MAGNA INTERNATIONAL INC.

1993 ANNUAL REPORT

Magna International Inc. is a leading manufacturer of technologically advanced automotive components, assemblies and systems. Magna develops and manufactures these products at 67 operating divisions throughout North America and Europe. These divisions are functionally grouped to form Magna's four Automotive Systems Corporations, each of which focuses on specific vehicle systems.

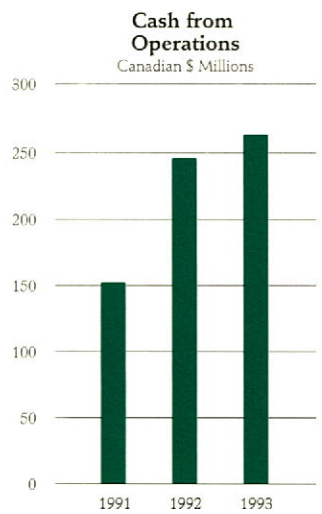
Magna has more than 15,000 highly skilled employees, extensive product development capabilities, manufacturing expertise and significant technologies in every aspect of its operation. The Company offers a complete range of design, engineering, manufacturing, testing and program management capabilities to its customers, the world's major automotive original equipment manufacturers (OEMs).

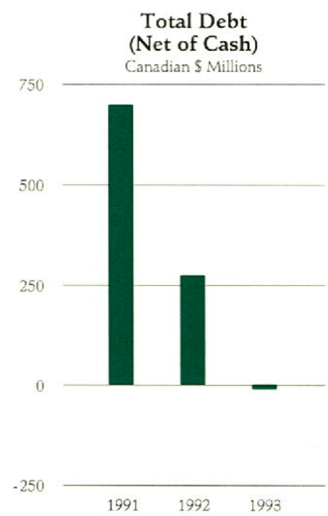
Magna International Inc. is a public company with Class A shares listed and traded on the New York Stock Exchange in the United States, and on The Toronto Stock Exchange and The Montreal Exchange in Canada.

FINANCIAL HIGHLIGHTS

[Canadian dollars in millions, except per share figures]

	1989	1990	1991	1992	**1993**
Sales	$1,924	$1,927	$2,017	$2,359	**$2,607**
Net Income (Loss)	33.6	(224.2)	16.5	98.0	**140.4**
Fully Diluted Earnings (Loss) per Class A Subordinate Voting or Class B Share	1.19	(8.06)	0.58	2.08	**2.55**
Capital Expenditures and Investments	316	218	40	42	**117**
Shareholders' Equity	464	231	268	590	**844**





THE MAGNA CORPORATE CONSTITUTION

Any change to Magna's Corporate Constitution requires the approval of the Class A and Class B shareholders, with each class voting separately.

Magna's Corporate Constitution publicly declares and defines the rights of employees and investors to participate in the Company's profits and growth while also imposing certain disciplines on management. These features strike a balance between employees, investors and management while allowing the Company to maintain an entrepreneurial environment which encourages productivity.

Magna is a public company with two classes of shares, a Class B share which carries a multiple vote, held primarily by management, and a Class A share for investors and employees which carries a single vote. This share structure has been in place for a number of years and enables management to have operating control of the Company on a day-to-day basis, provided it adheres to the Corporate Constitution.

Board of Directors

Magna believes that outside directors provide independent counsel and discipline. A majority of the members of Magna's Board of Directors will be outsiders.

Employee Equity and Profit Participation

Ten per cent of Magna's profit before tax will be allocated to employees. These funds will be used for the purchase of Magna shares in trust for employees and for cash distributions to employees, recognizing length of service.

Shareholder Profit Participation

Magna will distribute, on average, 20 per cent of its annual net profit to its shareholders.

Management Profit Participation

To obtain long-term contractual commitment from senior management, the Company provides a compensation arrangement which, in addition to a base salary comparable to industry standards, allows for the distribution of up to six per cent of Magna's profit before tax.

Research and Development

Magna will allocate seven per cent of its profit before tax for research and development to ensure the long-term viability of the Company.

Social Responsibility

The Company will allocate a maximum of two per cent of its profit before tax for charitable, cultural, educational, and political purposes to support the basic fabric of society.

Minimum Profit Performance

Management has an obligation to produce a profit. If Magna does not generate a minimum after-tax return of four per cent on share capital for two consecutive years, the Class A shareholders, voting as a class, will have the right to elect additional directors.

Unrelated Investments

Class A and Class B shareholders, with each class voting separately, will have the right to approve any investment in an unrelated business in the event such investment together with all other investments in unrelated businesses exceeds 20 per cent of Magna's equity.

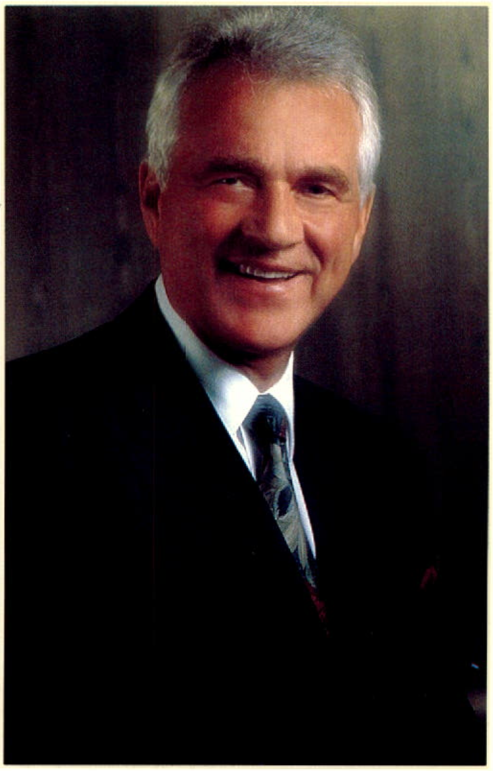
THE CHAIRMAN'S MESSAGE

Even though Magna has achieved record high sales and earnings for the fiscal year ended July 31, 1993, we at Magna are nevertheless striving for even greater performance in the years ahead.

As many of you are aware, there is a great trend in the world today towards a global economy. This in turn has meant the rise of global industries, which is particularly evident in the case of the automobile industry. Globalization also means greater competition on a worldwide basis. This requires that we constantly strive to produce a better product at a better price.

At present, we are carefully evaluating Magna's participation in the global automotive industry. Magna will play an increasingly important role in this very large worldwide market, which has annual sales of more than $500 billion. With our unique structure and operating principles of employee equity and profit participation, and with our strong balance sheet, Magna is ideally positioned to increase its market share for the supply of automobile components and systems in the global market.

In terms of our global outlook, Europe will be very important to Magna for a number of reasons. First and foremost, Europe is a major automotive market and it is natural for Magna to increase our presence there. In addition, the current economic downturn in Europe provides Magna with a number of excellent opportunities to acquire automotive component facilities.



Frank Stronach
Chairman of the Board

Expanding our current operations base in Europe will also give Magna access to highly advanced automobile technologies, which can be successfully cross-fertilized with existing technologies in our North American operations, while at the same time many of our North American technologies can be applied at our European facilities.

A significant factor in Magna's success has been the Company's ability to attract hands-on, engineering-oriented plant managers. Many of these entrepreneurial managers have come from Europe and are the product of Europe's highly-skilled technical trade schools. Our added presence there will give us access to a much wider pool of managerial talent for our growing worldwide operations.

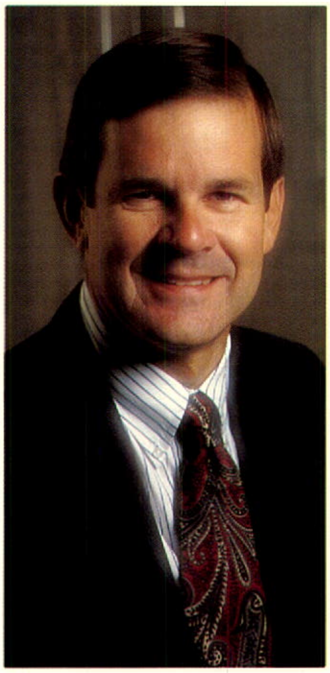
Here in North America, Magna now has in place a world-calibre management team that is focused on increasing the Company's profitability and market share. This will allow me to spend more time in Europe, where I will be involved in building and increasing our European operations base, using the same operating philosophy that has made Magna one of the largest automotive systems suppliers in the world.

It is our continued focus on Magna's proven operating principles which will ensure our continued success in the years to come.

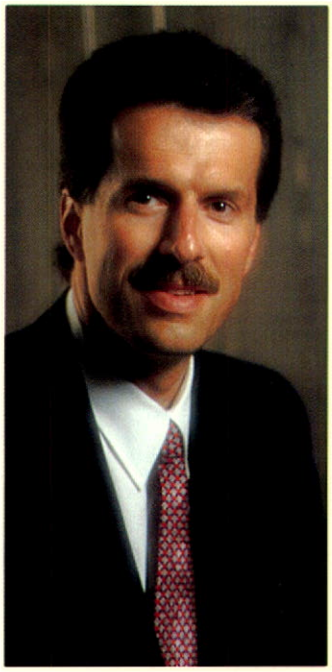
With this approach, I am optimistic that Magna will increase its market share in the global automotive components industry, with a strong focus on increasing shareholders' value.

In closing, I wish to thank all our employees for their great dedication and effort in keeping Magna at the forefront of the automotive components supply industry.

Frank Stronach
Chairman of the Board



John Doddridge
Vice-Chairman &
Chief Executive Officer



Donald Walker
President &
Chief Operating Officer

Magna is pleased to report record sales and earnings in fiscal 1993, as well as a substantial improvement in shareholders' value. During the year, we also significantly improved our balance sheet, positioning the Company as one of the financially strongest component and systems suppliers in the North American auto parts industry.

Our managed sales in 1993 were $3.3 billion compared to $2.9 billion in 1992, a 12 per cent increase which reflects the continuing improvement in the North American vehicle market. Net income was $140 million compared to $98 million last year, a 43 per cent increase. Earnings per share on a fully diluted basis was $2.55 based on an average of 58.6 million shares outstanding. This compares to $2.08 earnings per share in 1992 with an average of 52.4 million fully diluted shares outstanding. Cash flow from operations was $262 million and we invested $117 million in capital and other long-term investments.

Total North American vehicle production in fiscal 1993 was 12.5 million units, up 9.8 per cent over the prior year. We believe North American vehicle production will continue to rise in fiscal 1994 and throughout the balance of the current economic cycle.

Our highly motivated work force, modern manufacturing facilities and advanced technologies, coupled with our strong financial position, place us in an excellent position to capitalize on the many new opportunities created by the restructuring in the global automotive industry and consolidation of suppliers possessing comprehensive capabilities.

In terms of the global outlook, European automobile manufactures are increasingly turning to North America for new production requirements. We have begun construction on a new stamping facility which will supply BMW's South Carolina assembly plant and we are substantially increasing our business with Japanese automakers' North American plants. We launched a new plant in Mexico and plan to continue to expand there in support of our customers for the rapidly growing Mexican automotive market. Over the next year we will focus on growth opportunities in Europe, where the severe recession is causing a restructuring of the auto industry, creating a need for global full service automotive component and system suppliers.

We have worked closely with our North American customers to achieve long-term supply arrangements as we continue to strive to deliver a better, more cost-effective product at a reduced price. We expect these agreements and our complete design, engineering and manufacturing capabilities will lead to significant additional business opportunities.

We look to 1994 and the future with confidence and optimism. The entrepreneurial spirit and teamwork of all our people will continue to ensure our success. In the following pages, we invite you to celebrate with us the demonstrated imagination, ingenuity and innovation of the people at Magna.

John Doddridge

John Doddridge
Vice-Chairman & Chief Executive Officer

Don Walker

Donald Walker
President & Chief Operating Officer

The Magna Employee's Charter complements the spirit of the Corporate Constitution, and extends the principles of fairness and entrepreneurship to encompass fair treatment. It outlines Magna's commitment to job security, job training, a safe and healthy workplace and competitive wages and benefits.

The Magna Employee's Charter

Magna is committed to an operating philosophy which is based on fairness and concern for people. It includes these principles:

Job Security

Being competitive by making a better product for a better price is the best way to enhance job security. Magna is committed to working together with you to help protect your job security.

To assist you, Magna will provide:

- ***Job Counselling***
- ***Training***
- ***Employee Assistance Programs***

A Safe and Healthful Workplace

Magna strives to provide you with a working environment which is safe and healthful.

Fair Treatment

Magna offers equal employment opportunities based on an individual's qualifications and performance, free from discrimination or favoritism.

Competitive Wages and Benefits

Magna will provide you with information which will enable you to compare your wages and benefits with those earned by employees of your competitors, as well as with other plants in your community.

Employee Equity and Profit Participation

Magna believes that every employee should own a portion of the company.

Communication and Information

Through regular monthly meetings between management and employees and through publications, Magna will provide you with information so that you will know what is going on in your company and within the industry.

The Hotline

Should you have a problem, or feel the above principles are not being met, we encourage you to call the **Hotline** or use the self-addressed *Hotline Envelopes* to register your complaints.

You do not have to give your name, but if you do, it will be held in strict confidence.

Hotline Counsellors, speaking several languages, will record your call. Your concern will then be forwarded to the Magna Corporate Employee Relations Department. The Magna Corporate Employee Relations Department is committed to investigate and resolve all concerns or complaints and must report the outcome to the *Employee Relations Advisory Board.*

Employee Relations Advisory Board

The Employee Relations Advisory Board is a group of people who have proven recognition and credibility relating to humanitarian and social issues. This Board will monitor, advise and ensure that Magna operates within the spirit of the *Magna Employee's Charter* and the principles of *Magna's Corporate Constitution.*

At the core of Magna's founding operating principles is a unique corporate culture which celebrates the values of entrepreneurship and inspires self-expression and cooperation in each and every person at Magna. This culture has continually enabled our Company to bring together and develop a superior calibre of human and manufacturing resources.

Our corporate culture is the common thread that links our more than 15,000 people. It encourages open communication throughout our organization and helps keep Magna in touch with the needs and requirements of our OEM customers at a time when being proactive to customer needs is the key to survival in the automotive industry.

It also serves as the primary catalyst in our Company-wide pursuit of excellence. By encouraging the open participation of every individual, our corporate culture enables people at Magna to continually inject Imagination, Ingenuity and Innovation into every aspect of our Company.

As the global automotive industry becomes increasingly competitive and demands on suppliers intensify, it is our creative and participative work environment, inspired by our founding corporate culture, which ensures the growth, profitability and future success of Magna International Inc.

DECOMA

From left, H. Friedl Manufacturing's Elizabeth Orlovsky, Ashmede Diljohn and Cosmas Lee.

Traditionally, headlight bezels have been made from plastics for durability. However, this offers only satisfactory colour matching to other adjoining bright exterior trim. The imaginative people of H. Friedl, led by General Manager Marjan Pavlin, set out to develop an aluminum processing capability as an alternative to plastic automotive trims. The new process would give H. Friedl a competitive advantage and would be a direct response to the OEMs call for a better quality, lighter-weight finished product. The result is finished parts which are recyclable, lighter and offer a high degree of colour match and depth.

The people of Magna International take great pride in generating and developing imaginative concepts for products and processes which meet or exceed the requirements of our customers. Each individual also has the opportunity to share and nurture their own creative ideas for enhancing the quality of life at Magna.

From the design and engineering of new products and manufacturing processes to the organizational guidelines that protect the rights of each employee, our people are encouraged to pursue and contribute to our Company in progressive and proactive ways.

Our operating environment has never been more valuable to our Company than it is today. As global competition in the automotive industry intensifies, the automotive manufacturers place an increasing amount of responsibility on suppliers for imaginative input into every aspect of automotive development and production.

The number of preferred, Tier One automotive suppliers will continue to decrease as the OEMs pursue closer working relationships with suppliers who offer vertically integrated, value-added capabilities. Service, quality and cost are now just the price of entry into the marketplace. The winning edge is possessed by those Tier One suppliers, such as Magna, who have the imaginative people and advanced technologies needed to effect improvement.

TESMA

Roto-Form's Crankshaft Isolator team, from left, Peter Depikolozvane, Fritz Winkler, Roy Jocic and Ed Alonzi.

The engineering team at Roto-Form continually develops new products to meet the ever-increasing demand for reduced noise, vibration and harshness (NVH) in cars and trucks. The design and engineering team at Roto-Form developed a crankshaft isolator assembly that is now planned for the new Ford 3.0 litre modular engine, scheduled for 1996 production. The new isolator pulley assembly greatly improves the dynamic conditions within the accessory drive system and improves passenger comfort by reducing NVH inside the vehicle.

Magna is structured to anticipate and respond to our customers' growing demands for creative input in the developmental stages of automotive product programs. Our operating divisions and Systems Corporations are aligned with customer product development teams to offer maximum efficiency and responsiveness. The OEMs are looking to suppliers to improve the cost and quality of their products and Magna is meeting the challenge.

COSMA

Karmax Heavy Stamping participated in a pilot project for Ford's Windstar minivan, where vehicle specifications were kept on a CAD/CAM system and the product built based on this information. Here Senior Manufacturing Engineer Michael Kleiber verifies the dimensional accuracy of the minivan liftgate.

Research & Development

Magna's engineers, designers and technicians initiate and develop concepts which meet the unique needs of each vehicle program. Our ongoing research and development programs focus on improving our products and processes, with an ever-increasing amount of attention being paid to vehicle safety and environmental concerns.

Design & Engineering

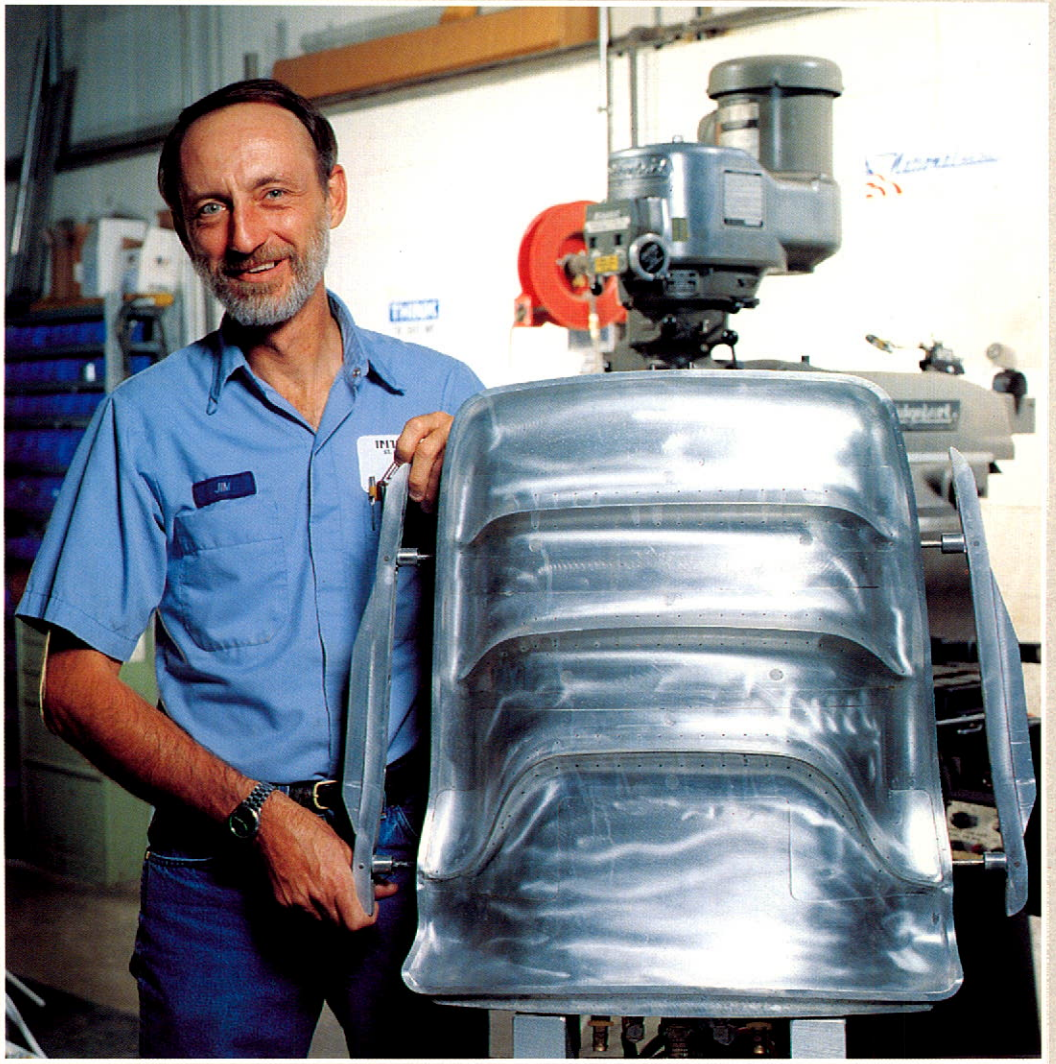
Each of Magna's Systems Corporations has expert styling, design and engineering teams capable of formulating customer program requirements from the earliest concept renderings and feasibility studies through to detailed design drawings and production layouts. Our people use advanced computer systems to generate both original component and system designs, and collaborative products, depending on customer requirements.

ATOMA

Paul Golarz, product engineering manager at Master Precision.

General Motors requested Master Precision design and engineer a clutch pedal assembly that requires less driver effort. An excellent example of our customers relying on Magna for imaginative input, the engineering team at Master Precision developed an over-centre assisting spring system which reduces the amount of effort needed to depress the clutch pedal. The clutch pedal system was designed totally in-house and is set for use on General Motors' Sunbird, Cavalier, Grand Am, Beretta, Corsica and Achieva car lines.

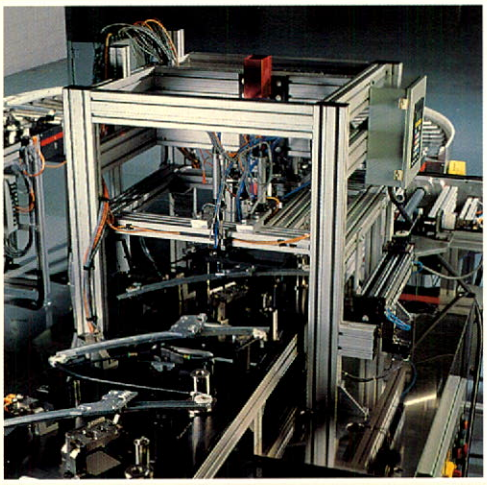
The ability of Magna's experienced management to identify trends, developments and key issues in the automotive industry keeps Magna at the industry's forefront. All strategic decisions are based on input from a wide variety of sources ranging from plant-floor feedback to sophisticated market analysis models. Our management continually strives for a competitive edge through the balanced involvement of our customers and employees in all our business initiatives. Management is focused on improving investment returns and stable sales growth.



Tool and Die Maker Jim Meyers with Integram-St. Louis Seating's pneumatic clamp.

At the Integram-St.Louis Seating facility, one of the production stages of the foam-in-place process involves attaching the pre-sewn material cover to the seat cushion. In the past, the positioning of this cover in the die was done manually. Tool and Die Maker Jim Meyers developed and built a pneumatic clamp which holds the cover in position, bringing the sewing seam outside the mould and ensuring the material is not cut or pinched. Jim's ingenuity has helped make foam-in-place processing at Integram-St. Louis safer, more productive and more cost-effective.

INGENUITY



ATOMA

Kuester-Magna developed a state-of-the-art semi-automated assembly line which allows for the manufacture of a dual track window regulator, designed to support window glass in two areas instead of only one. Kuester-Magna's assembly line comes complete with part sensing and built-in automatic testing to ensure 100 per cent quality. When Chrysler launches its Neon vehicle in January 1994, it will be the first North American production vehicle to feature the dual track system. This system offers enhanced glass stability and reduced wind noise while eliminating glass guidance hardware.

TESMA

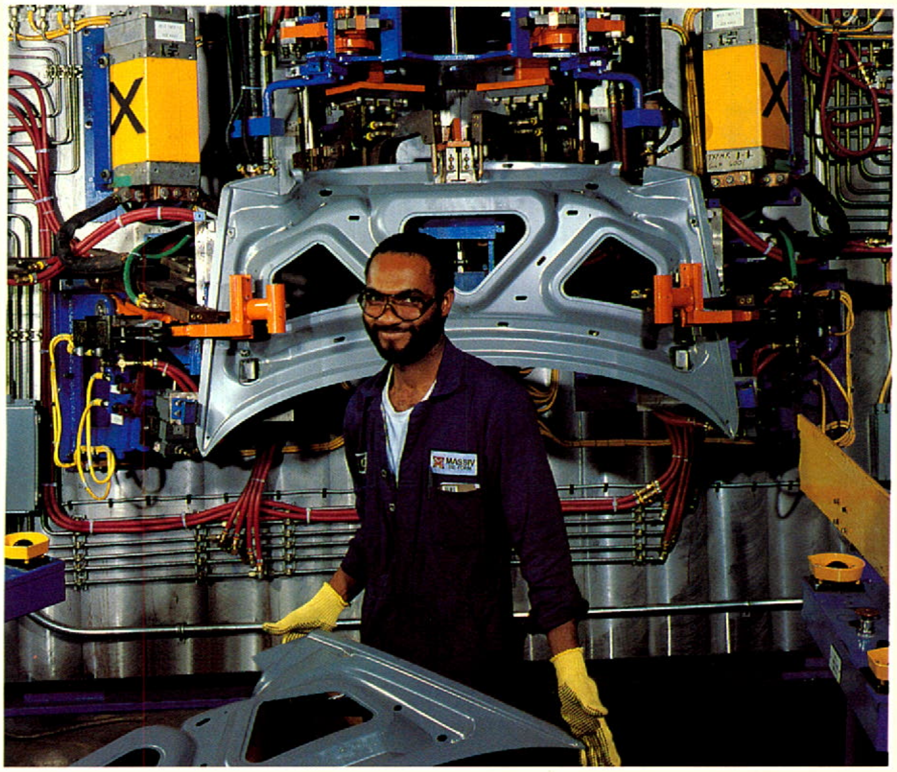
Pullmatic Manufacturing's Terry Gormley and Helge Himmeroeder.

At Pullmatic, an improved process is generating a better product. Saturn came to Pullmatic looking for a lighter, quieter and less costly flexplate gear for its 1994 automatic transmission-equipped vehicles. The manufacturing experts at Pullmatic, led by Assistant General Manager Helge Himmeroeder, devised a patented process which permits a number of design efficiencies and produces a superior product. An extension of roll-forming, the new process involves no welding and yields a one-piece, high quality product which achieves the customer's objectives for a better, more cost-effective product.

At Magna International, ingenuity means intelligence in production; skill in the translation of imagined concepts into physical reality. Magna has the operational and technical capabilities necessary to transform the most creative ideas into finished products. The ingenuity displayed at our manufacturing facilities, worldwide, has helped Magna establish a reputation for successfully responding to our customers' most challenging product programs.

In the increasingly competitive global automotive industry, the annual vehicle price increases of the past have been replaced by stable pricing and more standard features. Accordingly, the single most important message sent by the automakers to their suppliers is "cost reduction". Those suppliers displaying the manufacturing ingenuity necessary to respond to cost reductions will be the future winners in our industry.

At Magna, our operating environment enables our people to continuously identify and implement cost reductions through participation in a cross-functional, team approach. Each employee is encouraged to suggest alternatives that might offer cost or waste reductions and increase productivity. This helps close the gap between employees and management and inspires entrepreneurial pride in everyone. Synchronous manufacturing workshops also help identify and eliminate waste and non-value-added activities through continuous improvement of our products and workplace organization.

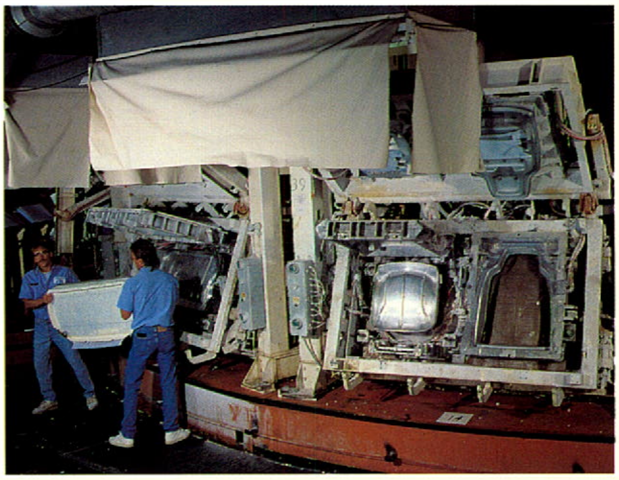


COSMA

Massiv Die-Form Leadhand Orvin Scott.

Chrysler anticipated a popular response to their new LH series vehicle line — the Intrepid, Concorde and Vision. Due to the excellent relationship between Chrysler and Massiv Die-Form, Massiv was awarded the hood, deck lid and door assemblies for the Dodge Intrepid. The high demand for the vehicle meant the lead time was only six months. Through dedication, teamwork and the ingenuity that it takes to turn challenges into opportunities, the manufacturing and tooling experts at Massiv Die-Form got their assembly line up and running in just under six months.

The OEMs are looking for continuous pricing improvements in the years ahead. The ingenuity of our people and their commitment to the relentless pursuit of cost reductions in all of our products and processes, ensures our ongoing position as a preferred Tier One automotive supplier.



Jeff Niederholtmeyer and John Kennedy remove a moulded pad-and-seat cover from one of Integram - St. Louis Seating's foam production carousels. The Chrysler minivan pad-and-cover will be cured and sent to the assembly department for final build.

Product Development

From individual component models to driveable show cars, Magna has the modeling and prototyping capabilities to turn the most complex concepts into exact replicas of finished products. Using a blend of conventional and technology-driven prototyping techniques, our product development teams integrate design, engineering and manufacturing expertise to dramatically decrease the product development cycle.

Tool Design & Build

Superior tooling capabilities are essential to produce the highest quality products. They are also the foundation of Magna. We have dedicated tooling facilities that design and build precision tooling for all of our product programs. In addition, our manufacturing divisions have in-house toolrooms, staffed with tool and die experts, to ensure tooling expertise is available at the plant-floor level.

Manufacturing Engineering

Our expert manufacturing engineering teams are responsible for maximizing production efficiencies through the design and supply of assembly systems. They provide the vital link between early design and engineering phases and final production and assembly processes.

TESMA

The Toral Cast Manufacturing Engineering Team from left, Zbish Burdak, Rob Blakely, Roy Ross, Mukesh Sharma and David Cheung.

To meet the pricing guidelines established by General Motors for their starter housing programs, the manufacturing and engineering team at Toral Cast developed more efficient, cost-effective tooling. The Toral Cast die has more cavities than competing dies, but requires a similar press capacity. It also has interchangeable inserts, a quick die change feature and radial gates to minimize melting losses. At Toral Cast, ingenuity in manufacturing led to a cost reduction that won the business.

Manufacturing Capabilities

At Magna, we offer our customers complete vehicle manufacturing capabilities — from exterior body panel assemblies to modular interior systems and from powertrain assemblies to exterior appearance systems. Our manufacturing facilities and technologies are among the finest in the world and our people are among the most highly skilled in the global automotive industry.

Testing & Quality Assurance

Magna has complete capabilities and comprehensive technologies for testing prototypes, end products and complete vehicle systems. Testing is just one of many vital elements in the overall process of Quality Assurance. We integrate quality into every aspect of our business through training and employee involvement. At Magna, our guiding objective in Quality Assurance is prevention rather than reaction. Our Company-wide dedication to quality is perhaps best exemplified by recognition and awards from our OEM customers for achievements in quality.

Decoma Wildcats Slo-Pitch team from left, Steve Murphy, Doug McClintock, Maureen Roy and Rob Paterson.

Magna has always operated under the premise that quality products can only result from the combination of quality people and quality processes. Magna's highly skilled and committed people work as a team to meet customers' demands for process improvements and annual price reductions. This spirit of teamwork flourishes in a corporate environment which values employees' innovation and rewards performance and productivity through an Employee Equity Participation and Profit Sharing Plan, a cornerstone of Magna's Corporate Constitution.

ATOMA

Cam-Slide Manufacturing's Assembly Operator Donna Stentiford.

At Cam-Slide, an innovative total quality management program inspires a shared responsibility for quality. People from different disciplines joined together with representatives from Cam-Slide's Quality Assurance (QA) Department to evaluate the customers' quality needs. Through open communication, the QA Department determined they have more customers than just the OEMs. Their customers also include each Cam-Slide employee, manager, department and supplier. Armed with this knowledge, the department re-evaluated their role and established an innovative direction for quality at Cam-Slide. Rather than monitor quality, the department now functions as an agent of change, promoting and supporting total quality. This involves empowering each individual with the skills, training and awareness necessary to assume responsibility and ownership for the quality of their product, process and work environment.

Atoma International Inc. is Magna's Interior Systems Corporation.

Atoma supplies automotive interior systems worldwide, including door hardware and closure systems, seating systems, interior panels, electrical and electronic assemblies and mirror systems. Its manufacturing facilities are supported by complete styling, design, engineering and testing capabilities.

With an emphasis on the development of sophisticated products and processes, Atoma is a proven leader in the automotive industry. The Company's commitment to a better product is reflected in its emphasis on continuous improvement. Simultaneous product and process optimization has positioned Atoma as a cost-effective, design-efficient supplier in the automotive industry.

Atoma's dedication to product quality, technical innovation and total customer satisfaction ensures its global competitiveness into the future.

HARDWARE & DOOR SYSTEMS GROUP

Atoma's Hardware and Door Systems Group is one of the world's leading independent manufacturers of automotive door hardware and closure systems. It offers technologically advanced products ranging from latch modules, to glass guidance systems, to bolt-in door modules that incorporate all interior door hardware, electrical and electronic components, and major assemblies.

The group secured numerous new business contracts in 1993, including sliding and rear door latching systems and a parking brake assembly on the new generation Chrysler minivan, a window regulator assembly for Chrysler's new full-size pickup truck, a latch module for the Taurus/Sable replacement, switch plates and switches for General Motors' full-size cars, and switch plates and lamps for General Motors' new luxury car entry, the Aurora. In addition, this Group has started work on Chrysler's new compact car, the Neon. These new product programs represent a commitment to continuous growth through technology at a price that is globally competitive.

At Atoma's Hardware and Door Systems Group, customer confidence and satisfaction is essential. In 1993, this was evidenced by the many OEM quality awards received, including the General Motors Supplier of the Year award given to the group's Invotronics Manufacturing and the General Motors Mark of Excellence award given to KTM Locks.

A *Electrochromic mirror,* ***B*** *Door latch,* ***C*** *Fuel sender module,* ***D*** *Fuel filler door,* ***E*** *Clutch and brake assembly, and* ***F*** *Rear power window regulator.*

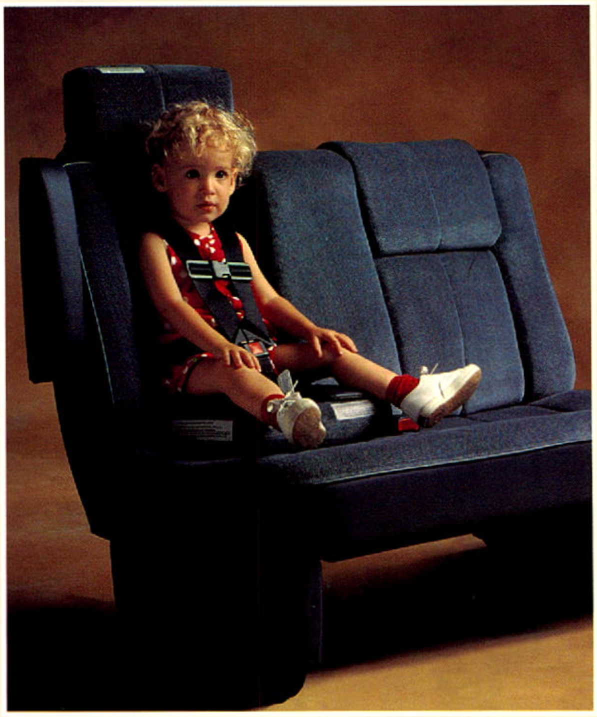
INTERIOR SYSTEMS GROUP

Atoma's Interior Systems Group manufactures complete seats and seating hardware, door panels and trim, sunshades and exterior mirror systems. Its manufacturing facilities are strategically located throughout North America to best serve its customers.

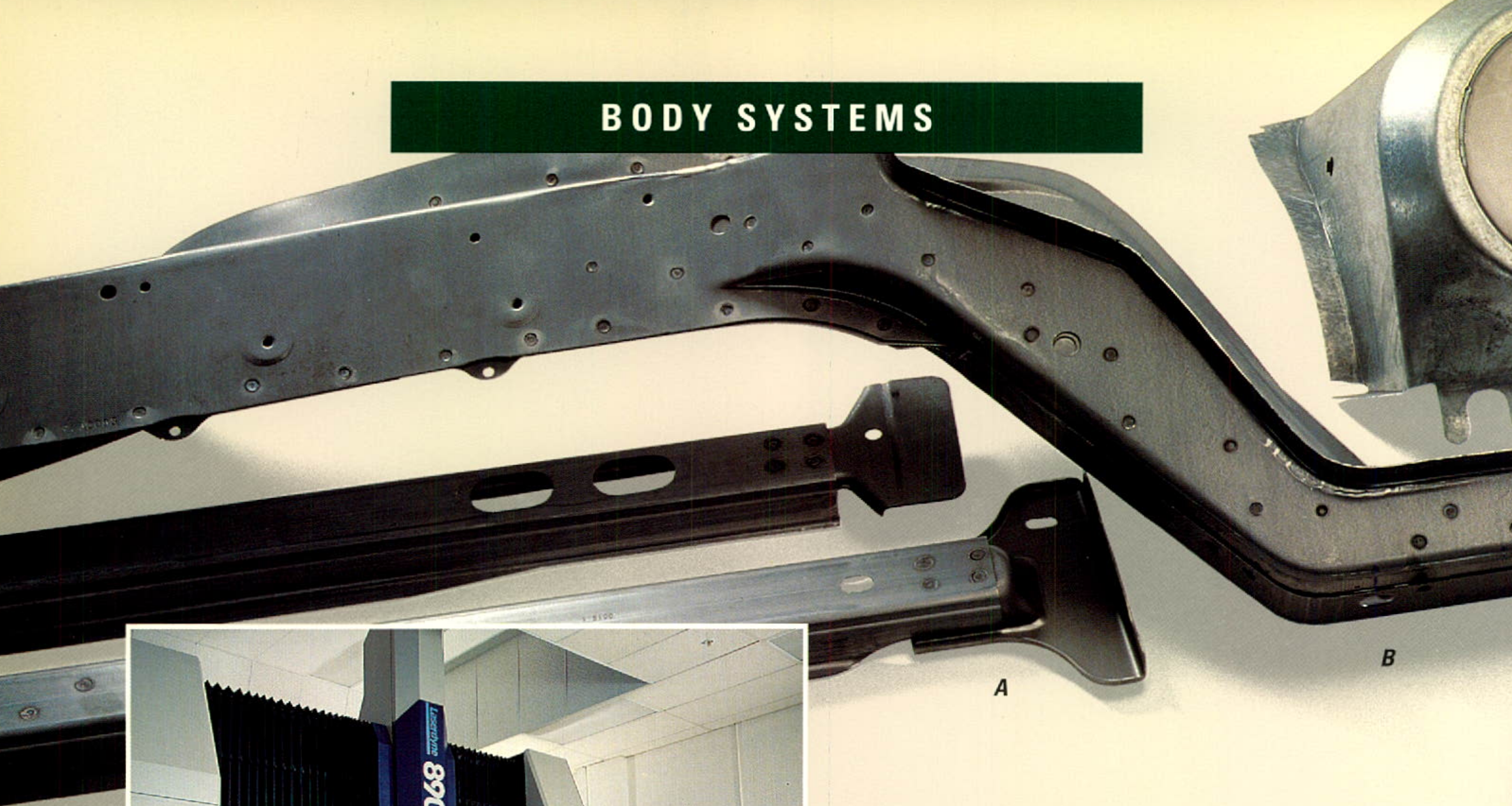
During fiscal 1993, the Interior Systems Group maintained its reputation as a world-class supplier by successfully launching two child safety seat programs for the Chrysler LH and General Motors APV minivan platforms. This group also secured significant new business in 1993, including a van seat for the Chrysler full-size B-Van, door panels for the new generation Chrysler minivan and a new family of seat adjusters for several of the major OEMs.

A fundamental principle of this group is to build superior quality into every interior automotive system. During 1993, continuous improvement programs were implemented throughout the operating divisions to increase quality awareness and improve productivity. This strong focus on quality and continuous improvement was rewarded with customer recognition at many of the group's manufacturing facilities, including the Chrysler Quality of Excellence Award at the seating facilities in Integram - St. Louis Seating and Integram - Windsor Seating and the Honda Delivery Award at Cam-Slide Manufacturing, a seat hardware manufacturing division.

Atoma's Interior Systems Group believes employee involvement is vital to the success of all product programs and people are the most valuable and informative resource available.



Atoma produces the integrated child safety seat within its Interior Systems Group.



COSMA

Vehma International of America's Prototype and Die Shop Team, from left, Dave Ladach, Greg Orlandi and Larry Nowak.

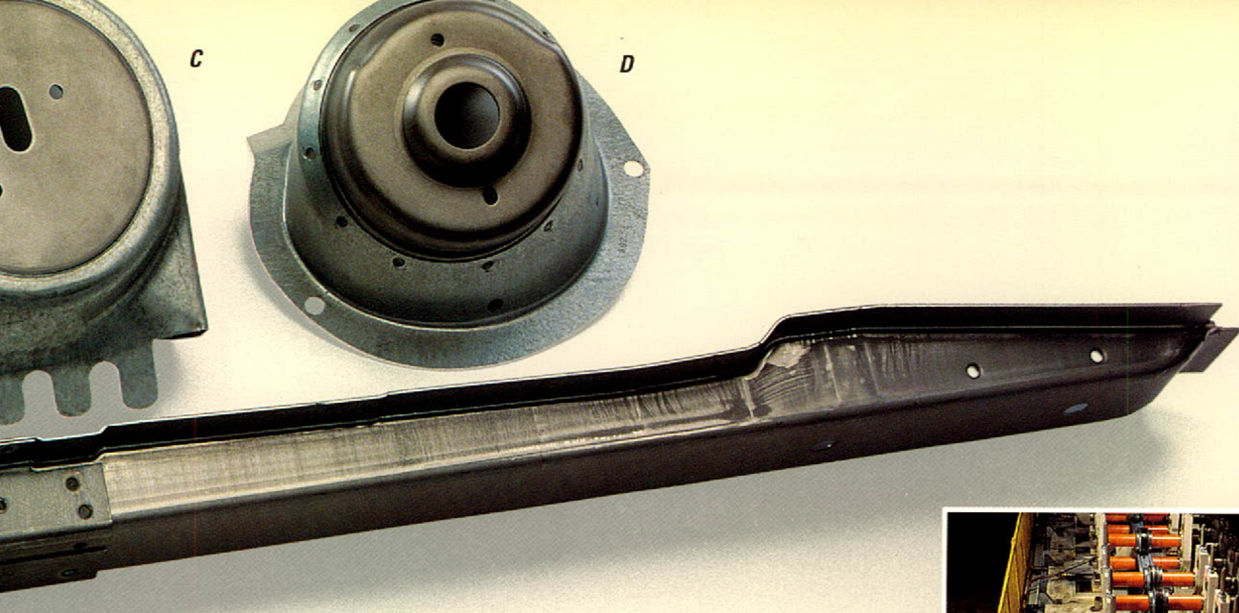
Assessing future product trends and developing technology in response to those trends is the first step to future growth. Vehma International develops total program requirements from concept development through to production layouts and detailed design drawings. The fully equipped Vehma facility is the proving ground for hundreds of Magna's developing technologies and prototypes. State-of-the-art equipment such as this laser welding machine ensures Magna's position as a leader in the research and development of innovative products and processes. Vehma International provides the vital link between styling concepts and functional reality.

Cosma International Inc. is Magna's Body Systems Corporation.

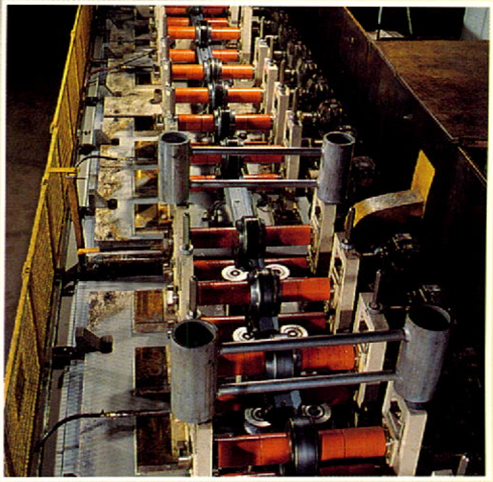
Cosma's operating divisions supply a comprehensive range of automotive metal components, assemblies and systems, including chassis stampings, general stampings, bumper stampings, body sheet metal stampings, engine and brake-related stampings and sunroofs. As an integral part of its commitment to total vehicle development, Cosma offers comprehensive tooling facilities which are dedicated to designing and building precision tooling for all of its product programs. As a full-service supplier, Cosma also provides complete finishing capabilities, including E-coating, heat-treating and painting. Cosma's operating vision is clearly supported at every level of the organization.

During fiscal 1993, Cosma increased its activity in the area of continuous improvement. A formal process to continuously strengthen its operations was implemented. All Cosma employees understand and implement the concepts of value analysis/value engineering, synchronous manufacturing and total quality management. By integrating these concepts with standard business practices, Cosma will continue to meet and exceed the requirements of its customers and remain a world-class supplier.

Cosma is committed to the development and implementation of new technologies to achieve efficiencies in product cost and complexity. The Corporation has further developed its roll-forming capabilities and has expanded the use of roll-forming by identifying new applications.



A Roll-formed door intrusion beams,
B Frame rail, C Laser-welded shock tower prototype,
and D Spot-welded shock tower.



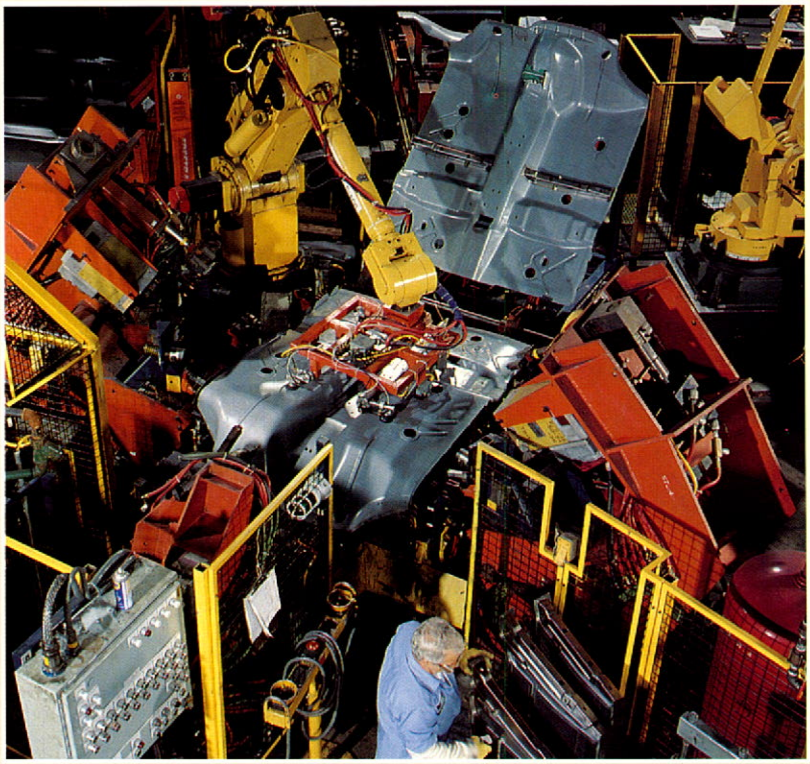
Bumper beams, frame rails and door intrusion beams are produced at Cosma's Marada Industries using this roll-forming line.

A key element to Cosma's success during this past year was the timely launch of Chrysler's new LH program involving assemblies manufactured by a number of Cosma divisions.

During fiscal 1993, Cosma successfully secured a number of significant contracts. It has been designated the principal supplier of stamped metal body systems for the BMW facility in South Carolina. It has also been awarded significant business for Ford's new Mustang and Windstar platforms.

Cosma's ability to continually secure new product programs and maintain existing business, is a reflection of its ability to work in strategic partnership with OEM customers, from vision to vehicle.

A strong engineering base and a motivated work force ensures Cosma's ability to provide its customers with quality, cost-effective metal automotive body components and systems.



Nick Maira of Cosma's Karmax Heavy Stamping division. The material handling robot at Karmax, which was developed in-house, picks up a Chrysler LH floor pan stamping and feeds it to the assembly line.

EXTERIOR APPEARANCE SYSTEMS

Project Engineer Curt Reynolds checks a light-weight polymeric glazing under development at Lexamar for a convertible roof application. This glass replacement technology has an abrasion-resistant coating and will not discolour like conventional plastic convertible rear windows.

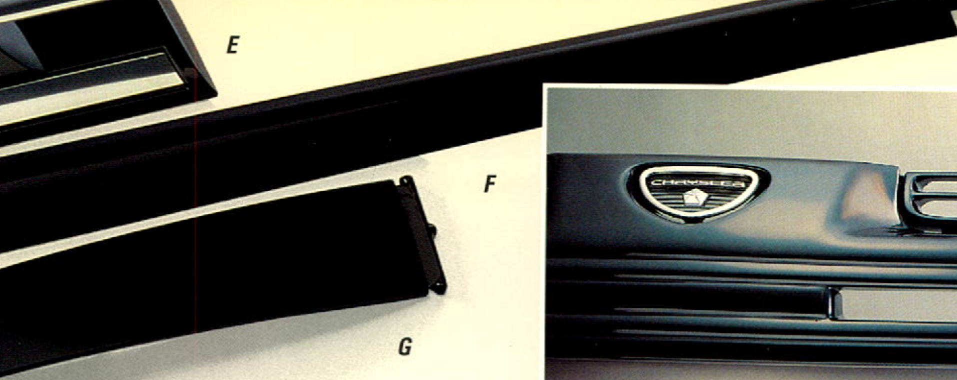
Decoma International Inc. is Magna's Exterior Appearance Systems Corporation.

As a leading supplier of automotive exterior appearance components and systems, Decoma has earned a solid reputation for quality, price and performance.

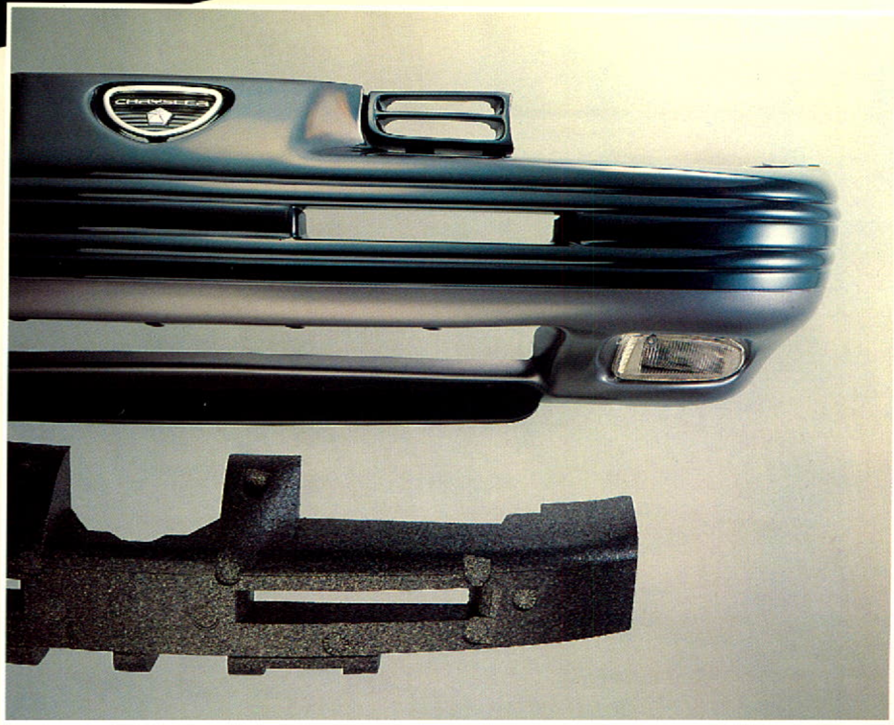
Decoma is well positioned to deliver complete cost-competitive, high quality exterior decorative systems. The Company's infrastructure consists of three product-specific groups, including plastic panels and bumper systems, metal and plastic trim, and acrylics.

There is a growing demand in the automotive industry to reduce costs while increasing product quality. To intensify its focus on cost awareness, Decoma established a full-time cost savings program in 1993. This program will help ensure strong customer relationships and long-term success for Decoma.

During fiscal 1993, Decoma emphasized technology, resources, materials and engineering capabilities. The Company realized substantial weight savings and cost reductions in existing product programs through the introduction of a patented glazing process and a belt moulding product, which involves a revolutionary injection moulding process.



A *Applique,* ***B*** *Clear plastic lens cover,*
C *Body side moulding,* ***D*** *Deck lid applique,*
E *Body side moulding,* ***F*** *Belt moulding,*
and ***G*** *Applique.*



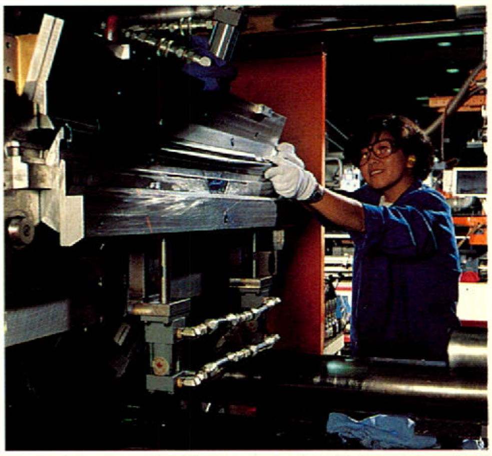
Decoma injection moulds and paints the front fascia cover for the Eagle Vision. The Company also produces the EPP foam energy absorber, which is integral to the assembly.

Another key element to Decoma's growth and success in 1993 was the timely launch of new products within three major vehicle programs: the Chrysler LH, Ford Explorer and General Motors' APV.

During 1993, Decoma secured significant new business with major OEMs, including Ford, General Motors, Chrysler and Aisin Seiki, for 1994 through 1996.

Decoma's continued growth, in 1993, stems from its customer-driven approach to developing and manufacturing innovative, high-quality products. Decoma's active pursuit of continuous improvement in its processes and products has earned top quality awards for its divisions, including Chrysler Quality of Excellence awards, Ford Q1 awards, the coveted General Motors Mark of Excellence award and recognition in both delivery and quality from Toyota, Honda and Nissan.

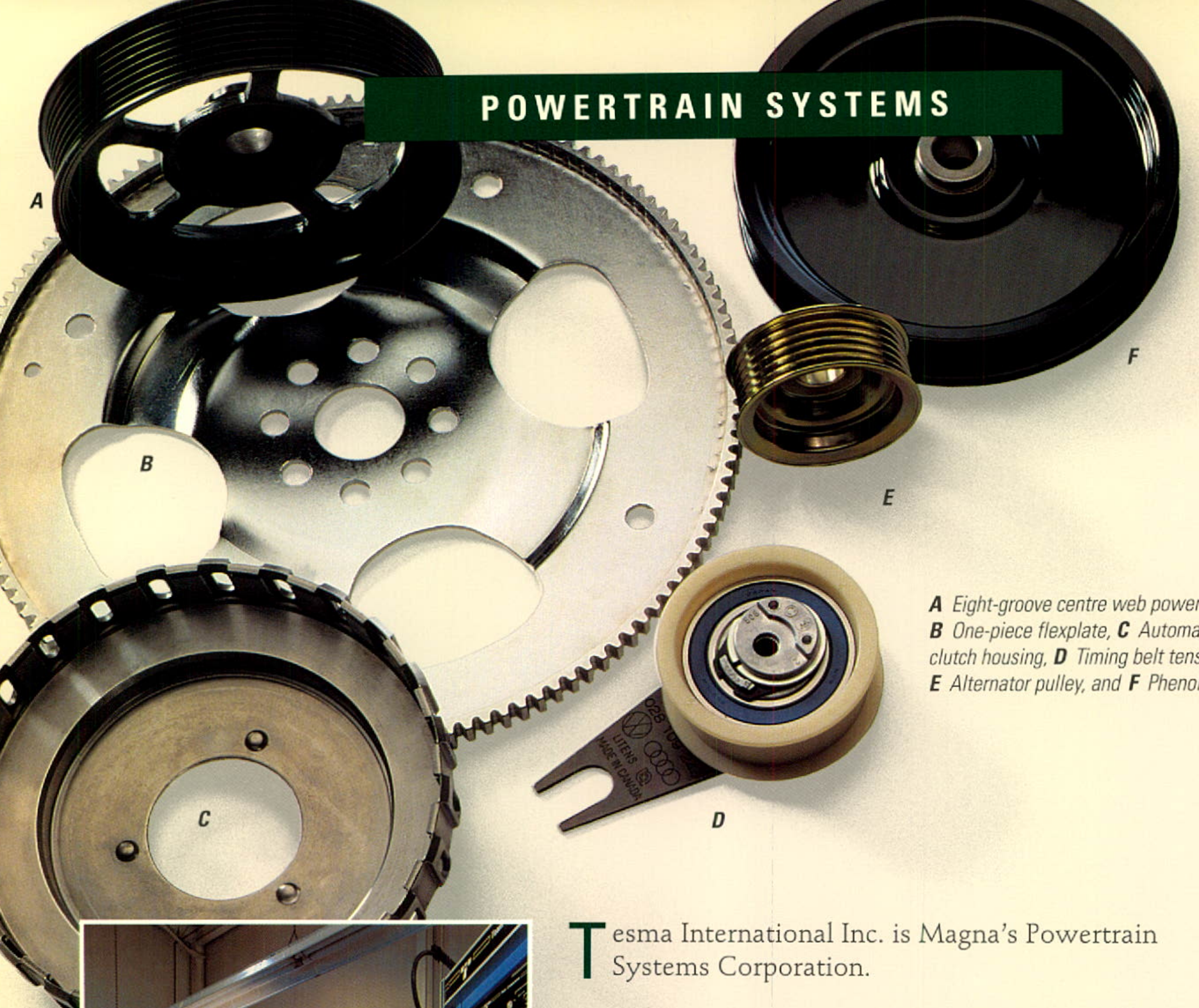
Its proven ability to design and manufacture advanced exterior decorative trim components and systems for the automotive industry guarantees a successful and exciting future for Decoma.



DECOMA

Co-Ex-Tec Industries' Machine Operator Tran Phuong Lieu.

When faced with a challenge from Chrysler to improve the appearance on belt mouldings destined for the popular LH series of vehicles, Co-Ex-Tec's people had to look no further than their unique co-extrusion line. The durability of PVC plastic and the functionality of EPDM rubber are combined on-line to produce a belt moulding superior in styling and particularly friendly to a variety of finishing operations. A high-gloss PVC outer skin is then added (shown above), eliminating the need for end caps and enhancing the product's appearance.



A *Eight-groove centre web power steering pulley,* ***B*** *One-piece flexplate,* ***C*** *Automatic transmission clutch housing,* ***D*** *Timing belt tensioner,* ***E*** *Alternator pulley, and* ***F*** *Phenolic pulley.*

TESMA

At Tesma's in-house testing facilities, test technicians like Alex Baranowski complete noise, vibration, strain gauge, fatigue and metallurgical testing.

Tesma International Inc. is Magna's Powertrain Systems Corporation.

Tesma designs, engineers and manufacturers automotive powertrain components, assemblies and complete systems. As a recognized quality supplier of patented pulleys, automatic tensioners and engine timing system components, as well as transmission and engine components, Tesma continues to broaden its customer base and engineering capabilities.

During fiscal 1993, Tesma took several strategic steps forward. To improve customer service and increase technology development, Tesma restructured its manufacturing operations into three strategic business units: engine drive systems; transmission systems; and lightweight materials.

Tesma also continued to use its proven engineering capabilities to respond to customer challenges and improve profitability. In 1993, Tesma introduced a single-piece flexplate based on a patented, synchronous roll-forming process. Traditionally, flexplates are made from two pieces. The development of this revolutionary design has helped secure Tesma's future as an innovative, full-service supplier.

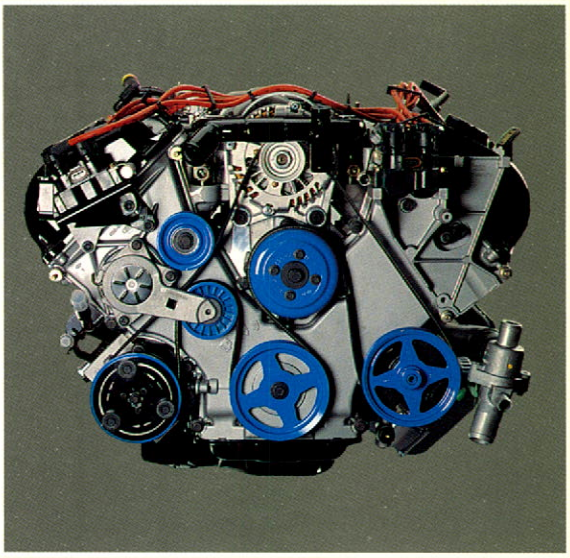
Another example of Tesma's leadership in the development of advanced technology is the introduction of a complete range of phenolic pulleys. Tesma's new light-weight, cost-effective design represents a durable product alternative for North American engine manufacturers.

TESMA

Mid-Point's Marta Betancur (foreground) and Frank Knauth.

Mid-Point manufactures phenolic power steering pulleys. Phenolic pulleys are produced by moulding thermoset compound around a steel hub. This type of pulley has increasingly been used since its first automotive application in 1985. With continuous improvement in mind, the design and manufacturing experts at Mid-Point developed an aggressive production method which reduces the cross section of the pulley. This new method uses a more efficient mould configuration, is more employee-friendly and permits an improved pulley design, thereby reducing the cost and weight of the pulleys. Innovative thinking has Mid-Point positioned at the forefront of the industry, recently having secured 100 per cent of Chrysler's phenolic pulley business.

During the past year, Tesma captured the attention of major OEM customers in Korea, Japan, Brazil, Mexico and Europe. By assuming direct operational responsibility for Magna's tensioner manufacturing facility in Germany, Tesma is now strategically positioned to serve the European OEMs.



Tesma has established itself as the dominant player in front-end accessory drive systems, including tensioners and pulleys.

Tesma also secured significant takeover programs for engine pulleys in 1993. This has allowed Tesma to enjoy a growing share of General Motors' pulley business which, along with its significant penetration at Ford and Chrysler, gives Tesma a dominant position in the front-end, accessory drive pulley market in North America. Tesma has also continued to penetrate the North American New Domestic Manufacturers.

Tesma was one of three Canadian suppliers to receive the prestigious General Motors Quality, Service and Price Award this year. This significant quality achievement demonstrates Tesma's employees are dedicated to manufacturing the highest quality products available.

By providing innovative, cost-effective products which keep its customers at the forefront of the automotive industry, Tesma will continue to enjoy a leadership role and long-term success in the powertrain systems market.

FUTURE OUTLOOK

Significant opportunities exist throughout the globe for world-class, full-service suppliers to the automotive industry. North America is exhibiting signs of an emerging economic recovery. Automotive production has exceeded 12 million units for the first time in three years and is expected to surpass 14 million units in the mid-90s. Vehicle styling features, product distinction and the truck market all offer major growth opportunities for systems suppliers such as Magna.

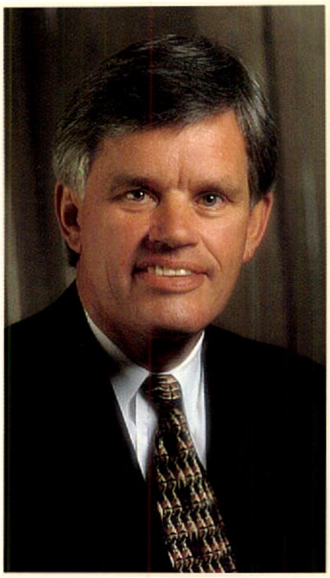
Europe offers unique challenges as it is now mired in the same automotive downturn which had previously gripped North America. We believe the decline has bottomed out and recovery will begin by the 1995 model year, with sales exceeding 15 million units by the late 90s.

Magna's experience in both European and North American marketplaces position the Company to respond to these opportunities. Magna's European facilities and systems approach will cement even more solid relationships as our European customers increase outsourcing and launch new assembly facilities in North America.

The Company's relationship with Japanese customers will continue to expand. Magna currently supplies every customer producing vehicles in North America and also exports to Japan. Relentless attention to product, process and technology should result in major content gains in new vehicles debuting in the mid-90s.

The Mexican market represents notable growth potential for geographically strategic North American suppliers such as Magna. The North American Free Trade Agreement would create a market of more than 350 million people. Burgeoning domestic demand and the ongoing requirement for more full-service suppliers will create significant sales opportunities. Operations in Mexico will grow accordingly to service this market.

Our motivated work force, modern facilities, extraordinary technological capabilities and systems strategy, coupled with its strong balance sheet, position the Company well to respond to future challenges within the automotive industry.



Graham J. Orr
Senior Vice-President
Corporate Development
& Investor Relations

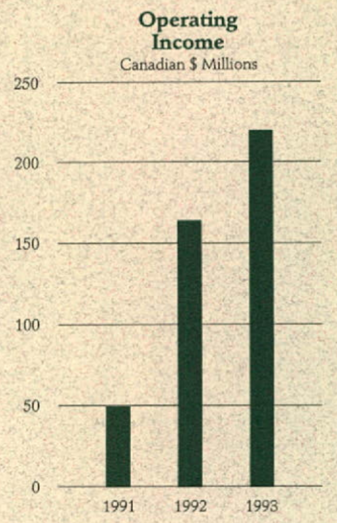
Dennis Bausch
Senior Vice-President
Marketing & Planning

Donald Amos
Senior Vice-President
Administration
& Human Resources

Paul G. Robinson
Senior Vice-President
Finance

FINANCIAL REVIEW

FINANCIAL REVIEW

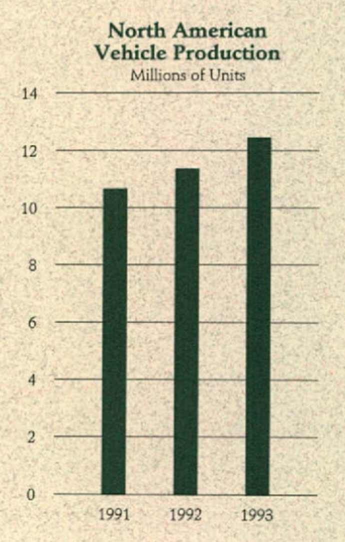


FINANCIAL HIGHLIGHTS - FISCAL 1993

- Record sales, including joint ventures, of $3.3 billion achieved
- Fully diluted earnings per share of $2.55 achieved, surpassing prior years' levels
- Cash flow from operations of $262 million was generated
- Regular quarterly dividends increased to $0.15 per share in the first quarter of fiscal 1993
- Total debt was reduced by $223 million during the year resulting in a net cash position at July 31, 1993

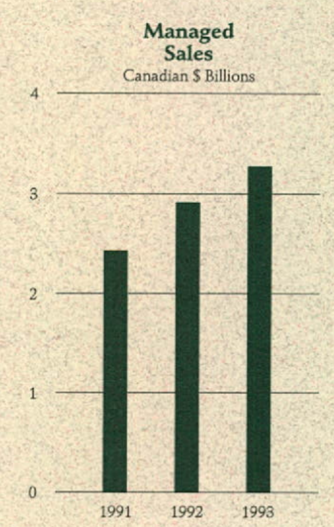
MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS



Overview: Operating income before income taxes and minority interest of $219.9 million in fiscal 1993 was $55.1 million higher than the fiscal 1992 level of $164.8. This 33% improvement over fiscal 1992 was primarily achieved as a result of higher sales, a reduction in interest expense of approximately $33 million and a significant improvement in income from equity investments.

Sales: The Company's consolidated sales increased to $2,606.7 million for fiscal 1993 compared to $2,358.8 million for fiscal 1992. This reflects an increase in production sales of approximately 11% compared to fiscal 1992, attributable to a 9% increase in North American vehicle production to 12.5 million units for fiscal 1993 and a 2% improvement in the Company's average production content per vehicle. Included in consolidated sales are tooling sales which, in fiscal 1993 were $192 million, compared to $190 million in fiscal 1992, reflecting continued new vehicle launches by OEM customers. Sales by joint venture companies totalled $671.5 million for fiscal 1993, bringing managed sales to approximately $3.3 billion.



Substantially all of the Company's revenues are generated from sales of automotive components, assemblies, parts and tooling to North American OEMs. During fiscal 1993, approximately 45% of the Company's sales were in respect of products supplied for inclusion in five vehicle body types (including approximately 23% supplied for the Chrysler minivans).

While both North American vehicle production and sales in fiscal 1993 and the Company's average production content per vehicle were higher than in fiscal 1992, there can be no certainty of the level of North American vehicle production or the Company's average production content per vehicle in fiscal 1994. The Company's sales and profitability are directly affected by such levels of production and average production content per vehicle.

Facilities: The Company has 67 manufacturing facilities, 62 in North America and 5 in Europe, 9 of which are joint venture operations. During fiscal 1993, the Company commenced production at its first Mexican manufacturing facility, commenced development of a facility in South Carolina and acquired two manufacturing facilities from joint venture partners.

Gross Margin: Gross margin as a percentage of sales declined approximately 0.8% to 19.3% for fiscal 1993 as compared to 20.1% for fiscal 1992, reflecting major new program launch costs, the start-up of the new Mexican manufacturing facility and continued customer pricing pressure, offset partially by higher rates of capacity utilization and improved operating efficiencies.

The competitive environment within the automotive industry has caused OEMs to increase pressure on suppliers for price concessions. While the Company believes that it is, and will remain, competitive, there can be no assurance that the Company will continue to be successful in offsetting required price concessions through cost reductions.

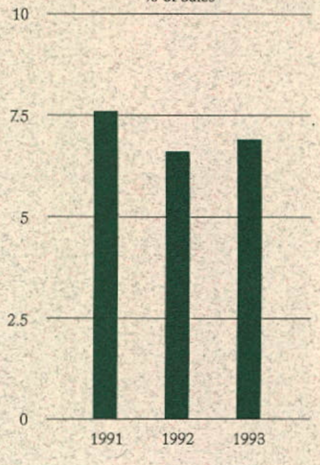
S, G & A: Selling, general and administrative expenses increased by $23.2 million in fiscal 1993 to $179.2 million, as compared to fiscal 1992. The increase is attributable to the higher level of sales activity in fiscal 1993 and retirement and severance costs of approximately $11.3 million incurred in fiscal 1993. Selling, general and administrative expenses, as a percentage of sales, excluding retirement and severance costs, decreased by 0.2% to 6.4% in fiscal 1993, reflecting the effect of spending controls previously put in place by the Company.

Interest Expense: Interest expense in fiscal 1993 decreased by approximately 66% from fiscal 1992 levels, primarily as a result of declining debt levels and a reduction in the average cost of borrowing. Total interest expense for fiscal 1993 amounted to $17.2 million compared to total interest expense for fiscal 1992 of $49.9 million.

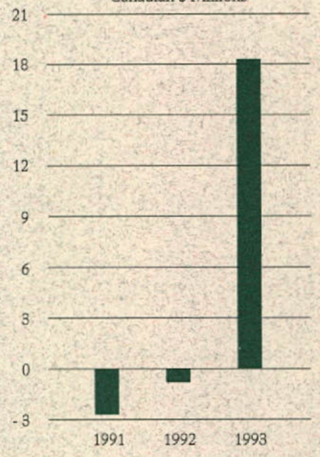
Equity Income: Income from equity accounted joint ventures and investments for fiscal 1993 was $18.3 million, an improvement of $19.1 million over the $0.8 million of equity losses for fiscal 1992. Increased sales, the elimination of start-up losses and continued operating improvements at joint ventures contributed to the improvement in results.

Income Taxes: The Company's effective income tax rate, before equity income, of approximately 31% in fiscal 1993 was consistent with fiscal 1992 and lower than the statutory tax rate primarily as a result of the reduction in the income tax provision in fiscal 1993 of $16.8 million ($17.3 million in 1992) due to the benefit of certain losses incurred by subsidiary companies in prior years. Since such losses have been substantially utilized, the Company expects no similar reduction in fiscal 1994 and expects to return in such year to an effective income tax rate, before equity income, approximately equal to the Canadian statutory rate of 36%.

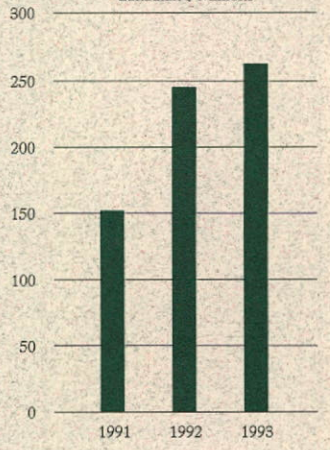
Selling, General & Administrative Expenses
% of Sales

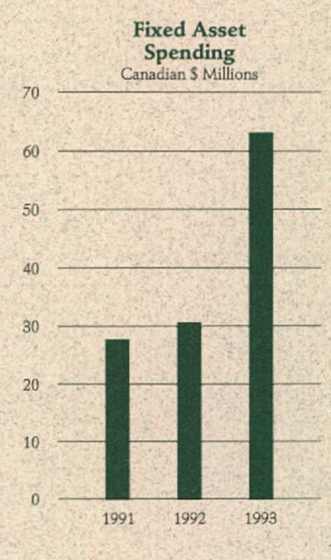


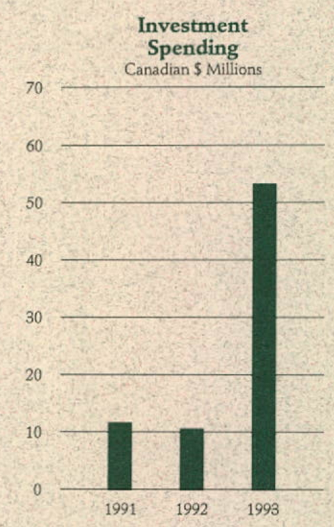
Equity Income (Loss)
Canadian $ Millions

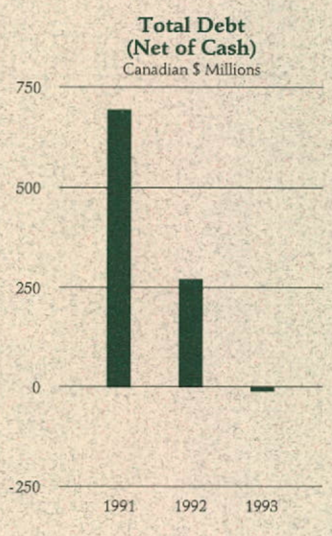


Cash from Operations
Canadian $ Millions









Minority Interest Expense: Minority interest expense increased $1.9 million to $18.9 million for fiscal 1993 reflecting the increased earnings in subsidiaries that have minority interests.

Earnings Per Share: On a fully diluted basis, net income per share was a record $2.55 for fiscal 1993 compared to $2.08 for fiscal 1992. The average number of shares outstanding for fiscal 1993 on a fully diluted basis was approximately 58.6 million shares.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flow from Operations: In fiscal 1993, the Company generated $262.1 million of cash from operations, an improvement of $16.8 million over the $245.3 million of cash generated from operations in fiscal 1992. The net increase resulted from increases in cash generated from operations of $55.1 million offset by higher cash taxes of $16.3 million, an increase in non-cash equity income of $19.1 million and $2.9 million from other items.

Changes in Non-Cash Working Capital: The Company generated $40.6 million from changes in non-cash working capital for fiscal 1993, primarily due to an increase in accounts payable, partially offset by an increase in accounts receivable.

Capital and Investment Spending: Capital and investment spending totalled $116.8 million in fiscal 1993, compared to $41.6 million in fiscal 1992. The increase is attributable to fixed asset spending at budgeted levels, the purchase of the remaining 50% interests in two manufacturing operations from joint venture partners and additional investments in equity accounted investments and other assets. Capital spending for existing businesses and projects is expected to be between $100 and $150 million for fiscal 1994, the majority of which relates to new production contracts such as the BMW stamping contract, where production is scheduled to commence in January 1995. The Company expects to finance the capital spending program from cash generated from operations.

Debt Reduction: The Company substantially achieved its objective to be free of bank debt, being in a cash position (net of debt) of $2.6 million at July 31, 1993. The Company held cash resources at July 31, 1993 of $105.0 million. Total debt was reduced during fiscal 1993 by $223.0 million to $102.4 million at July 31, 1993, compared to $325.4 million at July 31, 1992. This decrease was mainly a result of applying cash flow from operations to debt reduction and the conversion of $103.6 million principal amount of convertible subordinated bonds and debentures into Class A Subordinate Voting Shares.

Included in the total debt figure at July 31, 1993 is $64.7 million of 10% convertible subordinated debentures which have a conversion price of U.S. $8.525. The Company may call these debentures for redemption on or after May 1, 1994.

Dividends: The Company has declared dividends in respect of fiscal 1993 of $0.60 per Class A Subordinate Voting Share and Class B Share, an increase of $0.30 per share over dividends in respect of fiscal 1992, reflecting the sustained improvement in financial performance. Dividend payments have been financed out of cash flow from operations.

MANAGEMENT'S RESPONSIBILTY FOR FINANCIAL REPORTING

Magna's management is responsible for the preparation and presentation of the consolidated financial statements and all the information in this Annual Report. The consolidated financial statements were prepared by management in accordance with generally accepted accounting principles. Where alternative accounting methods exist, management has selected those it considered to be most appropriate in the circumstances. Financial statements include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis designed to ensure that the consolidated financial statements are presented fairly, in all material respects. Financial information presented elsewhere in this Annual Report has been prepared by management to ensure consistency with that in the consolidated financial statements. The consolidated financial statements have been reviewed by the Audit Committee and approved by the Board of Directors of Magna.

Management is responsible for the development and maintenance of 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, relevant and reliable and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Company's Audit Committee is appointed by its Board of Directors annually and is comprised solely of outside directors. The Committee meets periodically with management, as well as with the independent auditors, to satisfy itself that each is properly discharging its responsibilities, to review the consolidated financial statements and the independent auditors' report to discuss significant financial reporting issues and auditing matters. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders.

The consolidated financial statements have been examined by Ernst & Young, the independent auditors, in accordance with generally accepted auditing standards on behalf of the shareholders. The Auditors' Report outlines the nature of their examination and their opinion on the consolidated financial statements of the Company. The independent auditors have full and unrestricted access to the Audit Committee.

September 23, 1993 Magna International Inc.

AUDITORS' REPORT

To the Shareholders of **Magna International Inc.**

We have audited the consolidated balance sheets of Magna International Inc. as at July 31, 1993 and 1992 and the consolidated statements of income and retained earnings (deficit) and cash flows for each of the years in the three-year period ended July 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 1993 and 1992 and the results of its operations and the changes in its financial position for each of the years in the three-year period ended July 31, 1993 in accordance with accounting principles generally accepted in Canada.

Ernst & Young

Toronto, Canada,
September 8, 1993
(except for Note 17 which is as of September 23, 1993)

Ernst & Young
Chartered Accountants

SIGNIFICANT ACCOUNTING POLICIES

[a] Basis of Presentation

The consolidated financial statements have been prepared in Canadian dollars following accounting policies generally accepted in Canada. These policies are also in conformity, in all material respects, with accounting policies generally accepted in the United States except as described in note 2 to the consolidated financial statements.

[b] Principles of Consolidation

The consolidated financial statements include the accounts of Magna International Inc. and its subsidiaries [the "Company"], some of which have a minority interest. All significant intercompany balances and transactions have been eliminated on consolidation. The Company accounts for its joint ventures and investments in which it has significant influence on the equity basis.

[c] Cash

Cash includes cash on account, demand deposits and short-term investments with maturities of less than three months and excludes outstanding cheques which are classified as accounts payable.

[d] 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. Cost includes the cost of materials plus direct labour applied to the product and the applicable share of manufacturing overhead.

[e] Fixed Assets

Fixed assets are recorded at historical cost including interest capitalized on construction in progress and land under development less related investment tax credits.

Depreciation is provided on a straight-line basis over the estimated useful lives of fixed assets at annual rates of 2 1/2% to 5% for buildings, 7% to 10% for general purpose equipment and 10% to 30% for special purpose equipment.

Costs incurred in establishing new facilities which require substantial time to reach commercial production capability are capitalized as deferred preproduction costs. Amortization is being provided over terms ranging from two to five years from the date commercial production is achieved.

[f] Goodwill

Goodwill, which is the excess of the purchase price of the Company's interest in subsidiary companies over the fair value of the underlying net identifiable assets arising on acquisitions, is amortized over 10 years.

[g] Revenue Recognition

Revenue from sales of manufactured products is recognized upon shipment to customers. Revenue on major tooling contracts is recognized on a percentage of completion basis.

[h] Government Financing

The Company makes periodic applications for financial assistance under available government assistance programs in the various jurisdictions in which the Company operates. Grants relating to capital expenditures are reflected as a reduction of the cost of the related assets. Grants and tax credits relating to current operating expenditures are recorded as a reduction of expense at the time the eligible expenses are incurred. The Company also receives loans which are recorded as liabilities in amounts equal to the cash received.

[i] Foreign Exchange

Assets and liabilities of foreign subsidiaries are translated using the exchange rate in effect at the year-end and revenues and expenses are translated at the average rate during the year. Exchange gains or losses on translation of the Company's net equity investment in these subsidiaries are deferred as a separate component of shareholders' equity. The appropriate amounts of exchange gains or losses accumulated in the separate component of shareholders' equity are reflected in income when there is a reduction in the Company's investment in these subsidiaries as a result of capital transactions.

Foreign exchange gains and losses on transactions during the year are reflected in income except for gains and losses on foreign exchange forward contracts used to hedge specific future commitments payable in foreign currencies. Gains or losses on these contracts are accounted for as a component of the related hedged transaction.

Gains and losses on translation of foreign currency long-term liabilities are deferred and amortized over the period to maturity.

[j] Income Taxes

The Company follows the deferral method of tax allocation in 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 and research and development expenses are accounted for as a reduction of the cost of such assets and expenses, respectively.

[k] Earnings per Share

Basic earnings per share are calculated on the weighted average number of shares outstanding during the year. The weighted average number of shares is calculated on the assumption that all convertible subordinated bonds and debentures converted into Class A Subordinate Voting Shares during the year were converted on the dates of the last interest payments.

Fully diluted earnings per share are calculated on the weighted average number of shares that would have been outstanding during the year had all the dilutive options, warrants and convertible subordinated bonds and debentures been exercised or converted into Class A Subordinate Voting Shares at the beginning of the year, or date of issuance, if later. The earnings applicable to the Class A Subordinate Voting Shares and Class B Shares are increased by the amount of interest, net of applicable taxes, that would have been earned on funds received due to the exercise of the options and warrants, and by the amount of interest expense, net of applicable taxes, that would have been eliminated due to the conversion of the convertible subordinated bonds and debentures.

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (DEFICIT)

[Canadian dollars in millions, except per share figures] *Years ended July 31*

	Note	**1993**	1992	1991
Sales		**$2,606.7**	$2,358.8	$2,017.2
Cost of goods sold		**2,104.2**	1,884.9	1,622.4
Depreciation and amortization		**104.5**	102.4	105.3
Selling, general and administrative	13	**179.2**	156.0	154.3
Interest	7	**17.2**	49.9	82.3
Equity (income) loss	4	**(18.3)**	0.8	2.7
Income before income taxes and minority interest		**219.9**	164.8	50.2
Income taxes	6	**60.6**	49.8	27.0
Minority interest		**18.9**	17.0	6.7
Net income		**140.4**	98.0	16.5
Retained earnings (deficit), beginning of year		**48.9**	(35.0)	(51.5)
		189.3	63.0	(35.0)
Dividends on Class A Subordinate Voting and Class B Shares		**25.0**	7.4	
Share issue expenses [net of related income taxes]			6.7	
Retained earnings (deficit), end of year		**$ 164.3**	$ 48.9	$ (35.0)
Earnings per Class A Subordinate Voting or Class B Share:				
Basic		**$ 3.09**	$ 2.91	$ 0.59
Fully diluted		**$ 2.55**	$ 2.08	$ 0.58
Cash dividends paid per Class A Subordinate Voting or Class B Share		**$ 0.55**	$ 0.20	$ Nil
Average number of Class A Subordinate Voting Shares and Class B Shares outstanding during the year [in millions]:				
Basic		**45.4**	33.6	27.8
Fully diluted		**58.6**	52.4	29.0

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

[Canadian dollars in millions] *Years ended July 31*

	Note	1993	1992	1991
Cash provided from (used for):				
OPERATING ACTIVITIES				
Net income		**$140.4**	$ 98.0	$ 16.5
Items not involving current cash flows	12	**121.7**	147.3	135.3
		262.1	245.3	151.8
Changes in non-cash working capital	12	**40.6**	(13.2)	(43.9)
		302.7	232.1	107.9
INVESTMENT ACTIVITIES				
Fixed asset additions		**(63.4)**	(30.8)	(27.9)
Increase in investments and other		**(30.0)**	(10.8)	(11.7)
Purchase of subsidiaries	4	**(23.4)**		
Proceeds from disposition of fixed assets and other		**4.8**	17.8	
Proceeds from restructuring transactions				223.8
		(112.0)	(23.8)	184.2
FINANCING ACTIVITIES				
Issues of debt		**2.3**	233.1	427.4
Repayments of debt		**(129.3)**	(632.4)	(694.7)
Issuance of Class A Subordinate Voting Shares	9	**123.2**	247.8	
Conversion of convertible subordinated bonds and debentures to Class A Subordinate Voting Shares	8,9	**(103.6)**	(35.3)	
Redemption of special share purchase warrant	9		(20.0)	
Dividends paid to [net of capital contribution by] minority interests		**(4.9)**	(2.8)	(13.5)
Dividends		**(25.0)**	(7.4)	
Repurchase of minority interest in subsidiary				(51.0)
		(137.3)	(217.0)	(331.8)
Net increase (decrease) in cash during the year		**53.4**	(8.7)	(39.7)
Cash, beginning of year		**51.6**	60.3	100.0
Cash, end of year		**$105.0**	$ 51.6	$ 60.3

See accompanying notes

CONSOLIDATED BALANCE SHEETS

Incorporated under the laws of Ontario

[Canadian dollars in millions] | *As at July 31*

	Note	1993	1992
ASSETS			
Current assets:			
Cash		**$ 105.0**	$ 51.6
Accounts receivable		**314.6**	255.7
Inventories	3	**187.1**	172.3
Prepaid expenses and other		**19.9**	20.6
		626.6	500.2
Investments	4,14	**103.9**	80.3
Fixed assets	5	**736.7**	751.7
Goodwill	4	**21.3**	17.8
Other assets	14	**62.6**	51.4
		$ 1,551.1	$1,401.4
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Bank indebtedness	7		$ 70.4
Accounts payable		**$ 301.1**	233.3
Accrued salaries and wages		**47.1**	41.2
Other liabilities		**70.8**	48.2
Income taxes payable	6	**11.4**	10.9
Long-term debt due within one year	7	**7.6**	9.3
		438.0	413.3
Long-term debt	7	**30.1**	80.5
Convertible subordinated bonds and debentures	8	**64.7**	165.2
Deferred income taxes	6	**90.8**	81.9
Minority interest	9	**83.1**	70.2
Shareholders' equity:			
Capital stock	9		
Class A Subordinate Voting Shares [issued:1993 - 48,807,924; 1992 - 38,755,717]		**668.0**	544.6
Class B Shares [convertible into Class A Subordinate Voting Shares] [issued:1993 - 1,128,009; 1992 - 1,288,584]		**1.3**	1.5
Retained earnings		**164.3**	48.9
Currency translation adjustment	10	**10.8**	(4.7)
		844.4	590.3
		$ 1,551.1	$1,401.4

See accompanying notes

On behalf of the Board:

Director | Chairman, Board of Directors

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Company are set out under "Significant Accounting Policies" preceding these consolidated financial statements.

2. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Company's accounting policies do not differ from accounting principles generally accepted in the United States ["United States GAAP"] except that, under United States GAAP, the gain or loss on translation of the Company's foreign currency denominated debt would be included in income, income tax reductions realized on the utilization of prior years' losses would be disclosed as extraordinary income and the calculation of earnings per share figures would reflect the application of the treasury stock method for outstanding warrants and options. The following table presents net income before extraordinary income, net income and earnings per share information following United States GAAP:

	1993	1992	1991
	[Canadian dollars in millions, except per share figures]		
Net income under Canadian GAAP	$140.4	$98.0	$16.5
Adjustments:			
Deferred losses on foreign currency denominated debt	(3.5)	(4.6)	(1.2)
Income tax reduction realized on utilization of prior years' losses	(16.8)	(17.3)	
Net income before extraordinary income under United States GAAP	120.1	76.1	15.3
Extraordinary item:			
Income tax reduction realized on utilization of prior years' losses	16.8	17.3	
Net income under United States GAAP	$136.9	$93.4	$15.3
Earnings per Class A Subordinate Voting or Class B Share under United States GAAP:			
Primary:			
Before extraordinary item	$ 2.60	$2.06	$0.54
After extraordinary item	$ 2.97	$2.52	$0.54
Fully diluted:			
Before extraordinary item	$ 2.21	$1.67	$0.53
After extraordinary item	$ 2.50	$2.00	$0.53

The Financial Accounting Standards Board has issued Statement No. 109, accounting for income taxes, effective for fiscal years beginning after December 15, 1992. The Company has not determined the impact of adopting this standard.

3. INVENTORIES

Inventories consist of:

	1993	1992
	[Canadian dollars in millions]	
Raw materials and supplies	$ 50.4	$ 51.4
Work-in-process	45.3	40.1
Tooling	64.1	49.5
Finished goods	27.3	31.3
	$187.1	$172.3

4. JOINT VENTURES AND EQUITY ACCOUNTED INVESTMENTS

The Company conducts certain of its operations through joint ventures. In addition, the Company has made certain investments in other businesses. The Company's current ownership percentage for its joint ventures is 50% to 51% and up to 45% for other investments.

[a] Summary of transactions

Current year transactions:

During the year, the Company acquired the remaining 50% interests in two manufacturing operations from its joint venture partners. The total purchase price, which was paid in cash, was $23.4 million. These acquisitions have been accounted for under the purchase method of business acquisitions and the net effect on the consolidated balance sheet was an increase in net working capital of $1.8 million, an increase in fixed and other assets of $17.7 million, an increase in goodwill of $5.6 million, a decrease in investments of $2.4 million, a decrease in deferred taxes of $1.0 million and an increase in minority interest of $0.3 million.

In June 1993, the Company and a former senior officer of the Company, who remains a director, entered into an agreement to purchase an automotive fuel systems supply business in Europe. The Company invested $4.5 million in the European business for a 45% ownership interest and accounts for this investment on the equity basis.

Prior years' transactions:

In October 1990, the Company formed a joint venture with the Ford Motor Company with respect to two of its existing operations. The Company transferred assets, net of liabilities, to the joint venture in exchange for net cash proceeds of $87.8 million and $20.4 million of shares of the joint venture corporation.

In November 1990, the Company acquired the remaining 50% interest in a tool and die manufacturing facility from its partner. The purchase price was $3.5 million, payable in instalments over 5 years. This acquisition has been accounted for under the purchase method of business acquisitions and the net effect on the consolidated balance sheet was an increase in net working capital of $4.7 million, an increase in fixed and other assets of $11.4 million, a decrease in investments of $13.1 million and an increase in debt of $3.0 million.

[b] **Condensed information**

The following are condensed combined balance sheets and statements of income (loss) of the joint ventures and equity accounted investments in which the Company has an interest:

Balance Sheets [as at July 31]	1993	1992
	[Canadian dollars in millions]	
Current assets	$169.5	$164.2
Fixed assets	276.8	269.9
Other	12.0	21.6
Total assets	$458.3	$455.7
Current liabilities	$123.6	$134.2
Long-term debt	145.3	160.2
Shareholders' investment	189.4	161.3
Total liabilities and shareholders' investment	$458.3	$455.7

Statements of Income (Loss)	1993	1992	1991
	[Canadian dollars in millions]		
Sales	$671.5	$559.2	$422.5
Gross profit	$144.2	$ 82.5	$ 65.9
Net income (loss)	$ 39.0	$ 0.3	$ (1.0)

The Company's proportionate share of total assets is $227 million [1992 - $226 million], its proportionate share of sales is $350 million [1992 - $274 million; 1991 - $212 million] and its proportionate share of net income (loss) is $18.3 million [1992 - $(0.8) million; 1991 - $(2.7) million].

[c] The Company has guaranteed its pro-rata share of specific bank lines of certain joint ventures. The maximum amount of such guarantees amounts to $71 million.

5. FIXED ASSETS

Fixed assets consist of:

	1993	1992
	[Canadian dollars in millions]	
Land	$ 49.5	$ 46.0
Buildings	210.7	195.8
Machinery and equipment	951.8	883.5
	1,212.0	1,125.3
Accumulated depreciation [i]	504.8	419.1
	707.2	706.2
Deferred preproduction costs [net of accumulated amortization]	29.5	45.5
	$736.7	$751.7

[i] Accumulated depreciation includes $51.8 million for buildings [1992-$43.0 million] and $453.0 million for machinery and equipment [1992 - $376.1 million].

6. INCOME TAXES

[a] The provision for income tax expense differs from the expense that would be obtained by applying Canadian statutory rates as a result of the following:

	1993	1992	1991
Canadian statutory income tax rate	44.3%	44.3%	44.3%
Manufacturing and processing profits deduction	(7.1)	(6.0)	(5.1)
Expected income tax rate	37.2	38.3	39.2
Foreign rate differentials	(0.3)	(0.3)	(1.9)
Earnings and losses of equity investees	(3.1)	0.5	2.1
Large corporation tax	0.3	0.4	3.3
Prior years' losses utilized	(7.6)	(10.5)	
Losses not tax effected			10.8
Other	1.1	1.8	0.3
Effective income tax rate	27.6%	30.2%	53.8%

[b] The details of the income tax provision are as follows:

	1993	1992	1991
	[Canadian dollars in millions]		
Current provision -			
Canadian federal taxes	$16.8	$10.6	$ 8.7
Provincial taxes	19.0	5.9	3.9
Foreign taxes	17.8	20.8	3.6
	53.6	37.3	16.2
Deferred provision -			
Canadian federal taxes	9.5	14.4	2.9
Provincial taxes	(3.2)	8.7	1.6
Foreign taxes	0.7	(10.6)	6.3
	7.0	12.5	10.8
	$60.6	$49.8	$27.0

[c] Deferred income taxes have been provided on timing differences which consist of the following:

	1993	1992	1991
	[Canadian dollars in millions]		
Tax depreciation in excess of book depreciation	$15.3	$18.7	$21.3
Preproduction costs, capitalized for accounting purposes [net of amortization], deducted for tax	(6.4)	(6.8)	(8.8)
Other	(1.9)	0.6	(1.7)
	$ 7.0	$12.5	$10.8

[d] Income taxes paid in cash were $45.2 million for 1993 [1992 - $37.1 million; 1991 - $11.1 million].

[e] Consolidated retained earnings includes approximately $89.2 million at July 31, 1993 [1992 - $39.0 million] of undistributed earnings of United States subsidiaries that may be subject to tax if remitted to the Canadian parent company. No provision has been made for such taxes as these earnings are considered to be reinvested on a long-term basis.

[f] At July 31, 1993, the Company has losses of $14 million from prior years, the tax benefits of which have not been recognized in the consolidated financial statements. These losses may be available to offset future taxable income and expire between 2004 and 2006. In addition, the Company has losses of approximately $36 million in foreign jurisdictions that it is unlikely to utilize.

7. DEBT AND COMMITMENTS

[a] The Company's long-term debt consists of the following:

	1993	1992
	[Canadian dollars in millions]	
Bank term debt		$39.0
Loans from governments	$15.2	21.8
Mortgages payable at an average interest rate of 11.3% due 1995	18.3	20.7
Other	4.2	8.3
	37.7	89.8
Less due within one year	7.6	9.3
	$30.1	$80.5

[b] Future principal repayments on long-term debt are estimated to be as follows:

	[Canadian dollars in millions]
1995	$18.3
1996	4.2
1997	1.6
1998	1.6
Thereafter	4.4
	$30.1

[c] The Company has operating lines of credit totalling $185.0 million and term lines of credit totalling $95.0 million bearing interest at rates not exceeding the banks' prime rate of interest plus 1/8%. Accounts receivable, inventories and certain assets of subsidiaries have been pledged as collateral under the bank lines of credit. At July 31, 1993, in addition to cash resources of $105.0 million, the Company had unused and available operating lines of credit of approximately $185.0 million and term lines of credit of approximately $74.5 million.

[d] Under the terms of the Company's operating and term credit agreements, it is permitted to make use of bankers' acceptances and commercial paper to borrow at effective interest rates which are, from time to time, lower than those charged under the bank lines of credit.

[e] Interest paid includes:

	1993	1992	1991
	[Canadian dollars in millions]		
Interest expense	$17.2	$49.9	$82.3
Interest payable, beginning of year	6.3	8.6	5.9
Interest payable, end of year	(2.4)	(6.3)	(8.6)
Interest paid for year	$21.1	$52.2	$79.6

[f] At July 31, 1993, the Company had commitments under operating leases requiring annual rental payments as follows:

	[Canadian dollars in millions]
1994	$ 23.9
1995	22.0
1996	18.8
1997	16.7
1998	12.4
Thereafter	28.3
	$122.1

In 1993, payments under operating leases amounted to approximately $21 million [1992 - $25 million; 1991 - $32 million].

[g] The Company has net cash inflows denominated in U.S. dollars, which has averaged approximately $100 million per year for the last three years. The Company utilizes foreign exchange forward contracts to hedge these exposures. At July 31, 1993, the Company had outstanding foreign exchange forward contracts representing a net commitment to sell U.S. dollars aggregating approximately $246.2 million at weighted average rates of exchange of approximately $1.30 Canadian that mature over the next five years. Based on July 31, 1993 foreign exchange rates, these contracts would be converted at weighted average rates of exchange of approximately $1.32 Canadian.

8. CONVERTIBLE SUBORDINATED BONDS AND DEBENTURES

[a] The Company's convertible subordinated bonds and debentures consist of the following:

	1993	1992
	[Canadian dollars in millions]	
10% convertible subordinated debentures [1993 - $57.5 million U.S.; 1992 - $95.5 million U.S.]	$64.7	$105.8
7% convertible subordinated bonds [1992 - $49.6 million U.S.]		59.4
	$64.7	$165.2

[b] The 10% convertible subordinated debentures are convertible into Class A Subordinate Voting Shares at a conversion price of $8.525 U.S. [approximately $10.95 Cdn. as at July 31, 1993] per share and mature on May 1, 2001. From the date of issuance to July 31, 1993, $42.5 million U.S. of the debentures had been converted. The Company has the right to call for redemption the 10% convertible subordinated debentures after April 30, 1994.

[c] As of July 31, 1993, all the 7% convertible subordinated bonds had been converted to Class A Subordinate Voting Shares.

9. CAPITAL STOCK

[a] The Company's authorized, issued and outstanding capital stock is as follows:

Preference shares - issuable in series -

The Company's authorized capital stock includes 99,760,000 preference shares, issuable in series. None of these shares are currently issued or outstanding.

Class A Subordinate Voting Shares and Class B Shares -

Class A Subordinate Voting Shares without par value [unlimited amount authorized] have the following attributes:

[i] Each share is entitled to one vote per share at all meetings of shareholders.

[ii] Each share shall participate equally as to dividends with each Class B Share.

Class B Shares without par value [authorized - 1,412,341] have the following attributes:

[i] Each share is entitled to 500 votes per share at all meetings of shareholders.

[ii] Each share shall participate equally as to dividends with each Class A Subordinate Voting Share.

[iii] 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.

[b] Changes in the Class A Subordinate Voting Shares and Class B Shares for the three years ended July 31, 1993 are shown in the following table [Canadian dollars in millions]:

	Class A Subordinate Voting		Class B	
	Number of shares	Stated value	Number of shares	Stated value
Issued and outstanding at July 31, 1990	26,525,210	$290.0	1,294,209	$1.5
Conversion of Class B Shares to Class A Shares	50		(50)	
Issued for cash under the 1987 Incentive Stock Option Plan	30,000	0.1		
Issued and outstanding at July 31, 1991	26,555,260	290.1	1,294,159	1.5
Conversion of Class B Shares to Class A Shares	5,575		(5,575)	
Issued for cash	9,570,000	213.4		
Conversion of 7% convertible subordinated bonds	1,222,604	30.1		
Conversion of 10% convertible subordinated debentures	525,278	5.2		
Issued for cash under the 1987 Incentive Stock Option Plan	877,000	5.8		
Issued and outstanding at July 31, 1992	38,755,717	544.6	1,288,584	1.5
Conversion of Class B Shares to Class A Shares	160,575	0.2	(160,575)	(0.2)
Issued for cash on exercise of warrants	2,605,782	10.4		
Conversion of 7% convertible subordinated bonds	2,391,619	60.4		
Conversion of 10% convertible subordinated debentures	4,461,231	43.2		
Issued for cash under the 1987 Incentive Stock Option Plan	433,000	9.2		
Issued and outstanding at July 31, 1993	48,807,924	$668.0	1,128,009	$1.3

[c] Under the 1987 Incentive Stock Option Plan originally approved by the shareholders in December 1987, as amended, the Company may grant options to purchase Class A Subordinate Voting Shares to full-time employees of the Company. The maximum number of shares reserved to be issued for options cannot exceed 10% of the total number of Class A Subordinate Voting Shares outstanding from time to time. The number of unoptioned shares available to be reserved at July 31, 1993 was 2.7 million. At July 31, 1992, prior to an amendment to the Stock Option Plan approved by the shareholders in September 1992, the number of unoptioned shares available to be reserved was nil.

The following is a continuity schedule of options outstanding:

	1993	1992
Balance, beginning of year	1,093,000	1,970,000
Granted during the year	1,475,000	
Exercised during the year	(433,000)	(877,000)
Balance, end of year	2,135,000	1,093,000
Weighted average exercise price per share on outstanding options at end of year	$21.78	$8.05

[d] On May 31, 1991, as consideration for the reacquisition of the minority interest in one of the Company's principal subsidiaries, Tesma International Inc., a special share purchase warrant was issued. During 1992, the Company repurchased the warrant for $20 million.

[e] During 1991, the Company granted warrants for the purchase of 2.75 million Class A Subordinate Voting Shares as partial consideration for the restructuring of the Company's debt. These warrants were exercisable at $4.00 per share after August 1, 1992 and were to expire on August 1, 1995. As of July 31, 1993, no warrants remained outstanding.

[f] The following table presents the maximum number of shares that would be outstanding if all the options outstanding at July 31, 1993 were exercised and all the 10% convertible subordinated debentures outstanding at July 31, 1993 were converted into Class A Subordinate Voting Shares:

	[thousands of shares]
Class A Subordinate Voting Shares and Class B Shares outstanding at July 31, 1993	49,936
Options to purchase Class A Subordinate Voting Shares	2,135
10% convertible subordinated debentures	6,744
	58,815

10. CURRENCY TRANSLATION ADJUSTMENT

The following is a continuity schedule of the currency translation adjustment account included in shareholders' equity:

	1993	1992
	[Canadian dollars in millions]	
Balance, beginning of year	$ (4.7)	$ (8.5)
Translation adjustments	15.5	3.8
Balance, end of year	$ 10.8	$ (4.7)

11. RESEARCH AND DEVELOPMENT

The Company carries on various applied research and development programs, certain of which are partially or fully funded by governments or by customers of the Company. Research and development expenditures, net of amounts funded by governments or customers, for 1993 were $14.1 million [1992 - $9.8 million; 1991 - $8.8 million].

12. DETAILS OF CASH FROM OPERATING ACTIVITIES

[a] Items not involving current cash flows:

	1993	1992	1991
	[Canadian dollars in millions]		
Depreciation and amortization	$104.5	$102.4	$105.3
Minority interest	18.9	17.0	6.7
Deferred income taxes	7.0	12.5	10.8
Equity (income) loss	(18.3)	0.8	2.7
Other	9.6	14.6	9.8
	$121.7	$147.3	$135.3

[b] Changes in non-cash working capital:

	1993	1992	1991
	[Canadian dollars in millions]		
Accounts receivable	$(51.9)	$(18.6)	$(14.7)
Inventories	(0.6)	(15.3)	19.2
Prepaid expenses and other	0.9	0.1	(1.4)
Accounts payable and other liabilities	80.3	19.6	(50.9)
Accrued salaries and wages	5.9	0.7	2.6
Income taxes payable	6.0	0.3	1.3
	$ 40.6	$(13.2)	$(43.9)

13. SEGMENTED INFORMATION

The Company's operations are substantially all related to the automotive industry. Operations include the manufacture of automobile parts for the original equipment manufacturers as well as products for the after-market. Substantially all revenue is derived from sales to North American facilities of the major automobile manufacturers. In 1993, sales to the Company's three largest customers amounted to 40%, 27% and 22% [1992 - 37%, 26% and 26%; 1991 - 31%, 28% and 29%] of total sales, respectively.

The following table shows certain information with respect to geographic segmentation [Canadian dollars in millions]:

1993

	Canada	United States and Other	Total
Sales	$1,722.3	$884.4	$2,606.7
Income before the following	$ 224.0	$ 62.3	$ 286.3
Corporate expenses [i]			(66.4)
Income before income tax and minority interest			$ 219.9
Assets	$ 920.1	$546.6	$1,466.7
Corporate assets			84.4
Total assets			$1,551.1

1992

	Canada	United States and Other	Total
Sales	$1,591.5	$767.3	$2,358.8
Income before the following	$ 179.9	$ 67.5	$ 247.4
Corporate expenses [i]			(82.6)
Income before income tax and minority interest			$ 164.8
Assets	$ 864.7	$471.2	$1,335.9
Corporate assets			65.5
Total assets			$1,401.4

	1991		
	Canada	United States and Other	Total
Sales	$1,425.2	$592.0	$2,017.2
Income before the following	$ 133.1	$ 27.1	$ 160.2
Corporate expenses [i]			(110.0)
Income before income tax and minority interest			$ 50.2
Assets	$ 947.8	$446.8	$1,394.6
Corporate assets			74.4
Total assets			$1,469.0

Notes:

[i] Corporate expenses include:

	1993	1992	1991
			[Canadian dollars in millions]
Interest expense	$ 17.2	$ 49.9	$ 82.3
Selling, general and administrative	49.2	32.7	27.7
	$ 66.4	$ 82.6	$ 110.0

Selling, general and administrative expense includes $11.3 million [1992 - $0.4 million; 1991 - $1.7 million] for retirement and severance arrangements entered into during the year in respect of former senior officers of the Company and gains (losses) on foreign currency transactions of $(0.7) million in 1993 [1992 - $2.4 million; 1991 - $2.5 million].

[ii] Canadian sales include export sales of $1,057 million [1992 - $953 million; 1991 - $928 million], substantially all of which are to the United States.

[iii] Income before income taxes from foreign operations amounts to $57.3 million [1992 - $60.6 million; 1991 - $5.1 million].

14. TRANSACTIONS WITH RELATED PARTIES

In the year, the Company made a $12 million non-recourse loan, due July 29, 1994, to the Chairman of the Board. Certain options to purchase Class A Subordinate Voting Shares of the Company, which were granted prior to the 1993 fiscal year, have been provided as security for the loan. At the time of granting the loan, the value of these options was in excess of the principal amount of the loan, and such value continues to be in excess of such principal amount. The average annual interest rate charged on the loan during the 1993 fiscal year was approximately 4%.

From time to time, the Company makes advances to officers to assist them in the purchase of shares of the Company and to assist in the purchase of houses following relocations. The maximum amount outstanding under such arrangements during the year was $2.0 million [1992 - $2.0 million; 1991 - $2.8 million]. The balance outstanding at July 31, 1993 was $0.7 million [1992 - $2.0 million; 1991 - $1.9 million]. These amounts are included in accounts receivable.

During the year, trusts which exist to make orderly purchases of the Company's shares for employees, either for transfer to the employees' Deferred Profit Sharing Plan which invests exclusively in such shares, or to recipients of either bonuses or rights to purchase such shares from the trusts, borrowed up to $15.2 million [1992 - $7.2 million; 1991 - $1.4 million] from the Company to facilitate the purchase of Class A Subordinate Voting Shares and Class B Shares of the Company. At July 31, 1993, the trusts' indebtedness to the Company was $14.7 million [1992 - $7.2 million; 1991 - $1.4 million].

Investments include $3.2 million [1992 - $1.3 million], at cost, in respect of an investment in a company that was established to acquire shares of the Company for sale to employees.

The Company obtains services from firms in which non-officer directors and former non-officer directors of the Company are partners or officers. These services include legal services and underwriting of equity and debt issues. On an annual basis, legal fees and underwriters' fees paid to such firms were not in aggregate in excess of three tenths of one percent of revenue.

The Company made an investment with a former senior officer of the Company, who remains a director, which is described in Note 4[a].

15. CONTINGENCIES

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse effect on the consolidated financial position of the Company.

16. COMPARATIVE FIGURES

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

17. SUBSEQUENT EVENT

On September 23, 1993, the Company entered into an underwriting agreement with a group of underwriters for the sale of 3,000,000 Class A Subordinate Voting Shares by a short form prospectus for an aggregate consideration of $151.5 million before deducting the underwriters' fees of $6.1 million. The estimated expenses of the issue of $0.4 million are to be paid out of the general funds of the Company.

ELEVEN-YEAR FINANCIAL SUMMARY

[Canadian dollars in millions, except per share figures]

	Years ended July 31										
	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983
Operations Data											
Sales	**$2,606.7**	$2,358.8	$2,017.2	$1,927.2	$1,923.7	$1,458.6	$1,152.5	$1,027.8	$690.4	$493.6	$302.5
Net income (loss) (3)	**140.4**	98.0	16.5	(224.2)	33.6	19.5	40.3	47.3	38.2	29.5	14.3
Basic earnings (loss) per Class A or Class B Share (1,3)	**$3.09**	$2.91	$0.59	$(8.06)	$1.21	$0.70	$1.56	$1.93	$1.77	$1.81	$1.07
Fully diluted earnings (loss) per Class A or Class B Share (1,3)	**$2.55**	$2.08	$0.58	$(8.06)	$1.19	$0.70	$1.52	$1.93	$1.71	$1.73	$1.04
Depreciation and amortization (3)	**104.5**	102.4	105.3	104.2	99.4	74.6	55.0	36.4	23.3	14.7	11.3
Cash flow from operating activities	**302.7**	232.1	107.9	184.8	90.9	(33.2)	52.3	124.8	19.2	24.3	30.6
Dividends declared per Class A or Class B Share (1,2)	**$0.60**	$0.30	—	$0.12	$0.48	$0.48	$0.48	$0.48	$0.48	$0.31	$0.13
Cash dividends per Class A or Class B Share (1,2)	**$0.55**	$0.20	—	$0.24	$0.48	$0.48	$0.48	$0.48	$0.46	$0.26	$0.10
Average number of Class A and Class B Shares outstanding (thousands) (1)	**45,443**	33,625	27,825	27,819	27,819	27,836	25,860	24,323	21,424	16,105	12,964
Financial Position											
Total assets (3)	**1,551.1**	1,401.4	1,469.0	1,797.4	1,863.1	1,665.7	1,283.0	908.3	629.6	360.1	204.4
Fixed assets less accumulated depreciation and ammortization (3)	**736.7**	751.7	841.1	917.8	1,101.2	999.7	881.2	590.3	358.9	173.4	84.8
Working capital (4)	**188.6**	86.9	13.8	(622.7)	55.6	54.3	58.0	68.3	64.1	79.8	48.3
Capital expenditures (3)	**63.4**	30.8	27.9	177.9	271.1	250.8	378.5	286.6	212.4	105.7	29.0
Long-term debt (4)	**94.8**	245.7	581.8	—	685.9	615.5	469.6	280.0	109.1	101.6	47.3
Equity relating to Class A and Class B Shares (1,3,5)	**844.4**	590.3	268.1	231.1	464.3	446.1	448.9	345.9	289.4	140.1	80.1
Equity per Class A or Class B Share (1,3)	**$16.91**	$14.74	$8.91	$8.31	$16.69	$16.04	$16.10	$13.63	$12.08	$8.23	$5.48
Long-term debt and convertible subordinated bonds to shareholders' equity ratio (1,3,4,5)	**0.11:1**	0.42:1	2.17:1	—	1.48:1	1.38:1	1.05:1	0.81:1	0.38:1	0.73:1	0.59:1

(1) 1983 figures adjusted to give effect to the stock dividend issued June 1983.
(2) Stockholders received a special dividend issued June 1983.
(3) 1985 and prior years' figures have been restated to give effect to a change in method of accounting for investment tax credits.
(4) 1990 figures reflect all debt as a current liability defined as "debt to be restructured".
(5) 1991 figures include $20 million of warrants to purchase Class A Subordinate Voting Shares.

SHAREHOLDER AND OTHER FINANCIAL INFORMATION

Supplementary Financial Information

SUPPLEMENTARY QUARTERLY DATA (unaudited)
[Canadian dollars in millions, except per share figures]

Fiscal 1993	October 31	January 31	April 30	July 31	Total
Sales	$ 615.5	$ 600.2	$ 742.3	$ 648.7	$2,606.7
Gross profit	$ 98.2	$ 85.3	$ 121.5	$ 103.5	$ 408.5
Net income	$ 31.7	$ 24.7	$ 44.4	$ 39.6	$ 140.4
Earnings per share:					
Basic	$ 0.76	$ 0.57	$ 1.00	$ 0.79	$ 3.09
Fully diluted	$ 0.59	$ 0.46	$ 0.80	$ 0.70	$ 2.55

Fiscal 1992	October 31	January 31	April 30	July 31	Total
Sales	$ 617.2	$ 484.4	$ 632.2	$ 625.0	$2,358.8
Gross profit	$ 104.8	$ 74.5	$ 106.2	$ 99.0	$ 384.5
Net income	$ 25.5	$ 10.7	$ 30.5	$ 31.3	$ 98.0
Earnings per share:					
Basic	$ 0.92	$ 0.33	$ 0.89	$ 0.82	$ 2.91
Fully diluted	$ 0.59	$ 0.26	$ 0.62	$ 0.61	$ 2.08

Share Information

The Class A Subordinate Voting Shares ("Class A Shares") are listed and traded in Canada on The Toronto Stock Exchange ("TSE") and the Montreal Exchange and in the United States on the New York Stock Exchange ("NYSE"). Prior to October 9, 1992, the Class A Shares were traded on the NASDAQ National Market System ("NASDAQ") in the United States. The Class B Shares are listed and traded in Canada on the TSE. As of September 27, 1993, there were 1,558 registered holders of Class A Shares and 166 registered holders of Class B Shares.

Distribution of Shares

	Class A	Class B
Canada	24.7%	98.8%
United States	75.3%	1.2%

Price Range of Shares

Canada

The following table sets forth, for the fiscal periods indicated, the high and low sale prices of the Class A Shares and Class B Shares and volumes of Class A Shares and Class B Shares traded, in each case as reported by the TSE.

CLASS A (TSE) ($CDN)

	1993			1992		
Quarter	Volume	High	Low	Volume	High	Low
1st	16,008,700	32.88	22.00	8,771,320	18.88	12.13
2nd	9,421,575	41.00	24.75	9,635,681	23.50	16.38
3rd	5,890,082	43.50	37.00	9,491,841	31.50	22.13
4th	4,461,495	52.13	41.88	8,514,669	32.25	27.50

CLASS B (TSE) ($CDN)

	1993			1992		
Quarter	Volume	High	Low	Volume	High	Low
1st	2,635	31.00	27.75	9,270	19.00	12.75
2nd	7,220	40.38	29.00	13,550	23.00	17.50
3rd	3,837	42.50	37.50	10,584	30.00	22.25
4th	3,525	50.00	45.00	8,791	34.50	28.50

United States

The following table sets forth, for the fiscal periods indicated, the high and low sale prices of the Class A Shares and volumes of Class A Shares traded, as reported by NASDAQ or the NYSE.

CLASS A (NASDAQ or NYSE) ($US)

	1993			1992		
Quarter	Volume	High	Low	Volume	High	Low
1st	50,409,400	26.75	17.75	23,794,949	16.75	10.63
2nd	20,757,600	32.25	19.88	26,246,066	20.38	14.50
3rd	14,391,000	34.63	29.25	31,694,868	26.63	19.00
4th	17,877,400	40.75	32.88	31,282,999	29.38	23.38

OTHER SHAREHOLDER INFORMATION

Officers

Frank Stronach
Chairman of the Board

John Doddridge
Vice-Chairman
& Chief Executive Officer

Donald Walker
President
& Chief Operating Officer

J. Brian Colburn
Executive Vice-President

Donald Amos
Senior Vice-President
Administration
& Human Resources

C. Dennis Bausch
Senior Vice-President
Marketing & Planning

Graham J. Orr
Senior Vice-President
Corporate Development
& Investor Relations

Paul G. Robinson
Senior Vice-President
Finance

Guenter Heidbuchel
Vice-President
International Operations

Vincent J. Galifi
Controller

Frank Burke
Assistant Treasurer

Brian R. MacLeod
Secretary

Office Locations for Magna and its Automotive Systems Corporations

Magna International Inc.
36 Apple Creek Boulevard
Markham, Ontario, Canada L3R 4Y4
Telephone: (905) 477-7766

Magna International of America, Inc.
26200 Lahser Road, Suite 300
Southfield, Michigan, USA 48034
Telephone: (313) 353-5540

Atoma International Inc.
521 Newpark Boulevard
Newmarket, Ontario, Canada L3Y 4X7
Telephone: (905) 798-7961

Cosma International Inc.
50 Casmir Court
Concord, Ontario, Canada L4K 4J5
Telephone: (905) 669-9000

Decoma International Inc.
50 Casmir Court
Concord, Ontario, Canada L4K 4J5
Telephone: (905) 669-2888

Tesma International Inc.
300 Edgeley Boulevard
Concord, Ontario, Canada L4K 3Y3
Telephone: (905) 669-5444

The 1993 Annual Meeting

The 1993 Annual Meeting of Shareholders will be held at the Metropolitan Club, One East 60th Street, New York, New York on Thursday, December 2 at 10:00 a.m.

Transfer Agents and Registrars

Canada - Class A and B
Montreal Trust Company of Canada, Toronto, Montreal and Vancouver

United States - Class A
The Bank of Nova Scotia Trust Company of New York, New York

Dividends

Dividends on Class A Subordinate Voting and Class B Shares were paid on January 15, April 15, July 15 and October 15, 1993, at the rate of Cdn $0.15 per Share. Dividends on Class A Subordinate Voting and Class B Shares, when payable to holders who are non-residents of Canada, are subject to withholding tax at a rate of 25 per cent unless reduced according to the provisions of an applicable tax treaty. Currently, the reduced rate applicable to dividends paid to a resident of the United States is generally 15 per cent.

Stock Listing

Class A -	The Toronto Stock Exchange	(MG.A)
	Montreal Exchange	(MG.A)
	New York Stock Exchange	(MGA)
Class B -	The Toronto Stock Exchange	(MG.B)

Board of Directors

The Honourable William G. Davis, *Counsel, Tory Tory DesLauriers & Binnington*
John Doddridge, *Vice-Chairman & Chief Executive Officer*
Manfred Gingl, *Managing Director, Blau Ges.m.b.H.*
George C. Hitchman, *Corporate Director*
The Honourable Edward C. Lumley, *Vice-Chairman, Burns Fry Limited*
Donald Resnick, *Corporate Director*
Royden R. Richardson, *Senior Vice-President & Director, Richardson Greenshields of Canada Limited*
Belinda Stronach, *Corporate Director*
Frank Stronach, *Chairman, Board of Directors*

PRODUCT DIRECTORY

Dodge Caravan

Chrysler New Yorker

Ford Taurus

Ford Explorer

Buick Regal

General Motors APV

Honda Accord

Toyota Camry

- Audible Alarms
- Printed Circuit Board Assemblies
- PRNDL - Modules Switches
- ABS-Coil Assemblies
- Fuel Sender Assemblies

DOOR SYSTEMS
- Door Hinges
  Stamped, Cast & Profile
- Door, Hood & Deck Latches
- Door Checkers
- Release Cables
- Door Strikers
- Window Regulators
  Manual, Power & Cable
- Modular Door Assemblies

MIRROR SYSTEMS
- Mirror Assemblies
  Manual/Power & Breakaway
- Cable & Padded Remote Mirrors
- Mirror Remote Controls

HARDWARE
- Fuel Filler Doors
- Pedal Assemblies
- Parking Brake Assemblies
- Shift Selectors
- Stamped Parts

- Water Pumps
- Brake Backing Plates
- Master Cylinder Vacuum Shells

BODY SHEET METAL
- Body Side Assemblies
- Door Assemblies
- Hood & Deck Assemblies
- Roof Panels
- Rear Quarter Panels
- Medium/Large Stamping Dies

SUNROOFS
- Electric Sliding & Tilting
- Electric Spoiler
- Manual Sliding
- Pop Up

FINISHING
- E-Coating

DESIGN & ENGINEERING
- Complete CAD/CAM Capabilities
- Complete Body Engineering
- Prototypes
- Concept Vehicles
- Laser Trimming/Welding

DECOMA TRIM
- Complete Body Trim Systems
- Body Front, Rear & Side Mouldings
- Bright Metal Mouldings
- Bumper Guards
- Co-Extruded PVC & EPDM Mouldings
- Door/Window Channels
- Fuel Tank Straps
- Headlamp Bezels
- Headlamp Retainers
- Rocker Panel Mouldings
- Scuff Plates
- Tail Light Bezels
- Wheel House Opening Mouldings
- Roof Drip Mouldings
- Dynamic Sealing Systems
- Running Boards

TRANSMISSION
- Clutch Housings & Hubs
- Clutch Pistons
- Stamped Covers & Housings
- One & Two Piece Flexplates
- Damper Plates
- Valve Bodies

SYSTEMS
- Front End Accessory Drive Systems
- Timing Belt Systems
- Clutch Pack Assemblies

OTHER PRODUCTS
- Aluminum Die Castings
- Collapsible Drive Shafts
- Fine Blanked Components
- Heat Shields

Design: Kirkwood Communications Inc.

PRODUCT DIRECTORY

ATOMA
A Magna International Company

Shaping the Inner Dimension

SEATING SYSTEMS
- Modular Seat Assemblies
- Seat Adjusters
- Seat Recliners
- Seat Risers
- Headrest & Armrest Supports
- Release Handles
- Moulded Seat Cushions
- Integrated Child Safety Seat

PANEL SYSTEMS
- Interior Panels
  Wood & Polyurethane
  Substrates
- Sunroof Sunshades

ELECTROMECHANICAL/ ELECTRONIC SYSTEMS
- Interior Lamp Assemblies
- Switch Plate Assemblies
- Integrated Alarm & Control Modules ICAM

COSMA
INTERNATIONAL INC.

From Vision to Vehicle

CHASSIS STAMPINGS
- Crossmember Assemblies
- Engine Compartment Panels
- Floor Pans
- Radiator Supports
- Shock Towers
- Transmission Supports

GENERAL STAMPINGS
- Armrest Supports
- Seat Belt Anchor Plates
- Instrument Panel Supports

BUMPER STAMPINGS
- Aluminum Impact Bars
- High-Tensile Steel Impact Beams
- Stamped & Roll-Formed Bumper Beams

ENGINE & BRAKE RELATED STAMPINGS
- Oil Strainers
- Oil Pans
- Heat Shields

DECOMA
INTERNATIONAL INC.

A Shared Vision Shapes the Future

DECOMA PLASTICS
- Complete Bumper Systems
- Vertical & Horizontal Body Panels
- Hard Tops & Roof Systems
- Complete Body Dress-Up Kits
- Airdams
- Body Cladding
- Clear Hard-Coated Glazing Panels
- Grilles
- Headlamp Lenses
- Rocker Panels
- Spoilers
- Bumper Beams
- Energy Absorbers
- Acrylic Backlites

Tesma
INTERNATIONAL INC.

Engineering Tomorrow's Technology

ENGINE
- Air Conditioning Clutch Rotors & Assemblies
- Automatic Belt Tensioners
- Engine Timing Belt Tensioners & Sprockets
- Flywheels
- Idler Pulleys
- Aluminum Pulleys
- Alternator Pulleys
- Timing Gears
- Oil Pickup Tubes/Strainers
- Phenolic Pulleys
- Poly-V Pulleys
- Single-V Pulleys
- Timing Chain Covers
- Torsional Isolators/ Decouplers
- Crankshaft Isolators
- Water Inlet Housings
- Heavy Duty Pulleys
- Torsional Vibration Dampers

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