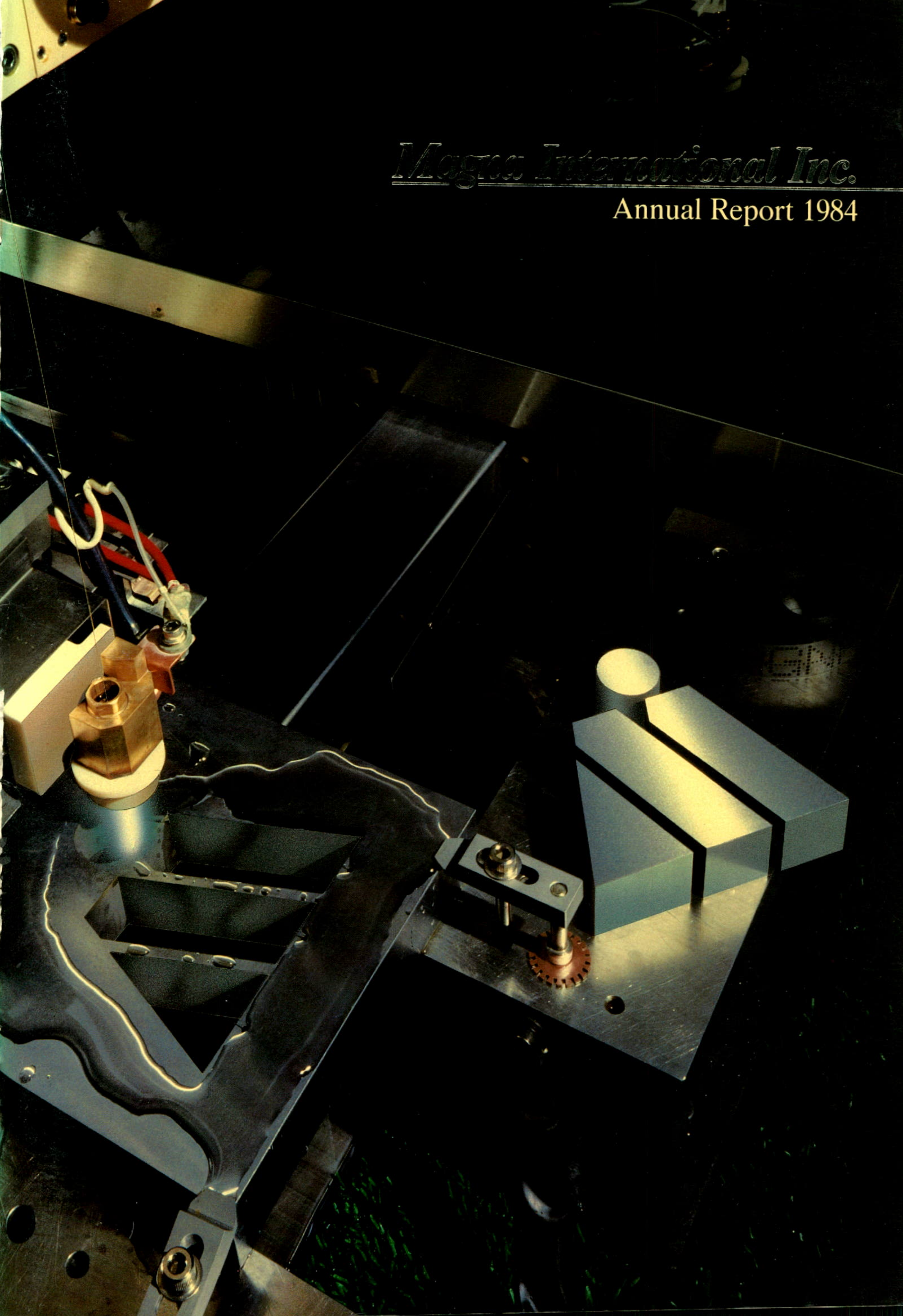
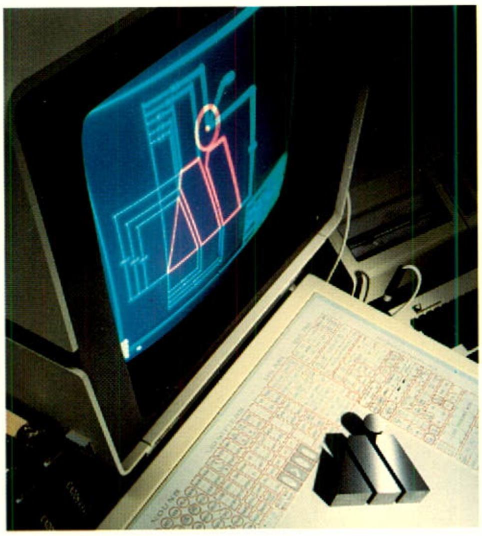
Magna International Inc.
Annual Report 1984



Magna International Inc. is a diversified manufacturer of parts for the North American automotive industry, with more than sixty manufacturing facilities in Canada and the United States. The Company currently employs over 5,000 people and produces a variety of automotive parts and components utilizing a wide range of technologies. Magna International Inc. is a public company, listed on the Toronto Stock Exchange and with NASDAQ in the United States.

Front Cover Photo: *The transition from Computer Aided Design, shown on the right, to Computer Aided Manufacturing, is demonstrated by the process shown on the front cover. CAD/CAM contributes to Magna's ability to respond with speed and accuracy to our customers' requirements.*

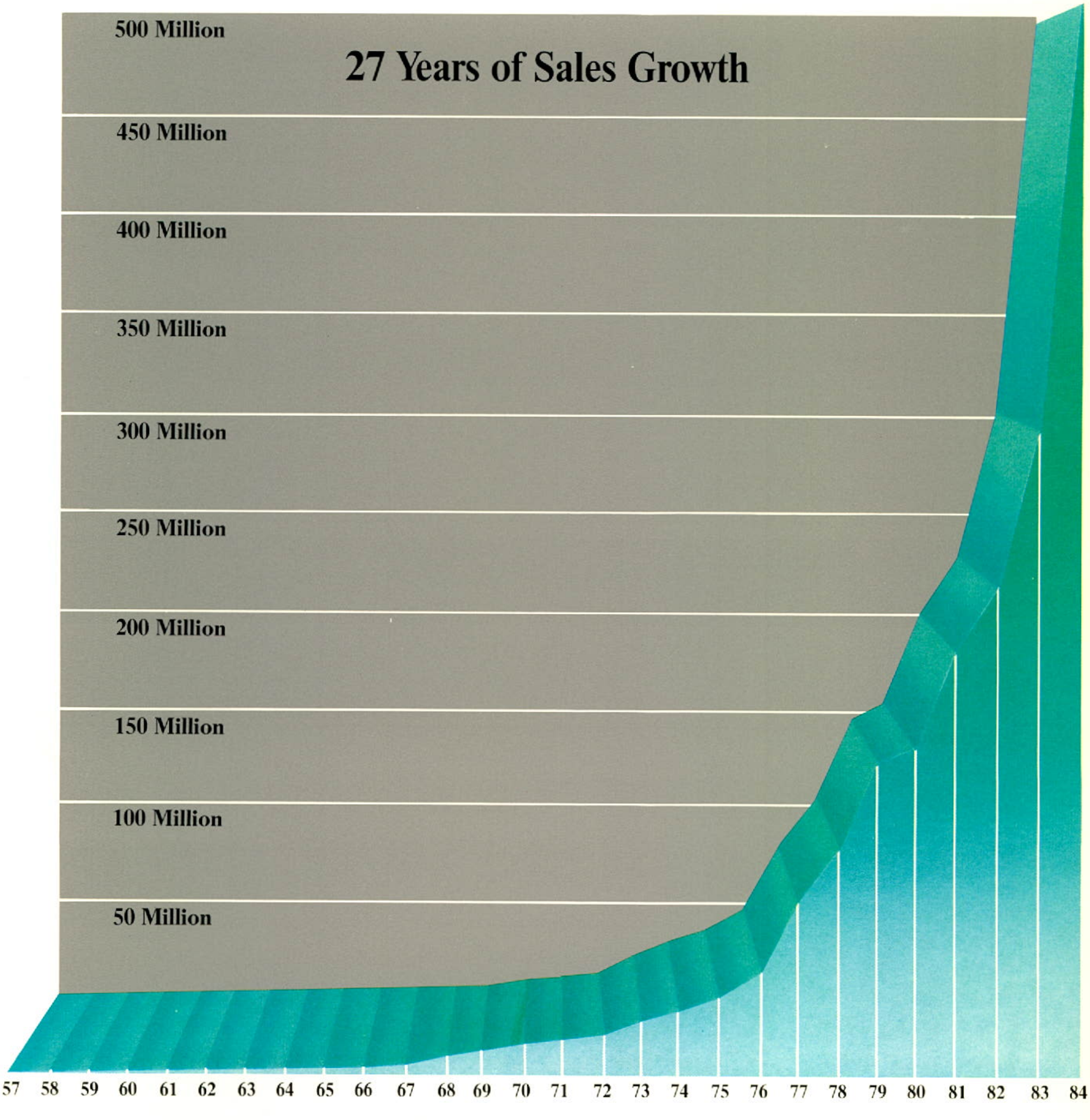


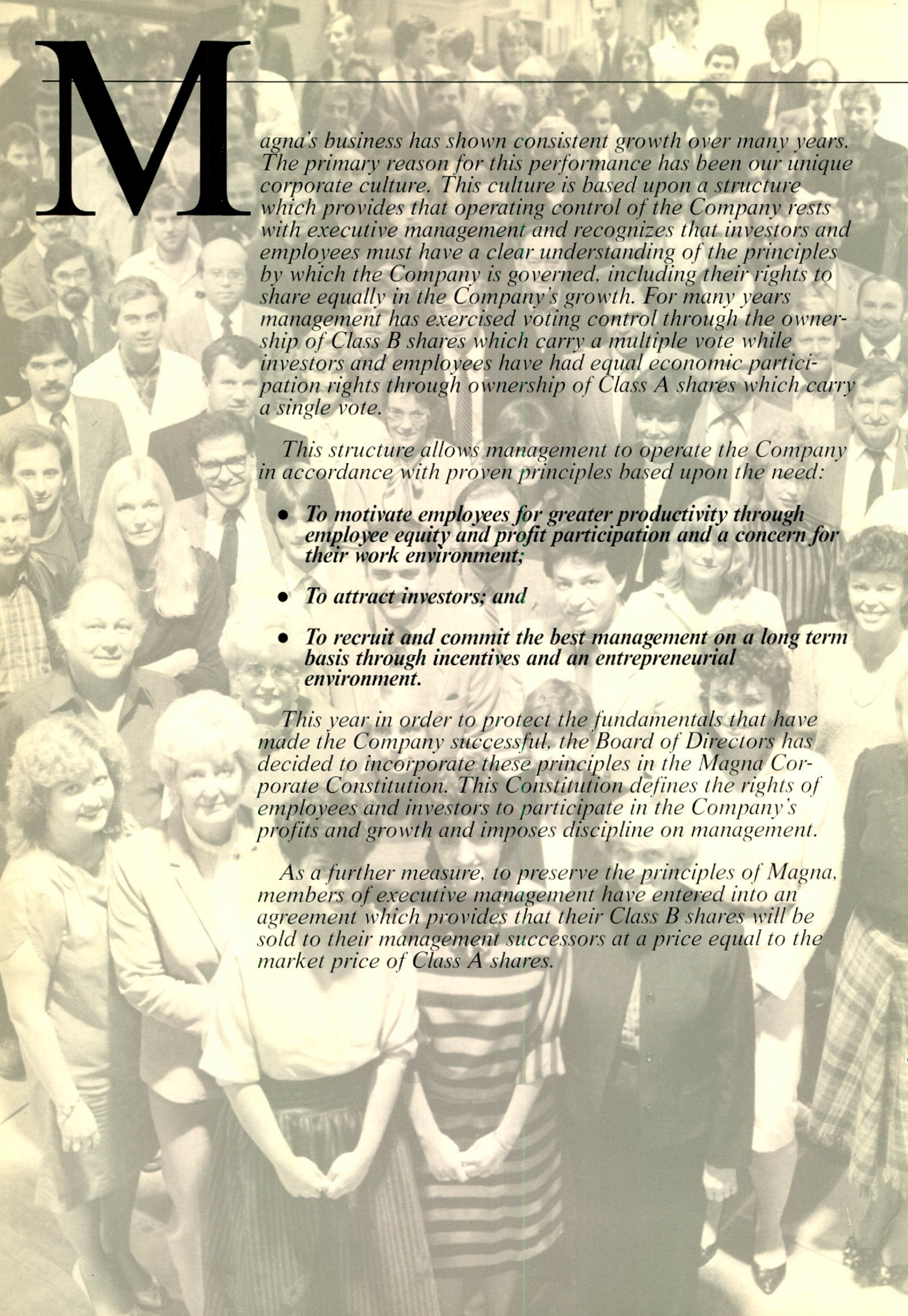
Contents

Financial Highlights *Dollars in thousands except per share figures*

	1982	1983	**1984**
Sales	$226,534	$302,451	**$493,559**
Net Income	5,265	14,647	**31,480**
Earnings Per Share	0.49	1.10	**1.93**
Shareholders' Equity	46,694	86,767	**148,666***

**$195,455 after giving effect to August, 1984 U.S. equity issue*





Magna's business has shown consistent growth over many years. The primary reason for this performance has been our unique corporate culture. This culture is based upon a structure which provides that operating control of the Company rests with executive management and recognizes that investors and employees must have a clear understanding of the principles by which the Company is governed, including their rights to share equally in the Company's growth. For many years management has exercised voting control through the ownership of Class B shares which carry a multiple vote while investors and employees have had equal economic participation rights through ownership of Class A shares which carry a single vote.

This structure allows management to operate the Company in accordance with proven principles based upon the need:

- ***To motivate employees for greater productivity through employee equity and profit participation and a concern for their work environment;***
- ***To attract investors; and***
- ***To recruit and commit the best management on a long term basis through incentives and an entrepreneurial environment.***

This year in order to protect the fundamentals that have made the Company successful, the Board of Directors has decided to incorporate these principles in the Magna Corporate Constitution. This Constitution defines the rights of employees and investors to participate in the Company's profits and growth and imposes discipline on management.

As a further measure, to preserve the principles of Magna, members of executive management have entered into an agreement which provides that their Class B shares will be sold to their management successors at a price equal to the market price of Class A shares.

Magna's Corporate Constitution

Board of Directors

Magna believes that outside directors provide independent counsel and discipline. A majority 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 both performance and 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

In order to obtain a long term contractual commitment from management, the Company provides a compensation arrangement which, in addition to a base salary comparable to industry standards, allows for the distribution to corporate management of up to 6 per cent of Magna's profit before tax.

Research and Technology Development

Magna will allocate 7 per cent of its profit before tax for research and technology development to ensure the long term viability of the Company.

Social Responsibility

The Company will contribute 2 per cent of its profit before tax to charitable, cultural, educational and political institutions 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 4 per cent on share capital for two consecutive years, Class A shareholders, voting as a Class, will have the right to elect additional directors.

Major Investments

In the event that more than 20 per cent of Magna's equity is to be committed to a new unrelated business, Class A and Class B shareholders will have the right to approve such an investment with each class voting separately.

Constitutional Amendments

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

(Copies of the complete Constitution can be obtained from the Corporate Secretary's office.)

Report to Shareholders

Chairman's Message:

Magna's business is the manufacturing of components for the North American automobile industry. Over the years we have developed a corporate culture and operating structure which allow us to make a better product at a better price.

As a result of the increasing concern for energy conservation and pollution, the automobile will continue to go through tremendous technological changes and the car of the future will be quite different in style and performance. This, combined with the industry trend to further outsourcing, will allow Magna to build on its current 1% market share. The Company, with its flexibility to adapt, will continue to benefit from these changing market conditions which have produced record sales and profits in 1984.

Over the last few years I have taken a less active role in the day-to-day operations of Magna and have concentrated on strategic matters including the refinement of Magna's corporate objectives and its basic operating principles which are being incorporated in Magna's Corporate Constitution.

The day-to-day business of the Company is now under the direction of an executive management team consisting of Fred Gingl, Mike Hottinger and Jim McAlpine. These three have been associated with Magna in one way or another for many years and together they have extensive experience in the areas of production, marketing, finance and general business management.

I am excited about the prospects for Magna as a growing participant in the North American automotive industry and confident that we have established the foundations to ensure our continued prosperity.

In closing, I wish to thank our customers, employees, directors and investors for their contribution to another record-breaking year.

Frank Stronach
Chairman of the Board
and
Chief Executive Officer

F*iscal 1984 saw Magna achieve new highs in sales and profits.*
- ***Sales increased 63% to $493.6 million from $302.5 million***
- ***Earnings more than doubled to $31.5 million from $14.6 million***
- ***Earnings per share increased to $1.93 from $1.10***
- ***Shareholders' equity increased 71% to $148.7 million ($195.5 million after giving effect to the U.S. equity issue in August 1984)***
- ***Magna content per vehicle produced in North America increased to $38.10 in 1984 from $31.61 in 1983***

Operations Review

Operating Highlights
Higher automobile production volumes and increased market penetration have resulted in this year's record setting performance. In order to deal with the increased volume of business, we have strengthened management at all levels, built 13 new production facilities and created jobs for 1,700 new employees.

Our growth in 1984 has been financed principally from the sale of shares and from internally generated funds. We issued 2.4 million Class A shares in December, 1983 for $35 million and 3.3 million Class A shares were sold in a major U.S. underwriting in August, 1984 for $50 million. In addition, we issued a $13 million convertible debenture to a major U.S. financial institution. After these financings our long term debt to equity ratio stood at .25:1 placing us in an excellent position to deal with the growth we anticipate in the period ahead.

As a result of the U.S. underwriting our Class A shares are now quoted on NASDAQ in the U.S.

New Products and Technology Development
Many new products have resulted from our advanced in-house technology development activities. These products include hinges, clutch and brake pedal assemblies, high precision screw machine products, thermoplastic injected moulded parts and major body and sheet metal components and assemblies.

Large subframe and underbody components are manufactured in major new plants in Southern Ontario and Maryland. Sophisticated robotics, roll forming equipment, automated welding lines and large capacity presses up to 2,000 tons, all contribute to make these plants highly competitive.

A new painting facility for large plastic body components including bumper fascia was designed and constructed during 1984. This is one of the most modern plants of its kind in North America and incorporates state-of-the-art automated painting technology.

An improved seat adjustment mechanism with seat memory has been developed by our corporate engineering team to facilitate easy access to rear seats.

One of our more innovative operating units has created and patented a two-speed accessory drive system which has been prototyped and approved for commercial production.

We have also acquired technology which will permit Magna to develop and produce manual and electronically controlled side mirrors.

To ensure a continuing flow of new products, we are expanding the technology development facilities at each group.

Joint Ventures
Magna is continually searching for joint venture partners who are leaders in product design and manufacturing capabilities. These joint ventures provide Magna with ready access to technology and know-how. During 1984 we established three joint ventures to manufacture
- sunroofs
- advanced seating
- brazed aluminum radiators

and one joint venture to further develop high performance batteries.

Quality Control
Quality control is emphasized in all production activities. We continually allocate resources to upgrade equipment and to increase our employees'

awareness of the importance of quality with particular emphasis on the use of statistical process control techniques.

Group Management
During the year we have made a number of appointments at the group and corporate levels intended to strengthen our management teams. The "group" level of Magna's decentralized organization structure has been established as an important development in the management of our Company.

Human Resources
Magna continuously emphasizes the importance of its human capital, namely its employees.

We have expanded our Human Resources Departments considerably to provide for continuing good communication between management and employees and we are constantly trying to improve wages and the working environment to maintain a motivated labour force.

Among other programs, 1984 saw the completion of our employee recreation facility at Simeon Park and the allocation of $6.4 million to our employee equity and profit participation plan.

Outlook
The automakers are forecasting that North American car and light truck production in 1985 will approximate 1984 levels. However, we are optimistic that at Magna new product introductions and wider market penetration of existing products supported by the backlog of orders on hand, will produce further increases in sales and profits in 1985 and beyond.

We wish to thank our customers, employees, directors and investors for their constant support and encouragement.

Left to right: Jim McAlpine, Mike Hottinger and Manfred Gingl

Manfred Gingl
President and Chief Operating Officer

Michael R. Hottinger
Executive Vice President

James R. McAlpine
Executive Vice President

Magna believes that a motivated labour force is a company's greatest asset. For this reason the Company has initiated a number of programs which allow employees to benefit from Magna's success. We are also committed to reinvest a portion of our earnings to support the basic fabric of society.

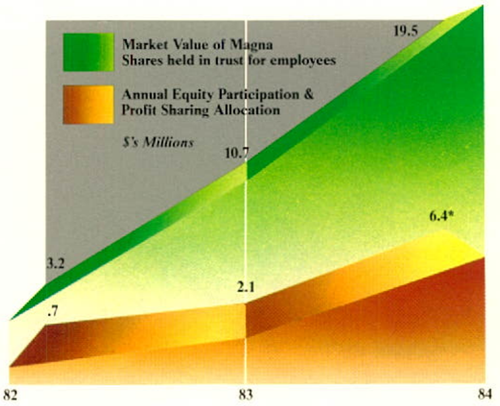
Our Principles In Action

Employee and Social Programs

Employee Equity Participation and Profit Sharing

Magna allocates 10% of profit before tax to our employees. The majority of this allocation is used to purchase shares of Magna for our Equity Participation program. This not only allows the employees to benefit from the profit they generate but also allows them to participate in the increase in share value.

The program has been in existence since 1975 and during the last three years employees have benefited from this allocation as shown by the accompanying chart.



*Includes $1.9 million profit sharing allocation which will be paid out in cash to the employees.

Other Employee Programs

We provide a number of other programs for our employees including the following:

a) Simeon Park

Magna has developed a recreational park on 100 acres of natural countryside just north of Toronto. This park, available to all Magna employees and their families, features a 23-acre lake, sports and recreation facilities including children's playgrounds, tennis and volleyball courts, soccer fields, baseball diamond, barbecue pits and picnic areas, nature trails, fishing docks, and a large swimming pool.

b) Industrial Campus Concept

In order to provide employees with an improved working environment, Magna is developing an industrial campus consisting of a cluster of 10-20 small autonomous plants together with the related group office and technology development centre supported by social and recreational facilites such as daycare centres, a medical office and educational and sporting facilities.

Our first industrial campus is being developed in Newmarket, Ontario where four plants are either occupied or nearing completion.

Summer activities at Simeon Park, our employee recreation facility.

c) Technical Training Centre
Consistent with Magna's commitment to high quality in-house technical strength, Magna opened its first Technical Training Centre in the fall of 1984 with a class of 28 students. The school is equipped with modern classroom and shop facilities, and the latest in machinery and equipment including a CAD/CAM system.

On completion of their training, apprentices will work in a Magna operating unit to complete the requirements for trade qualifications.

d) Continuing Education
Magna encourages all employees to continually improve their skills and education. For this reason, we offer in-house training and education in areas of safety, quality control and management skills.

Social Responsibility
Magna believes it has a responsibility to support the basic fabric of society. We fulfill this obligation by giving financial assistance and contributing our time to programs and projects in the areas of health and welfare, youth programs, the advancement of art and culture, education and in support of the political process.

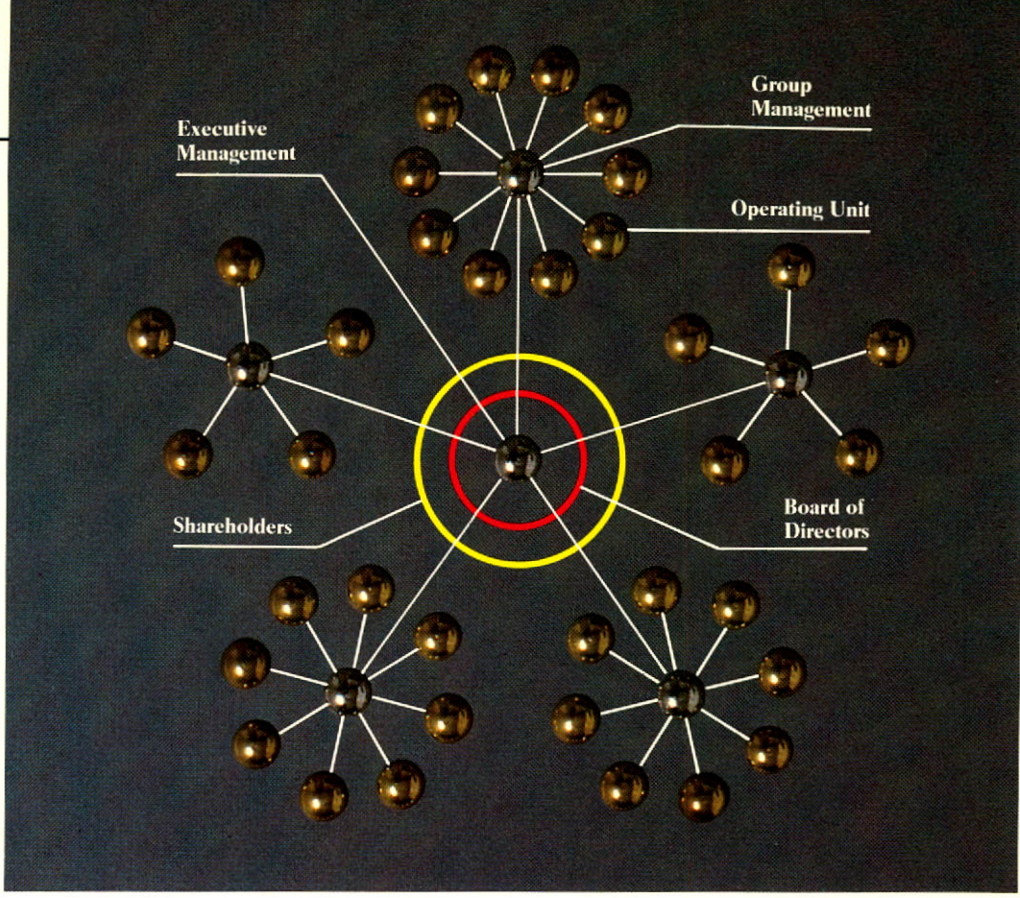
Examples of the programs we support include:

a) University Teaching and Research Support
Magna currently provides financial support to three universities for teaching and research concerning entrepreneurship and free enterprise.

b) Student Sponsorship
Each year Magna sponsors a number of outstanding students to attend the GMI Engineering and Management Institute in Michigan. GMI offers cooperative education in engineering and in industrial administration.

Sponsorship guarantees students financial support, planned work assignments, as well as the offer of a full-time position with Magna upon graduation.

Operating Structure



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

Strategic planning is a priority of Executive Management. This involves the identification of specific products and technologies that Magna must develop in order to meet the challenges of the markets which we intend to supply. It also includes the establishment of management teams capable of implementing Magna's quality, human resources and financial goals and objectives. As part of its responsibilities, Executive Management secures and allocates financial resources and together with Group Management monitors the performance of the operating units.

The corporate office serves as a resource to the groups and operating units in the acquisition of capital equipment, raw materials and services. This system allows the groups and operating units to benefit from Magna's corporate buying power when it is to their advantage. However, responsibility for product quality and delivery rests with each operating unit; accordingly the units make purchases from whatever source can best meet their individual requirements.

Group Management
The operating units are grouped — geographically and by markets — under the direction of a group management team which is accountable to Executive Management. A Group General Manager is responsible for all areas of activity in his group and is supported by marketing, financial and human resources executives.

Each group has its own sales team in Detroit which maintains the day-to-day contact between the customers, the group office and the operating units.

The group financial staff monitors all financial activities including capital spending and operating results. Each group has its own quality control and human resources personnel which review the operating units' performance and act as a resource to the units when required.

Group Management also oversees research and technology development conducted for their group.

Operating Unit
Each operating unit is an autonomous business operation directed by a General Manager and an Assistant General Manager who have complete authority and responsibility for the operation of their unit within broad guidelines established by Executive and Group Management. These decentralized units generally employ approximately 100 people thus giving the management team close contact with staff and immediate control of all matters affecting product quality, efficiency and profitability of the unit.

M agna's Technology Development program is carried out at both the Group and Corporate levels. The Group program is directed primarily towards improvements in the design and performance of existing products. The Corporate program involves the development of advanced new products and processes at our Corporate Research and Technology Development Centre and the acquisition of new technologies, primarily by way of joint ventures.

After the acquisition of the technologies or upon completion of the new product development, the resulting business is transferred to the appropriate group.

New Corporate Ventures and Technology Development

NEW VENTURES

Sunroofs

Magna has recently entered into a joint venture with Webasto-Werk of Germany, one of Europe's premier sunroof manufacturers.

This venture will provide Magna with immediate production capabilities at Webasto's existing North American operation. Significant sales growth in both the OEM market and the greatly expanding aftermarket is expected from this venture.

Foamed Interior Components

A joint venture agreement was signed this year with Grammer Seating Systems of West Germany, a large, sophisticated manufacturer of seating systems in Europe.

This venture is supported by a California based design facility, Designworks, which concentrates on the design of interior automobile components.

LONG-TERM DEVELOPMENT PROGRAMS

Magna is continually developing new ideas and concepts to maintain and accelerate our position in the future automotive marketplace.

The following programs represent two long term development projects to which we have allocated a portion of our Technology Development budget:

Electric Batteries

Magna has recently established a program to develop power trains and advanced batteries for use in electric vehicles through a joint venture with Swiss controlled Brown, Boveri & Cie (BBC) of Mannheim, West Germany.

Present plans call for two and one half years of further development and three years of pilot production before the start of commercial operation.

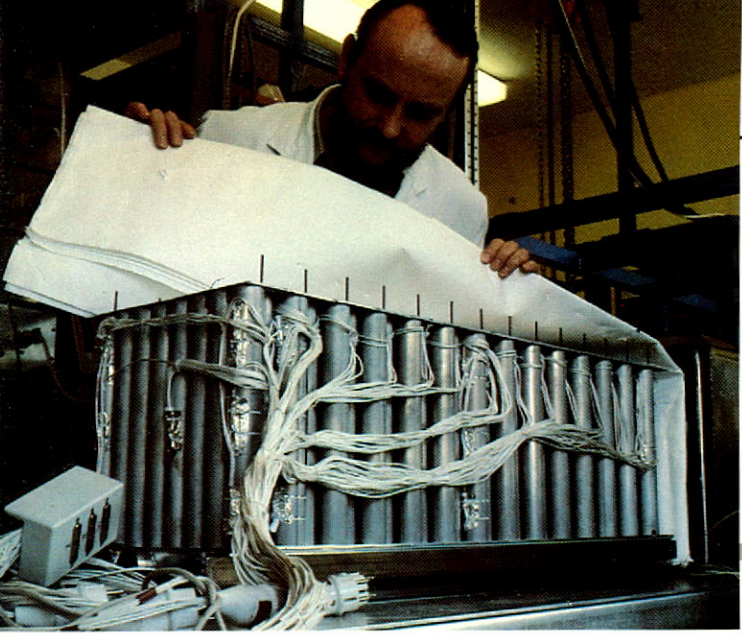
Specialty Vehicles

Magna, together with GSM Design Inc., an industrial design firm, is developing a unique plastic body vehicle for specialty utility vehicle applications.

This vehicle will be built for long life commercial use and will be designed to meet specific customer requirements.

This venture will also provide opportunities to further develop new product expertise and to test and refine some of our current products.

Electronic testing of tolerances for advanced seating.

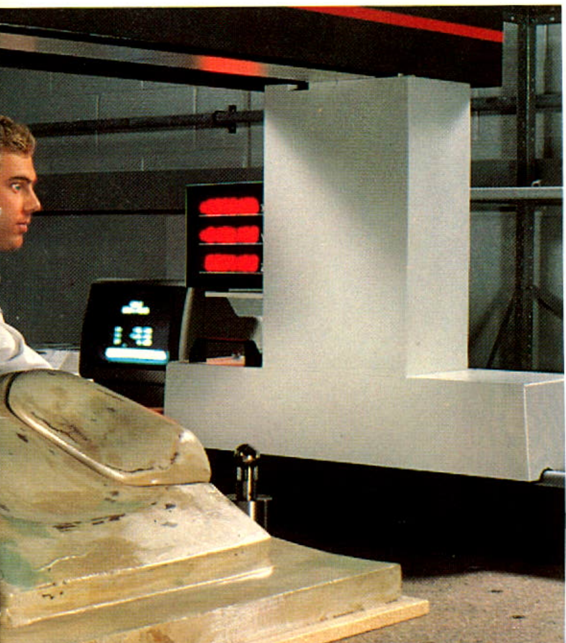


Inner core of sodium sulphur electric battery.

Magna's joint venture with Webasto-Werk of Germany has added sunroofs to the Company's product line.

Sketch of specialty utility vehicle — taxi application.

Advanced design of vehicle seat using new foam technology.



The Creative Mechanical Technology Group (CMT) manufactures intricate mechanical assemblies including seat tracks, latches and hinges for hoods, doors and trunks, clutch and brake pedal assemblies, window regulators and parking brakes.

With in-house engineering, design and prototyping capabilities, the CMT Group draws on its experienced tool designers and engineering staff to provide the customer with full service capabilities to develop new products and assemblies. These products reflect Magna's move towards more complex and highly engineered products.

CMT Group
(Creative Mechanical Technology)

Operating Highlights	1984	1983	1982
Sales (000's)*	**$54,161**	$25,637	$17,550
Plants	**7**	4	3
Employees	**655**	388	292

*includes inter-company sales

Operations Review
CMT sales rose to $54.2 million, an increase of over $28.5 million or 111% from fiscal 1983.

This increase resulted from new product introductions, increased market penetration of existing products and the overall increase in automobile production.

Door hardware sales doubled over the prior year reflecting our superior product quality in this area. In addition, sales of our seat hardware products rose 50%.

Many new product lines were introduced or enjoyed their first full year of operation in 1984. These products include hinges, clutch and brake pedal assemblies and high precision screw machine products.

These new products accounted for over 42% of the increase in CMT's 1984 sales.

New Products and Technology Development
A new plant which was constructed in 1984 began operation in the third quarter to produce door hinges from heavy gauge extruded steel.

The clutch and brake pedal assembly developed jointly in late 1983 by CMT and a customer began its first year of production in 1984. The new plant has already reached capacity and expansion is planned for 1985.

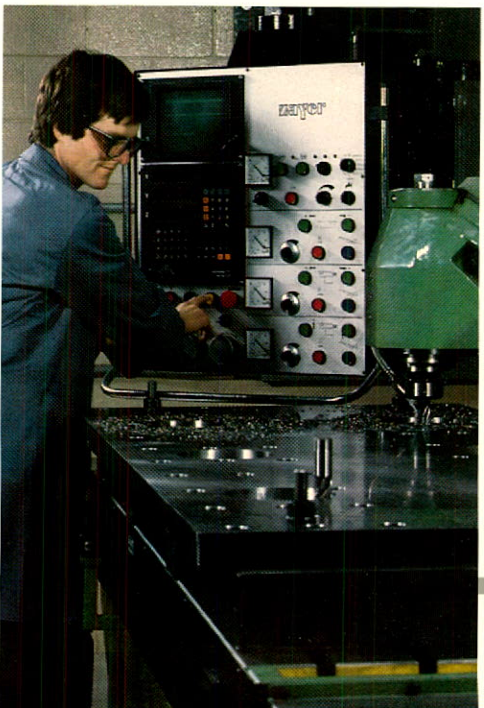
To complement our hardware product line, a high precision screw machine operation was started in late 1983. Sales of these products are expected to double in 1985 and this operation has recently expanded into new facilities.

A new plant having cold heading capability is being incorporated into the Group to service the operating units' requirements for high quality products.

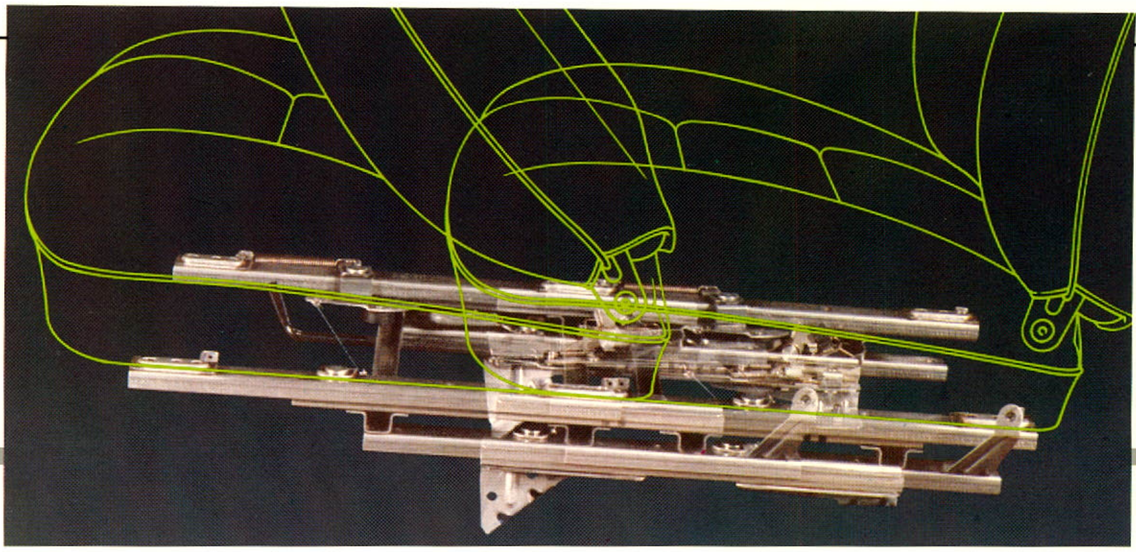
The Group's technology development team is presently working on a number of products, including a memory seat track system which facilitates access to rear seats of a two-door vehicle. We are also developing a number of mechanical assemblies including manual and power door lock systems.

Outlook
The CMT Group will continue to expand to reach full capacity at its new hinge, seat track and screw machine plants in fiscal 1985. In addition, a door latch manufacturing facility is scheduled to open during the second quarter of 1985.

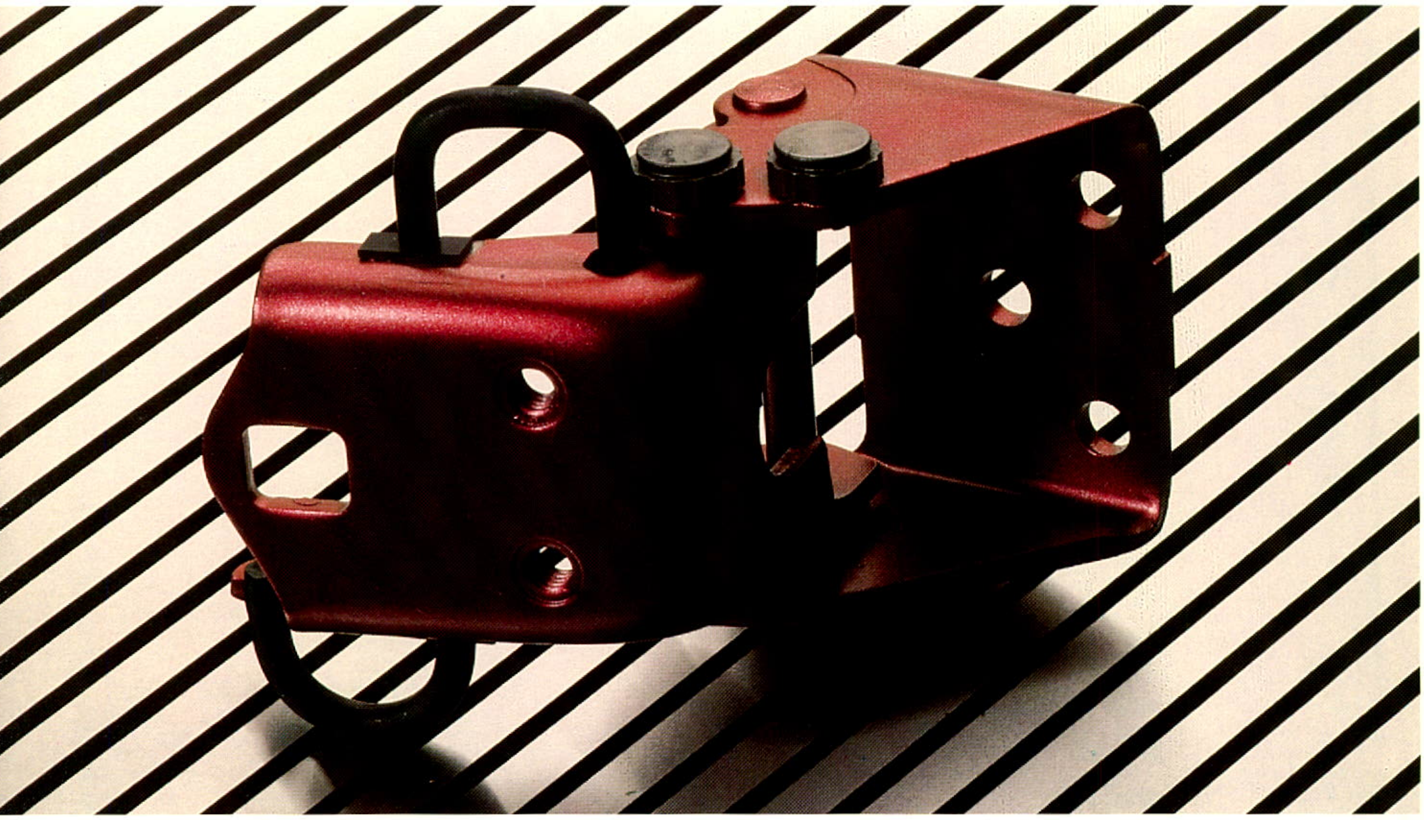
Continued development of new hardware products and mechanical technologies should ensure continued growth for this young and dynamic Group.



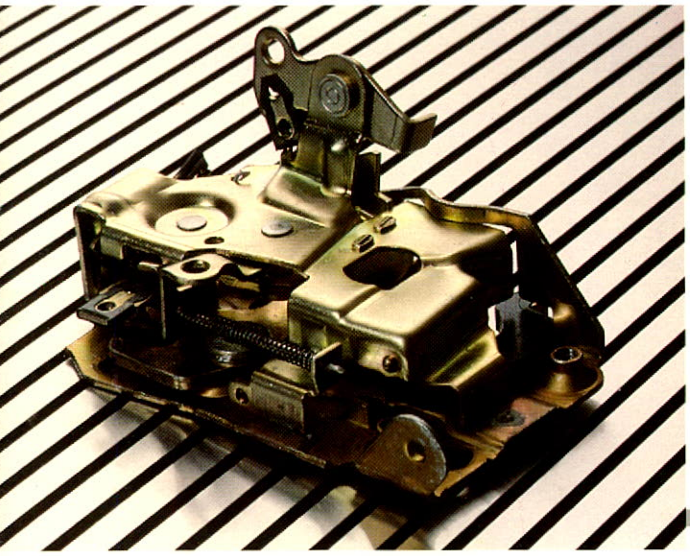
Computer controlled precision milling machine.



Slide dump memory seat track enables easy passenger access to rear seats.



New heavy gauge hinge was added to CMT's product line in 1984.



Assembled door latch hardware.

This Group produces decorative products segmented into two major lines, trim components and large plastic exterior components. The decorative trim products include traditional bright metal parts and recently developed co-extruded plastic-to-metal trim parts. The Group also moulds, paints and assembles a large variety of urethane bumper covers, fascia and body panels using the reaction injection moulding process (RIM).

Decorative Products Group

Operating Highlights	1984	1983	1982
Sales (000's)*	**$157,420**	$90,621	$65,927
Plants	**16**	12	10
Employees	**1,510**	1,180	798

*includes inter-company sales

Operations Review

A number of factors contributed to the 74% increase in sales at the Decorative Products Group including two new trim plants and tremendous growth in the plastics area where sales rose by more than 70%.

The Group has made a considerable investment over the last five years in capital and human resources for the development and commercialization of plastics technology.

The auto industry is increasingly moving towards plastic modules and the Group is now well positioned to benefit from the new contracts being awarded.

Trim sales also rose substantially, surpassing the increase in automotive production. Again, we have been able to increase our product base and to expand into more model lines. The addition of the new co-extruded trim technology also contributed to market penetration.

New Products and Technology Development

In the plastics area, we have recently added thermoplastic injection moulding (TPO) capability to complement our RIM expertise. A new facility to produce body panels utilizing this process will be opened in 1985. To enhance this facility and our RIM moulding capability, a new high capacity plant has recently been constructed to paint plastic components. This plant houses one of the most advanced automated paint lines in North America.

In the trim area we have recently added a finishing facility. We have also taken steps to strengthen our position in the field of co-extruded trim parts by improving technology and increasing capacity.

Development of new products and processes for vehicle manufacturers continues at the Group's dedicated research and development facilities and at the plant level.

Our staff now includes chemical engineers and technicians who are continually developing new plastic technology applications.

Outlook

The continued addition of innovative technology to our manufacturing processes and the addition of new trim, plastics and finishing facilities in 1985 will ensure further market penetration and growth for the Decorative Products Group.

Painted rim fascia.

Quality inspection of anodized bright metal decorative trim.

Finished bumpers in inner tunnel of new automated painting facility.

MACI produces a large variety of electro mechanical devices, electronic components and instrument clusters for both the vehicle manufacturers and the aftermarket. MACI's products are split into two major product lines – electro mechanical components and electronic products.

One of the leading suppliers of Canadian fractional horsepower D.C. motors for automotive applications, the MACI Group has the capacity to produce over 20,000 electric motors per day in various sizes for a multitude of applications. The Group has developed design, manufacturing and testing methods to produce a variety of electronic devices for automotive applications. Other products manufactured include electronic instrument clusters, precision laminations and various switches and sensor products.

MACI Group

Operating Highlights	1984	1983	1982
Sales (000's)*	**$79,884**	$52,909	$32,361
Plants	**6**	6	6
Employees	**856**	620	480

*includes inter-company sales

Operations Review

The 51% sales increase resulted primarily from the MACI Group building on its strength as a quality supplier of fractional horsepower electric motors. Sales of these motors increased over 100% primarily as a result of increased market penetration resulting from the Group's reputation as a quality supplier of this product.

Increased sales of laminated armatures and constant current modules has helped MACI expand its customer base.

New Products and Technology Development

An arrangement with a Michigan mirror design firm has recently been concluded. This will provide the necessary technology to manufacture high quality mirror products, including electronic, remote and hand-set mirrors. The technology also includes an innovative high quality electric power pack. MACI already has been awarded contracts to produce mirrors for 1985 and is in the process of establishing a fully integrated mirror manufacturing operation.

A second venture involves a co-development project with Niles Parts Co. Ltd. of Japan. This venture will work on the development of electrical parts presently manufactured by Niles in Japan for application in the North American automobile market.

Continued development of instrument clusters for different model applications is in progress and a new cluster is scheduled for production in early 1985.

This year the MACI Group opened a 10,000 square foot Technology Development Centre. This centre houses the latest in electronic design and testing equipment and is staffed with highly qualified engineers and technicians.

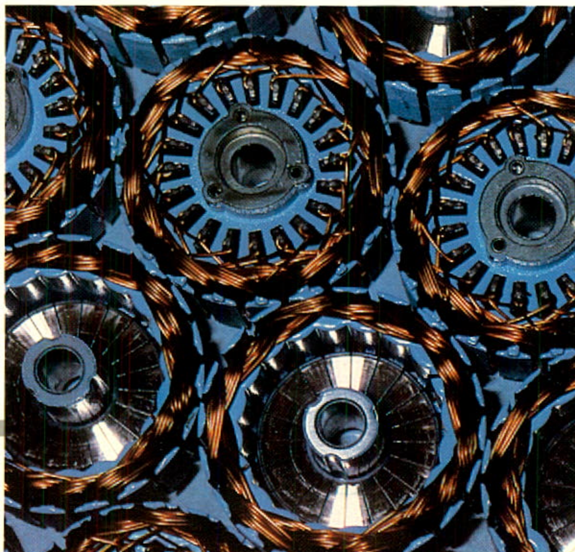
Other products under development include a high efficiency slimline motor for engine cooling applications. A flat electric motor and gear box mechanism for automobile applications such as sunroofs and windows is also being developed.

A number of other products such as electronic dashboard instruments, universal fluid level sensors, universal electronic cluster designs, trip computers and dashboard diagnostic centres are also being developed.

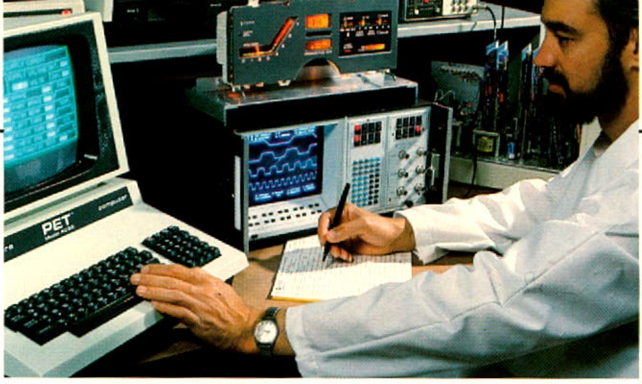
Outlook

Fiscal 1985 will see the first sales of MACI produced mirrors and newly designed electronic clusters.

Continued market penetration of existing product lines is expected to result in further growth for the MACI Group.



Newly developed low profile motors.



Advanced LED electronic cluster design and testing.

Flow solder inspection of electonic circuit boards.

This Group manufactures a variety of stamped, formed and welded metal products from motor mounts and scuff plates to shock towers and rear cross members.

With in-house capability for high quality tooling and the latest state-of-the-art equipment and processes, this Group continues to gain market penetration and will remain one of Magna's major groups.

Magna Manufacturing Group

Operating Highlights	1984	1983	1982
Sales (000's)*	**$173,202**	$111,384	$86,900
Plants	**16**	13	12
Employees	**1,440**	1,083	788

*includes inter-company sales

Operations Review

The 56% sales growth in this Group is due primarily to the increased market penetration of existing products and higher overall automobile production volumes.

Products such as shock towers, transmission supports and bumpers widened our market base.

Also contributing to the 1984 sales increase was the first full year of production at one of our large stamping facilities.

New Products and Technology Development

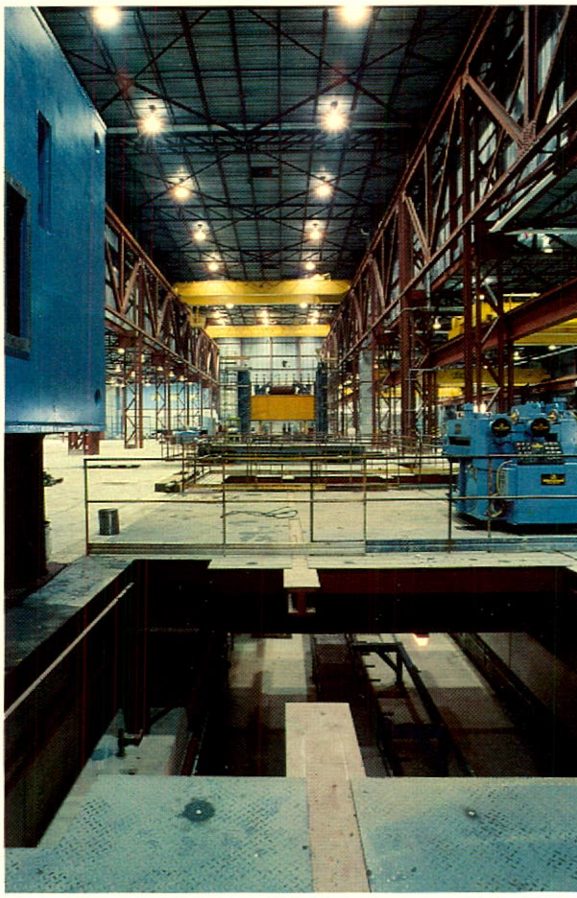
In addition to a new light metal stamping plant, two large stamping facilities were completed late in the year. These two facilities, equipped with the latest in state-of-the-art roll forming and automatic welding lines, will produce large frame components beginning in fiscal 1985. The presses used in these facilities, with capacity up to 2,000 tons, are equipped with quick die change capability resulting in higher utilization and increased efficiencies.

The Magna Manufacturing Group is continuing to develop the latest in state-of-the-art manufacturing and process technology. The addition in 1984 of our in-house robotics and automated equipment manufacturing capability will provide further development in advanced production processes.

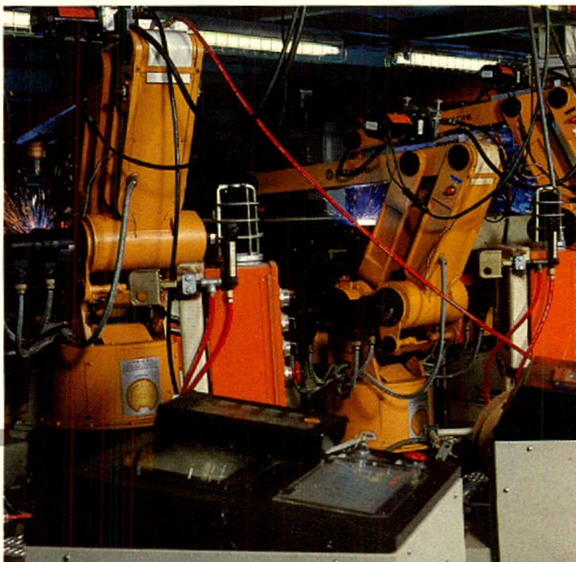
Expansion of our large tonnage press capacity will provide opportunities for new business in large stamped components.

Outlook

Fiscal 1985 is expected to be another growth year for the Magna Manufacturing Group as three stamping operations begin their first year of production. Continued growth in sales of existing products is also anticipated.



New heavy stamping facility showing sub floor scrap removal conveyor system.



Robotic welding lines at one of our stamping operations

Large tonnage press produces frame components at one of our new heavy stamping facilities

Computer controlled co-ordinate measuring device performs quality tolerance testing of frame components

The Maple Group concentrates on accessory drive systems including the further development of its proprietary process to produce Poly "V" and spun sheet metal pulleys. Using in-house custom designed forming equipment, the Maple Group has built a reputation as one of the premier suppliers of high quality metal pulleys to the North American automotive market.

In addition, this Group has developed and patented several automatic belt tensioners and other accessory drive products providing an expanded product base to meet increased customer demand.

Maple Group

Operating Highlights	1984	1983	1982
Sales (000's)*	**$63,795**	$37,362	$29,620
Plants	**6**	5	5
Employees	**619**	457	448

*includes inter-company sales

Operations Review
The 71% increase in sales demonstrates the Group's ability to build on its current strong pulley product line and to make further inroads in other car models.

Emphasis on providing product design and development engineering support has allowed the Group to expand its customer and product base. Recently, this Group began manufacturing stamped steel brackets that mount the engine accessories to which the pulleys are attached and engine components such as oil strainers, pick-up and dip-stick tubes. The increased sales of automatic belt tensioners also benefits our Poly "V" pulley plants which are part of the automatic belt tensioning accessory drive system.

Sales of automatic tensioners and tensioning devices rose over 95% in fiscal 1984 and are expected to double in fiscal 1985.

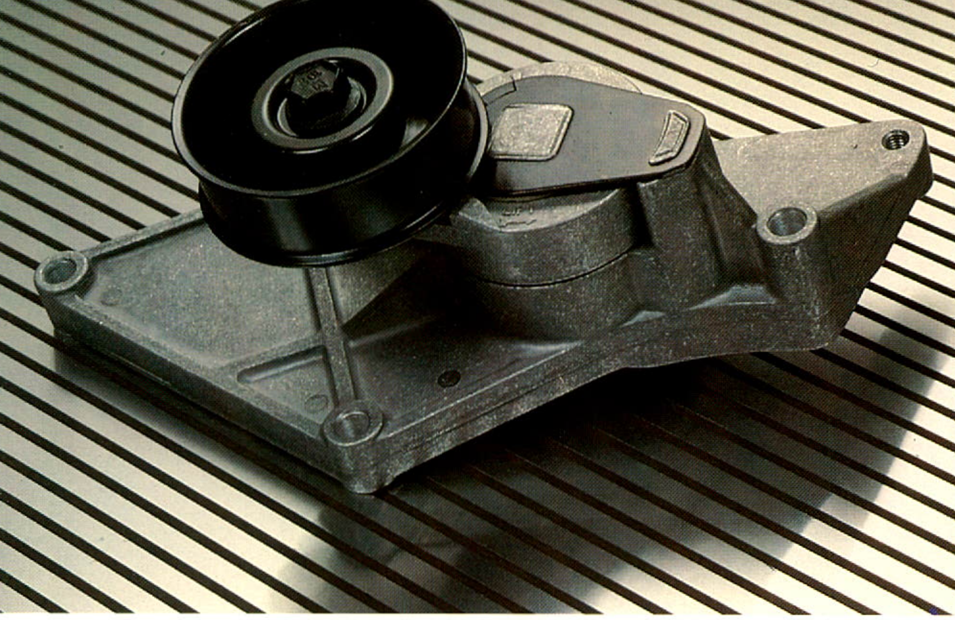
New Products and Technology Development
One of the principal aims of the Maple Group is to horizontally integrate into the vehicle powertrain modular market.

This strategy is illustrated by the recent signing of a joint venture with Société Anonyme des Usines Chausson of France — the largest manufacturer of heat exchangers in Europe. The joint venture company — Thermag Industries Inc. — will develop, design and manufacture heat exchangers for the North American automotive industry based on the Chausson-established brazed aluminum technology. As a result of this joint venture, the Group will be producing a cooling system module consisting of a fan, motor and shroud along with the radiator unit. The first manufacturing facility will be shipping product in early 1985.

In addition, development is ongoing on the two speed accessory drive system (TSAD). This product improves fuel economy and vehicle performance because of its ability to reduce the accessory loading of the engine during most of the operating cycle. Commercial TSAD production is scheduled for 1985.

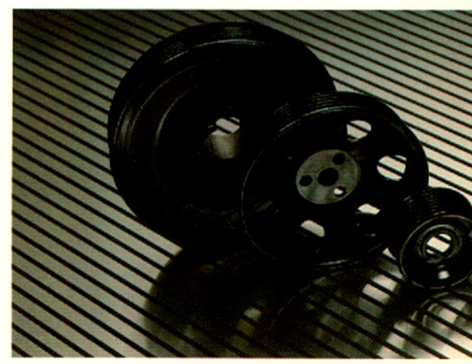
Outlook
The Maple Group expects that its power train devices will continue to gain market acceptance. The addition of new products such as heat exchangers, cooling systems and two speed accessory drive products will further enhance the group's growth. New pulley and heat exchanger plants are under construction and expected to be in operation in 1985.

Computerized SPC quality control monitors product compliance to design specifications.



Patented automatic belt tensioning device.

Magna developed two speed accessory drive component being tested on computer controlled equipment.



Assorted pulleys continue to provide a strong customer base for the Maple Group.

Oil strainer assembly turntable was produced by Magna's in-house automated equipment manufacturing facility.

Income Statement Review

Magna continued its record of growth in 1984. Sales for the year increased 63% to a record $493.6 million, reflecting both improved levels of production in the North American automobile industry and increased market penetration. The average value of Magna manufactured parts per unit of North American vehicle production increased to $38.10 in 1984 from $31.61 in 1983.

Net income more than doubled in 1984 to $31.5 million. This record level of profit was the result of the higher level of sales and an improvement in gross margins. The increased margins resulted from efficiencies associated with longer production runs and improved utilization of plant capacity throughout the year.

In the fourth quarter of 1984, the Board of Directors approved an increase in the allocation to Magna's Employee Equity Participation and Profit Sharing plan to 10% of pre-tax income from 7% in the prior year. The 1984 allocation of $6.4 million was $1.9 million higher than it would have been at the 7% rate. This additional allocation has been expensed in the fourth quarter of 1984. The majority of the total allocation has been included in cost of sales.

Selling, general and administrative expenses have increased in absolute terms, but remain constant as a percent of sales. The absolute increase resulted from the addition of management personnel at several levels to support the Company's growth and the incentive-based remuneration which rose as a result of record earnings.

Interest expense continued to decline in 1984 due to the increased utilization of equity financing and lower interest rates on floating rate loans.

The higher charge to income for minority interest in consolidated subsidiaries reflects the success of these ventures.

Basic earnings per share rose 75% in 1984 to $1.93 from $1.10. This year's figure gives effect to the share issue in December, 1983 of 2,400,000 Class A subordinate voting shares.

Balance Sheet Review

Magna has continued to balance growth with sound financial policies.

Capital resources have been allocated to units managed by general managers with a record of profitable performance and a commitment to product quality and customer service.

Toward the end of fiscal 1983 we began a capital expenditure program designed to increase our production capacity to meet the rising demand for our existing and new products.

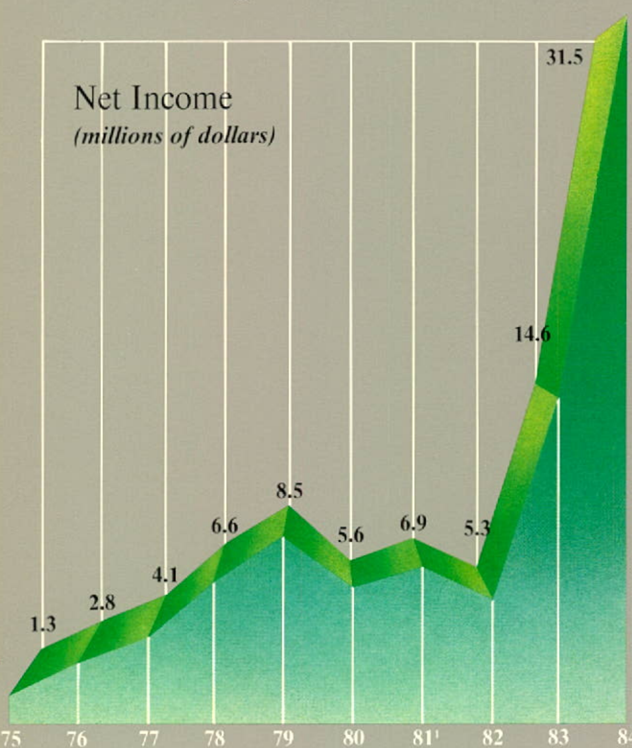
During 1984, $68.6 million was invested in machinery and equipment to meet requirements for contracted new business in the current and future years.

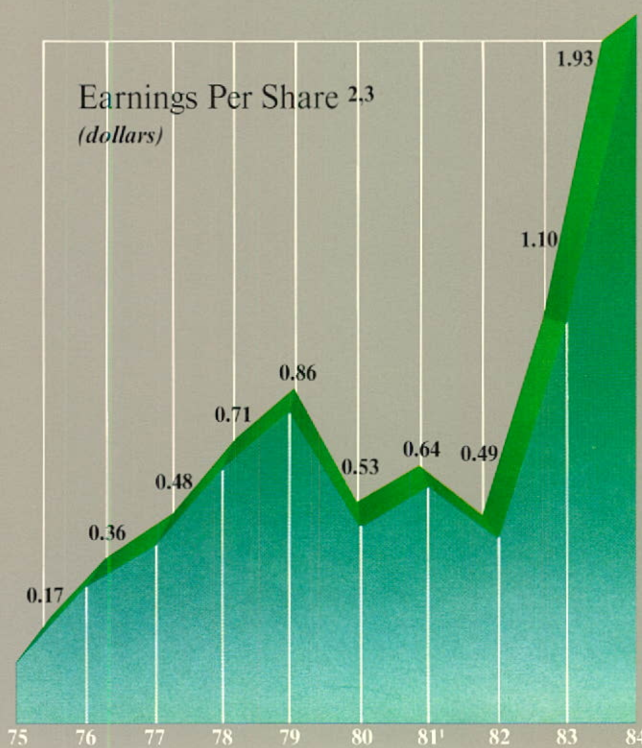
Consistent with our desire to own production facilities of unique design and to ensure a safe and pleasant working environment for our employees a further $41.6 million was invested in land and buildings in 1984. Four buildings were constructed in the Newmarket industrial campus and several other plants were built in Southwestern Ontario, Maryland, Iowa and the Toronto area.

Our growth in 1984 was financed from the sale of shares and from internally generated funds.

Major financings included:

• the issue of 2,400,000 Class A subordinate voting shares in December, 1983	$35.0 million
• the issue of an unsecured 11% convertible subordinated note in July, 1984	$13.1 million
• the issue of 3,356,900 Class A subordinate voting shares in August, 1984	$46.8 million
	$94.9 million





¹ *1981 and prior figures include income from Aerospace/Defense operations sold effective August 1, 1981.*
² *Adjusted for years prior to 1979 to give effect to capital reorganization during 1979.*

In addition, funds from operations provided $55.9 million. Working capital at year end increased to $79.8 million and the ratio of current assets to current liabilities was 1.8:1.

Current assets and liabilities increased as a result of the higher level of business activity in 1984. The accrued salaries and wages account reflects the increased accrual for profit-based incentive remuneration including the increased allocation to the Employee Equity Participation and Profit Sharing plan and the general increases arising from the addition of approximately 1,700 employees during the year.

The equity issues in December, 1983 and in August, 1984 have provided a sound foundation for future growth. The ratio of long-term debt to equity after giving effect to the August, 1984 equity issue stood at .25:1.

Shareholders' equity increased $62 million to $148 million in 1984 due to the equity issue in December, 1983 and earnings. Book value per share increased from $5.59 at the end of fiscal 1983 to $8.43 at July 31, 1984 ($9.34 after giving effect to the August, 1984 equity issue).

In 1984, the Board of Directors increased the dividend consistent with improved earnings. During the year, regular dividends were paid as follows:

September 1, 1983	$.05
December 1, 1983	.05
March 1, 1984	.08
June 1, 1984	.08
	$.26

Dividends of $.10 and $.12 per share payable on September 1 and December 1, 1984, respectively, were approved by the Board of Directors.

Financial Controls

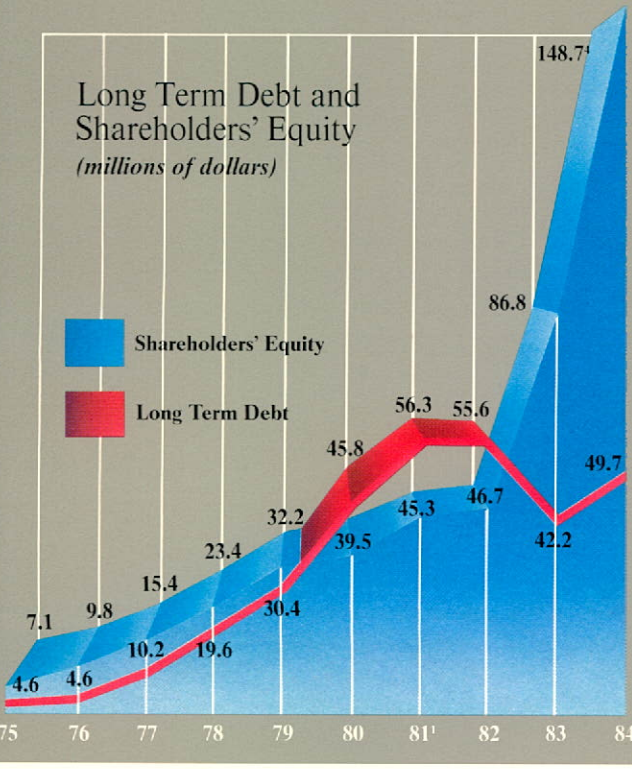
At Magna, financial control is maintained by a network of accountants at each of the operating units (over 60 operating units existed at year end). Each operating unit is required to submit to its Group Management, a business plan for the year outlining the operating and capital budget for the unit. These plans are reviewed and approved by the Groups and are submitted to corporate executive officers for final approval.

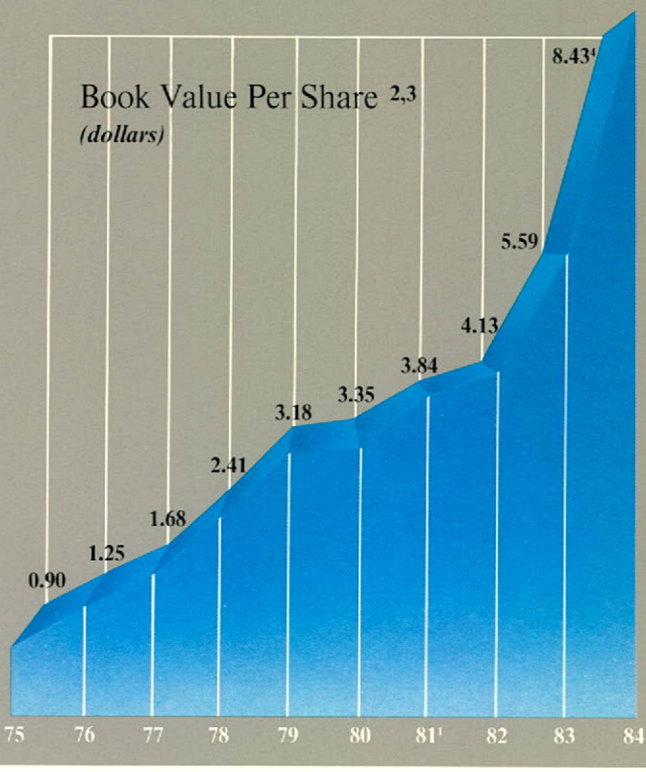
Once approved the Groups and operating units may set out independently in pursuit of their approved business goals. Performance is monitored monthly by uniform financial reporting, comparing actual operating results to the budget and measuring capital spending against the plan.

Conclusion

In summary, the financial position of our Company is strong giving us the flexibility to respond to future growth opportunities which continue to be available in the automotive industry.

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





[3] 1983 and prior years adjusted to give effect to stock dividend issued June 1983.
[4] After giving effect to the August, 1984 U.S. equity issue, shareholders' equity and book value per share amounted to $195.5 million and $9.34 respectively.

Management's Responsibility for Financial Reporting

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

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

The Company's Audit Committee is appointed by the Board of Directors annually, and is comprised of a majority of outside Directors. The Committee meets periodically with management, as well as the independent auditors, to satisfy itself that each is properly discharging its responsibilities and to review the financial statements and the independent auditor's report.

The Audit Committee reports its findings to the Board of Directors for consideration in approving the financial statements for issuance to the shareholders.

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

Auditors' Report

Clarkson Gordon

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

To the Shareholders of
Magna International Inc.:

We have examined the consolidated balance sheets of Magna International Inc. as at July 31, 1984 and 1983 and the consolidated statements of income and retained earnings and changes in financial position for each of the years in the three-year period ended July 31, 1984. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at July 31, 1984 and 1983 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, 1984, in accordance with accounting principles generally accepted in Canada consistently applied.

Clarkson Gordon

Toronto, Canada,
September 21, 1984.

Chartered Accountants

Consolidated Statements of Income & Retained Earnings

Magna International Inc.

Year Ended July 31, 1984
(with comparative figures for 1983 and 1982)
(Canadian dollars in thousands except per share figures)

	1984	1983	1982
Sales	**$493,559**	$302,451	$226,534
Expenses:			
Cost of goods sold	**369,616**	228,944	174,480
Depreciation	**15,044**	11,267	9,325
Selling, general and administrative	**46,868**	29,130	21,368
Interest on long-term debt	**3,839**	4,230	6,507
Other interest expense	**683**	3,010	5,591
Amortization of goodwill	**385**	397	208
	436,435	276,978	217,479
Income from operations	**57,124**	25,473	9,055
Income taxes (note 5)	**22,550**	9,235	3,581
Minority interest	**3,094**	1,591	209
	25,644	10,826	3,790
Net income for the year	**31,480**	14,647	5,265
Retained earnings, beginning of year	**45,658**	32,633	30,940
	77,138	47,280	36,205
Dividends on and premium paid on redemption of 6½% preference shares	**7**	5	6
Dividends on 7% preference shares	**357**	383	392
Dividends on Class A Subordinate Voting and Class B shares — cash	**4,184**	1,227	1,546
— special stock dividend (note 7)		7	
Reduction on shares cancelled (note 7)			1,628
Share issue expenses (net of taxes)	**447**		
	4,995	1,622	3,572
Retained earnings, end of year	**$ 72,143**	$ 45,658	$ 32,633
Earnings per share (note 13):			
Basic — Class A Subordinate Voting and Class B shares	**$ 1.93**	$ 1.10	$ .49
Fully diluted — Class A Subordinate Voting and Class B shares	**$ 1.85**	$ 1.07	$ .44

(See accompanying notes)

Consolidated Balance Sheets

Magna International Inc.
(Incorporated under the laws of Ontario)

July 31, 1984
(with comparative figures for July 31, 1983)
(Canadian dollars in thousands)

Assets	**1984**	1983
Current assets:		
Accounts receivable	**$ 86,370**	$ 56,990
Inventories (note 3)	**87,386**	50,206
Prepaid expenses, claims and deposits (note 11)	**3,417**	4,529
Total current assets	**177,173**	111,725
Investments	**3,402**	2,971
Fixed assets (note 4)	**179,817**	87,388
Other assets:		
Goodwill	**4,038**	3,189
Sundry assets, at cost	**2,145**	1,656
	6,183	4,845
	$366,575	$206,929

Liabilities	1984	1983
Current liabilities:		
Bank indebtedness (notes 6 and 13)	**$ 3,160**	$ 7,521
Accounts payable and accrued charges	**59,974**	39,867
Accrued salaries and wages	**17,765**	4,460
Income and other taxes payable	**8,882**	3,956
Long-term debt due within one year	**7,588**	7,630
Total current liabilities	**97,369**	63,434
Bank indebtedness (note 13)	**46,789**	
Long-term debt (note 6)	**49,708**	42,159
Deferred income taxes	**16,408**	10,062
Minority interest in subsidiary companies	**7,635**	4,507
Shareholders' equity:		
Capital stock (notes 7 and 13)	**76,523**	41,109
Retained earnings	**72,143**	45,658
	148,666	86,767
	$366,575	$206,929

On behalf of the Board:

Director

Director

(See accompanying notes)

Consolidated Statements of Changes in Financial Position

Magna International Inc.

Year Ended July 31, 1984
(with comparative figures for 1983 and 1982)
(Canadian dollars in thousands)

	1984	1983	1982
Sources of working capital:			
From operations —			
Net income to shareholders	**$ 31,480**	$14,647	$ 5,265
Charges to net income which do not affect working capital, including depreciation, deferred income taxes, amortization and minority interest	**24,465**	17,875	9,339
	55,945	32,522	14,604
Class A Subordinate Voting shares issued for consideration of cash and on conversion of shares, debentures and notes (net) (note 7)	**35,044**	19,791	
Refinancing of bank indebtedness (note 13)	**46,789**		
Increase in long-term debt	**18,782**	5,372	4,916
Capital contribution by minority interest	**35**	113	600
Disposal of aerospace/defence business (net) (note 7)			1,694
Proceeds from disposal of other fixed assets	**2,796**	1,809	140
	159,391	59,607	21,954
Uses of working capital:			
Additions to fixed assets	**110,239**	29,806	17,434
Reduction of long-term debt	**11,291**	10,867	702
Redemption of 6½% preference and Class A Subordinate Voting shares	**81**		364
Dividends	**4,544**	1,615	1,944
Purchase of goodwill (note 8)	**1,234**	33	510
Increase in other assets	**489**	787	
	127,878	43,108	20,954
Increase in working capital	**31,513**	16,499	1,000
Working capital, beginning of year	**48,291**	31,792	30,792
Working capital, end of year	**$ 79,804**	$48,291	$31,792

(See accompanying notes)

Magna International Inc.

July 31, 1984

1. Significant accounting policies
The consolidated financial statements are expressed in Canadian dollars following accounting policies generally accepted in Canada. Except as indicated in note 2, they are also in conformity, in all material respects, with accounting policies generally accepted in the United States.

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

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

Foreign exchange —
Assets and liabilities stated in other currencies, together with the accounts of the company's United States subsidiaries, are translated as follows:

Monetary assets and liabilities — at year-end rate.

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

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

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

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

Revenue recognition —
Revenue from sales of manufactured products is recognized upon shipment to customers.

Research and development costs —
Research and development costs (except for capital assets) are charged against income in the year of expenditure. Such costs totalled approximately $3.6 million in 1984 ($2.0 million in 1983 and $1.1 million in 1982).

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

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

The company also receives assistance in the form of non-forgivable loans which are recorded as liabilities in amounts equal to the cash received.

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

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

The company does not provide for the potential tax liability on unremitted earnings of foreign subsidiaries as no dividends are anticipated in the foreseeable future.

Fixed assets —
Fixed assets are recorded at historical cost including, where appropriate, interest capitalized on construction-in-progress. Expenditures for maintenance and repairs are charged to income as incurred. Fixed assets retired or otherwise disposed of, and the related accumulated depreciation, are removed from the accounts with the net gain or loss being included in income.

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

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

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

2. United States generally accepted accounting principles
Accounting policies adopted by the company as reflected in these financial statements differ from accounting principles generally accepted in the United States as follows:

(a) Under the rules and regulations of the United States Securities and Exchange Commission, the 7% preference shares, which are redeemable at the option of the holder after 1989, would not be included in shareholders' equity.

(b) Under United States generally accepted accounting principles there is a requirement to disclose sales information for the company's major customers. This disclosure is not required under Canadian generally accepted accounting principles.

3. Inventories
Inventories consist of:

	1984	1983
	(dollars in thousands)	
Raw materials and supplies	$37,075	$29,036
Work in process	34,553	12,200
Finished goods	15,758	8,970
	$87,386	$50,206

4. Fixed assets
Fixed assets consist of:

	1984	1983
	(dollars in thousands)	
Land	$ 24,729	$ 13,743
Buildings	41,193	13,801
Machinery and equipment	172,347	103,729
	238,269	131,273
Less accumulated depreciation	58,452	43,885
	$179,817	$ 87,388

Fixed assets at July 31, 1984 include approximately $23 million of buildings under construction. Interest capitalized on construction-in-progress in 1984 amounted to $1.1 million.

5. Income taxes
(a) Income from operations consists of:

	Years ended July 31		
	1984	1983	1982
	(dollars in thousands)		
Domestic	$57,355	$24,750	$8,382
Foreign	(231)	723	673
Income from operations	$57,124	$25,473	$9,055

(b) Income tax expense consists of:

	Years ended July 31		
	1984	1983	1982
	(dollars in thousands)		
Current —			
Federal	$11,069	$ 2,605	$2,270
Provincial	5,135	1,184	1,031
	16,204	3,789	3,301
Deferred —			
Federal	4,333	3,551	(21)
Provincial	2,013	1,613	(9)
Foreign		282	310
	6,346	5,446	280
Income tax expense	$22,550	$ 9,235	$3,581
Effective income tax rate	39.5%	36.3%	39.5%

Deferred income taxes have been provided on timing differences which arise primarily from the claiming of capital cost allowance in excess of recorded depreciation.

The provisions for income tax expense differ from those that would be obtained by applying Canadian statutory rates as a result of the following:

	Years ended July 31		
	1984	1983	1982
	(dollars in thousands)		
Expected income tax expense	$29,304	$13,119	$4,690
Foreign rate differentials		(81)	(21)
Manufacturing and processing profits deduction	(3,857)	(1,685)	(467)
3% inventory allowance	(680)	(570)	(485)
Investment tax credits	(2,293)	(600)	(253)
Other	76	(948)	117
	$22,550	$ 9,235	$3,581

(c) Consolidated retained earnings included approximately $2.6 million at July 31, 1984 ($2.8 million at July 31, 1983) 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.

6. Long-term debt
(a) Long-term debt consists of:

	1984	1983
	(dollars in thousands)	
6½% unsecured sinking fund debentures due December 1, 1987	$ 121	$ 121
10% unsecured convertible notes due 1989 — The 10% convertible notes are convertible into Class A Subordinate Voting shares at rates ranging from one share for each $10.70 to $14.50 face amount of debt, depending on the date of conversion until 1989 and subject to anti-dilution provisions	5,350	5,350
11% unsecured convertible subordinated note due 1996 (U.S. $10,000,000) — The 11% convertible subordinated note is convertible into Class A Subordinate Voting shares at the rate of one share for each $20.04 face amount of debt and subject to anti-dilution provisions	13,115	
Non-forgivable capital and operating assistance loans — non-interest bearing, principal payments commencing in 1985	13,261	12,844
Mortgages payable at interest rates from 10% to 15¾% due 1985 to 2004	11,250	13,371
Lien notes payable (mainly at the prime interest rate) due 1985 to 1989	12,598	16,043
Capital lease obligations (primarily denominated in U.S. dollars) at their effective interest rates ranging from 5½% to 7¼% maturing over twenty years with purchase options at nominal amounts on termination of leases	1,601	2,060
	57,296	49,789
Less due within one year	7,588	7,630
	$49,708	$42,159

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

	(dollars in thousands)
1985	$ 7,588
1986	7,084
1987	5,994
1988	7,866
1989	10,837
Thereafter	17,927

(c) Certain accounts receivable and inventories are pledged as collateral for bank indebtedness, and certain fixed assets are pledged as collateral for mortgages, lien notes and capital lease obligations.

(d) At July 31, 1984, the company had bank lines of credit of approximately $65 million, generally available at the respective bank's prime rate of interest, of which approximately $50 million was used before the refinancing was completed subsequent to year end as described in note 13.

(e) At July 31, 1984, the company had commitments under operating leases requiring annual rental payments in each of the next five years as follows:

	(dollars in thousands)
1985	$3,724
1986	3,100
1987	2,851
1988	1,951
1989	1,369
Thereafter	3,548

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

		Issued and outstanding as at July 31			
	Authorized	1984		1983	
		Number of shares	Stated value	Number of shares	Stated value
6½% preference shares	7,500			773	$ 77
7% preference shares (1979 Series)	220,000	204,000	$ 5,100	204,000	5,100
Class A Subordinate Voting shares	Unlimited	15,588,987	69,783	13,168,987	34,292
Class B shares	1,496,056	1,435,924	1,640	1,435,924	1,640
			$76,523		$41,109

6½% preference shares —
In 1984 the company redeemed the remaining issued 6½% preference shares.

Preference shares — issuable in series —
The first such series was issued in 1979 as 7% non-voting, cumulative, convertible preference shares without par value with a stated value per share of $25.00. At July 31, 1984, such shares were convertible into 2.64 Class A Subordinate Voting shares per preference share (subject to anti-dilution provisions) until 1986 after which they may be purchased for cancellation by the company at their stated value. These shares are redeemable by the holder after 1989 (at their stated value).

Class A Subordinate Voting shares and Class B shares —
Class A Subordinate Voting shares without par value have the following attributes:
(a) Each share is entitled to one vote per share at all meetings of shareholders.
(b) Each share shall participate equally as to dividends with each Class B share.
Class B shares without par value have the following attributes:
(a) Each share is entitled to 500 votes per share at all meetings of shareholders.
(b) Each share shall participate equally as to dividends with each Class A share.
(c) Each share may be converted at any time into a fully-paid Class A Subordinate Voting share on a one-for-one basis.

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

At July 31, 1984, one employee of Magna held an option to purchase an aggregate of 10,000 Class A Subordinate Voting and 10,000 Class B shares or 20,000 Class A Subordinate Voting shares at a price in each case of $4.50 per share, exercisable until June 10, 1985.

Changes in the Class A Subordinate Voting and Class B shares for the years 1982, 1983 and 1984 are shown in the following table (dollars in thousands):

	Class A		Class B	
	Shares	Stated value	Shares	Stated value
Outstanding at July 31, 1981	3,166,528	$ 6,417	1,991,558	$2,274
Shares cancelled following —				
Receipt on disposition of aerospace/defence assets (1)	(62,810)	(127)	(94,690)	(108)
Purchase from former officer/director (1)	(36,000)	(72)		
Conversion of Class B shares to Class A shares	93,500	107	(93,500)	(107)
Outstanding at July 31, 1982	3,161,218	6,325	1,803,368	2,059
Issued on conversion of notes, debentures and shares (2)	1,006,115	7,750		
Issued for cash	1,345,000	19,791		
Issued in respect of a special stock dividend (3)	7,289,210	7		
Conversion of Class B shares to Class A shares	367,444	419	(367,444)	(419)
Outstanding at July 31, 1983	13,168,987	34,292	1,435,924	1,640
Issued for cash	2,400,000	35,401		
Issued on exercise of option	20,000	90		
Outstanding at July 31, 1984 (note 13)	15,588,987	$69,783	1,435,924	$1,640

(1) The difference between the value assigned to the shares cancelled in 1982 and the amount deducted from capital stock at the average stated value, amounting to $1,628,000 has been charged to retained earnings of that year.
(2) In 1983, the company's 8¾% unsecured convertible debentures, having a face value of $7,000,000, were converted to Class A Subordinate Voting shares. In addition, $250,000 face amount of 10% unsecured convertible notes due 1989 and $500,000 stated value of 7% preference shares were converted to Class A Subordinate Voting shares.
(3) In 1983, the company issued a special stock dividend of one Class A Subordinate Voting share on each Class A Subordinate Voting and Class B share then issued and outstanding. The Directors have assigned a value of 1/10¢ to each Class A Voting Subordinate share issued in accordance with the terms of the special stock dividend. The total so assigned, $7,289, has been charged to retained earnings.

8. Acquisitions
During the year the company acquired an interest in a joint venture for $1.8 million, of which approximately $1.2 million was allocated to goodwill.

9. Segment information
Substantially all of the company's operations are related to the automotive industry. Operations include the manufacture of automobile parts for the original equipment manufacturers as well as the after market suppliers. Substantially all revenue is derived from sales to the major North American automobile manufacturers.

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

1984	Canada	United States	Total
Sales	$437,843	$55,716	$493,559
Operating profit before the following	$ 72,648	$ 367	$ 73,015
Deduct:			
Interest expense			4,522
Corporate expense			11,369
			15,891
Income before income taxes and minority interest			$ 57,124
Assets	$304,493	$41,061	$345,554
Corporate assets			21,021
Total assets			$366,575

1983	Canada	United States	Total
Sales	$267,414	$35,037	$302,451
Operating profit before the following	$ 35,125	$ 2,752	$ 37,877
Deduct:			
Interest expense			7,240
Corporate expense			5,164
			12,404
Income before income taxes and minority interest			$ 25,473
Assets	$171,337	$19,660	$190,997
Corporate assets			15,932
Total assets			$206,929

1982	Canada	United States	Total
Sales	$195,227	$31,307	$226,534
Operating profit before the following	$ 21,936	$ 2,747	$ 24,683
Deduct:			
Interest expense			12,098
Corporate expense			3,530
			15,628
Income before income taxes and minority interest			$ 9,055
Assets	$141,182	$19,527	$160,709
Corporate assets			7,300
Total assets			$168,009

Canadian sales include export sales of $306.5 million ($217.8 million in 1983 and $144.6 million in 1982).

10. Transactions with related parties
The company leases six of its manufacturing plants from companies in which certain officers of Magna are shareholders. Payments under these leases approximated $615,000 in 1984 ($594,000 in 1983 and $623,000 in 1982).

During the year, the company paid a fee of $442,560 to a company of which a director of Magna is a director in connection with the issue of Class A Subordinate Voting shares.

During the year a Trust (which has as its trustees officers of Magna and which exists to make orderly purchases of Magna shares from time to time for employees, either for transfer to the employees' Deferred Profit Sharing Plan (the Plan) which invests exclusively in such shares, or to recipients of either bonuses or rights to purchase such shares from the Trust) borrowed up to $5,660,000 ($1,922,000 in 1983) from the company to facilitate the purchase during the year of 336,400 Class A Subordinate Voting shares and 14,900 Class B shares of the company. Of these totals 11,300 Class B shares were purchased from directors and officers of the company at prevailing market prices.

During the year the Trust sold to the Plan (at cost) 267,911 Class A Subordinate Voting shares and 29,400 Class B shares. At the year end the Trust's indebtedness to the company was $855,000 (nil in 1983), and the Trust held 68,489 Class A Subordinate Voting shares and 10,200 Class B shares.

At the end of the year, directors and officers were indebted to the company in the aggregate amount of $731,000 ($456,000 in 1983) in connection with loans to assist them in the purchase of shares of the company and in one case to assist in the purchase of a house following relocation. These amounts are included in accounts receivable.

11. Insurance claim
In March 1983, a fire destroyed a portion of the production equipment and inventory at one of the company's operating units. Included in prepaid expenses and claims is an amount of approximately $2.6 million representing the book value of the assets destroyed, payments to third parties to complete delivery under certain contracts, and other recoverable costs through July 31, 1984 less progress payments received to year end, which the company believes are recoverable under its direct-damage and business-interruption policies. The company is continuing to work with its insurers to determine the final amount to be claimed under its direct-damage and business-interruption insurance policies.

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

13. Subsequent events
Subsequent to the year-end, the company issued 3,356,900 Class A Subordinate Voting shares for proceeds of $50.4 million. The net proceeds to the company of the issue (after deducting estimated expenses of issue amounting to $3.6 million) were approximately $46.8 million. The portion of the bank indebtedness retired by using these net proceeds has been classified as non-current.

Earnings per share, calculated on a pro forma basis as though these shares had been issued throughout fiscal 1984 in lieu of the bank indebtedness actually incurred, would have been $1.88 and $1.81 on a basic and fully diluted basis, respectively.

Magna International Inc.

Dollars in thousands except per share figures

	1984	1983	1982	1981[1]	1980	1979	1978	1977	1976	1975
Operations Data										
Sales	**$493,559**	$302,451	$226,534	$232,114	$183,456	$165,738	$128,189	$80,953	$55,010	$39,415
Income from operations	**57,124**	25,473	9,055	12,054	9,249	15,924	12,899	8,185	5,734	2,880
Net income[4]	**31,480**	14,647	5,265	6,911	5,640	8,455	6,595	4,093	2,786	1,339
Extraordinary items	—	—	—	—	(1,922)	272	795	—	—	—
Earnings per share[2,3] Before extraordinary items Class A and Class B shares	**$1.93**	$1.10	$0.49	$0.64	$0.53	$0.86	$0.71	$0.48	$0.36	$0.17
After extraordinary items Class A and Class B shares	**$1.93**	$1.10	$0.49	$0.64	$0.34	$0.89	$0.80	$0.48	$0.36	$0.17
Depreciation	**15,044**	11,267	9,325	9,188	6,154	4,506	3,349	2,210	1,416	1,118
Cash flow from operations	**55,945**	32,522	14,604	14,672	12,052	15,275	13,160	7,542	5,171	2,757
Dividends declared per Class A and Class B share[2]	**$0.31**	$0.26[5]	$0.25	$0.36	$0.36	$0.28	$0.19	$0.12	$0.06	$0.03
Financial Position										
Working capital	**79,804**	48,291	31,792	30,792	28,223	19,174	15,351	7,412	4,925	3,233
Capital expenditures	**110,239**	29,806	17,434	21,052	23,630	23,085	16,231	8,584	3,456	2,016
Fixed assets (Less accum. depreciation)	**179,817**	87,388	70,553	74,074	62,629	47,089	30,269	19,387	8,940	6,900
Long-term debt	**49,708**	42,159	55,554	56,308	45,830	30,441	19,588	10,238	4,627	4,578
Equity relating to Class A and Class B shares	**143,566**	81,590	41,071	39,631	33,792	32,086	23,270	15,226	9,646	6,951
Equity per Class A and Class B share[2,3]	**$8.43**	$5.59	$4.13	$3.84	$3.35	$3.18	$2.41	$1.68	$1.25	$0.90

[1] *1981 and prior figures include sales and income from Aerospace/Defence operations sold effective August 1, 1981.*
[2] *Adjusted for years prior to 1979 to give effect to the capital reorganization during 1979.*
[3] *1983 and prior figures adjusted to give effect to the stock dividend issued June, 1983.*
[4] *Before extraordinary items.*
[5] *In addition stockholders received a special stock dividend issued June, 1983.*

Magna International Inc.

(Canadian dollars in thousands, except per share figures)

	Quarter ended				
	October 31	January 31	April 30	July 31	Total
Fiscal 1984					
Sales	**$109,461**	**$112,592**	**$131,952**	**$139,554**	**$493,559**
Net Income	**$ 6,404**	**$ 6,923**	**$ 9,308**	**$ 8,845**[1]	**$ 31,480**
Earnings per share:					
Basic	**$ .43**	**$ 43**	**$ 54**	**$ .53**	**$1.93**
Fully diluted	**$ .42**	**$ .41**	**$ .52**	**$ .50**	**$1.85**
Fiscal 1983					
Sales	$ 59,421	$ 62,168	$ 87,934	$ 92,928	$302,451
Net Income	$ 1,310	$ 1,729	$ 3,448	$ 8,160	$ 14,647
Earnings per share:					
Basic	$ .12	$ .145	$ .265	$ .57	$1.10
Fully diluted	$ .11	$ .145	$ .265	$ .55	$1.07

[1] *The increased allocation to the Magna Employee Equity and Profit Sharing Plan of $1.9 million for 1984 which was authorized by the Board of Directors in June has been charged to the fourth quarter of 1984.*

Corporate Directory

Directors:
William B. Boggs
William J. Corcoran
Manfred Gingl
George C. Hitchman
James F. McCallum
Burton V. Pabst
Donald Resnick
D. Robin Sloan
Frank Stronach

Corporate Officers:
Frank Stronach,
Chairman of the Board and Chief Executive Officer
Manfred Gingl,
President and Chief Operating Officer
Michael R. Hottinger,
Executive Vice President
James R. McAlpine,
Executive Vice President
D. Robin Sloan,
Senior Vice President
Bruce N. Bound,
Vice President and Treasurer
J. Brian Colburn,
Vice President, Secretary and General Counsel
Robert M. Jones,
Vice President, Marketing
Dennis J. Mills,
Vice President, Corporate Affairs
Edward E. Parent,
Vice President, Finance and Chief Financial Officer
William J. Schabereiter,
Vice President, Special Projects
Philip J. Wolfenden,
Vice President, Human Resources

Senior Group Officers:
Harry N. Bytzek,
Maple Group
Werner Ertl,
Decorative Products Group
Richard G. Hrga,
MACI Group
Wolfgang Ruhland,
CMT Group
Georg Schacht,
Magna Manufacturing Group

Stock Exchange Listings and Symbols:

	Toronto Stock Exchange	NASDAQ
Class A	MG A	MAGAF
Class B	MG B	—

Registrar and Transfer Agents:
The Canada Trust Company, Toronto
The Nova Scotia Trust Company of New York, New York

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36 Apple Creek Blvd.
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Telex: 06-966856

Simeon Park sunset.

Product Directory

CMT Group

Seat track mechanisms
Window winding regulators
Hand brake assemblies
Hood hinges
Door hinges
Door latches
Hood latches
Trunk latches
Clutch and brake pedal assemblies

Decorative Products Group

Front bumper and grille fascia
Rear bumper fascia
Rocker panels
Wheel house opening mouldings
Window channels
Weather strip channels
Headlamp retainers
Centre hood mouldings
Windshield mouldings
Rear window mouldings
Drain trough mouldings
Exterior window mouldings
Tail light bezels
Rocker panel mouldings
Body side mouldings

MACI Group

Cooling fan motors
Heating fan motors
Windshield wiper motors
Immersible fuel pumps
Thermostatic air controllers
Magnetic capsule switches
Relay switches
Instrument clusters
Fuel control devices
Electronic tone and voice synthesized alarms
Electronic fluid level devices

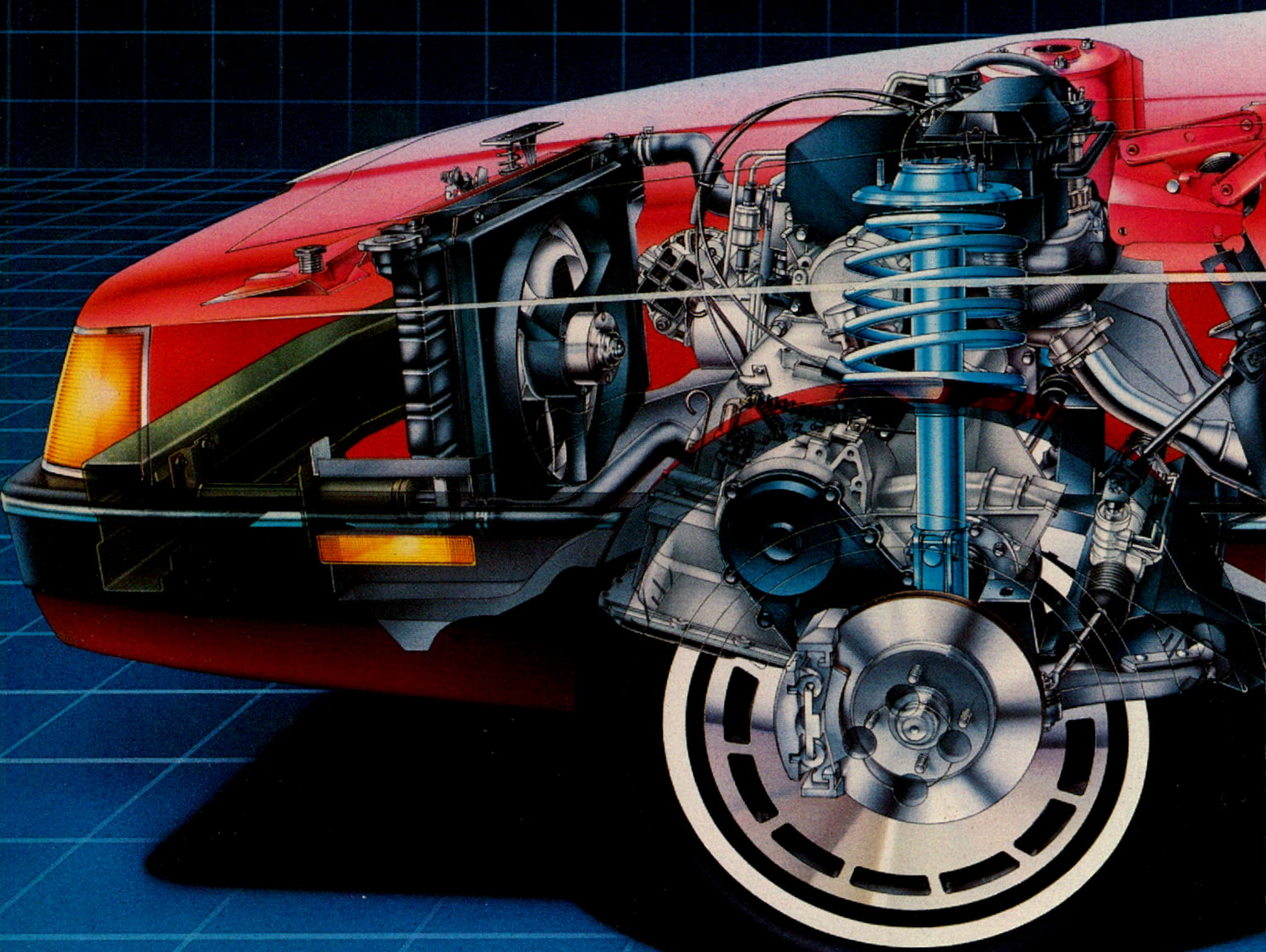
Magna Manufacturing Group

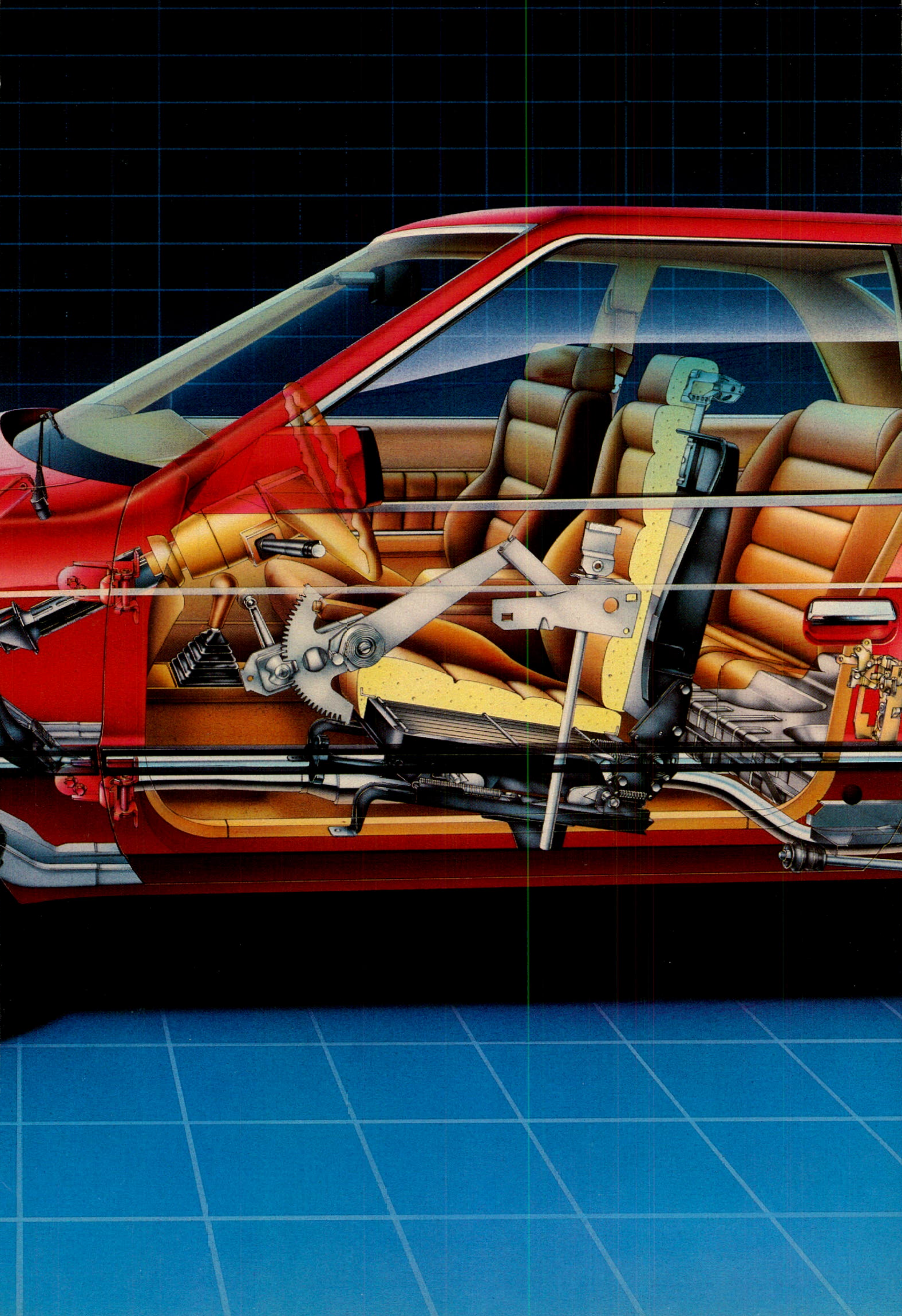
Aluminum bumper reinforcements
Shock absorber towers
Rear cross members
Fuel tank straps
Sill plates
Scuff plates
Alternator fans
Motor mounts
Cannister support brackets
Glove box doors
Seat belt anchors
Heat shields
Catalytic converters
Thermostat housings
Water pumps
Instrument panel supports
Headrests

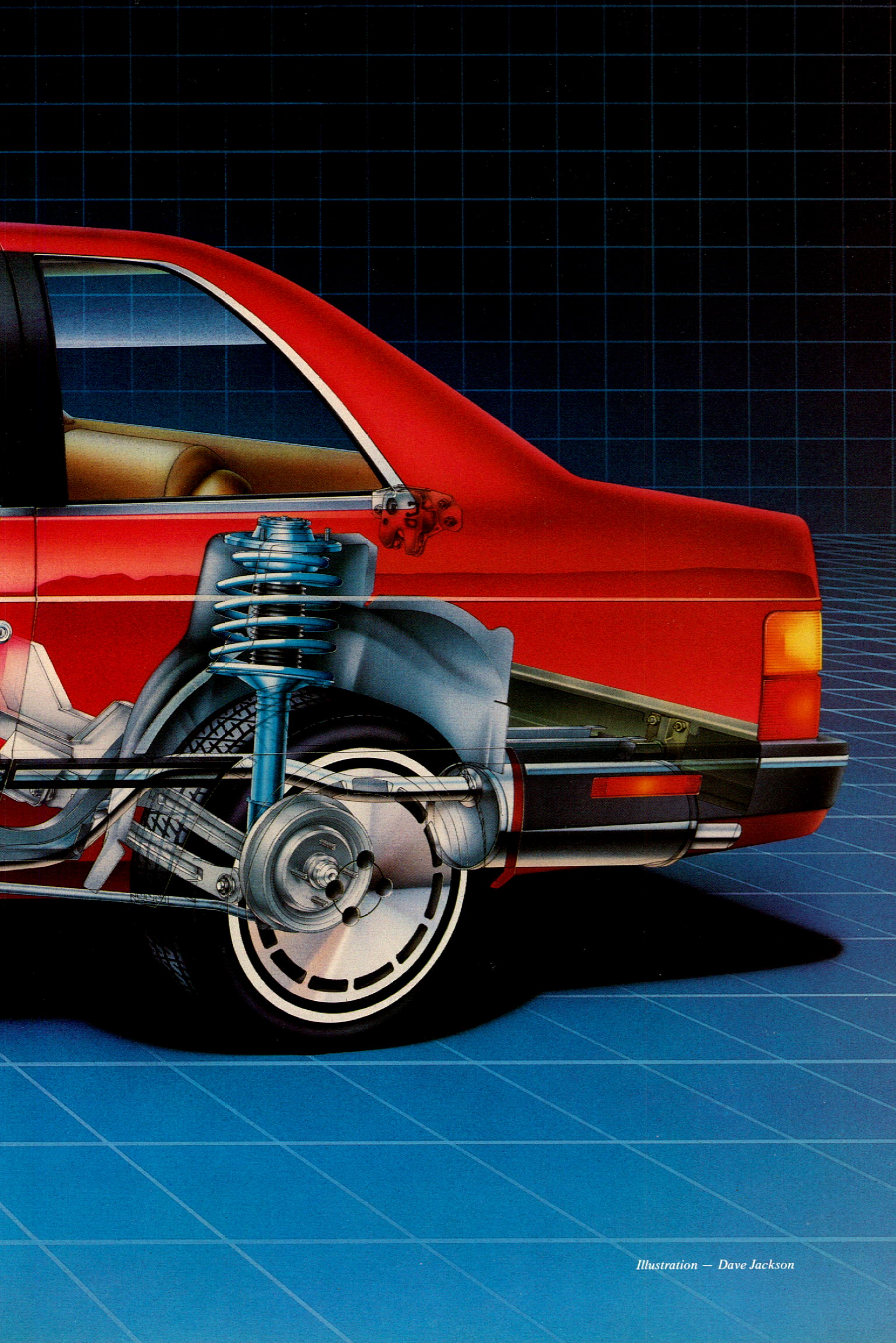
Maple Group

Poly V crankshaft pulleys
Power steering pulleys
Alternator pulleys
Automatic Poly V belt tensioners
Water pump pulleys
Compressor pump pulleys
Two speed accessory drive system
Oil strainers
Oil pick-up tubes
Dip-stick tubes

Magna
International
Inc.







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