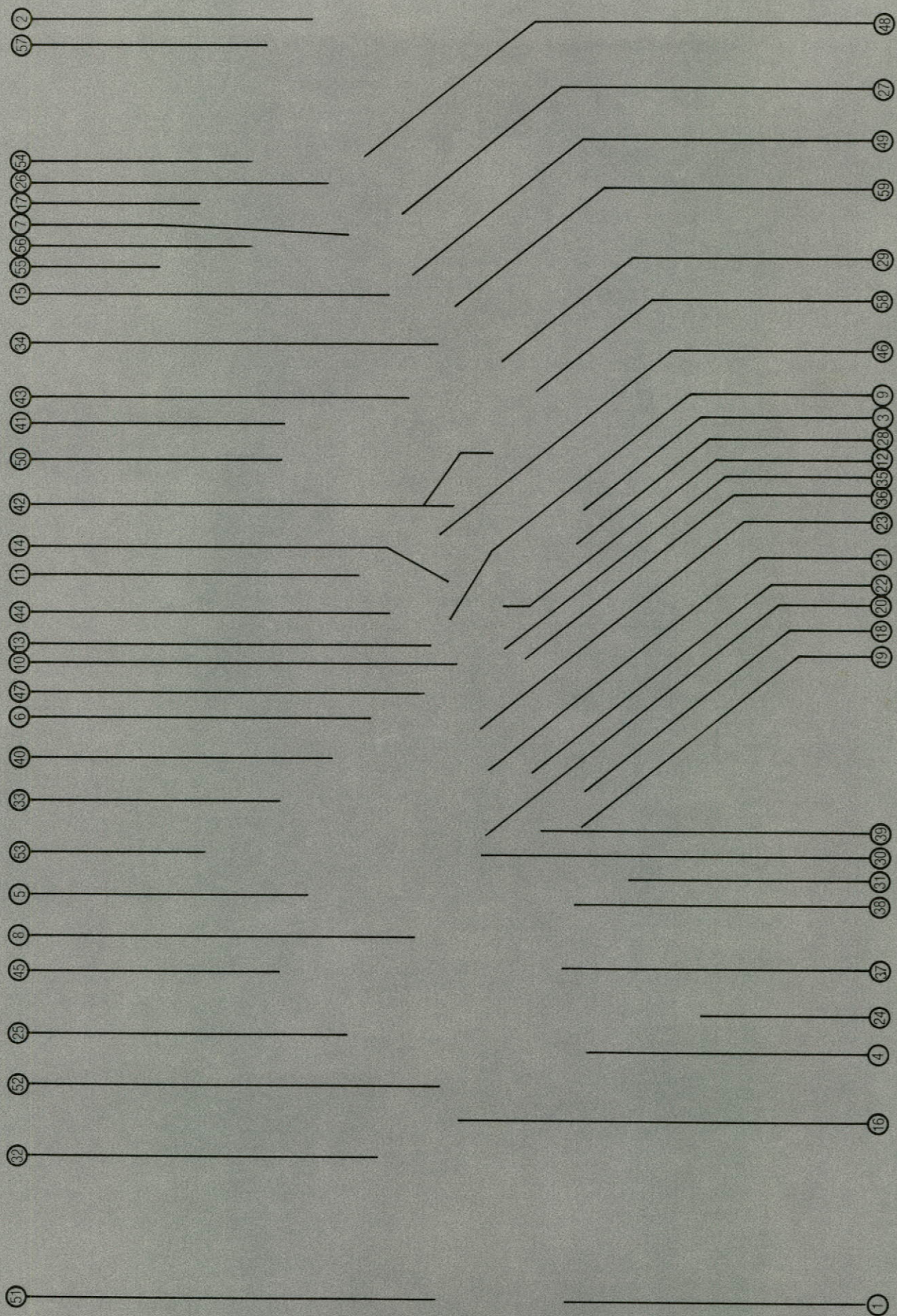
Iowa Group

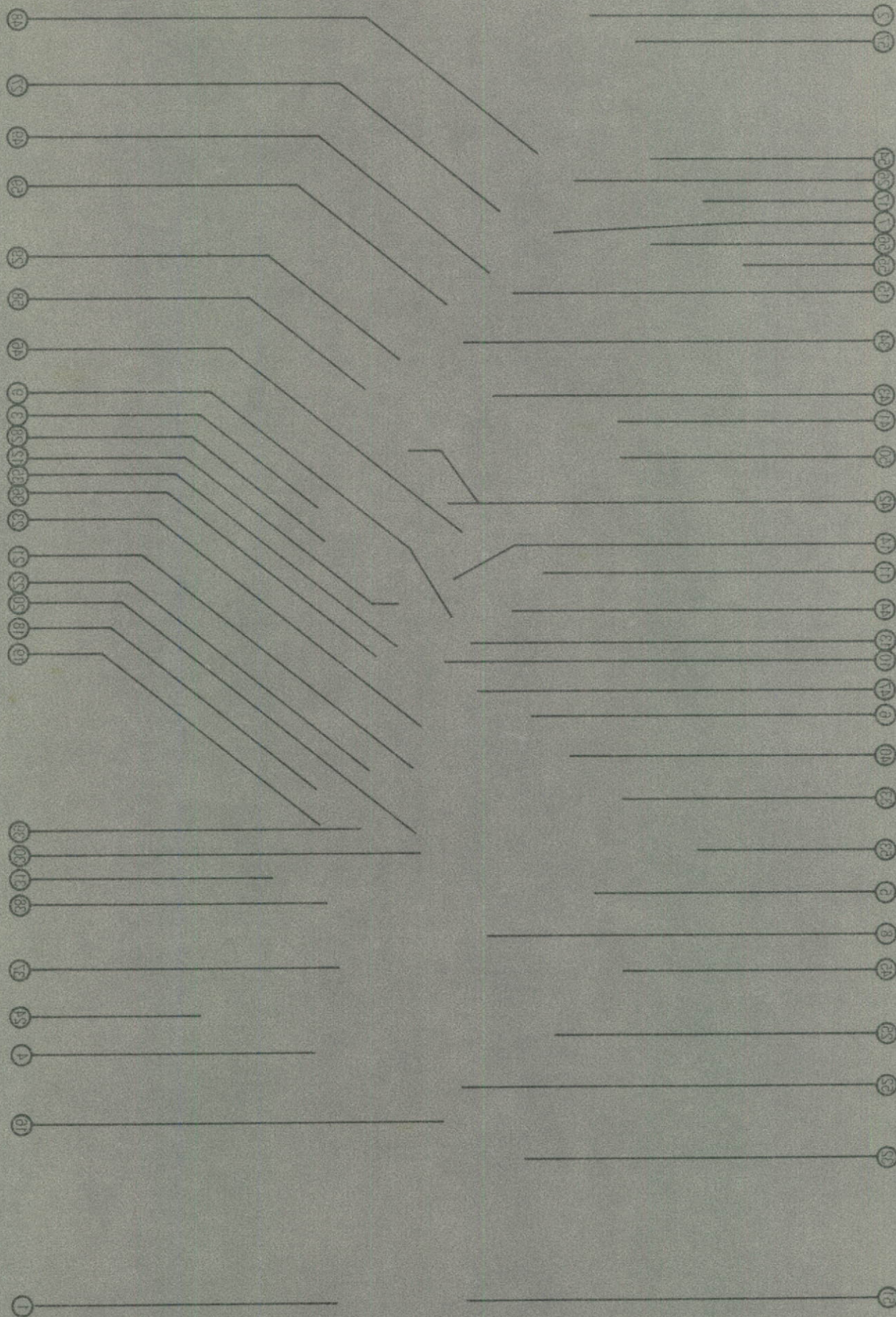


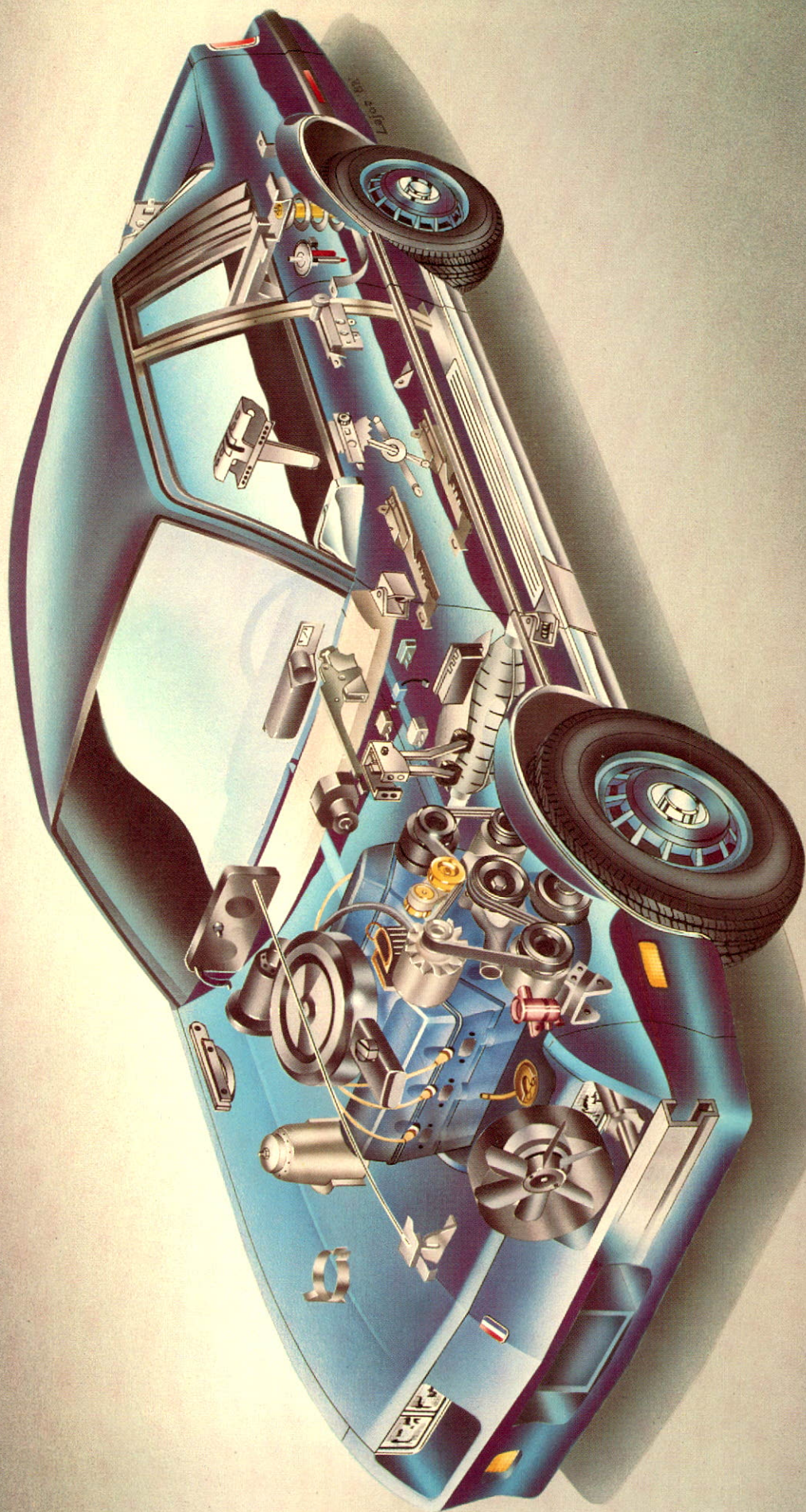
MACI Group



Maple Group







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