MARTINREA INTERNATIONAL INC.

REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2013

MESSAGE TO SHAREHOLDERS

The year 2013 was another year of building our company and our business at Martinrea. For the third consecutive year, we enjoyed record revenues. Our adjusted earnings and adjusted earnings per share were the highest in our history. We expanded our business and our workforce so that now we have over 13,000 people in 38 plants in many areas of the globe to serve our customers. We launched business in our first plant in China—Martinrea Fluids Anting, and we broke ground in building our first Martinrea Honsel facility in China. We continued to invest in and build up the value of our assets, and it is clear to us that our investment in Martinrea Honsel has been a rousing success.

Our goal is to be the best automotive parts supplier in the world in what we do, supporting our customers to become a leading supplier of choice as a state of the art international fluid systems and metal forming business. This has been our objective since we started as an auto parts supplier in 2001, with no business to speak of. We have grown this business now to where our revenues have gone from virtually nothing to well over $3 billion, and have increased since the recession ending in 2009 from just over $1 billion to over $3 billion; our plants have gone from three to 38; our employees have gone from a few to over 13,000; our customers have gone from none to virtually every car company; our geographic scope has gone from Toronto to four continents and eight countries; and our product lines have gone from metal brackets and small parts to fluid assemblies, large stamped and formed steel parts, aluminum engine blocks and structural components, and modular assemblies. Our Martinrea team has been instrumental to this success.

Let us give you a view of how we see the world, and our position in it, in the key areas of our business today:

> **Fluid Systems—**We have grown our fluid systems business (fuel and brake lines, fuel fillers) over the years to become one of the three largest players in our space in North America, with leading edge plants in Canada, the United States, and Mexico. We entered this business with two acquisitions in 2002, and have been building it organically since that time. We are a go to supplier for our customers. With the support of those customers, we have expanded our business in each of Europe and Asia with a plant in Slovakia and China respectively. These plants are designed to be similar to our fluid plants in North America, and are poised to grow with our customers on world platforms. The performance of this group has been very good, and we are an industry leader. We intend to continue to grow this business organically, with much of the growth occurring outside North America. We are very well placed strategically.
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> **Steel Metal Forming—**We have grown this business organically and by acquisition since 2001. It is now the second largest steel metal forming auto parts business in North America, with significant presence in Canada, the United States (north, middle and south), and Mexico. We are leaders in all aspects of this business, as we provide lightweighting solutions to our customers, through the use of high strength steels or the use of metal forming technologies such as hydroforming, hot forming or stamping and

the like. In growing this business we have made build or buy decisions on plants and on equipment; if it has been cheaper for us to buy assets, we have done so. Over the years, we have grown in part by purchasing the assets of generally troubled suppliers, including: Icon, in Corydon Indiana, from Oxford Automotive which went bankrupt; the North American body and chassis operations of ThyssenKruppBudd, which frankly were not doing too well, and which had tremendous restructuring work to be done and empty capacity to fill when we bought them; and the business and several plants of SKD, which were in financial distress and were obtained through a purchase from insolvency. In all these purchases, significant restructuring had to be done. The assets came at a good price, but they required a great deal of time, effort and sometimes cash, to fix, and to fill. We note that a number of competitors, including Dana, Tower, Oxford and others went bankrupt in the last decade. We did not. We grew. Today in the metal forming business the Canadian assets we hold are doing well. Three plants, a record for us, earned GM Supplier of the Year Awards in 2013. The Mexican assets we hold are doing well. Some of our plants in the United States are doing well, but not all as we continue to fill, fix and improve. Overall, though, this is a leading North American business with room to improve. Internationally, we do not yet have plants outside North America. We have a great working relationship with a China-based partner, and at some point we will look for a European partner or investment.

Aluminum castings—Our Martinrea Honsel subsidiary, 55% owned by us, is a world leader in aluminum casting and machined products, particularly engine blocks and structural parts such as engine cradles. We have plants in Germany, Spain, Mexico, Brazil and soon China, which are doing well and with which we have tremendous growth opportunities. We bought these assets from bankruptcy, at a good price but with a lot of restructuring to do. Our people have been busy fixing and improving plants, in all locations. The German facilities have become more competitive and are now profitable as opposed to significantly unprofitable; the Spanish facilities are expanding rapidly; the Mexican facility is both profitable now and expanding; the Brazilian facility has been upgraded significantly; and the China facility is being built. The trend to lightweighting using aluminum puts this business in a sweet spot for opportunity and growth. Frankly, this investment has increased its value significantly, as shown by the increasing value ascribed to it on our balance sheet in the calculation of the put option. In the past year alone, the balance sheet value of the put option related to this asset has increased by $67 million – which means our share of Martinrea Honsel has gone up more. Our people are very good at fixing things, and in Honsel there has been a tremendous amount of fixing required.

In sum, we have been building a business over time—fixing tough situations, filling capacity, and making continuous improvements consistently. It is hard work, but it is rewarding to provide opportunities for our people and to save jobs and communities where we fix distressed assets. We are not sure what the actual value is of our total assets on a fair market value basis or even a replacement cost basis, but we would venture to say that the number is significantly higher than our financial statements indicate.

The value of our Martinrea Honsel assets has gone up significantly in the past few years, as noted, especially as we have fixed German and Mexican operations. The value of our Shelbyville, Kentucky facility, which in early 2012 had limited business and limited scrap value if closed, has increased tremendously we believe as we have turned the division into a going concern business. Business in the plant has grown from around $50 million per year to over $300 million, as the employee base has gone from in the 200s to close to a thousand people. The value of the assets as a going concern may have gone from nominal value to a significant number; the replacement value of the equipment in Shelbyville alone may be higher than $300 million. On the other hand, and unfortunately, in 2013, we wrote down the value of certain assets in Hopkinsville, Kentucky, a plant that has had some press breakdowns, some equipment and operational failures, and frankly has not performed nearly as well as we all would like. We have not been operating as well as we should have, and it is a primary area of focus for us. We will improve those operations over time, as we have fixed assets and plants elsewhere.

Our business is well on the way to generating free cash flow. When one builds a business, organically or by acquisition, and when one wins and has to launch a large book of business, significant capital expenditures and launch related costs are involved. This can mean negative cash flow, and we have had negative free cash flow since 2008, especially so in 2011 to 2013, as we purchased the 55% interest in Martinrea Honsel with our own funds and invested significantly in plant and equipment while launching the largest book of business in our history. Negative free cash flow happens, and generally needs to happen, when you are building a business. It has happened for other auto parts companies too. To grow from nothing to $3 billion in 12 years, with a deep recession occurring in the middle of the growth period, costs money. Having said that, we believe that, at least for our Martinrea Classic (ie non Martinrea Honsel) business, we are going to see much more free cash flow beginning in 2014. It was with this confidence that we declared our first dividend policy, and paid our first dividend to our shareholders, in 2013.

So now, here we are in 2014. We have indicated and we believe this will be a record year for Martinrea in terms of revenues and profits, and it will be a year in which we see positive free cash flow from our operations in Martinrea Classic. We will continue to build this company and improve our people and operations. We will continue to focus on improving shareholder value over time, as we have done, particularly after dealing with the distractions of the past several months. We will continue to serve all our stakeholders to the best of our ability—our employees, our lenders, our customers, our shareholders and our communities.

We would like to make special mention of two long standing directors who have served the Company well over the years: Zoran Arandjelovic, who has just retired, and Suleiman Rashid, who will be retiring at the time of our shareholders meeting. The Company thanks you for your service and dedication, your willingness to get involved and your guidance over the years, as the Company has evolved from a small enterprise into a multinational firm. The growth of our business is attributable in part to the willingness of our board to take risks, to enter into new businesses and to acquire operations and assets, and you have helped us tremendously, with wise counsel and enthusiasm. Thank you and we wish you all the best, and hope you have great memories of Martinrea!

We also welcome new directors to Martinrea. The Company is committed to effective governance that results in good corporate performance. We indicated last year that the Company would be adding independent directors to the Board over time. At the 2013 annual shareholders meeting, Scott Balfour became a director. Earlier this year, Terry Lyons, Frank Macher and Roman Doroniuk joined the Board also. We welcome all of them to our Company, and we trust that they will help guide Martinrea going forward, as we strive to effect our strategy to the greatest extent possible.

We thank our people who have given their utmost for our company, and your company, throughout our short history, not just 2013, and are continuing to do so. It is with immense pride that we have the pleasure to serve you. We will do our very best to continue to serve you well.

On behalf of your company…..

(Signed) *"Rob Wildeboer"*	(Signed) *"Nick Orlando"*
Rob Wildeboer Executive Chairman	Nick Orlando President and Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

OF OPERATING RESULTS AND FINANCIAL POSITION

For the Year ended December 31, 2013

The following management discussion and analysis ("MD&A") was prepared as of March 30, 2014 and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2013, together with the notes thereto. All amounts in this MD&A are in Canadian dollars, unless otherwise stated; and all tabular amounts are in thousands of Canadian dollars, except earnings per share and number of shares. Additional information about the Company, including the Company's Annual Information Form for the year ended December 31, 2013, can be found at www.sedar.com.

Overview

Martinrea International Inc. ("Martinrea" or the "Company") is a leader in the production and development of quality metal parts, assemblies and modules, fluid management systems and complex aluminum products focused primarily on the automotive sector. Martinrea currently employs over 13,000 skilled and motivated people in 38 plants in Canada, the United States, Mexico, Brazil, Europe and China.

Martinrea's objective is to develop a state-of-the-art international metal forming and fluid systems business that will continue to be and further become a key supplier in the automotive industry. Growth will be prudent, profitable and based on innovation. The backbone of this future growth is the development of talented people. The significant development of the Company since 2002 has reflected this business strategy and contributed to the growing profitability of the Company.

Results of operations include certain unusual and other items which have been separately disclosed, where appropriate, in order to provide a clear assessment of the underlying Company results. This has required the use of non-IFRS measures in the Company's disclosures that management believes provides the most appropriate basis on which to evaluate the Company's results.

Non-IFRS Measures

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, the Company has included certain non-IFRS financial measures and ratios in this MD&A that the Company believes will provide useful information in measuring the financial performance and financial condition of the Company. These measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to the other financial measures determined in accordance with IFRS. Non-IFRS measures referred to in the analysis include "adjusted net earnings", and "adjusted net earnings per share on a basic and diluted basis" and are defined in Tables A and B under "Adjustments to Net Income" of this MD&A.

Explanatory Note Regarding the Correction of Prior Period Immaterial Errors

The Company has revised its consolidated financial statements for the year ended December 31, 2012 and the related note disclosures. The financial statements were revised to correct for certain errors made in prior years. The Company has concluded that these errors are immaterial to the previously issued financial statements and has retrospectively revised the comparative amounts in the consolidated financial statements for the year ended December 31, 2013. See note 3 of the consolidated financial statements for the year ended December 31, 2013 for further information on the nature of the errors and corresponding quantitative impact on the consolidated balance sheet as at December 31, 2012 and consolidated statements of operations, comprehensive income and cash flows for the year ended December 31, 2012.

REVENUE

Three months ended December 31, 2013 to three months ended December 31, 2012 comparison

	Three months ended December 31, 2013	Three months ended December 31, 2012	$ Change	% Change
North America	$ 670,540	$ 566,200	104,340	18.4%
Europe	173,420	127,246	46,174	36.3%
Rest of World	14,664	12,154	2,510	20.7%
Revenue	$ 858,624	$ 705,600	153,024	21.7%

The Company's consolidated revenues for the fourth quarter of 2013 increased by $153.0 million or 21.7% to $858.6 million as compared to $705.6 million for the fourth quarter of 2012. Revenues increased year-over-year across all operating segments.

Revenues for the fourth quarter of 2013 in the Company's North America operating segment increased by $104.3 million or 18.4% to $670.5 million from $566.2 million for the fourth quarter of 2012. The increase was generally due to an overall increase in North American OEM light vehicle production, the launch of new programs during or subsequent to the fourth quarter of 2012, including the Ford Fusion, GM full size pick-up trucks and Chevrolet Impala, a $24.8 million increase in tooling revenues, which is typically dependent on the timing of tooling construction and final inspection and acceptance by the customer, and the impact of foreign exchange on the translation of U.S. denominated production revenue, which had a positive impact on revenue for the fourth quarter of 2013 of $25.3 million as compared to the fourth quarter of 2012.

Revenues for the fourth quarter of 2013 in the Company's Europe operating segment, comprised predominantly of the European operations of Martinrea Honsel, increased by $46.2 million or 36.3% to $173.4 million from $127.2 million for the fourth quarter of 2012. The increase was due to the launch of new incremental aluminum business with Jaguar LandRover at the end of 2012, including a sub-frame and shock towers for the new Range Rover Sport, an overall year-over-year increase in European OEM light vehicle production, an $11.0 million increase in tooling revenues, a $13.6 million benefit from the impact of foreign exchange on the translation of Euro denominated production revenue and year-over-year increased production revenues in the Company's plant in Slovakia, which continues to ramp-up and launch its backlog of business.

Revenues for the fourth quarter of 2013 in the Company's Rest of World operating segment, currently comprised of the Brazilian operations of Martinrea Honsel and a start-up facility in China in its early stages, increased by $2.5 million or 20.7% to $14.7 million as compared to $12.2 million for the fourth quarter of 2012. The increase can be attributed to the launch of the Company's first product in China for the Ford CD4 program, which began to ramp up at the end of the second quarter of 2013. The increase in revenues in the Rest of World operating segment would have been higher had it not been for the translation of Brazilian denominated revenue which had a negative impact on revenue for the fourth quarter of 2013 of $0.5 million as compared to the fourth quarter of 2012.

Overall tooling revenues increased by $35.8 million from $36.6 million for the fourth quarter of 2012 to $72.4 million for the fourth quarter of 2013.

Year ended December 31, 2013 to year ended December 31, 2012 comparison

	Year ended December 31, 2013	Year ended December 31, 2012	$ Change	% Change
North America	$ 2,523,697	$ 2,297,818	225,879	9.8%
Europe	631,184	547,289	83,895	15.3%
Rest of World	67,000	55,897	11,103	19.9%
Revenue	$ 3,221,881	$ 2,901,004	320,877	11.1%

The Company's revenues for the year ended December 31, 2013 increased by $320.9 million or 11.1% to $3,221.9 million as compared to $2,901.0 million for the year ended December 31, 2012. Revenues increased year-over-year across all operating segments.

Revenues for the year ended December 31, 2013 in the Company's North America operating segment increased by $225.9 million or 9.8% to $2,523.7 million from $2,297.8 million for the year ended December 31, 2012. Revenues in North America for the year ended December 31, 2013 were negatively impacted by a $31.1 million year-over-year decrease in tooling revenues, which are typically dependent on the timing of tooling construction and final inspection and acceptance by the customer. Excluding tooling revenues,

revenues in the North America operating segment increased by $257.0 million. The increase was generally due to overall improved OEM North American light vehicle production, the launch of new programs during or subsequent to 2012, including the Ford Escape and Fusion, GM full size pick-up trucks and Chevrolet Impala, and a $41.4 million benefit from the impact of foreign exchange on the translation of U.S. dollar denominated production revenue.

Revenues for the year ended December 31, 2013 in the Company's Europe operating segment, comprised predominately of the European operations of Martinrea Honsel, increased by $83.9 million or 15.3% to $631.2 million from $547.3 million for the year ended December 31, 2012. The increase was due to the launch of new incremental aluminum business with Jaguar LandRover at the end of 2012, including a sub-frame and shock towers for the new Range Rover Sport, an overall year-over-year increase in European OEM light vehicle production, a $32.0 million increase in tooling revenues, a $27.7 million benefit from the impact of foreign exchange on the translation of Euro denominated production revenue and year-over-year increased production revenues in the Company's plant in Slovakia, which continues to ramp-up and launch its backlog of business.

Revenues for the year ended December 31, 2013 in the Company's Rest of World operating segment increased by $11.1 million or 19.9% to $67.0 million from $55.9 million for the year ended December 31, 2012. The increase can be attributed to the launch of the Company's first product in China for the Ford CD4 program, which began to ramp up at the end of the second quarter of 2013, and a year-over-year increase in tooling revenues of $6.4 million. The increase in revenues in the Rest of World operating segment would have been higher had it not been for the translation of Brazilian Real denominated production revenue which had a negative impact on revenue for the year ended December 31, 2013 of $3.7 million as compared to the year ended December 31, 2012.

Overall tooling revenues increased by $7.3 million from $195.4 million for the year ended December 31, 2012 to $202.7 million for the year ended December 31, 2013.

GROSS MARGIN

Three months ended December 31, 2013 to three months ended December 31, 2012 comparison

	Three months ended December 31, 2013	Three months ended December 31, 2012 (Revised*)	$ Change	% Change
Gross margin	$ 73,475	$ 60,969	12,506	20.5%
% of revenue	8.6%	8.6%		

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

The gross margin percentage for the fourth quarter of 2013, before adjustments, remained consistent year-over-year at 8.6%. Excluding the impact of the unusual and other items recorded as cost of sales for the fourth quarter of 2013 as explained in Table A under "Adjustments to Net Income", the Company's gross margin percentage for the fourth quarter of 2013 would have been 9.0%, an increase over the 8.6% realized in the fourth quarter of 2012.

The increase in gross margin, after adjustments, as a percentage of revenue was generally due to:

- higher capacity utilization from an overall increase in year-over-year production revenues including the launch of new programs during or subsequent to the fourth quarter of 2012;
- a decrease in pension expense resulting from the settlement of a pension plan;
- improved pricing on certain long term customer contracts;
- productivity and efficiency improvements at certain operating facilities, including cost savings from the workforce reductions in Germany completed at the end of 2012; and
- a decrease in launch and other launch-related operational expenses stemming from the significant ramp up of new program launches during the second half of 2012.

These factors were partially offset by:

- an increase in the relative amounts of integrator or assembly work which typically generates lower margins as a percentage of revenue, although return on capital tends to be higher;
- an increase in tooling revenues which typically earn low or no margins for the Company;
- unfavourable resolution of commercial disputes;

- program specific launch costs related to new programs that launched during the quarter or are set to launch and ramp up over the next few months including the BMW X5, Ford Transit, Ford 2.3L aluminum engine block, Chrysler 200, the Lincoln version of the Ford Escape, GM CTS and changes to the GM Malibu platform; and
- operational inefficiencies at certain operating facilities, in particular, Hopkinsville, Kentucky (see below).

During the fourth quarter of 2013, the Company experienced some operational issues at its operating facility in Hopkinsville, Kentucky, as the facility was dealing with new program launches, customer-requested engineering changes which impacted productivity and the overall ramp-up in production volumes being experienced in the automotive industry. The issues were rooted in serious equipment failures on two of the plant's large tonnage presses which resulted in incremental premium costs in the form of expedited freight, outsourcing costs, overtime, increased manpower, higher scrap levels, sorting and rework costs, launch related inefficiencies and other costs, all of which negatively impacted the gross margin for the quarter. The presses are operational again but are currently not performing at optimal levels. Upgrades to the presses are planned during the 2014 summer and December holiday shutdowns in order to reduce the risk of any further failures and improve the performance of the presses. Notwithstanding the planned upgrades, operations in Hopkinsville are currently stable and the plant is now focusing its attention on cost reduction and improving productivity. Costs are expected to decline and margin expand as operational improvements are made.

The Company's gross margin percentage for the fourth quarter of 2013 also continued to be positively impacted by new program launches, including the recently launched new GM pick-up (K2XX) program. Gross margin is expected to continue to be positively impacted by incremental new business as the Company continues to work through the launch of a significant backlog of business over the next 36 months including the following awarded programs in addition to the programs referred to above: the next wave of Ford CD4 in Europe and North America, GM Omega aluminum engine cradle, GM 31XX (Traverse, SRX), Jaguar LandRover aluminum swivel bearing, Nissan aluminum I4 engine block, Daimler aluminum transmission casing and engine cradle for the VW Golf.

Year ended December 31, 2013 to year ended December 31, 2012 comparison

	Year ended December 31, 2013	Year ended December 31, 2012 (Revised*)	$ Change	% Change
Gross margin	$ 324,036	$ 273,634	50,402	18.4%
% of revenue	10.1%	9.4%		

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

The gross margin percentage for the year ended December 31, 2013, before adjustments, of 10.1% increased as a percentage of revenue by 0.7% as compared to the gross margin percentage for the year ended December 31, 2012 of 9.4%. Excluding the unusual and other items recorded as cost of sales during the years ended December 31, 2013 and 2012 as explained in Table B under "Adjustments to Net Income", the gross margin percentage for the year ended December 31, 2013 increased as a percentage of revenue by 0.5% to 10.2% from 9.7% for the year ended December 31, 2012.

The increase in gross margin, after adjustments, as a percentage of revenue was generally due to:

- higher capacity utilization from an overall increase in year-over-year production revenues including the launch of new programs during or subsequent to 2012;
- a decrease in pension expense resulting from the settlement of a pension plan;
- improved pricing on certain long term customer contracts;
- productivity and efficiency improvements at certain operating facilities, including cost savings from the workforce reductions in Germany completed at the end of 2012; and
- a decrease in launch and other launch-related operational expenses stemming from the significant ramp up of new program launches during the second half of 2012.

These factors were partially offset by:

- an increase in the relative amounts of integrator or assembly work which typically generates lower margins as a percentage of revenue, although return on capital tends to be higher;
- an increase in tooling revenues which typically earn low or no margins for the Company;
- unfavourable resolution of commercial disputes;

- program specific launch costs related to new programs that launched during the year or are set to launch and ramp up over the next few months including the BMW X5, Ford Transit, Ford 2.3L aluminum engine block, the Lincoln version of the Ford Escape, GM CTS and changes to the GM Malibu platform; and
- operational inefficiencies at certain operating facilities, in particular, Hopkinsville, Kentucky (as discussed above).

SELLING, GENERAL & ADMINISTRATIVE ("SG&A")

Three months ended December 31, 2013 to three months ended December 31, 2012 comparison

	Three months ended December 31, 2013	Three months ended December 31, 2012 (Revised*)	$ Change	% Change
Selling, general & administrative	$ 51,434	$ 41,032	10,402	25.4%
% of revenue	6.0%	5.8%		

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

SG&A expense as a percentage of revenue, before adjustments, was 6.0% for the fourth quarter of 2013, compared to 5.8% for the fourth quarter of 2012. Excluding the unusual and other items recorded as SG&A expense for the fourth quarters of 2013 and 2012 as explained in Table A under "Adjustments to Net Income", SG&A expense as a percentage of revenue decreased slightly year-over-year to 4.9% for the fourth quarter of 2013 compared to 5.1% for the fourth quarter of 2012.

SG&A expense, before adjustments, for the fourth quarter of 2013 increased by $10.4 million to $51.4 million as compared to $41.0 million for the fourth quarter of 2012. Excluding the unusual and other items recorded as SG&A expense for the fourth quarters of 2013 and 2012 as explained in Table A under "Adjustments to Net Income", SG&A expense for the fourth quarter of 2013 increased by $6.4 million to $42.5 million from $36.1 million for the fourth quarter of 2012. The increase can be attributed to higher employee incentive compensation, costs incurred at the Company's new facility in China, and incremental employment levels to support the growth in the business.

Year ended December 31, 2013 to year ended December 31, 2012 comparison

	Year ended December 31, 2013	Year ended December 31, 2012 (Revised*)	$ Change	% Change
Selling, general & administrative	$ 163,984	$ 149,046	14,938	10.0%
% of revenue	5.1%	5.1%		

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

SG&A expense for the year ended December 31, 2013 increased by $14.9 million to $163.9 million as compared to $149.0 million for the year ended December 31, 2012. Excluding the unusual and other items recorded as SG&A expense for the years ended December 31, 2013 and 2012 as explained in Table B under "Adjustments to Net Income", SG&A expense for the year ended December 31, 2013 increased by $16.6 million to $155.0 million from $138.4 million for the year ended December 31, 2012. The increase can be attributed to higher employee incentive compensation, costs incurred at the Company's new facility in China, and incremental employment levels to support the growth in the business, partially offset by a decrease in stock based compensation expense. Despite the increase in SG&A expense, SG&A expense as a percentage of revenue, excluding the unusual and other items explained in Table B under "Adjustments to Net Income", remained consistent year-over-year at 4.8% for both the years ended December 31, 2013 and 2012.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT ("PP&E") AND INTANGIBLE ASSETS

Three months ended December 31, 2013 to three months ended December 31, 2012 comparison

	Three months ended December 31, 2013	Three months ended December 31, 2012 (Revised*)	$ Change	% Change
Depreciation of PP&E (production)	$ 25,887	$ 20,978	4,909	23.4%
Depreciation of PP&E (non-production)	1,838	1,728	110	6.4%
Amortization of customer contracts and relationships	497	1,034	(537)	(51.9%)
Total depreciation and amortization	$ 28,222	$ 23,740	4,482	18.9%

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

Total depreciation and amortization expense for the fourth quarter of 2013 increased by $4.5 million to $28.2 million as compared to $23.7 million for the fourth quarter of 2012. The increase in total depreciation and amortization expense can be attributable to an increase in depreciation expense on a larger PP&E base resulting from a growing book of business, partially offset by a decrease in the amortization of intangible assets as a result of the customer contracts and relationships acquired from the Rea International and Pilot acquisitions in 2002 being fully amortized at the end of 2012. A significant portion of the Company's recent investment related to various new program launches was put to use during or subsequent to the fourth quarter of 2012 as the Company continues to work through robust launch activity.

Depreciation of PP&E (production) expense as a percentage of revenue remained consistent year-over-year at 3.0% for the fourth quarters of 2013 and 2012.

Year ended December 31, 2013 to year ended December 31, 2012 comparison

	Year ended December 31, 2013	Year ended December 31, 2012 (Revised*)	$ Change	% Change
Depreciation of PP&E (production)	$ 92,680	$ 68,089	24,591	36.1%
Depreciation of PP&E (non-production)	6,578	5,657	921	16.3%
Amortization of customer contracts and relationships	1,972	5,592	(3,620)	(64.7%)
Total depreciation and amortization	$ 101,230	$ 79,338	21,892	27.6%

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

Total depreciation and amortization expense for the year ended December 31, 2013 increased by $21.9 million to $101.2 million as compared to $79.4 million for the year ended December 31, 2012. The increase in total depreciation and amortization expense can be attributable to an increase in depreciation expense on a larger PP&E base resulting from a growing book of business, partially offset by a decrease in the amortization of intangible assets as a result of the customer contracts and relationships acquired from the Rea International and Pilot acquisitions in 2002 being fully amortized at the end of 2012.

As a result of the significant capital spending associated with the large number of programs that have been launching over the past two years, depreciation of PP&E (production) expense as a percentage of revenue increased to 2.9% for the year ended December 31, 2013 from 2.3% for the year ended December 31, 2012.

ADJUSTMENTS TO NET INCOME
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

Adjusted net earnings exclude certain unusual and other items, as set out in the following tables and described in the notes thereto. Management uses adjusted earnings as a measurement of operating performance of the Company and believes that, in conjunction with IFRS measures, it provides useful information about the financial performance and condition of the Company.

TABLE A

	For the three months ended December 31, 2013	For the three months ended December 31, 2012 (Revised*)	(a)-(b) Change
	(a)	(b)	
NET EARNINGS (A)	**$(51,425)**	**$(7,052)**	**$(44,373)**
Add back - Unusual Items:			
Write-down of assets at the Company's operating facility in Hopkinsville, Kentucky (1)	29,931	-	29,931
Other Impairment of property, plant and equipment (2)	1,366	-	1,366
Restructuring Costs (4)	-	27,744	(27,744)
Add back - Other Items:			
Premium external costs related to the Company's operating facility in Hopkinsville, Kentucky (1)	10,519	-	10,519
External legal and forensic accounting costs related to litigation (3)	331	-	331
Settlement of customer chargebacks (7)	-	4,901	(4,901)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$42,147**	**$32,645**	**$9,502**
Write-down of deferred tax asset net of tax impact of above items (9)	23,345	(1,683)	25,028
Non-controlling interest on above items	-	(11,708)	11,708
TOTAL UNUSUAL AND OTHER ITEMS AFTER TAX (B)	**$65,492**	**$19,254**	**$46,238**
ADJUSTED NET EARNINGS (A + B)	**$14,067**	**$12,202**	**$1,865**
Number of Shares Outstanding – Basic ('000)	84,437	82,995	
Adjusted Basic Net Earnings Per Share	$0.17	$0.15	
Number of Shares Outstanding – Diluted ('000)	85,181	83,285	
Adjusted Diluted Net Earnings Per Share	$0.17	$0.15	

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

TABLE B

	For the year ended December 31, 2013	For the year ended December 31, 2012 (Revised*)	(a)-(b) Change
	(a)	(b)	
NET EARNINGS (A)	**$16,950**	**$37,075**	**$(20,125)**
Add back - Unusual Items:			
Write-down of assets at the Company's operating facility in Hopkinsville, Kentucky (1)	29,931	-	29,931
Other Impairment of property, plant and equipment (2)	1,366	-	1,366
Restructuring Costs (4)	-	35,885	(35,885)
Add back - Other Items:			
Premium external costs related to the Company's operating facility in Hopkinsville, Kentucky (1)	10,519	-	10,519
External legal and forensic accounting costs related to litigation (3)	331	-	331
Executive separation agreement (5)	-	5,177	(5,177)
Impact of a major equipment failure at an operating facility in the U.S (6)	-	8,453	(8,453)
Settlement of customer chargebacks (7)	-	4,901	(4,901)
Transaction and integration costs associated with the acquisition of Honsel (8)	-	581	(581)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$42,147**	**$54,997**	**$(12,850)**
Write-down of deferred tax asset net of tax impact of above items (9)	23,345	(5,398)	28,743
Non-controlling interest on above items	-	(13,182)	13,182
TOTAL UNUSUAL AND OTHER ITEMS AFTER TAX (B)	**$65,492**	**$36,417**	**$29,075**
ADJUSTED NET EARNINGS (A + B)	**$82,442**	**$73,492**	**$8,950**
Number of Shares Outstanding – Basic ('000)	84,093	82,944	
Adjusted Basic Net Earnings Per Share	$0.98	$0.89	
Number of Shares Outstanding – Diluted ('000)	84,985	83,549	
Adjusted Diluted Net Earnings Per Share	$0.97	$0.88	

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

(1) Impact of Operational Issues at the Company's Operating Facility in Hopkinsville, Kentucky

During the fourth quarter of 2013, the Company experienced some operational issues at its facility in Hopkinsville, Kentucky, as the facility was dealing with new program launches, customer-requested engineering changes which impacted productivity and the overall ramp-up in production volumes being experienced in the automotive industry. The issues were rooted in serious equipment failures on two of the plant's large tonnage presses which resulted in incremental premium costs in the form of expedited freight, outsourcing costs, overtime, increased manpower, higher scrap levels, sorting and rework costs, launch related inefficiencies and other costs, all of which negatively impacted the performance of the plant during the quarter. The presses are operational again but are currently not performing at optimal levels. Upgrades to the presses are planned during the summer and December holiday shutdowns in order to eliminate the risk of any further failures and improve the performance of the presses.

In light of these recent operational issues and in conjunction with the Company's annual business planning cycle, the Company recorded a year-end partial write-down of the assets for the Hopkinsville, Kentucky facility. The year-end write-down includes an impairment of PP&E and intangible assets of $27.7 million and a write-down of inventories to net realizable value (recorded in cost of sales) of $2.2 million. Under IFRS, the impairment of PP&E and intangible assets could reverse in the future when the profitability of the Hopkinsville facility improves. The add-back of $10.5 million of premium external costs for purposes of adjusted net income was limited to costs that had been eliminated by the end of the quarter or shortly thereafter and includes $8.6 million in customer charged premium expedited freight (recorded in SG&A expense) and $1.9 million of incremental inbound freight and premium charges from third party suppliers for temporarily outsourced stampings (recorded in cost of sales).

Other premium costs and inefficiencies (including the impact of outsourced stampings not included in the $1.9 million above) resulting from the operational issues were not added back for purposes of adjusted net earnings. These costs and inefficiencies are expected to subside over time as the operations continue to stabilize and launch related activity decreases. The Hopkinsville plant is focused on cost reduction and improving the productivity and efficiency of the operations with the objective of expanding margin.

(2) Other Impairment of Property, Plant and Equipment

In conjunction with its annual business planning cycle, the Company recorded additional impairment charges on PP&E of $1.4 million related to specific manufacturing equipment in North America no longer in use.

(3) External Legal and Forensic Accounting Costs Related to Litigation

As previously disclosed, on September 26, 2013, a former director of the Company, filed a statement of claim against the Company making certain allegations against the Company, certain directors and officers, and two Martinrea suppliers. Supervision of the litigation has been delegated to a Special Committee of the Board of Directors. Legal counsel has been retained to advise the Special Committee with respect to litigation and legal matters. In addition, the Special Committee has retained PricewaterhouseCoopers LLP as its independent financial experts to provide such financial and accounting advice and forensic services as the Special Committee may deem appropriate. The costs added back for adjusted net income purposes reflects the legal and forensic accounting costs incurred by the Company to December 31, 2013 in relation to this matter and not covered by insurance (recorded in SG&A expense).

(4) Restructuring Costs

As part of the acquisition of Honsel, a certain level of restructuring was planned in order to be cost competitive over the long term, in particular at the Company's German facilities in Meschede and Soest. The restructuring efforts commenced immediately after the closing of the acquisition on July 29, 2011. In connection with these restructuring activities, $28.5 million of primarily employee related severance was recognized during the year ended December 31, 2012 of which $26.0 million was recognized during the fourth quarter of 2012. No such restructuring costs were incurred during 2013. However, additional employee related severance associated with the Martinrea Honsel operations may be incurred in the future.

In addition, during the fourth quarter of 2011, the Company began the process of closing one of its small operating facilities in Mexico. The existing business and equipment of this facility was moved to other Company facilities in Mexico including a new facility the Company opened in Silao, Mexico in 2011. Restructuring costs relating to this closure amounted to $5.0 million for the year ended December 31, 2012 of which $1.4 million was incurred in the fourth quarter of 2012, consisting primarily of employee related severance and the dismantling and transporting of PP&E between Company facilities. The closure of this facility was completed during the fourth quarter of 2012. As such, no further costs related to this closure are expected to be incurred.

Costs associated with other restructuring activities totaled $2.4 million during 2012, of which $0.3 million was incurred in the fourth quarter of 2012, consisting of employee related severance relating to the right sizing of certain other manufacturing facilities.

(5) Executive separation agreement

On June 29, 2012, the Company announced that Nat Rea stepped down as Vice Chairman and Director of Martinrea, as of such date, to pursue other opportunities. As part of the separation agreement and based on the terms of his employment contract, the Company paid Mr. Rea $5.2 million which was expensed during the second quarter of 2012 and included in SG&A expense.

(6) Impact of a major equipment failure at an operating facility in the U.S.

During the month of June 2012, a press in one of the Company's U.S. operating facilities experienced a significant failure and was not operational for approximately 23 days. As a consequence and due to the lack of press capacity at the facility, approximately thirty dies were outsourced to external stamping companies which resulted in the following incremental costs:

- external stamping fees;
- transportation costs to move the dies to the external stamping companies and stamped parts back to the Martinrea operating facility for assembly;
- additional manpower to ensure the quality of parts stamped by external suppliers;
- sorting and rework costs; and
- dedicated external contractor support to get the press operational again.

These incremental costs, which totaled $8.5 million for 2012 (recorded in cost of sales), are non-recurring in nature and had a significant impact on the performance of the facility during June, July and August 2012.

(7) Settlement of Customer Chargebacks

In conjunction with the surge in customer volume requirements related to the significant launch activity in the U.S. during the second half of 2012, the Company incurred $4.9 million in customer chargebacks (recorded in SG&A expense) relating mainly to customer production downtime and premium freight costs paid by the customer. The charges were settled with the corresponding customers and expensed during the fourth quarter of 2012.

(8) Transaction costs associated with the acquisition of Honsel

On July 29, 2011, the Company closed the purchase of the operations of Honsel to form the Martinrea Honsel Group. Martinrea joined with Anchorage in the transaction and, consequently, owns 55% of the Martinrea Honsel Group with Anchorage owning the remaining 45%. The Company expensed $0.6 million (recorded as SG&A expense) in transaction and integration costs related to the acquisition during the first quarter of 2012.

(9) Write-down of Deferred Tax Asset

As at December 31, 2013, the Company recorded a $38.8 million partial write-down of deferred tax assets in the Company's U.S. operations generated predominantly from tax losses. $33.7 million of the year-end partial write-down relates to current year tax losses not benefitted (but which were being benefitted throughout the year) and the remainder represents the write-down of previously recognized deferred tax assets. For purposes of adjusted net income, the year-end partial write-down of the deferred tax assets has been netted against the tax impacts of the unusual and other items described above (determined before any consideration of the year-end write-down), which amounted to $15.5 million.

In assessing the realization of deferred tax assets, the Company considers whether it is more likely than not that some portion of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income; however, forming a conclusion on the realization of deferred tax assets is difficult when there is negative evidence, such as cumulative losses in recent years, in the jurisdictions to which the deferred tax assets relate. As at December 31, 2013, the Company concluded that given recent historical tax losses in the U.S., in particular more recently in Hopkinsville, Kentucky, and uncertainty as to the timing of when the Company would be able to generate the necessary level of earnings to recover these deferred tax assets, it was appropriate to record a partial write-down of the deferred tax assets in the U.S. As at December 31, 2013, after the write-down, the net deferred tax asset associated with the U.S. operations is $28.6 million. The partial write-down could reverse once the profitability of the U.S. operations improve.

NET EARNINGS
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

Three months ended December 31, 2013 to three months ended December 31, 2012 comparison

		Three months ended December 31, 2013		Three months ended December 31, 2012 (Revised*)	Change	% Change
Net Earnings	$	(51,425)	$	(7,052)	44,373	-629.2%
Adjusted net earnings	$	14,067	$	12,202	1,865	15.3%
Net earnings per common share						
Basic	$	(0.61)	$	(0.09)		
Diluted	$	(0.60)	$	(0.08)		
Adjusted net earnings per common share						
Basic	$	0.17	$	0.15		
Diluted	$	0.17	$	0.15		

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

Net earnings, before adjustments, for the fourth quarter of 2013 decreased by $44.4 million from a net loss of $7.1 million for the fourth quarter of 2012 to a net loss of $51.4 million for the fourth quarter of 2013. Excluding unusual and other items incurred during these two quarters as explained in Table A under "Adjustments to Net Income", the net earnings for the fourth quarter of 2013 increased to $14.1 million or $0.17 per share, on a basic and diluted basis, in comparison to adjusted net earnings of $12.2 million or $0.15 per share, on a basic and diluted basis, for the fourth quarter of 2012.

The adjusted net earnings for the fourth quarter of 2013, as compared to the fourth quarter of 2012, were positively impacted by the following:

- an increase in gross margin earned on higher year-over-year revenues (as discussed above);
- a year-over-year increase in net foreign exchange gain as a result of the recent weakening of the Canadian dollar; and
- a lower adjusted effective tax rate (excluding the partial write-down of the U.S. deferred tax assets recorded as at December 31, 2013) due generally to mix of earnings driven by losses in the U.S., which are taxed at a significantly higher rate as compared to other jurisdictions in which the Company operates.

These factors were partially offset by a year-over-year increase in SG&A (as discussed above) and a year-over-year increase in research and development costs resulting from an increase in amortization of development costs and an increase in research and development costs that did not meet the criteria for capitalization.

The contribution of Martinrea Honsel to net earnings for the fourth quarter of 2013, after factoring in the interest costs incurred by Martinrea International Inc. on the debt issued to finance the acquisition and operations of Martinrea Honsel, increased to $0.10 per share from $0.01 per share in the fourth quarter of 2012, after adjustments. The increase was generally due to the addition of new incremental aluminum business with Jaguar LandRover, generally higher production volumes in Europe, improved pricing on certain long term customer contracts and ongoing productivity and efficiency improvements at certain facilities, in particular in Germany.

On December 18, 2013, the Company issued a press release which, among other things, provided an update on its anticipated net earnings for the fourth quarter of 2013 and that such net earnings would be negatively impacted as a result of unanticipated operational issues at the Company's Hopkinsville plant. A copy of the press release is available under the Company's SEDAR profile at www.sedar.com.

Year ended December 31, 2013 to year ended December 31, 2012 comparison

	Year ended December 31, 2013	Year ended December 31, 2012 (Revised*)	Change	% Change
Net Earnings	$ 16,950	$ 37,075	(20,125)	-54.3%
Adjusted net earnings	$ 82,442	$ 73,492	8,950	12.2%
Earnings per common share				
Basic	$ 0.20	$ 0.45		
Diluted	$ 0.20	$ 0.44		
Adjusted earnings per common share				
Basic	$ 0.98	$ 0.89		
Diluted	$ 0.97	$ 0.88		

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

Net earnings, before adjustments, for the year end December 31, 2013 decreased by $20.1 million to $17.0 million from net earnings of $37.1 million for the year ended December 31, 2012. Excluding the unusual and other items incurred during the years ended December 31, 2013 and 2012, as explained in Table B under "Adjustments to Net Income", net earnings for the year end December 31, 2013 increased to $82.4 million or $0.98 per share, on a basic basis, and $0.97 on a diluted basis, as compared to net earnings of $73.5 million or $0.89 per share, on a basic basis, and $0.88 per share on a diluted basis, for the year ended December 31, 2012.

The adjusted net earnings for the year ended December 31, 2013, as compared to the year ended December 31, 2012, were positively impacted by the following:

- an increase in gross margin earned on higher year-over-year revenues (as discussed above);
- a year-over-year decrease in the amortization of customer contracts and relationships (as discussed above); and
- a year-over-year increase in net foreign exchange gain as a result of the recent weakening of the Canadian dollar;

These factors were partially offset by:

- a year-over-year increase in SG&A (as discussed above);
- a year-over-year increase in interest expense on generally higher debt levels; and
- a year-over-year increase in research and development costs resulting from an increase in amortization of development costs and an increase in research and development costs that did not meet the criteria for capitalization.

The contribution of Martinrea Honsel to net earnings for the year ended December 31, 2013, after factoring in the interest costs incurred by Martinrea International Inc. on the debt issued to finance the acquisition and operations of Martinrea Honsel, increased to $0.27 per share from $0.14 per share during the year ended December 31, 2012, after adjustments. The increase was generally due to the addition of new incremental aluminum business with Jaguar LandRover, generally higher production volumes in Europe, improved pricing on certain long term customer contracts and ongoing productivity and efficiency improvements at certain facilities, in particular in Germany.

CAPITAL EXPENDITURES

Three months ended December 31, 2013 to three months ended December 31, 2012 comparison

	Three months ended December 31, 2013	Three months ended December 31, 2012 (Revised*)	Change	% Change
Capital Expenditures	$ 46,546	$ 57,897	(11,351)	(19.6%)

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

Capital expenditures for PP&E, including the year-over-year change in unpaid amounts at December 31, decreased by $11.3 million to $46.5 million in the fourth quarter of 2013 from $57.9 million in the fourth quarter of 2012. Capital expenditures as a percentage of revenue decreased to 5.4% for the fourth quarter of 2013 compared to 8.2% for the fourth quarter of 2012. Despite the decrease, while capital expenditures are made to refurbish or replace assets consumed in the normal course of business and for productivity improvements, a large portion of the investment in the fourth quarter continues to be for manufacturing equipment for programs launching over the next 24 months.

Year ended December 31, 2013 to year ended December 31, 2012 comparison

	Year ended December 31, 2013	Year ended December 31, 2012 (Revised*)	Change	% Change
Capital Expenditures	$ 189,065	$ 200,882	(11,817)	(5.9%)

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

Capital expenditures for PP&E, including the year-over-year change in unpaid amounts at December 31, decreased by $11.8 million to $189.1 million for the year ended December 31, 2013 from $200.9 million during the year ended December 31, 2012. Capital expenditures as a percentage of revenue decreased to 5.9% for the year ended December 31, 2013 from 6.9% for the year ended December 31, 2012.

SEGMENT ANALYSIS

The Company defines its operating segments as components of its business where separate financial information is available and routinely evaluated by the Company's chief operating decision maker which is the Chief Executive Officer. As a result of the increased geographic diversification resulting from the acquisition of Martinrea Honsel and the differences between the regions in which the Company now operates, the Company's operations are now segmented on a geographic basis between North America, Europe and Rest of World. The Company measures segment operating performance based on operating income.

Three months ended December 31, 2013 to three months ended December 31, 2012 comparison

	REVENUE		OPERATING INCOME	
	Three months ended December 31, 2013	Three months ended December 31, 2012	Three months ended December 31, 2013	Three months ended December 31, 2012 (Revised*)
North America	$ 670,540	$ 566,200	$ (32,680)	$ 15,512
Europe	173,420	127,246	16,960	(27,453)
Rest of World	14,664	12,154	(232)	(1,739)
	$ 858,624	$ 705,600	$ (15,952)	$ (13,680)

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

North America

The operating results in North America decreased by $48.2 million from operating income of $15.5 million for the fourth quarter of 2012 to an operating loss of $32.7 million for the fourth quarter of 2013. Operating income in North America was negatively impacted by:

- an increase in total unusual and other items totaling $35.5 million as noted in Table A under "Adjustments to Net Income", including the impairment of certain assets, premium external costs related to the Company's operating facility in Hopkinsville, Kentucky and external legal and forensic accounting costs related to litigation incurred during the fourth quarter of 2013, as well as restructuring costs and a settlement of customer charge backs incurred during the fourth quarter of 2012.
- operational inefficiencies at certain operating facilities in particular, Hopkinsville, Kentucky (as discussed above);
- program specific launch costs (related to certain upcoming new programs set to launch and ramp up over the next few months);
- unfavourable resolution of commercial disputes; and
- year-over-year increases in SG&A expense and research and development costs (as previously noted).

These factors were partially offset by:

- an overall increase in production revenues including the launch of new programs during or subsequent to the fourth quarter of 2012;
- a decrease in pension expense resulting from the settlement of a pension plan;
- ongoing productivity and efficiency improvements at certain North American operating facilities; and
- a decrease in launch and other launch-related operational expenses stemming from the significant ramp up of new program launches during the second half of 2012.

Europe

Operating income in Europe, which predominantly includes the European operations of Martinrea Honsel, increased by $44.4 million to $16.9 million for the fourth quarter 2013 from an operating loss of $27.5 million for the fourth quarter of 2012. Operating income in Europe was positively impacted by a year-over-year increase in revenues including the launch of new incremental business with Jaguar LandRover at the end of 2012, ongoing productivity and efficiency improvements at certain operating facilities in Germany, improved pricing on certain long term customer contracts and a decrease in unusual and other items associated with Martinrea Honsel of $26.0 million representing employee related severance incurred during the fourth quarter of 2012 as noted in Table A under "Adjustments to Net Income".

Rest of World

The operating results for the Rest of World operating segment, which currently includes the facility in Brazil and a new facility in China in its early stages, improved year-over-year. The increase in operating results was primarily due to higher revenues resulting from the launch of the Company's first product in China for the Ford CD4 program, which began to ramp up at the end of the second quarter of 2013.

Year ended December 31, 2013 to year ended December 31, 2012 comparison

	REVENUE		OPERATING INCOME	
	Year ended December 31, 2013	Year ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012 (Revised*)
North America	$ 2,523,697	$ 2,297,818	$ 71,117	$ 88,723
Europe	631,184	547,289	36,143	(17,871)
Rest of World	67,000	55,897	(2,023)	(6,767)
	$ 3,221,881	$ 2,901,004	$ 105,237	$ 64,085

** See "Explanatory Note Regarding Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

North America

Operating income in North America decreased by $17.6 million to $71.1 million for the year ended December 31, 2013 from $88.7 million for the year ended December 31, 2012. Operating income in North America was negatively impacted by:

- an increase in total unusual and other items totaling $16.2 million as noted in Table B under "Adjustments to Net Income", including the impairment of certain assets, premium external costs related to the Company's operating facility in Hopkinsville, Kentucky and external legal and forensic accounting costs related to litigation incurred during the year ended December 31, 2013, as well as restructuring costs, an executive separation agreement, the impact of a major equipment failure at an operating facility in the U.S., a settlement of customer charge backs and transaction and integration costs associated with the Honsel acquisition incurred during the year ended December 31, 2012.
- operational inefficiencies at certain operating facilities, in particular, Hopkinsville, Kentucky (as discussed above).
- program specific launch costs (related to certain upcoming new programs set to launch and ramp up over the next few months); and
- year-over-year increases in SG&A expense and research and development costs (as previously noted).

These factors were partially offset by:

- an overall increase in year-over-year production revenues including the launch of new programs during or subsequent to 2012;
- a decrease in pension expense resulting from the settlement of a pension plan;
- ongoing productivity and efficiency improvements at certain North American operating facilities; and
- a decrease in launch and other launch-related operational expenses stemming from the significant ramp up of new program launches during the second half of 2012.

Europe

The operating income in Europe, which predominantly includes the European operations of Martinrea Honsel, increased by $54.0 million to $36.1 million for the year ended December 31, 2013 from a loss of $17.9 million for the year ended December 31, 2012. Operating income in Europe was positively impacted by an increase in year-over-year revenues including the launch of new incremental aluminum business with Jaguar LandRover, ongoing productivity and efficiency improvements at certain operating facilities, in particular in Germany, improved pricing on certain long term customer contracts, and a decrease in unusual and other items of $29.3 million as noted in Table B under "Adjustments to Net Income" representing restructuring costs and transaction and integration costs associated with the acquisition of Honsel incurred during the year ended December 31, 2012.

Rest of World

The operating results for the Rest of World operating segment, which currently includes the facility in Brazil and a new facility in China in its early stages, improved year-over-year. The increase in operating results was primarily due to higher revenues resulting from the launch of the Company's first product in China for the Ford CD4 program, which began to ramp up at the end of the second quarter of 2013.

SUMMARY OF QUARTERLY RESULTS

	2013				**2012** (Revised*)			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	858,624	767,861	826,274	769,122	705,600	697,198	762,553	735,654
Gross margin	73,475	83,663	91,183	75,715	60,969	58,018	75,202	79,444
Net income for the period	(44,074)	26,387	32,111	23,505	(18,883)	8,590	16,765	25,682
Net income attributable to equity holders of the Company	(51,425)	20,973	27,514	19,888	(7,052)	7,553	13,945	22,628
Basic earnings (loss) per share	(0.61)	0.25	0.33	0.24	(0.09)	0.09	0.17	0.27
Diluted earnings (loss) per share	(0.60)	0.25	0.33	0.24	(0.08)	0.09	0.17	0.27
Basic adjusted earnings (loss) per share	0.17	0.25	0.33	0.24	0.15	0.17	0.28	0.29
Diluted adjusted earnings (loss) per share	0.17	0.25	0.33	0.24	0.15	0.17	0.28	0.29

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial condition remains solid given its strong balance sheet, which can be attributed to the Company's low cost structure, reasonable level of debt, prospects for growth and significant new program launches. As at December 31, 2013, the Company had total equity attributable to equity holders of the Company of $464.3 million. As at December 31, 2013, the Company's ratio of current assets to current liabilities was 1.4:1, consistent with prior quarters and higher than December 31, 2012. The Company's current working capital level of $253.7 million and existing financing facilities (discussed below) are sufficient to cover the anticipated working capital needs of the Company. Management expects that all future capital expenditures will be financed by cash flow from operations, utilization of existing financing facilities or asset backed financing.

Cash Flows

Three months ended December 31, 2013 to three months ended December 31, 2012 comparison

	Three months ended December 31, 2013	Three months ended December 31, 2012 (Revised*)	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 39,657	$ 12,622	27,035	214.2%
Change in non-cash working capital items	23,335	28,233	(4,898)	(17.3%)
	$ 62,992	$ 40,855	22,137	54.2%
Interest paid	(4,090)	(2,825)	(1,265)	44.8%
Income taxes paid	(6,338)	(65)	(6,273)	9650.7%
Cash provided by operating activities	$ 52,564	$ 37,965	14,599	38.5%
Cash provided by financing activities	21,787	19,578	2,209	11.3%
Cash used in investing activities	(39,175)	(61,882)	22,707	(36.7%)
Effect of foreign exchange rate changes	4,416	2,497	1,919	76.9%
Increase (decrease) in cash and cash equivalents	$ 39,592	$ (1,842)	41,434	(2249.4%)

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

Cash provided by operating activities during the fourth quarter of 2013 was $52.6 million, compared to cash provided by operating activities of $38.0 million in the corresponding period of 2012. The components for the fourth quarter of 2013 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $39.7 million;
- working capital items source of cash of $23.3 million, comprised of a decrease in trade and other receivables of $19.4 million; inventories of $34.3 million partially offset by a decrease in trade, other payables and provisions of $30.4 million;
- interest paid (excluding capitalized interest) of $4.1 million; and
- income taxes paid of $6.3 million.

Cash provided by financing activities during the fourth quarter of 2013 was $21.8 million, compared to $19.6 million in the corresponding period in 2012, primarily as a result of $58.7 million in incremental operating line draws and new equipment based financing, partially offset by $34.8 million of principal debt repayments made during the quarter and $2.5 million in dividends paid.

Cash used in investing activities during the fourth quarter of 2013 was $39.2 million, compared to $61.9 million in the corresponding period in 2012, primarily as a result of:

- cash additions to PP&E of $37.9 million;
- capitalized development costs relating to upcoming new program launches of $4.7 million; partially offset by
- proceeds on disposal of PP&E of $0.9 million; and
- receipt of a promissory note payment of $2.5 million.

Taking into account the opening cash balance of $16.6 million at the beginning of the fourth quarter of 2013, and the activities described above, the cash and cash equivalents balance at December 31, 2013 was $56.2 million.

Year ended December 31, 2013 to year ended December 31, 2012 comparison

	Year ended December 31, 2013	Year ended December 31, 2012 (Revised*)	Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 236,910	$ 145,686	91,224	62.6%
Change in non-cash working capital items	(58,294)	(24,771)	(33,523)	135.3%
	$ 178,616	$ 120,915	57,701	47.7%
Interest paid	(18,833)	(12,921)	(5,912)	45.8%
Income taxes paid	(23,984)	(10,041)	(13,943)	138.9%
Cash provided by operating activities	$ 135,799	$ 97,953	37,846	38.6%
Cash provided by financing activities	81,665	124,955	(43,290)	(34.6%)
Cash used in investing activities	(193,210)	(219,358)	26,148	(11.9%)
Effect of foreign exchange rate changes	2,548	(633)	3,181	502.5%
Increase (decrease) in cash and cash equivalents	$ 26,802	$ 2,917	23,885	818.8%

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

Cash provided by operating activities during the year ended December 31, 2013 was $135.8 million, compared to cash provided by operating activities of $97.9 million for the year ended December 31, 2012. The components for the year ended December 31, 2013 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $236.9 million;
- working capital items use of cash of $58.3 million, comprised of an increase in trade and other receivables of $84.9 million partially offset by an increase in trade, other payables and provisions of $25.2 million, inventories of $0.9 million and prepaid expenses of $0.5 million;
- interest paid (excluding capitalized interest) of $18.8 million; and
- income taxes paid of $23.9 million.

Cash provided by financing activities during the year ended December 31, 2013 was $81.7 million, compared to $124.9 million for the year ended December 31, 2012, primarily as a result of:

- incremental operating line draws and new equipment based financing of $133.2 million;
- exercise of employee stock options of $10.7 million, partially offset by
- $57.2 million of principal debt repayments; and
- $5.1 million of dividends paid.

Cash used in investing activities during the year ended December 31, 2013 was $193.2 million, compared to $219.4 million for the year ended December 31, 2012, primarily as a result of:

- cash additions to PP&E of $180.3 million;
- capitalized development costs relating to upcoming new program launches of $14.6 million;
- acquisition of non-controlling interest of $4.8 million, partially offset by
- proceeds on disposal of PP&E of $4.1 million; and
- receipt of a promissory note payment of $2.5 million.

Taking into account the opening cash balance of $29.4 million at the beginning of the year, and the activities described above, the cash and cash equivalents balance at December 31, 2013 was $56.2 million.

Financing

The primary terms of the Company's banking facility, with a syndicate of seven banks, are as follows:

- available revolving credit lines of $300 million and US$100 million;
- no mandatory principal repayment provisions;
- an accordion feature which provides the Company with the ability to increase the revolving credit facility by up to $100 million;
- pricing terms at market rates; and
- a maturity date of August 2016.

As at December 31, 2013, the Company had drawn $278.0 million on the Canadian revolving credit line and $32.0 million on the U.S. revolving credit line.

Net debt (i.e. long term debt less cash on hand) has increased by approximately $60.9 million from $354.7 million at December 31, 2012 to $415.6 million at December 31, 2013, due primarily to additional draw-downs on the Company's banking facility and new asset backed financing. The draw-downs and new loans were primarily used to finance the increase in working capital and certain capital expenditures during the year ended December 31, 2013.

The Company was in compliance with its debt covenants as at December 31, 2013.

Dividends

In the second quarter of 2013, Martinrea's Board of Directors approved, for the first time, a dividend to be paid to all holders of Martinrea common shares. Annual dividends are to be $0.12 per share, to be paid in four quarterly payments of $0.03 per share. The first quarterly dividend payment of $0.03 per share was paid on July 11, 2013 and the second quarterly dividend was paid on October 15, 2013. The next dividend was declared on December 31, 2013 and paid in January 2014. The declaration and payment of future dividends will be subject to the Company's cash requirements as well as satisfaction of statutory tests. In addition, the Board will assess future dividend payment levels from time to time, in light of the Company's financial performance and then current and anticipated needs at that time.

Guarantees

The Company is a guarantor under certain tooling finance programs negotiated originally in 2004 and amended in 2013 that provide direct financing for the tooling on specific programs. The tooling finance program involves a third party that provides tooling suppliers with financing subject to a Company guarantee for a period of six to eighteen months depending upon the duration of the tooling program and the subsequent customer tooling payment. The amounts loaned to tooling suppliers through this financing arrangement do not appear on the Company's balance sheet. At December 31, 2013, the amount of program financing was $57.6 million. As is customary in the automotive industry, tooling costs are ultimately paid for by customers of the Company generally upon acceptance of the final prototypes and commencement of commercial production.

Acquisitions

On July 29, 2011, the Company closed an agreement to purchase a controlling interest in the assets of Honsel, a German-based leading supplier of aluminum components for the automotive and industrial sectors. The Company partnered with Anchorage Capital Group L.L.C. ("Anchorage") in the transaction. Martinrea owns 55% of the acquired assets, with Anchorage owning the remaining 45%.

The acquisition of the Honsel operations and the formation of the Martinrea Honsel Group provides the Company with a significant presence in the aluminum automotive parts market, and broadens the Company's metal forming capabilities and offerings. It also creates a more significant geographic presence outside North America, which the Company intends to grow over time. The Company's customer base has been further expanded, with many of the larger European based OEMs being significant customers of Martinrea Honsel.

Martinrea Honsel develops and manufactures complex aluminum products using state-of-the-art production technologies including high pressure die-casting, permanent mold and sand casting as well as extruding and rolling. Honsel produces four major product lines: engine products such as engine blocks, cylinder heads and oil pans; transmission products, such as housings and control parts; suspension products, such as engine cradles; and body parts, such as front boards and extrusion profiles.

Initially, the purchase transaction envisaged the purchase of all of Honsel's operations, which included plants in Germany located in Meschede, Nuremburg, Soest, and Nuttlar, as well as Madrid, Spain, Queretaro, Mexico, and Monte Mor, Brazil. The Nuremburg facility was subsequently sold to ZF Friedrichshafen AG ("ZF"), the primary customer of the facility, immediately after the closing of the purchase transaction. After factoring in the sale of the Nuremburg facility to ZF, the net cash consideration for the acquisition was €62,125 ($85,272), of which Martinrea's portion was €34,169 ($46,900).

In addition to the cash paid for the acquisition, Martinrea and Anchorage have invested an additional €47.8 million ($66 million) as equity and €20 million ($25.8 million) as debt into Martinrea Honsel. The funds have been used to finance working capital and the capital expenditures of the group.

As part of the transaction, the Company granted Anchorage a put option which, if exercised, will require the Company to purchase Anchorage's 45% interest in Martinrea Honsel Holdings B.V. The put option can be exercised beginning on April 1, 2015 and ends on October 1, 2017. The Company is required to purchase the shares held by Anchorage no later than 90 days after exercise of the put option. The put option provides a formula for determining the purchase price of the shares, which is designed to estimate the fair value of the non-controlling interest at the time the option is exercised. The put option provides an arbitration mechanism in the event that the two parties are unable to agree on the ultimate price.

The Company determined the fair value of the liability relating to the put option to be $154,239 as at December 31, 2013 (December 31, 2012 - $87,100). The fair value was determined by applying the contractual formula for determining the purchase price of the shares to projected earnings at the time the put option becomes exercisable and discounting it back to a present value using a rate commensurate with the risks inherent in the ownership interest. The put option liability is included in other financial liabilities on the Company's consolidated balance sheet with an offsetting adjustment to other equity of $154,239. The fair value of the liability is sensitive to changes in projected earnings, which could result in a higher or lower fair value measurement. Changes in the carrying amount of the liability, including accretion and foreign exchange, are recognized within other equity.

The acquisition while bringing many benefits to Martinrea also provides some risks for the Company, as acquisition risk must be managed properly. The acquisition was also financed by the Company using available credit lines, which has increased the Company's debt levels. See also "Risks and Uncertainties".

Risks and Uncertainties

The following risk factors, as well as the other information contained in this MD&A, the Company's Annual Information Form for the year ended December 31, 2013 or otherwise incorporated herein by reference, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

The Company's success is primarily dependent upon the levels of car and light truck production by its customers and the relative amount of content the Company has on their various vehicle programs. OEM production volumes may be impacted by many factors including general economic and political conditions, interest rates, credit availability, energy and fuel prices, international conflicts, labour relations issues, regulatory requirements, trade agreements, infrastructure considerations, legislative changes, and environmental emissions standards and safety issues.

North American and Global Economic and Political Conditions

The automotive industry is global, cyclical and sensitive to changes in economic and political conditions, including interest rates, currency issues, energy prices and international or domestic conflicts or political crises.

The Company operates in the midst of what has recently been a significant global recession, which was particularly severe in North America and more recently Europe which has experienced economic slowdowns and a debt crisis. Although there has been stabilization or growth in some areas, current conditions continue to cause economic uncertainty about the future. It is uncertain what the Company's prospects will be in the future. While the Company believes it has sufficient liquidity and a strong balance sheet to deal with present economic conditions, the recent recessionary impacts and lower sales and production volumes in certain areas may last longer and/or be more severe than currently anticipated. An economic recovery, should it continue to occur, may be gradual and take a long time.

Automotive Industry Risks

The automotive industry is highly cyclical and dependent on, among other factors, consumer spending and general economic conditions in North America and elsewhere. Future sales and production volumes are anticipated to grow in North America over the next several years, and have grown in 2013 as compared to 2011 and 2012, but growth rates are uncertain, and volume levels can decrease at any time. In Europe, the automotive industry has significant overcapacity as well as reduced sales and production levels, which can lead to downsizing and restructuring costs, or costs associated with overcapacity. Increased emphasis on the reduction of fuel consumption, fuel emissions and greenhouse gas emissions could also reduce demand for automobiles overall or specific platforms on which the Company has product, especially in the light truck segment. There can be no assurance that North American or European automotive production overall or on specific platforms will not continue to be lower than historical volumes, will not decline in the future or that the Company will be able to utilize any existing unused capacity or any additional capacity it adds in the future. A continued or a substantial additional decline in the production of new automobiles overall or by customer or by customer platform may have a material adverse effect on the Company's financial condition and results of operations and ability to meet existing financial covenants.

Dependence Upon Key Customers

Due to the nature of the Company's business, it is dependent upon a few large customers such that cancellation of a significant order by any of these customers, the loss of any such customers for any reason or the insolvency of any such customers, or reduced sales of automotive platforms of such customers, could significantly reduce the Company's ongoing revenue and/or profitability, and could materially and adversely affect the Company's financial condition. In addition, a work disruption at one or more of the Company's customers resulting from labour stoppages at or insolvencies of key suppliers to such customers or an extended customer shutdown could have a significant impact on the Company's revenue and/or profits.

Financial Viability of Suppliers

The Company relies on a number of suppliers to supply a wide range of products and components required in connection with the business. Economic conditions, production volume cuts, intense pricing pressures, increased commodity prices and a number of other factors including acts of God (fires, hurricanes, earthquakes) can result in many automotive suppliers experiencing varying degrees of financial distress. The continued financial distress or the insolvency or bankruptcy of any such supplier could disrupt the supply of products, materials or components to Martinrea or to customers, potentially causing the temporary shut-down of the Company's or customers' production lines. Martinrea has experienced supply disruptions of varying natures in the past, including in cases where an equipment supplier has gone out of business, or an act of God resulted in the shortage of a key commodity. Some suppliers had to restructure severely in the past recession, and may have reduced capacity. There is a risk some suppliers may not have adequate capacity to timely accommodate increases in demand for their products which could lead to production disruption for the customer. Any prolonged disruption in the supply of critical components, the inability to re-source production of a critical component from a distressed automotive components sub-supplier, or any temporary shut-down of production lines or the production lines of a customer, could have a material adverse effect on profitability. Additionally, the insolvency, bankruptcy, financial restructuring or force majeure event of any critical suppliers could result in the Company incurring unrecoverable costs related to the financial work-out or resourcing costs of such suppliers and/or increased exposure for product liability, warranty or recall costs relating to the components supplied by such suppliers to the extent such supplier is not able to assume responsibility for such amounts, each of which could have an adverse effect on the Company's profitability. Also see "*Dependence Upon Key Customers*".

Competition

The markets for fluid handling systems, cast aluminum products and fabricated metal products and assemblies for automotive and industrial customers are highly competitive. Some of the Company's competitors have substantially greater financial, marketing and other resources than the Company. As the markets for the Company's products and other services expand, additional competition may emerge and competitors may commit more resources to products which directly compete with the Company's products. There can be no assurance that the Company will be able to compete successfully with existing competitors or that its business will not be adversely affected by increased competition or by new competitors.

Cost Absorption and Purchase Orders

Given the current trends in the automotive industry, the Company is under continuing pressure to absorb costs related to product design and development, engineering, program management, prototypes, validation and tooling in addition to items previously paid for directly by OEMs. In particular, OEMs are requesting that suppliers pay for the above costs and recover these costs through the piece price of the applicable component. Contract volumes for customer programs not yet in production are based on the Company's customers' estimates of their own future production levels. However, actual production volumes may vary significantly from these estimates due to a reduction in consumer demand or new product launch delays, often without any compensation to the supplier by its OEM customer. Purchase orders issued by customers typically do not require they purchase a minimum number of the Company's products. For programs currently under production, the Company is generally unable to request price changes when volumes differ significantly from production estimates used during the quotation stage. If estimated production volumes are not achieved, the product development, design, engineering, prototype and validation costs incurred by the Company may not be fully recovered. Similarly, future pricing pressure or volume reductions by the Company's customers may also reduce the amount of amortized costs otherwise recoverable in the piece price of the Company's products. Either of these factors could have an adverse effect on the Company's profitability. While it is generally the case that once the Company receives a purchase order for products of a particular vehicle program it would continue to supply those products until the end of such program, customers could cease to source their production requirements from the Company for a variety of reasons, including the Company's refusal to accept demands for price reductions or other concessions.

Material Prices

Prices for key raw materials and commodities used in parts production, particularly aluminum, steel, resin, paints, chemicals and other raw materials, as well as energy prices, have proven to be volatile at certain times. Martinrea has attempted to mitigate its exposure to price increases of key commodities, particularly steel (through participation in steel resale programs or price adjustment mechanisms) and aluminum (through price adjustment mechanisms); however, to the extent the Company is unable to fully do so through engineering products with reduced commodity content, by passing commodity price increases to customers or otherwise, such additional commodity costs could have a material adverse effect on profitability. Increased energy prices also impact on production or transportation costs which in turn could affect competitiveness.

Outsourcing and Insourcing Trends

The Company is dependent on the outsourcing of components, modules and assemblies by OEMs. The extent of OEM outsourcing is influenced by a number of factors, including relative cost, quality and timeliness of production by suppliers as compared to OEMs, capacity utilization, and labour relations among OEMs, their employees and unions. As a result of any favourable terms in collective bargaining agreements which may lower cost structures, the Detroit 3 OEMs may insource some production which had previously been outsourced, or not outsource production which may otherwise be outsourced at some point. Outsourcing of some assembly is particularly dependent on the degree of unutilized capacity at the OEMs' own assembly facilities, in addition to the foregoing factors. A reduction in outsourcing by OEMs, or the loss of any material production or assembly programs coupled with the failure to secure alternative programs with sufficient volumes and margins, could have a material adverse effect on profitability.

Product Warranty, Recall and Liability Risk

Automobile manufacturers are increasingly requesting that each of their suppliers bear the costs of the repair and replacement of defective products which are either covered under an automobile manufacturer's warranty or are the subject of a recall by the automobile manufacturer and which were improperly designed, manufactured or assembled by their suppliers. The obligation to repair or replace such parts, or a requirement to participate in a product recall, could have an adverse effect on the Company's operations and financial condition.

Product Development and Technological Change

The automotive industry is characterized by rapid technological change and frequent new product introductions. Price pressure downward by customers and unavoidable price increases from suppliers can have an adverse effect on the Company's profitability. Accordingly, the Company believes that its future success depends upon its ability to enhance manufacturing techniques offering enhanced performance and functionality at competitive prices. The Company's inability, for technological or other reasons, to enhance operations in a timely manner in response to changing market conditions or customer requirements could have a material adverse effect on the Company's results of operations. The ability of the Company to compete successfully will depend in large measure on its ability to maintain a technically competent workforce and to adapt to technological changes and advances in the industry, including providing for the continued compatibility of its products with evolving industry standards and protocols. There can be no assurance that the Company will be successful in its efforts in these respects.

Dependence Upon Key Personnel

The success of the Company is dependent on the services of a number of the members of its senior management. The experience and talents of these individuals will be a significant factor in the Company's continued success and growth. The loss of one or more of these individuals without adequate replacement measures could have a material adverse effect on the Company's operations and business prospects. The Company does not currently maintain key man insurance.

Limited Financial Resources/Uncertainty of Future Financing/Banking

The Company is engaged in a capital-intensive business and its financial resources are less than the financial resources of some of its competitors. There can be no assurance that, if, as and when the Company seeks additional equity or debt financing, the Company will be able to obtain the additional financial resources required to successfully compete in its markets on favourable commercial terms or at all. Additional equity financings may result in substantial dilution to existing shareholders.

Acquisitions

The Company has acquired and anticipates that it will continue to acquire complementary businesses, assets, technologies, services or products. The completion of such transactions poses additional risks to the Company's business. The benefit to the Company of previous and future acquisitions is highly dependent on the Company's ability to integrate the acquired businesses and their technologies, employees and products into the Company, and the Company may incur costs associated with integrating and rationalizing the facilities (some of which may need to be closed in the future). The Company cannot be certain that it will successfully integrate acquired businesses or that acquisitions will ultimately benefit the Company. Any failure to successfully integrate businesses or failure of the businesses to benefit the Company could have a material adverse effect on its business and results of operations. Such transactions may also result in additional dilution to the Company's shareholders or increased debt. Such transactions may involve partners, and the formula for determining contractual sale provisions may be subject to a variety of factors that may not be easily quantified or estimated until the time of sale (such as market conditions and determining fair market value).

Potential Rationalization Costs and Turnaround Costs

The Company has incurred restructuring costs over the past several years. In response to the increasingly competitive automotive industry conditions, it is likely that the Company will continue to rationalize some production facilities. In the course of such rationalization, restructuring costs related to plant closings or alterations, relocations and employee severance costs will be incurred. Such costs could have an adverse effect on short-term profitability. In addition, while the Company's goal is for every plant to be profitable, there is no assurance this will occur, which will likely result in a rationalizing or closing of the plant. Martinrea is working to turn around any financially underperforming divisions, however, there is no guarantee that it will be successful in doing so with respect to some or all such divisions. The continued underperformance of one or more operating divisions could have a material adverse effect on the Company's profitability and operations.

Launch Costs

The launch of new business, in an existing or new facility, is a complex process, the success of which depends on a wide range of factors, including the production readiness of the Company and its suppliers, as well as factors related to tooling, equipment, employees, initial product quality and other factors. A failure to successfully launch material new or takeover business could have an adverse effect on profitability. Significant launch costs were incurred by the Company in 2012 and 2013.

Potential Volatility of Share Prices

The market price of the Company's common shares has been, and will likely continue to be, subject to significant fluctuations in response to a variety of factors, many of which are beyond the Company's control. These fluctuations may be exaggerated if the trading volume of the common shares is low. In addition, due to the evolving nature of its business, the market price of the common shares may fall dramatically in response to a variety of factors, including quarter-to-quarter variations in operating results, the gain or loss of significant contracts, announcements of technological or competitive developments by the Company or its competitors, acquisitions or entry into strategic alliances by the Company or its competitors, the gain or loss of a significant customer or strategic relationship, changes in estimates of the Company's financial performance, changes in recommendations from securities analysts regarding the Company, the industry or its customers' industries, litigation involving the Company or its officers and general market or economic conditions.

Changes in Laws and Governmental Regulations

A significant change in the regulatory environment in which the Company currently carries on business could adversely affect the Company's operations. The Company's operations could be adversely impacted by significant changes in tariffs and duties imposed on its products, particularly significant changes to the North American Free Trade Agreement or the adoption of domestic preferential purchasing policies in other jurisdictions, particularly the United States.

Labour Relations Matters

The Company has a significant number of its employees subject to collective bargaining agreements. To date, the Company has had no material labour relations disputes. However, production may be affected by work stoppages and labour-related disputes, whether in the context of potential restructuring or in connection with negotiations undertaken to ensure a division's competitiveness, or otherwise, which may not be resolved in the Company's favour and which may have a material adverse effect on the Company's operations.

Litigation

The Company has been and is involved in litigation from time to time and has received, in the past, letters from third parties alleging claims and claims have been made against it including those described below. Although litigation claims may ultimately prove to be without merit, they can be time-consuming and expensive to defend. There can be no assurance that third parties will not assert claims against the Company in the future or that any such assertion will not result in costly litigation, or a requirement that the Company enter into costly settlement arrangements. There can be no assurance that such arrangements will be available on reasonable terms, or at all. Due to the inherent uncertainties of litigation, it is not possible to predict the outcome or determine the amount of any potential losses of the law suits reference below or of any claims the Company may be subject to. In addition, there is no assurance that the Company will be successful in a litigation matter. Any of these events may have a material adverse effect on the Company's business, financial condition and results of operations.

As previously disclosed, the Company and certain of its directors and officers have been served with a statement of claim that was filed originally on September 26, 2013 in the Ontario Superior Court of Justice by Nat Rea, Rea Holdings Inc. and one other person which made certain allegations against the Company, certain directors and officers and two suppliers of the Company. The claim seeks, among other things, that a declaration that certain directors and the officers have breached their fiduciary duties in participating or approving certain transactions, the repayment to the Company of certain amounts as a result of such transaction, a declaration that the financial statements do not accurately reflect the Company's position and an order removing certain directors of the Company. The Company and the other defendants have filed a statement of defence and counterclaim against Mr. Rea and his holding company seeking damages for abuse of process. The pleadings have been completed in this matter. The Company maintains its position that the claims made by Rea are without merit, improperly motivated and should be dismissed.

The Company and certain of its officers and directors have been served with a Notice of Action and Statement of Claim that was filed in Windsor, Ontario by an alleged shareholder (the "Statement of Claim"). In the Statement of Claim, the plaintiff seeks, among other things: an order certifying the proceeding as a class proceeding; a declaration that the defendants made negligent misrepresentations in the time period from March 6, 2006 to December 18, 2013 by representing that the Company's financial statements were prepared in accordance with GAAP and/or IFRS; an order granting leave to amend the claim to assert causes of action under the secondary market liability provisions of the Securities Act (Ontario); and special and general damages and costs of notice in the class action in the sum of $100 million. The Company is reviewing the allegations set forth in the Statement of Claim and will respond in a manner that it considers to be in the best interests of shareholders; however, the Company believes that the Statement of Claim is without merit.

Currency Risk - Hedging

A substantial portion of the Company's revenues are now, and are expected to continue to be, realized in currencies other than Canadian dollars, primarily the U.S. dollar. Fluctuations in the exchange rate between the Canadian dollar and such other currencies may have a material effect on the Company's results of operations. To date, the Company has engaged in some hedging activities to mitigate the risk of identified exchange rate exposures. To the extent the Company may seek to implement more substantial hedging techniques in the future with respect to its foreign currency transactions, there can be no assurance that the Company will be successful in such hedging activities.

Currency Risk – Competitiveness in Certain Jurisdictions

The appreciation of the Canadian dollar against the U.S. dollar (and other currencies) over the past several years has negatively affected the competitiveness of the Company's Canadian operations in this respect against the operations in the U.S. and Mexico, as well as other jurisdictions, of competitors and the operations of the Company in those jurisdictions. More recently, the Canadian dollar has depreciated against the U.S. dollar, but still retains a higher value against the U.S. dollar than several years ago. One result of the general Canadian dollar appreciation over the last decade affecting the Company has been that some existing work has been moved to the U.S. or Mexico, or work has been sourced to U.S. or Mexican divisions as opposed to Canadian divisions, in order for the Company to remain or become competitive. These work shifts may entail significant restructuring and other costs as work is shifted, as Canadian plants are consolidated, downsized or closed, or as plants in the U.S. or Mexico are expanded.

Fluctuations in Operating Results

The Company's operating results have been and are expected to continue to be subject to quarterly and other fluctuations due to a variety of factors including changes in purchasing patterns, production schedules of customers (which tend to include a shutdown period in each of July and December), pricing policies, launch costs, or operational (or equipment or systems) failures, or product introductions by competitors. This could affect the Company's ability to finance future activities. Operations could also be adversely affected by general economic downturns or limitations on spending.

Internal Controls Over Financial Reporting and Disclosure Controls and Procedures

Inadequate disclosure controls or ineffective internal controls over financial reporting could result in an increased risk of material misstatements in the financial reporting and public disclosure record of the Company. Inadequate controls could also result in system downtime, give rise to litigation or regulatory investigation, fraud or the inability of the Company to continue its business as presently constituted. The Company has designed and implemented a system of internal controls and a variety of policies and procedures to provide reasonable assurance that material misstatements in the financial reporting and public disclosures are prevented and detected on a timely basis and other business risks are mitigated. In accordance with the guidelines adopted in Canada, the Company assesses the effectiveness of its internal and disclosure controls using a top-down, risk-based approach in which both qualitative and quantitative measures are considered. An internal control system, no matter how well conceived and operated, can provide only reasonable – not absolute – assurance to management and the Board regarding achievement of intended results. The Company's current system of internal and disclosure controls also places reliance on key personnel across the Company to perform a variety of control functions including key reviews, analysis, reconciliations and monitoring. The failure of individuals to perform such functions or properly implement the controls as designed could adversely impact results.

Environmental Regulation

The Company is subject to a variety of environmental regulations by the federal, provincial and municipal authorities in Canada, the United States, Mexico, South America, Europe and China that govern, among other things, soil, surface water and groundwater contamination; the generation, storage, handling, use, disposal and transportation of hazardous materials; the emission and discharge of materials, including greenhouse gases, into the environment; and health and safety. If the Company fails to comply with these laws, regulations or permits, the Company could be fined or otherwise sanctioned by regulators or become subject to litigation. Environmental and pollution control laws, regulations and permits, and the enforcement thereof, change frequently, have tended to become more stringent over time and may necessitate substantial capital expenditures or operating costs.

Under certain environmental requirements, the Company could be responsible for costs relating to any contamination at the Company's or a predecessor entity's current or former owned or operated properties or third-party waste-disposal sites, even if the Company was not at fault. In addition to potentially significant investigation and cleanup costs, contamination can give rise to third-party claims for fines or penalties, natural resource damages, personal injury or property damage.

The Company's customers are also under pressure to meet tighter emissions regulations, reduce fuel consumption and act with more environmental responsibility.

The Company cannot provide assurances that the Company's costs, liabilities and obligations relating to environmental matters (or any issues that may arise as a result of its customers' own environmental compliance) will not have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

A Shift Away from Technologies in Which the Company is Investing

The Company continues to invest in technology and innovation which the Company believes will be critical to its long-term growth. The Company's ability to anticipate changes in technology and to successfully develop and introduce new and enhanced products and/or manufacturing processes on a timely basis will be a significant factor in its ability to remain competitive. If there is a shift away from the use of technologies in which the Company is investing, its costs may not be fully recovered. In addition, the Company may be placed at a competitive disadvantage if other technologies in which the investment is not as great, or the Company's expertise is not as developed, emerge as the industry-leading technologies. This could have a material adverse effect on the Company's profitability and financial condition.

Competition with Low Cost Countries

The competitive environment in the automotive industry has intensified as customers seek to take advantage of low wage costs in China, Korea, Thailand, India, Brazil and other low cost countries. As a result, there is potentially increased competition from suppliers that have manufacturing operations in low cost countries. The loss of any significant production contract to a competitor in low cost countries or significant costs and risks incurred to enter and carry on business in these countries could have an adverse effect on profitability.

The Company's ability to shift its manufacturing footprint to take advantage of opportunities in growing markets

Many of the Company's customers have sought, and will likely continue to seek to take advantage of lower operating costs and/or other advantages in China, India, Brazil, Russia and other growing markets. While the Company continues to expand its manufacturing footprint with a view to taking advantage of manufacturing opportunities in some of these markets, the Company cannot guarantee that it will be able to fully realize such opportunities. The inability to quickly adjust its manufacturing footprint to take advantage of manufacturing opportunities in these markets could harm its ability to compete with other suppliers operating in or from such markets, which could have an adverse effect on its profitability.

Risks of conducting business in foreign countries, including China, Brazil and other growing markets

The Company has or may establish foreign manufacturing, assembly, product development, engineering and research and development operations in foreign countries, including in Europe, China and Brazil. International operations are subject to certain risks inherent in doing business abroad, including:

- political and economic instability;
- trade, customs and tax risks;
- currency exchange rates and currency controls;
- limitations on the repatriation of funds;
- insufficient infrastructure;
- restrictions on exports, imports and foreign investment;
- increases in working capital requirements related to long supply chains; and
- difficulty in protecting intellectual property rights.

Expanding the Company's business in growing markets is an important element of its strategy and, as a result, the Company's exposure to the risks described above may be greater in the future. The likelihood of such occurrences and their potential effect on the Company vary from country to country and are unpredictable, however any such occurrences could have an adverse effect on the Company's profitability.

Potential Tax Exposures

The Company may incur losses in some countries which we may not be able to fully or partially offset against income the Company has earned in those countries. In some cases, the Company may not be able to utilize these losses at all if the Company cannot generate profits in those countries and/or if the Company has ceased conducting business in those countries altogether. The Company's inability to utilize material tax losses could materially adversely affect its profitability. At any given time, the Company may face other tax exposures arising out of changes in tax laws, tax reassessments or otherwise. The taxation system and regulatory environment in some of the jurisdictions in which the Company operates are characterized by numerous indirect taxes and frequently changing legislation subject to various interpretations by the various regulatory authorities and jurisdictions are empowered to impose significant fines, penalties and interest charges. The Company's subsidiary in Brazil is currently being assessed by the State of Sao Paulo tax authorities for certain value added tax credits claimed. Although the Company believes that it has complied in all material respects with the legislation in Brazil and has obtained legal advice to such effect there is no assurance that the Company will be successful with respect to such assessment (see Note 25 to the Company's consolidated financial statements for the year ended December 31, 2013). To the extent the Company cannot implement measures to offset this and other tax exposures, it may have a material adverse effect on the Company's profitability.

Change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates, as well as its ability to fully benefit from tax losses

The Company's effective tax rate varies in each country in which it conducts business. Changes in its mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on the Company's profitability.

Pension Plans and other post employment benefits

The Company's pension plans acquired as a result of the acquisition of the North American body and chassis business of ThyssenKrupp Budd in 2006 (the "TKB Acquisition") had an aggregate funding deficiency as at the latest measurement date of December 31, 2013, based on an actuarial estimate for financial reporting. The unfunded liability at December 31, 2013, on a solvency basis which currently represents the basis for annual pension funding, is significant. Based on current interest rates, benefits and projected investment returns, the Company is obligated to fund some amounts in 2014 and beyond. A significant portion of the estimated funding is expected to be a payment towards the reduction of the unfunded liabilities. The unfunded liability could increase due to a decline in interest rates, investment returns at less than the actuarial assumptions, or changes to the governmental regulations governing funding and other factors. The Company could be adversely affected by the resulting increases in annual funding obligations**.** See also Note 15 ("Pension and Other Post Retirement Benefits") to the Company's annual consolidated financial statements for the year ended December 31, 2013, which reflects the financial position of the Company's defined benefit pension plan and other post-employment benefit plans at December 31, 2013.

The Company provides certain post-employment benefits to certain of its retirees acquired as a result of the TKB Acquisition. These benefits include drug and hospitalization coverage. The Company does not pre-fund these obligations. At December 31, 2013, the unfunded actuarial liability for these obligations was significant. Expected benefit payments for 2014 and beyond are significant. The Company's obligation for these benefits could increase in the future due to a number of factors including changes in interest rates, changes to the collective bargaining agreements, increasing costs for these benefits, particularly drugs, and any transfer of costs currently borne by government to the Company. The Company has in the past negotiated changes to its post-employment benefits package in several of its facilities with its employees, in conjunction with the applicable union for the facility, setting maximum limits on future post-employment benefits payments. The Company may negotiate similar arrangements in future in respect of such benefits at other facilities, as applicable. See also Note 15 ("Pension and Other Post Retirement Benefits") to the Company's annual consolidated financial statements for the year ended December 31, 2013, which reflect the financial position of the Company's post-employment benefits other than pension plans at December 31, 2013.

Disclosure of Outstanding Share Data

As at March 30, 2014, the Company had 84,479,704 common shares outstanding. The Company's common shares constitute its only class of voting securities. As at March 30, 2014, options to acquire 5,521,915 common shares were outstanding.

Contractual Obligations and Off Balance Sheet Financing

At December 31, 2013 the Company had contractual obligations requiring annual payments as follows (all figures in thousands):

	Less than 1 year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Thereafter**	**Total**
Purchase obligations (i)	$435,883	$5,067	$3,447	$3,377	$1,043	$0	$448,817
Long-term debt	$37,276	$48,453	$346,064	$23,379	$16,605	$0	$471,777
Rent Commitments	$16,460	$16,714	$13,156	$8,430	$7,133	$20,262	$82,154
Operating leases with third parties	$5,615	$4,020	$3,145	$2,137	$253	$0	$15,170
Pension funding & post-employment benefit payments	$1,579	$0	$0	$0	$0	$0	$1,579
Total contractual obligations	$496,813	$74,254	$365,812	$37,323	$25,034	$20,262	$1,019,497

(i) Purchase obligations consist of those related to inventory, services, tooling and fixed assets in the ordinary course of business.

The Company has negotiated tool financing facilities that will provide direct financing for specific programs. The tool financing program involves a third party that provides tooling suppliers with financing subject to a Company guarantee. Payments from the third party to the tooling supplier are approved by the Company prior to the funds being advanced. The amounts loaned to tooling suppliers through this financing arrangement do not appear on the Company's balance sheet. At December 31, 2013, the amount of program financing was $57.6 million. The maximum amount of undiscounted future payments the Company could be required to make under the guarantee is $57.6 million. The Company would be required to perform under the guarantee in cases where a tooling supplier could not meet its obligation to the third party. Since the amount advanced to the tooling supplier is required to be repaid generally when the Company receives reimbursement from the final customer, and at this point the Company will in turn repay the tooling supplier, the Company views the likelihood of a tooling supplier default as remote. Moreover, if such an instance were to occur, the Company would obtain the tool inventory as collateral. The term of the guarantee will vary from program to program, but typically ranges between 6-18 months.

The Company periodically utilizes certain financial instruments, principally forward currency exchange contracts to manage the risk associated with fluctuations in currency exchange rates. It is the Company's policy to not utilize financial instruments for trading or speculative purposes. Forward currency exchange contracts are used to reduce the impact of fluctuating exchange rates on the Company's foreign denominated revenue and the Company's purchases of materials and equipment. Gains and losses on forward foreign exchange contracts are reflected in the consolidated financial statements in the same period as the hedged item. In the event that a hedged item is sold or cancelled prior to the termination of the related hedging item, any unrealized gain or loss on the hedging item is immediately recognized in income.

At December 31, 2013, the Company had committed to trade U.S. dollars in exchange for the following:

Currency		Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months
Buy Canadian Dollars	$	53,000	1.0682	12
Buy Mexican Pesos	$	8,509	13.0443	2

The aggregate value of these forward contracts as at December 31, 2013 was a loss of $370 thousand and was recorded in trade and other payables (December 31, 2012 - loss of $7 thousand recorded in trade and other payables).

Disclosure Controls and Procedures and Internal Controls

Background

As discussed in greater detail under "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and Note 3 to the Company's audited consolidated financial statements for the fiscal year ended December 31, 2013, the Company has revised its consolidated balance sheet as at December 31, 2012 and its consolidated statement of operations, consolidated statement of comprehensive income and consolidated statement of cash flows for the fiscal year ended December 31, 2012 to correct certain immaterial prior period errors described below (the "Correction").

As part of a review conducted by the management of the Company, certain errors were identified in the financial information of one of the Company's wholly-owned Canadian operating plants, Hydroform Solutions ("Hydroform"). These errors were the result of the discovery by management of the Company that a former controller of Hydroform had been overriding internal controls and misreporting Hydroform's financial results over a number of years. These actions were in direct violation of the Company's code of conduct. Pursuant to these findings, the Company has terminated the employment of the former controller.

In addition, as previously disclosed, a special committee (the "Special Committee") was established by the Board of Directors to supervise the Company's response to the litigation initiated by a former director of the Company.

The Special Committee is comprised of two independent directors of the Company, Scott Balfour and Fred Olson. The Special Committee was assisted by outside legal counsel and independent outside accounting advisors. The work undertaken by the Special Committee included the supervision of forensic accounting work carried out by qualified independent accountants including those with forensic expertise, as necessary. Additionally, a review of the adequacy of the Company's internal controls was overseen by the Special Committee.

As a result of the foregoing reviews and as a result of evaluating the prior period errors identified at Hydroform, certain enhancements to the Company's internal control procedures were identified by management to improve the effectiveness of the Company's internal controls over financial reporting ("ICFR"), namely, with respect to (i) manual override; (ii) user system access rights and segregation of duties within the Company's information technology systems at the plant level; and (iii) vendor management at the divisional level in the context of anti-fraud controls.

Management has implemented or is in the process of implementing certain enhancements which include:

User Access Rights and Segregation of Duties – the Company has strengthened its user access rights and privileges at the individual plant level in order to enhance segregation of duties within the Company's information technology systems across all its divisions to further reduce the risk of an employee perpetrating and concealing errors or fraud in the normal course of his or her duties. In connection with the December 31, 2013 financial close process, the Company performed additional substantive procedures with respect to certain individuals with inappropriate access rights including reviews of their system access history and found no instances of improper user access.

Vendor Management – the Company has formalized its policies and procedures surrounding vendor management to provide a more defined framework for the Company's plants around market testing and validation of existing or potential suppliers, supplier evaluations, who can authorize and set up new vendors and periodic review of the master vendor listings within the information technology systems.

Implementation of New Financial Systems – the Board of Directors has approved the acquisition and implementation of a new SAP financial system to replace its existing systems across all of its operations in order to meet its future financial requirements and to strengthen its overall internal control framework.

Additional Financial Reporting Close Procedures – in connection with the financial reporting close process of its fiscal 2013 consolidated financial statements, the Company performed additional substantive procedures at the corporate level to validate that the reported financial information agrees with the underlying records, and is substantiated by reconciliations. The performance of additional substantive procedures did not result in any exceptions to the validation of the financial information reported by the plants.

Other Changes – the Company has also revised its code of conduct to provide a more detailed definition of what constitutes a "conflict of interest" and is in the process of centralizing its current policies and procedures with respect to delegation of signing authority such that such policies and procedures are codified in one global document.

The Company's ICFR are subject to periodic testing by the Company's internal audit group. Improvements to existing processes are suggested to management regularly by the internal audit group of the Company. In addition, the Company's independent auditors make recommendations with respect to control improvements as result of their audit procedures.

Management's Consideration of the Correction

In assessing whether the Company's disclosure controls and procedures and its internal control over financial reporting were effective as of December 31, 2013, management considered, among other things:

- the nature and impact of the Correction as disclosed in Note 3 to the Company's consolidated financial statements for the year ended December 31, 2013 and the fact that the errors that were found have been determined to be immaterial to the previously issued financial statements;
- the fact that the Company has in place certain compensating controls, including those procedures noted above, with respect to the identified deficiencies that would prevent a material error;
- the implications of the deficiencies identified, the interaction or relationship of the control with other controls and the possible future consequences of the deficiencies identified;
- the fact that the Correction was not a result of the intentional misconduct on the part of the certifying officers or any senior management who play a significant role in the Company's financial reporting process; and
- the steps taken by the Company to enhance its controls including the measures adopted by management that are summarized above.

In light of these factors and other measures undertaken, management has concluded that the control deficiencies that resulted in the Correction did not result from a material weakness in the design or operation of the Company's disclosure controls and procedures and ICFR as at December 31, 2013.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that material information required to be publicly disclosed by a public company is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. An evaluation of the effectiveness of the Company's disclosure controls and procedures was conducted as of December 31, 2013, based on the criteria set forth in the Internal Control-Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the

Treadway Commission ("COSO") by and under the supervision of the Company's management, including the CEO and the CFO. Based on this evaluation, the CEO and the CFO have concluded that the Company's disclosure controls and procedures (as defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators) are effective in providing reasonable assurance that material information relating to the Company is made known to them and information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in such legislation.

Under the supervision of the CEO and CFO, the Company has designed internal controls over financial reporting (as defined in National Instrument 52-109) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management team used COSO to design the Company's internal controls over financial reporting.

The CEO and CFO have caused an evaluation of the effectiveness of the Company's internal controls over financial reporting as of December 31, 2013. In making this evaluation, the CEO and CFO considered, among other things: the findings to date of the Special Committee, the impact and cause of the accounting errors identified above, the results of the Company's internal audit process and control reviews conducted during the year as well as the results of the ongoing testing and evaluations carried out by the Company of the design and operating effectiveness of its disclosure controls and procedures and internal controls over financial reporting throughout the periods covered by the Company's annual and interim filings. In addition, this evaluation included documentation activities, management inquiries and other reviews as deemed appropriate by management in consideration of the size and nature of the Company's business including those matters described above**.**

Based on that evaluation the CEO and the CFO concluded that the design and operating effectiveness of internal controls over financial reporting was effective as at December 31, 2013 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

With respect to the error identified at Hydroform, the control deficiency related to an override of controls at a plant in violation of the Company's code of conduct resulting in errors that are not material to the consolidated financial results of the Company. It is important to understand that there are inherent limitations of internal controls as stated within COSO. Internal controls no matter how well designed and operated can only provide reasonable assurance to management and the Board of Directors regarding achievement of an entity's objectives. A system of controls, no matter how well designed, has inherent limitations, including the possibility of human error and the circumvention or overriding of the controls or procedures. As a result, there is no certainty that an organization's disclosure controls and procedures or internal control over financial reporting will prevent all errors or all fraud. Even disclosure controls and procedures and internal control over financial reporting determined to be effective can only provide reasonable assurance of achieving their control objectives.

The Company has and will continue to implement enhancements to its internal controls. The Company is committed to the highest standards of integrity and diligence in its business dealings and to the ethical and legally compliant business conduct of its employees. The Company reviews its compliance programs on a regular basis to assess and align them with emerging trends and business practices.

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during the year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting**.**

Critical Accounting Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities. The discussion below describes the Company's significant policies and procedures.

The Company's management bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the reported amounts of assets, liabilities, revenue and expenses that are not readily apparent from other sources. On an ongoing basis, management evaluates these estimates. However, actual results may differ from these estimates under different assumptions or conditions. In making and evaluating its estimates, management also considers economic conditions generally and in the automotive industry in particular, which have more recently been very different from historical patterns, as well as industry trends and the risks and uncertainties involved in its business that could materially affect the reported amounts of assets, liabilities, revenue and expenses that are not readily apparent from other sources. See "Industry Highlights and Trends and Risks and Uncertainties" in the Company's Annual Information Form.

Management believes that the accounting estimates discussed below are critical to the Company's business operations and an understanding of its results of operations or may involve additional management judgment due to the sensitivity of the methods and assumptions necessary in determining the related asset, liability, revenue and expense amounts. Management has discussed the development and selection of the following critical accounting estimates with the Audit Committee of the Board of Directors and the Audit Committee has reviewed its disclosure relating to critical accounting estimates in this MD&A.

Revenue Recognition on Separately Priced Tooling Contracts

Revenue from tooling contracts is recognized at the date on which the Company transfers substantially all the risks and rewards of ownership to the buyer and retains neither continuing managerial involvement nor effective control over the goods sold. This generally corresponds to when the tool is inspected and accepted by the Customer, which is typically defined as the PPAP (production part approval process or customer acceptance) date. Under tooling contracts, the related sale could be paid in full upon completion of the contract, or in installments.

Revenue and cost of sales from tooling contracts are presented on a gross basis in the consolidated statements of operations.

Tooling contract prices are generally fixed; however, price changes, change orders and program cancellations may affect the ultimate amount of revenue recorded with respect to a contract. Contract costs are estimated at the time of signing the contract and are reviewed at each reporting date. Adjustments to the original estimates of total contract costs are often required as work progresses under the contract and as experience is gained, even though the scope of the work under the contract may not change. When the current estimates of total contract revenue and total contract costs indicate a loss, a provision for the entire loss on the contract is made. Factors that are considered in arriving at the forecasted loss on a contract include, amongst others, cost over-runs, non-reimbursable costs, change orders and potential price changes.

Intangible Assets

The Company's intangible assets are comprised of customer contracts and relationships acquired in acquisitions and development costs.

Customer contracts and relationships are amortized over their estimated economic life of up to 10 years on a straight line basis which approximates a pro-rata basis consistent with the relative contract value initially established.

Development costs are capitalized when the Company can demonstrate:

- that it has the intention and the technical and financial resources to complete the development;
- that the intangible asset will generate future economic benefits; and
- that the cost of the intangible asset can be measured reliably.

Capitalized development costs correspond to projects for specific customer applications that draw on approved generic standards or technologies already applied in production. These projects are analyzed on a case-by-case basis to ensure they meet the criteria for capitalization as described above. Development costs are subsequently amortized over the life of the program from the start of production. Amortization of development costs is recognized in Research and Development costs in the statements of operations.

Research costs, including costs of market research and new product prototyping during the marketing stage, are expensed in the period in which they are incurred.

Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGUs").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units).

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Management believes that accounting estimates related to the impairment of non-financial assets and potential reversal are critical accounting estimates because: (i) they are subject to significant measurement uncertainty and are susceptible to change as management is required to make forward-looking assumptions regarding the impact of improvement plans on current operations, in-sourcing and other new business opportunities, program price and cost assumptions on current and future business, the timing of new program launches and future forecasted production volumes; and (ii) any resulting impairment loss could have a material impact on consolidated net income and on the amount of assets reported on the Company's consolidated balance sheet.

Income Tax Estimates

At December 31, 2013, the Company had recorded a net deferred income tax asset in respect of pensions and other post retirement benefits, loss carry-forwards and other temporary differences of $27.1 million. Deferred tax assets in respect of loss carry-forwards relate to legal entities in Canada, the United States, Mexico, Brazil and Europe. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company considers this determination a critical accounting estimate as highly uncertain assumptions are made at the time of estimation and differing estimates may result due to changes in the assumptions from period to period and may have a material impact on the Company's consolidated financial statements. The factors used to assess the probability of realization are the Company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets. The Company has and continues to use tax planning strategies to realize deferred tax assets in order to avoid the potential loss of benefits. Unknown future events and circumstances, such as changes in tax rates and laws, may materially affect the assumptions and estimates made from one period to the next. Any significant change in events, tax laws, and tax rates beyond the control of the Company may materially affect the consolidated financial statements.

Stock-based Compensation

The Black-Scholes option valuation model was used by the Company to determine fair values of options granted during the year. The Black-Scholes model was developed for use in estimating the fair value of freely traded options, which are fully transferable and have no vesting restrictions. The Company's stock options are not transferable, cannot be traded and are subject to vesting restrictions and exercise restrictions under the Company's black-out policy which would tend to reduce the fair value of the Company's stock options. Changes to subjective input assumptions used in the model can cause a significant variation in the estimate of the fair value of the options. During the year ended December 31, 2013, the Company used the following assumptions to determine the stock-based compensation expense under the Black-Scholes option pricing model: risk free interest rate – 1.5%, expected life – 4 years and expected volatility – 50.2%. The Company believes that the estimate of stock-based compensation is a critical accounting estimate because management is required to make significant forward looking assumptions used in the Black Scholes option valuation model. The varying inputs on which the Black-Scholes option pricing model is based can result in significantly different results and there may be a material impact on the Company's consolidated balance sheets, statements of cash flows, and statements of earnings. Uncertain changes in expected stock volatility, the change in expected dividend yields, the expected option life, and changes in assumptions used to form a risk free rate during the expected option term may affect the value derived for stock-based compensation.

Employee Future Benefits

The Company provides pensions and other post-employment benefits including health care, dental care and life insurance to certain employees. The determination of the obligation and expense for defined benefit pension plans and post-employment benefits is dependent on the selection of certain assumptions used by the Company's actuaries in calculating such amounts. Those assumptions are disclosed in Note 15 to the Company's annual consolidated financial statements for the year ended December 31, 2013 the most significant of which are the discount rate, and the rate of increase in the cost of health care. The assumptions are reviewed annually and the impact of any changes in the assumptions is reflected in actuarial gains or losses which are recognized in other comprehensive income as they arise. The significant actuarial assumptions adopted are internally consistent and reflect the long-term nature of employee future benefits. Significant changes in assumptions could materially affect the Company's employee benefit obligations and future expense.

Put option held by non-controlling shareholder

The Company recognizes a liability measured at fair value for a written-put option when a non-controlling shareholder has the right to require the Company to acquire its shareholdings. Based on the facts and circumstances of each put option, the liability will either replace the non-controlling interest balance or be recorded with an offset to other equity. Fair value is measured as the present value of the exercise price of the option or of the forward price. Subsequent changes in the carrying amount of the liability, including accretion and foreign exchange, are recognized within other equity.

Recently Issued Accounting Pronouncements Not Yet Adopted

IAS 36, Impairment of assets

On May 30, 2013 the IASB made small changes to the disclosures required by IAS 36, *Impairment of assets* ("IAS 36") when recoverable amount is determined based on fair value less cost of disposal. The IASB made consequential amendments to the disclosure requirements of IAS 36 when it issued IFRS 13. One of the amendments was drafted more widely than intended. This scope amendment corrects this and introduces additional disclosures about fair value measurements when there has been impairment or reversal of impairment.

This amendment is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2014. The Company is in the process of determining the impact of these disclosure requirements on its consolidated financial statements but does not expect the amendment to IAS 36 to have a significant impact on the consolidated financial statements.

IAS 32, Financial Instruments: Presentation

In December 2011, the IASB amended IAS 32, Financial Instruments: Presentation to clarify the meaning of when an entity has a current legally enforceable right of set-off. The amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively. The Company does not expect this to have a significant impact on the consolidated financial statements

IFRIC 21, Levies

In May 2013, the IASB issued IFRIC 21, Levies ("IFRIC 21") which provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies (i) the liability is recognized progressively if the obligating event occurs over a period of time, and (ii) if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. The standard is effective for annual periods beginning on or after January1, 2014, with early adoption permitted. The Company is in the process of determining the impact of this new standard on the consolidated financial statements.

Selected Annual Information

The following table sets forth selected information from the Company's consolidated financial statements for the years ended December 31, 2013, December 31, 2012 and December 31, 2011.

Fiscal Year Ended	**2013**	**2012***	**2011***
Sales	$3,221,881	$2,901,004	$2,192,931
Gross margin	324,036	273,634	228,998
Net earnings	16,950	37,075	51,614
Adjusted net earnings	82,442	73,492	63,907
Net earnings per share			
Basic	0.20	0.45	0.64
Diluted	0.20	0.44	0.63
Adjusted net earnings per share	0.98	0.89	0.78
Basic	0.97	0.88	0.77
Diluted			
Total assets	$1,924,831	$1,664,332	$1,419,574
Total interest bearing debt	$471,777	$384,164	$263,245
Dividends declared	$7,588	$Nil	$Nil

** See "Explanatory Note Regarding the Correction of Prior Period Immaterial Errors" and note 3 to the consolidated financial statements.*

The year-over-year trends in the selected information above have been discussed previously in this MD&A, including the unusual items in Table B under "Adjustments to Net Income".

Outlook

The automotive industry is traditionally an extremely challenging business, characterized at the OEM level by intense competition for market share, rebates to consumers and drives for quality and profits and characterized at the supplier level by price reductions, increasing quality standards, higher input prices and a declining number of qualified suppliers in the normal course or as a result of insolvencies and consolidation. The challenges of the industry were exacerbated by the 2008-2009 economic recession and the financial distress in the industry involving both OEMs and suppliers particularly evidenced by the bankruptcy filings of Chrysler and General Motors in the United States in 2009. The Company believes that the long term outlook of the automotive industry overall remains challenging but much improved from 2008 - 2010. In 2010, the North American automotive industry experienced a recovery in volume and revenues, as sales and production volumes increased from 2009 levels, although not to pre-recession levels. Production in 2011, 2012 and 2013 improved substantially, and production is continuing to improve in 2014. This has resulted in increasing revenues for most automotive OEMs and for suppliers who survived the automotive crisis of 2008 and 2009, including Martinrea.

There are many challenges, but opportunities will exist for innovative and cost effective suppliers who build great products in the short, medium and longer term, and who have survived automotive and economic crises. It is expected that growth in business for individual suppliers will occur as OEMs reduce the number of Tier 1 suppliers, continue to outsource product, and provide opportunities for new work and takeover business. The Company believes that an industry slow-down or consolidation can be viewed as a strategic opportunity to win additional business from competitors producing fluid management systems or metal formed products. The Company also believes that its capabilities provide it with the ability to capitalize on a broad range of opportunities. In 2003, the Company streamlined operations, managed the integration of acquisitions to create efficiencies, strengthened product offerings, took advantage of technological capabilities and created more profitability. The Company built on this in 2004 and in 2005, building a base for the future. In 2006, the Company again pursued this strategy, and added a major complementary acquisition to broaden its base. In 2007 and 2008, the Company focused on integrating its acquisitions and continued with its traditional strategic focus. The Company continued to pursue its strategies in 2009 despite the automotive and economic crisis, and acquired assets, customers and new work. The Company's perseverance and focus continued throughout 2010, as the Company continued to build for the future. The Company continued to pursue its strategies in 2011, 2012 and 2013, including the acquisition of the assets of Honsel to broaden its product offerings and customer base, and will continue to do so in the future with a view to increasing revenue and profits over the longer term.

Forward-Looking Information

Special Note Regarding Forward-Looking Statements

This MD&A and the documents incorporated by reference therein contains forward-looking statements within the meaning of applicable Canadian securities laws including related to the Company's expectations as to revenue and gross margin percentage (and earnings per share), expansion of gross margin, including due to positive impact from launches, statements as to the growth of the Company and pursuit of its strategies, the launching of new metal forming and fluid systems programs including expectations as to the financial impact of launches, statements as to the progress of operational improvements and operational efficiencies, pricing pressures placed by OEMs on suppliers, continued consolidation of automotive suppliers, the increased reliance on outsourcing by foreign-owned OEMs, anticipated growth in the automotive industry in emerging markets, the increased reliance on forming technologies, future investments in leading edge technology, equipment and processes, the opportunity to increase sales, broad geographic penetration, and the nature and duration of the economic recession to the continuation of monitoring, managing and rationalization of expenses (including of Martinrea Honsel), the Company's expectations regarding the future amount and type of restructuring expenses to be expensed (including Martinrea Honsel), statements as to the reduction of costs (including due to operational improvements at the Company's Hopkinsville plant and expectations as to the continued operation of successful upgrades of the presses), the expectation of a reduction in internal costs and inefficiencies and stabilization of the Hopkinsville plant, the Company's expectations regarding the future amount and type if restructuring expenses to be expensed (including Martinrea Honsel), the Company's expectation regarding the financing of future capital expenditures, the Company's views of the likelihood of tooling and component part supplier default, the Company's view on the financial viability of its customers, the impact of environmental regulation on the demand for automobiles, the Company's views on the long term outlook of the automotive industry and economic recovery and availability of credit for automotive purchases, and corresponding increased sales and production, the Company's expectations as to new plant openings, statements as to the benefits of the Honsel acquisition, and the Company's ability to capitalize on opportunities in the automotive industry and the successful integration of acquisitions, the potential to reverse the PP&E and intangible asset impairment, the Company's views on its liquidity and ability to deal with present economic conditions, the Company's views as to the Rea litigation and class action and the Brazil tax assessment, the Company's statement as to Internal Controls as well as other forward-looking statements. The words "continue", "expect", "anticipate", "estimate", "may", "will", "should", "views", "intend", "believe", "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, some of which are discussed in detail in the Company's Annual Information Form for the year ended December 31, 2013 and other public filings which can be found at www.sedar.com:

- North American and global economic and political conditions;
- the highly cyclical nature of the automotive industry and the industry's dependence on consumer spending and general economic conditions;
- the Company's dependence on a limited number of significant customers;
- financial viability of suppliers;
- the Company's reliance on critical suppliers and on suppliers for components and the risk that suppliers will not be able to supply components on a timely basis or in sufficient quantities;
- competition;
- the increasing pressure on the Company to absorb costs related to product design and development, engineering, program management, prototypes, validation and tooling;
- increased pricing of raw materials;
- outsourcing and in-sourcing trends;
- the risk of increased costs associated with product warranty and recalls together with the associated liability;
- the Company's ability to enhance operations and manufacturing techniques;
- dependence on key personnel;
- limited financial resources;
- risks associated with the integration of acquisitions;
- costs associated with rationalization of production facilities;
- launch costs;
- the potential volatility of the Company's share price;
- changes in governmental regulations or laws including any changes to the North American Free Trade Agreement;
- labour disputes;

- litigation;
- currency risk;
- fluctuations in operating results;
- internal controls over financial reporting and disclosure controls and procedures;
- environmental regulation;
- a shift away from technologies in which the Company is investing;
- competition with low cost countries;
- the Company's ability to shift its manufacturing footprint to take advantage of opportunities in emerging markets;
- risks of conducting business in foreign countries, including China, Brazil and other growing markets;
- potential tax exposures;
- a change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates, as well as the Company's ability to fully benefit from tax losses;
- under-funding of pension plans; and
- the cost of post-employment benefits.

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

MARTINREA INTERNATIONAL INC.
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

Martinrea International Inc.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Martinrea International Inc. are the responsibility of management and have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect best estimates based on management's judgment. In addition, all other information contained in the annual report to shareholders and Management Discussion and Analysis for the year ended December 31, 2013 is also the responsibility of management. The Company maintains systems of internal accounting and administrative controls designed to provide reasonable assurance that the financial information provided is accurate and complete and that all assets are properly safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting, for overseeing management's performance of its financial reporting responsibilities, and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Directors delegates certain responsibility to the Audit Committee, which is comprised of independent non-management directors. The Audit Committee meets with management and KPMG LLP, the external auditors, at least once a year to review among other things accounting policies, observations, if any, relating to internal controls over the financial reporting process that may be identified during the audit process, as influenced by the nature, timing and extent of audit procedures performed, annual financial statements, the results of the external audit examination and the Management Discussion and Analysis included in the report to shareholders for the year ended December 31, 2013. The external auditors and internal auditors have unrestricted access to the Audit Committee. The Audit Committee reports its findings to the Board of Directors so that the Board may properly approve the consolidated financial statements for issuance to shareholders.

(Signed) *"Nick Orlando"*

Nick Orlando

President & Chief Executive Officer

(Signed) *"Fred Di Tosto"*

Fred Di Tosto

Chief Financial Officer

KPMG LLP
Bay Adelaide Centre
333 Bay Street Suite 4600
Toronto, ON M5H 2S5
Canada

Telephone: (416) 777-8500
Fax: (416) 777-8818
Internet: www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Martinrea International Inc.

We have audited the accompanying consolidated financial statements of Martinrea International Inc., which comprise the consolidated balance sheets as at December 31, 2013 and December 31, 2012, the consolidated statements of operations and comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Martinrea International Inc. as at December 31, 2013 and December 31, 2012, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
March 30, 2014
Toronto, Canada

Martinrea International Inc.

Consolidated Balance Sheets

(in thousands of Canadian dollars)

	Note		December 31, 2013		December 31, 2012 Revised (note 3)
ASSETS					
Cash and cash equivalents		$	56,224	$	29,422
Trade and other receivables	6		541,598		430,075
Inventories	7		302,810		285,106
Prepaid expenses and deposits			13,128		12,951
Income taxes recoverable			3,727		4,203
Promissory note	11		-		2,378
TOTAL CURRENT ASSETS			917,487		764,135
Property, plant and equipment	8		847,548		731,743
Deferred income tax assets	16		100,156		104,357
Intangible assets	9		59,640		64,097
TOTAL NON-CURRENT ASSETS			1,007,344		900,197
TOTAL ASSETS		$	1,924,831	$	1,664,332
LIABILITIES					
Trade and other payables	12	$	597,591	$	504,957
Provisions	13		6,362		28,130
Income taxes payable			22,530		10,185
Current portion of long-term debt	14		37,276		26,389
TOTAL CURRENT LIABILITIES			663,759		569,661
Long-term debt	14		434,501		357,775
Pension and other post-retirement benefits	15		45,270		64,779
Deferred income tax liabilities	16		73,051		60,247
Provisions	13		-		849
Other financial liability	5		154,239		87,100
TOTAL NON-CURRENT LIABILITIES			707,061		570,750
TOTAL LIABILITIES			1,370,820		1,140,411
EQUITY					
Capital stock	17		689,975		675,606
Contributed surplus			44,853		46,897
Other equity	5		(154,239)		(87,100)
Accumulated other comprehensive income (loss)			26,085		(22,001)
Accumulated deficit			(142,376)		(155,721)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			464,298		457,681
Non-controlling interest	4		89,713		66,240
TOTAL EQUITY			554,011		523,921
TOTAL LIABILITIES AND EQUITY		$	1,924,831	$	1,664,332

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

“Robert Wildeboer” Director

“Suleiman Rashid” Director

Martinrea International Inc.

Consolidated Statements of Operations

(in thousands of Canadian dollars, except per share amounts)

	Note	Year ended December 31, 2013	Year ended December 31, 2012 Revised (note 3)
SALES		$ 3,221,881	$ 2,901,004
Cost of sales (excluding depreciation of property, plant and equipment)		(2,805,165)	(2,559,281)
Depreciation of property, plant and equipment (production)		(92,680)	(68,089)
Total cost of sales		(2,897,845)	(2,627,370)
GROSS MARGIN		324,036	273,634
Research and development costs	19	(16,811)	(14,081)
Selling, general and administrative		(163,984)	(149,046)
Depreciation of property, plant and equipment (non-production)		(6,578)	(5,657)
Amortization of customer contracts and relationships		(1,972)	(5,592)
Impairment of property, plant, and equipment and intangible assets	10	(29,078)	-
Restructuring costs	22	-	(35,885)
Gain (loss) on disposal of property, plant and equipment		(376)	712
OPERATING INCOME		105,237	64,085
Finance expense	21	(18,868)	(14,741)
Other finance income	21	2,916	544
INCOME BEFORE INCOME TAXES		89,285	49,888
Income tax expense	16	(51,356)	(17,733)
NET INCOME FOR THE PERIOD		$ 37,929	$ 32,155
Non-controlling interest		(20,979)	4,920
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		$ 16,950	$ 37,075
Basic earnings per share	18	$ 0.20	$ 0.45
Diluted earnings per share	18	$ 0.20	$ 0.44

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)

		Year ended December 31, 2013		Year ended December 31, 2012
				Revised (note 3)
NET INCOME FOR THE PERIOD	$	37,929	$	32,155
Other comprehensive income (loss), net of tax:				
Items that may be reclassified to net income				
Foreign currency translation differences for foreign operations		52,508		(15,150)
Items that will not be reclassified to net income				
Actuarial gains/(losses) from the remeasurement of defined benefit plans		6,863		(11,858)
Other comprehensive income/(loss), net of tax		59,371		(27,008)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$	97,300	$	5,147
Attributable to:				
Equity holders of the Company		71,899		11,546
Non-controlling interest		25,401		(6,399)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$	97,300	$	5,147

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

	Equity attributable to equity holders of the Company								
	Capital stock	Notes receivable for share capital	Contributed surplus	Other equity	Cumulative translation account	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance at December 31, 2011 as previously reported	$ 674,568	$ (602)	$ 44,165	$ (71,236)	$ (8,330)	$ (169,006)	$ 469,559	$ 72,639	$ 542,198
Adjustments to opening balance (note 3)	-	-	-	-	-	(11,932)	(11,932)	-	(11,932)
Balance at December 31, 2011 - as revised	674,568	(602)	44,165	(71,236)	(8,330)	(180,938)	457,627	72,639	530,266
Net income for the period	-	-	-	-	-	37,075	37,075	(4,920)	32,155
Compensation expense related to stock options	-	-	3,007	-	-	-	3,007	-	3,007
Change in fair value of put option granted to non-controlling interest	-	-	-	(15,864)	-	-	(15,864)	-	(15,864)
Repayment of notes receivable	-	602	-	-	-	-	602	-	602
Exercise of employee stock options	1,038	-	(275)	-	-	-	763	-	763
<u>Other comprehensive income, net of tax</u>									
Actuarial losses from the remeasurement of defined benefit plans	-	-	-	-	-	(11,858)	(11,858)	-	(11,858)
Foreign currency translation differences	-	-	-	-	(13,671)	-	(13,671)	(1,479)	(15,150)
Balance at December 31, 2012 - as revised	675,606	-	46,897	(87,100)	(22,001)	(155,721)	457,681	66,240	523,921
Net income for the period	-	-	-	-	-	16,950	16,950	20,979	37,929
Compensation expense related to stock options	-	-	1,612	-	-	-	1,612	-	1,612
Purchase of non-controlling interest (note 4)	-	-	-	-	-	(2,880)	(2,880)	(1,928)	(4,808)
Dividends ($0.09 per share)	-	-	-	-	-	(7,588)	(7,588)	-	(7,588)
Change in fair value of put option granted to non-controlling interest	-	-	-	(67,139)	-	-	(67,139)	-	(67,139)
Exercise of employee stock options	14,369	-	(3,656)	-	-	-	10,713	-	10,713
<u>Other comprehensive income, net of tax</u>									
Actuarial gains from the remeasurement of defined benefit plans	-	-	-	-	-	6,863	6,863	-	6,863
Foreign currency translation differences	-	-	-	-	48,086	-	48,086	4,422	52,508
Balance at December 31, 2013	$ 689,975	$ -	$ 44,853	$ (154,239)	$ 26,085	$ (142,376)	$ 464,298	$ 89,713	$ 554,011

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

	Year ended December 31, 2013	Year ended December 31, 2012 Revised (note 3)
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net Income for the period	$ 37,929	$ 32,155
Adjustments for:		
Depreciation of property, plant and equipment	99,258	73,746
Amortization of customer contracts and relationships	1,972	5,592
Amortization of development costs	6,899	4,473
Impairment of property, plant and equipment and intangible assets	29,078	-
Accretion of interest on promissory note	(122)	(237)
Unrealized losses on foreign exchange forward contracts	370	-
Finance costs	18,868	14,741
Income tax expense	51,356	17,733
Loss/(Gain) on disposal of property, plant and equipment	376	(712)
Stock-based compensation	1,612	3,007
Pension and other post-retirement benefits expense	1,713	3,285
Contributions made to pension and other post-retirement benefit plans	(12,399)	(8,097)
	236,910	145,686
Changes in non-cash working capital items:		
Trade and other receivables	(84,929)	(55,198)
Inventories	911	(47,599)
Prepaid expenses and deposits	513	(4,866)
Trade, other payables and provisions	25,211	82,892
	178,616	120,915
Interest paid (excluding capitalized interest)	(18,833)	(12,921)
Income taxes paid	(23,984)	(10,041)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 135,799	$ 97,953
FINANCING ACTIVITIES:		
Dividends paid	(5,053)	-
Exercise of employee stock options	10,713	763
Increase in long-term debt	133,166	146,796
Repayment of long-term debt	(57,161)	(23,206)
Receipt of payment on notes receivable for share capital	-	602
NET CASH PROVIDED BY FINANCING ACTIVITIES	$ 81,665	$ 124,955
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment *	(180,330)	(200,882)
Promissory note receipts	2,500	2,500
Capitalized development costs	(14,638)	(24,036)
Proceeds on disposal of property, plant and equipment	4,066	3,060
Acquisition of non-controlling interest (note 4)	(4,808)	-
NET CASH USED IN INVESTING ACTIVITIES	$ (193,210)	$ (219,358)
Effect of foreign exchange rate changes on cash and cash equivalents	2,548	(633)
INCREASE IN CASH AND CASH EQUIVALENTS	26,802	2,917
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	29,422	26,505
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 56,224	$ 29,422

* As at December 31, 2013, $13,216 (December 31, 2012, $4,481) of purchases of property, plant and equipment remain unpaid.

See accompanying notes to the consolidated financial statements.

Martinrea International Inc. (the "Company") was formed by the amalgamation under the Ontario Business Corporations Act of several predecessor Corporations by articles of amalgamation dated May 1, 1998. It designs, engineers, manufactures and sells quality metal parts, assemblies and fluid management systems and is focused on the automotive sector.

1. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the year ended December 31, 2013 were approved by the Board of Directors on March 30, 2014.

(b) Presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts and where otherwise indicated.

(c) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty that have the most significant effect on the amounts recognized in the consolidated financial statements relate to the following (assumptions made are disclosed in individual notes throughout the financial statements where relevant):

- Estimating the economic life of property, plant and equipment and intangible assets;
- Estimates of income taxes. The Company is subject to income taxes in numerous jurisdictions. There are many transactions and calculations, for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made;
- Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference or tax loss carry-forwards can be utilized. The recognition of temporary differences and tax loss carry-forwards is based on the Company's estimates of future taxable profits in different tax jurisdictions against which the temporary differences and loss carry-forwards may be utilized;
- Estimates used in the calculation of the fair value of the put option granted to the non-controlling interest;
- Estimates used in testing non-financial assets for impairment including the recoverability of development costs;
- Assumptions employed in the actuarial calculation of pension and other post-retirement benefits. The cost of pensions and other post retirement benefits earned by employees is actuarially determined using the project unit credit method prorated on service, and the Company's best estimate of salary escalation and mortality rates. Discount rates used in actuarial calculations are based on long-term interest rates and can have a significant effect on the amount of plan liabilities and service costs. The Company employs external experts when deciding upon the appropriate estimates to use to value employee benefit plan obligations and expenses. To the extent that these estimates differ from those realized, employee benefit plan liabilities and comprehensive income will be affected in future periods;
- Revenue recognition on separately priced tooling contracts: Tooling contract prices are generally fixed; however, price changes, change orders and program cancellations may affect the ultimate amount of revenue recorded with respect to a contract. Contract costs are estimated at the time of signing the contract and are reviewed at each reporting date. Adjustments to the original estimates of total

contract costs are often required as work progresses under the contract and as experience is gained, even though the scope of the work under the contract may not change. When the current estimates of total contract revenue and total contract costs indicate a loss, a provision for the entire loss on the contract is made. Factors that are considered in arriving at the forecasted loss on a contract include, amongst others, cost over-runs, non-reimbursable costs, change orders and potential price changes.

- Estimates used in the fair valuing of stock option grants. These estimates include assumptions about the volatility of the Company's stock, forfeiture rates, and expected life of the options.

Information about significant areas of critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements relate to the following (judgements made are disclosed in individual notes throughout the financial statements where relevant):

- Accounting for provisions including assessments of possible legal and tax contingencies, restructuring and onerous contracts. Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.
- Accounting for development costs – judgement is required to assess the division of activities between research and development, technical and commercial feasibility, and the availability of future economic benefit.
- Acquisitions – at initial recognition and subsequent remeasurement, judgements are made both for key assumptions and regarding impairment indicators in the purchase price allocation made for each acquisition. The purchase price is assigned to the identifiable assets, liabilities, and contingent liabilities based on fair values for those assets. Any remaining excess value is reported as goodwill. This allocation requires judgement as well as the definition of cash generating units for impairment testing purposes. Other judgements might result in significantly different results and financial position in the future.

The decisions made by the Company in each instance are set out under the various accounting policies in these notes.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

(ii) Transactions eliminated on consolidation

Intra-Company balances and transactions, and any unrealized income and expenses arising from intra-Company transactions, are eliminated in preparing the consolidated financial statements.

(iii) Business combinations

For every business combination, the Company identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Non-controlling interest:

The Company measures, on a transaction-by-transaction basis, any non-controlling interest at fair value at the acquisition date, or at its proportionate interest in the identifiable assets and liabilities of the acquiree.

Measuring goodwill:
In a business combination, the Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquired entity, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Consideration transferred includes the fair values of the assets transferred, including cash, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes contingent consideration and share-based payment awards exchanged in the business combination. Payments that effectively settle pre-existing relationships between the Company and the acquiree, payments to compensate employees or former owners for future services, and a reimbursement of transaction costs incurred by the acquiree on behalf of the Company are not accounted for as part of the business combination.

Transaction costs that the Company incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are excluded from acquisition accounting, and are expensed as incurred.

Contingent liabilities:
Contingent liabilities that are present obligations that arose from past events are recognized at fair value at the acquisition date. Contingent liabilities that are possible obligations are not recognized in a business combination. Future changes in acquisition date contingent liabilities are recorded in earnings.

Put option held by non-controlling shareholder:
The Company recognizes a liability measured at fair value for a written-put option when a non-controlling shareholder has the right to require the Company to acquire its shareholdings. Based on the facts and circumstances of each put option, the liability will either replace the non-controlling interest balance or be recorded with an offset to other equity. Fair value is measured as the present value of the exercise price of the option or of the forward price. Subsequent changes in the carrying amount of the liability, including accretion and foreign exchange, are recognized within other equity.

(b) Foreign currency

Each subsidiary of the Company maintains its accounting records in its functional currency. A company's functional currency is the currency of the principal economic environment in which it operates.

(i) Foreign currency transactions

Transactions carried out in foreign currencies are translated using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in a foreign currency at the reporting date are translated at the exchange rate at that date. The foreign currency gain or loss on such monetary items is recognized as income or expense for the period. Non-monetary assets and liabilities denominated in a foreign currency are translated at the historical exchange rate prevailing at the transaction date.

(ii) Translation of financial statements of foreign operations

The assets and liabilities of subsidiaries whose functional currency is not the Canadian dollar are translated into Canadian dollars at the exchange rate prevailing at the reporting date. The income and expenses of foreign operations whose functional currency is not the Canadian dollar are translated to Canadian dollars at the exchange rate prevailing on the date of transaction.

Foreign currency differences on translation are recognized in other comprehensive income in the cumulative translation account.

(c) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits at fair value on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially at fair value on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability.
The Company has the following non-derivative financial assets:

Financial assets at fair value through profit or loss:
Financial assets are designated at fair value through profit or loss if the Company manages such asset and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Financial assets at fair value through profit or loss consist of cash and cash equivalents.

Cash and cash equivalents comprise cash balances and highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Loans and receivables:
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables consist of trade and other receivables and promissory note (note 11).

(ii) Non-derivative financial liabilities
The Company initially recognizes debt and subordinated liabilities at fair value on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which time the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities: long term debt and trade and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Derivative financial instruments
The Company periodically uses derivative financial instruments such as foreign exchange forward contracts to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value with changes in fair value being recognized immediately in profit or loss. The Company does not currently apply hedge accounting.

(d) Property, plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of material and labour and other costs directly attributable to bringing the asset to a working condition for its intended use.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Certain tooling is produced or purchased specifically for the purpose of manufacturing parts for customer orders, which are either a) not sold to the customer, or b) paid for by the customer on delivery of each part, without the customer guaranteeing full financing of the costs incurred. In accordance with IAS 16, this tooling is recognized as property, plant and equipment. It is depreciated to match the lesser of estimated useful life and life of the program.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within profit or loss.

The Company capitalizes borrowing costs directly attributable to the acquisition, construction or production of qualifying property, plant and equipment as part of the cost of that asset, if applicable. Capitalized borrowing costs are amortized over the useful life of the related asset.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Maintenance and repair costs are expensed as incurred, except where they serve to increase productivity or to prolong the useful life of an asset, in which case they are capitalized.

(iii) Depreciation

Depreciation is recognized in profit or loss over the estimated useful lives of each item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation is provided for at the following basis and rates:

	Basis	Rate
Buildings	Declining balance	4%
Leasehold improvements	Straight line	Lesser of estimated useful life and lease term
Manufacturing equipment	Declining balance and straight line	15% to 20%
Stamping and die-casting equipment	Straight line	7% to 17%
Tooling and fixtures	Straight line	Lesser of estimated useful life and life of program
Other	Declining balance and straight line	20% to 30%

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

(e) Intangible assets

The Company's intangible assets are comprised of customer contracts acquired in previous acquisitions and development costs.

(i) Customer contracts and relationships:

Customer contracts and relationships have a finite useful life and are amortized over their estimated economic life of up to 10 years on a straight line basis which approximates a basis consistent with the contract value initially established upon acquisition.

(ii) Research and development:

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development costs are capitalized only if:

- the development costs can be measured reliably,
- the product or process is technically and commercially feasible,
- the future economic benefits are probable, and
- the Company intends to and has sufficient resources to complete the development and to use or sell the asset.

Capitalized development costs correspond to projects for specific customer applications that draw on approved generic standards or technologies already applied in production. These projects are analyzed on a case-by-case basis to ensure they meet the criteria for capitalization as described above. Development costs are subsequently amortized over the life of the program from the start of production. Amortization of development costs is recognized in Research and Development costs in the statements of operations.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads, including amortization, based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In determining the net realizable value, the Company considers factors such as yield, turnover, expected future demand and past experience. Impairment losses are recognized on the basis of the net realizable value.

(g) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company’s non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit (“CGU”) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to the carrying amounts of the other assets in the unit (group of units).

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Pensions and other post-retirement benefits

The Company's liability for pensions and other post-retirement benefits is based on valuations performed by independent actuaries using the projected unit credit method. These valuations incorporate both financial assumptions (discount rate, and changes in salaries and medical costs) and demographic assumptions, including rate of employee turnover, retirement age and life expectancy.

The liability for pensions and other post-retirement benefits is equal to the present value of the Company's future benefit obligation less, where appropriate, the fair value of plan assets in funds allocated to finance such benefits. The effects of differences between previous actuarial assumptions and what has actually occurred (experience adjustments) and the effect of changes in actuarial assumptions (assumption adjustments) give rise to actuarial gains and losses. The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in accumulated deficit through other comprehensive income.

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset when reimbursement is virtually certain. Commitments resulting from restructuring plans are recognized when an entity has a detailed formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features.

A provision for onerous contracts is recognized when the unavoidable costs to meet an obligation exceeds the future economic benefits expected to be earned under the contract. Provisions for onerous contracts are recognized over time as the contracts are fulfilled or when the contracts are no longer onerous.

When the effect of the time value of money is material, the amount of the provision is discounted using a rate that reflects the market's current assessment of this value and the risks specific to the liability concerned. The increase in the provision related to the passage of time is recognized through income in other finance income and expense.

(j) Revenue recognition

Sales primarily include sales of finished goods and tooling revenues. Sales of finished goods and tooling revenues are recognized at the date on which the Company transfers substantially all the risks and rewards of ownership to the buyer, retains neither continuing managerial involvement nor effective control over the goods sold, and meets other revenue recognition criteria in accordance with IFRS. This generally corresponds to when the goods are shipped or, in the case of the sale of tooling, when the tool has been inspected and accepted by the customer.

(k) Finance income and finance expense

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss, accretion on the promissory note and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expense is comprised of interest expense on long-term debt, amortization of deferred financing costs, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognized in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(l) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Deferred tax is recognized using the balance sheet method, with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(m) Guarantees

The Company accounts for guarantees in accordance with IAS 39, *Financial Instruments, Recognition and Measurement* ("IAS 39"). A guarantee is a contract (including indemnity) that contingently requires the Company to make payments to the guaranteed party based on (i) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable, that is related to an asset, liability or equity security of the counterparty, (ii) failure of another party to perform under an obligating agreement or (iii) failure of a third party to pay indebtedness when due.

Under IAS 39, guarantees are fair valued upon initial recognition. Subsequent to initial recognition, the guarantees are re-measured at the higher of (i) the amount determined in accordance with IAS 37, *Provisions* and (ii) the amount initially recognized less cumulative amortization.

(n) Share-based payments

The Company accounts for all stock-based payments to employees and non-employees using the fair value based method of accounting. The Company measures the compensation cost of stock-based option awards to employees at the grant date using the Black-Scholes option pricing model to determine the fair value of the options. The stock based compensation cost of the options is recognized as stock-based compensation expense over the relevant vesting period of the stock options.

(o) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise share options granted to employees.

(p) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(q) Recently adopted accounting standards

The Company has adopted the new and amended IFRS pronouncements listed below as at January 1, 2013, in accordance with the transitional provisions outlined in the respective standards.

IAS 19, Employee Benefits

Effective January 1, 2013, the Company adopted amendments made to IAS 19, Employee Benefits. The revised standard requires the following:

- Recognition of actuarial gains and losses immediately in other comprehensive income
- Full recognition of past service costs immediately in profit or loss
- Recognition of expected return on plan assets in profit or loss to be calculated based on the rate used to discount the defined benefit obligation

The revised standard also enhances the annual disclosure requirements, providing additional information about characteristics of defined benefit plans and the risk that entities are exposed to through participation in those plans.

The adoption of the new standard did not have a significant impact on the consolidated financial statements in the current or comparative periods. The additional disclosures required as a result of the amendment to the standard are included in note 15.

IFRS 10, Consolidated Financial Statements

The Company adopted IFRS 10, Consolidated Financial Statements ("IFRS 10") on January 1, 2013 with retrospective application. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity's financial statements. IFRS 10 sets out three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investors' return; and the requirements on how to apply the control principle. IFRS 10 supersedes International Accounting Standards 27, Consolidated and Separate Financial Statements and Standing Interpretations Committee 12, Consolidation – Special Purpose Entities.

The adoption of IFRS 10 did not have an effect on the consolidated financial statements for the current or comparative periods presented as the adoption did not result in a change in the consolidation status of any of the Company's subsidiaries or investees.

IFRS 12, Disclosure of Interests in Other Entities

The Company adopted IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"). IFRS 12 contains disclosure requirements for companies that have interests in subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The additional disclosures required as a result of the adoption of IFRS 12 are included in note 28.

IFRS 13, Fair Value Measurement

Effective January 1, 2013, the Company adopted IFRS 13, Fair Value Measurement ("IFRS 13") which provides a single source of guidance on how fair value is measured, replacing the fair value measurement guidance contained in individual IFRSs. The standard defines fair value and establishes a framework for measuring fair value. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The adoption of IFRS 13 did not have a significant effect on the consolidated financial statements in the current or comparative periods.

IAS 1, Presentation of Financial Statements

The Company adopted the amendments to IAS 1, Presentation of Financial Statements ("IAS 1") on January 1, 2013, with retrospective application. The amendments to IAS 1 require companies preparing financial statements under IFRS to group items within other comprehensive income that may be reclassified to profit or loss and those that will not be reclassified.

The Company has amended the consolidated statement of comprehensive income for all periods presented in these consolidated financial statements to reflect the presentation changes required under the amended IAS 1. Since these changes are reclassifications within the statement of comprehensive income, there is no net impact on comprehensive income.

(r) Recently Issued Accounting Pronouncements

IAS 36, Impairment of assets

On May 30, 2013 the IASB made small changes to the disclosures required by IAS 36, Impairment of assets ("IAS 36") when recoverable amount is determined based on fair value less cost of disposal. The IASB made consequential amendments to the disclosure requirements of IAS 36 when it issued IFRS 13. One of the amendments was drafted more widely than intended. This scope amendment corrects this and introduces additional disclosures about fair value measurements when there has been impairment or reversal of impairment.

This amendment is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2014. The Company is in the process of determining the impact of these disclosure requirements on its consolidated financial statements but does not expect the amendment to IAS 36 to have a significant impact on the consolidated financial statements.

IAS 32, Financial Instruments: Presentation
In December 2011, the IASB amended IAS 32, Financial Instruments: Presentation to clarify the meaning of when an entity has a current legally enforceable right of set-off. The amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively. The Company does not expect the amendment to have a significant impact on the consolidated financial statements.

IFRIC 21, Levies
In May 2013, the IASB issued IFRIC 21, Levies ("IFRIC 21") which provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies (i) the liability is recognized progressively if the obligating event occurs over a period of time, and (ii) if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. The standard is effective for annual periods beginning on or after January1, 2014, with early adoption permitted. The Company is in the process of determining the impact of this new standard on the consolidated financial statements.

3. CORRECTION OF PRIOR PERIOD IMMATERIAL ERRORS

During 2013, the Company determined that certain errors had been made in prior years. The Company has concluded that these errors are immaterial to the previously issued financial statements and has retrospectively revised the comparative amounts in the consolidated financial statements for the year ended December 31, 2013 and the related note disclosures to correct for these errors. The following describes the nature of the errors:

a. As part of a review conducted by Martinrea management, it was discovered that a former controller of Hydroform Solutions ("Hydroform"), one of its Canadian wholly-owned operating facilities, had been overriding internal controls and misreporting Hydroform's financial results over a number of years dating back to 2005. The errors identified in Hydroform's financial statements were rooted in errors made to production and tooling inventory accounts; however, other areas of Hydroform's financial statements were also ultimately impacted. The Company has quantified and corrected the consolidated financial statements for the cumulative impact of the Hydroform errors on prior periods and has revised the comparative amounts. The correction of these errors resulted in an increase of $16,699 to accumulated deficit as at December 31, 2012.

b. Based on the results of a forensic review conducted by a special committee established by the Company's Board of Directors in response to a lawsuit by a former director and shareholder of the Company, it was revealed that one of the Company's international operating facilities had not been capitalizing borrowing costs on qualifying assets, a requirement under IAS 23, Borrowing Costs ("IAS 23"). Although it is the Company's policy to capitalize borrowing costs directly attributable to the acquisition, construction or production of qualifying assets since the Company began reporting under IFRS in 2010, the Company determined that the policy had not been correctly applied across the Company's operating facilities. The Company has quantified and corrected for the impact of applying IAS 23 across all of the Company's operating facilities, where relevant and applicable, starting in 2010, which was the first year the Company reported its consolidated financial statements in accordance with IFRS. The correction of this error resulted in a decrease of $3,060 to accumulated deficit as at December 31, 2012.

The Company has corrected the consolidated financial statements for the above noted prior period errors, including the corresponding income tax impacts, in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, which requires revising comparative amounts for the prior period presented in the current year financial statements.

(in thousands of Canadian dollars, except per share amounts)

The effect of the revisions on the consolidated balance sheet as at December 31, 2012 is as follows:

		As previously reported		Adjustments		Revised
Trade and other receivables	$	438,091	$	(8,016)	$	430,075
Inventories		299,179		(14,073)		285,106
Property, plant and equipment		727,250		4,493		731,743
Deferred income tax assets		96,801		7,556		104,357
Intangible assets		56,244		7,853		64,097
Total Assets	$	1,666,519	$	(2,187)	$	1,664,332
Trade and other payables		496,110		8,847		504,957
Deferred income tax liabilities		57,642		2,605		60,247
Accumulated deficit		(142,082)		(13,639)		(155,721)
Total Liabilities and Equity	$	1,666,519	$	(2,187)	$	1,664,332

The effect of the revisions on the consolidated statements of operations and comprehensive income for the year ended December 31, 2012 is as follows:

		As previously reported		Adjustments		Revised
Total cost of sales	$	2,623,911	$	3,459	$	2,627,370
Research and development costs		12,572		1,509		14,081
SG&A		149,202		(156)		149,046
Finance costs		17,099		(2,358)		14,741
Income tax expense		18,480		(747)		17,733
Net income		33,862		(1,707)		32,155
Net income attributable to equity holders of the Company		38,782		(1,707)		37,075
Comprehensive income	$	6,854	$	(1,707)	$	5,147
Basic earnings per share	$	0.47	$	(0.02)	$	0.45
Diluted earnings per share	$	0.46	$	(0.02)	$	0.44

The effect of the revisions on the consolidated statement of cash flows for the year ended December 31, 2012 is as follows:

	As previously reported	Adjustments	Revised
Net income for the period	33,862	(1,707)	32,155
Net cash provided by operating activities	95,595	2,358	97,953
Net cash used in investing activities	(217,000)	(2,358)	(219,358)

The following table sets forth the after tax impact of the prior period errors on previously reported net income attributable to equity holders of the Company for the fiscal years 2005 to 2012:

		Reduction (increase) to net income attributable to equity holders of the Company
2012	$	1,707
2011		2,916
2010		1,210
2009		2,282
2008		(5,438)
2007		3,050
2006		4,634
2005		3,278
Total	$	13,639

(in thousands of Canadian dollars, except per share amounts)

4. CHANGES IN OWNERSHIP INTEREST

On January 14, 2013, the Company, through its subsidiary Martinrea Honsel Holdings B.V., closed an agreement to purchase the 35% non-controlling interest of the facility in Monte Mor, Brazil from Daimler AG ("Daimler") for a total cost of $4,808 (€ 3,712). The transaction resulted in the carrying amount of Daimler's share of equity in the facility being reversed from non-controlling interest. The $2,880 difference between the amount of the non-controlling interest adjustment and the consideration paid was recognized in accumulated deficit.

5. OTHER FINANCIAL LIABILITY

On July 29, 2011, the Company purchased a controlling interest in the assets of Honsel AG ("Honsel"), a German-based leading supplier of aluminum components for the automotive and industrial sectors forming the Martinrea Honsel Group. The Company partnered with Anchorage Capital Group L.L.C. ("Anchorage") in the transaction. Martinrea owns 55% of the acquired assets, with Anchorage owning the remaining 45%.

As part of the transaction the Company granted Anchorage a put option which, if exercised, will require the Company to purchase Anchorage's 45% interest in Martinrea Honsel. The put option can be exercised beginning on April 1, 2015 and ends on October 1, 2017. The Company is required to purchase the shares held by Anchorage no later than 90 days after the exercise of the put option. The put option provides a formula for determining the purchase price of the shares, which is designed to estimate the fair value of the non-controlling interest at the time the option is exercised. The put option provides an arbitration mechanism in the event that the two parties are unable to agree on the ultimate price.

The Company determined the fair value of the liability relating to the put option to be $154,239 as at December 31, 2013 (December 31, 2012 - $87,100). The fair value was determined by applying the contractual formula for determining the purchase price of the shares to projected earnings at the time the put option becomes exercisable and discounting it back to a present value using a rate commensurate with the risks inherent in the ownership interest. The put option liability is included in other financial liabilities on the Company's consolidated balance sheet with an offsetting adjustment to other equity. The fair value of the liability is sensitive to changes in projected earnings, which could result in a higher or lower fair value measurement. Changes in the carrying amount of the liability, including accretion and foreign exchange, are recognized within other equity.

6. TRADE AND OTHER RECEIVABLES

		December 31, 2013		**December 31, 2012**
				Revised (note 3)
Trade receivables	$	498,261	$	403,656
VAT and other receivables		43,337		26,419
	$	541,598	$	430,075

The Company's exposures to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 24.

7. INVENTORIES

		December 31, 2013		**December 31, 2012**
				Revised (note 3)
Raw materials	$	138,337	$	117,663
Work in progress		41,841		37,288
Finished goods		52,013		45,690
Tooling work in progress and other inventory		70,619		84,465
	$	302,810	$	285,106

(in thousands of Canadian dollars, except per share amounts)

8. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2013			December 31, 2012 Revised (note 3)		
	Cost	**Accumulated amortization and impairment losses**	**Net book value**	**Cost**	**Accumulated amortization and impairment losses**	**Net book value**
Land and buildings	$ 124,844	$ (24,979)	$ 99,865	$ 115,376	$ (20,392)	$ 94,984
Leasehold improvements	40,652	(20,518)	20,134	37,012	(17,106)	19,906
Manufacturing equipment	1,055,258	(461,778)	593,480	840,676	(354,336)	486,340
Tooling and fixtures	33,516	(28,183)	5,333	28,849	(18,948)	9,901
Other assets	29,461	(15,811)	13,650	25,326	(11,833)	13,493
Construction in progress and spare parts	115,086	-	115,086	107,119	-	107,119
	$ 1,398,817	$ (551,269)	$ 847,548	$ 1,154,358	$ (422,615)	$ 731,743

Movement in property, plant and equipment is summarized as follows:

	Land and buildings	**Leasehold improvements**	**Manufacturing equipment**	**Tooling and fixtures**	**Other assets**	**Construction in progress and spare parts**	**Total**
Net as of December 31, 2011 - as previously reported	$ 91,326	$ 21,362	$ 371,432	$ 7,985	$ 5,957	$ 118,530	$ 616,592
Adjustment to opening balance (note 3)	534	-	2,364	-	-	-	2,898
Net as of December 31, 2011 - as revised	$ 91,860	$ 21,362	$ 373,796	$ 7,985	$ 5,957	$ 118,530	$ 619,490
Additions	2,594	377	8,540	29	1,244	188,098	200,882
Reclassification adjustment to prior year additions from acquisitions	(30)	-	(2,233)	(413)	2,367	309	-
Disposals	(1,073)	-	(993)	(160)	(122)	-	(2,348)
Depreciation	(3,807)	(2,827)	(59,663)	(4,687)	(2,762)	-	(73,746)
Transfers from construction in progress and spare parts	6,951	1,284	175,724	7,429	6,948	(198,336)	-
Foreign currency translation adjustment	(1,511)	(290)	(8,831)	(282)	(139)	(1,482)	(12,535)
Net as of December 31, 2012 - as revised	$ 94,984	$ 19,906	$ 486,340	$ 9,901	$ 13,493	$ 107,119	$ 731,743
Additions	263	197	7,624	-	553	180,428	189,065
Disposals	(2,051)	-	(1,571)	(652)	(35)	(133)	(4,442)
Depreciation	(3,858)	(2,989)	(83,901)	(4,912)	(3,598)	-	(99,258)
Impairment (note 10)	-	-	(9,041)	(5,279)	(380)	-	(14,700)
Transfers from construction in progress and spare parts	6,505	2,229	161,255	4,491	3,355	(177,835)	-
Foreign currency translation adjustment	4,022	791	32,774	1,784	262	5,507	45,140
Net as of December 31, 2013	$ 99,865	$ 20,134	$ 593,480	$ 5,333	$ 13,650	$ 115,086	$ 847,548

During 2013 and 2012, the Company entered into certain asset-backed financing arrangements that were structured as sales-and-leaseback transactions. At December 31, 2013, the carrying value of property, plant and equipment under such arrangements was $43,229 (December 31, 2012 – $32,089). The corresponding amounts owing are reflected within long-term debt (note 14).

(in thousands of Canadian dollars, except per share amounts)

9. INTANGIBLE ASSETS

	December 31, 2013			December 31, 2012 Revised (note 3)		
	Cost	**Accumulated amortization and impairment losses**	**Net book value**	**Cost**	**Accumulated amortization and impairment losses**	**Net book value**
Customer contracts and relationships	$ 59,966	$ (45,978)	$ 13,988	$ 58,850	$ (43,777)	$ 15,073
Development costs	71,357	(25,705)	45,652	57,144	(8,120)	49,024
	$ 131,323	$ (71,683)	$ 59,640	$ 115,994	$ (51,897)	$ 64,097

Movement in intangible assets is summarized as follows:

	Customer contracts and relationships	**Development costs**	**Total**
Net balance of December 31, 2011 - as previously reported	$ 21,000	$ 21,397	$ 42,397
Adjustments to opening balance (note 3)	-	8,581	8,581
Net balance as at December 31, 2011 - as revised	21,000	29,978	50,978
Additions	-	24,036	24,036
Amortization	(5,592)	(4,473)	(10,065)
Foreign currency translation adjustment	(335)	(517)	(852)
Net balance at December 31, 2012 - as revised	$ 15,073	$ 49,024	$ 64,097
Additions	-	14,638	14,638
Amortization	(1,972)	(6,899)	(8,871)
Impairment charge (note 10)	-	(14,378)	(14,378)
Foreign currency translation adjustment	887	3,267	4,154
Net balance at December 31, 2013	$ 13,988	$ 45,652	$ 59,640

10. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Year ended December 31, 2013	**Year ended December 31, 2012**
Impairment charges	$ 29,078	$ -
	$ 29,078	$ -

In conjunction with its annual business planning cycle, during 2013, the Company recorded impairment charges on property, plant and equipment and intangible assets totaling $29,078 of which $27,758 relates to a CGU in the North America operating segment, specifically, Hopkinsville, Kentucky, and $1,320 to specific manufacturing equipment no longer in use also in the North America operating segment. The impairment charges were recorded where the carrying amount of the assets exceeded their estimated recoverable amounts. The recoverable amounts were based on the greater of the fair value of the assets less cost to sell and value in use.

When determining the value in use of a CGU, the Company develops a discounted forecast cash flow model for each CGU. The forecasts are based on past experience, estimated OEM vehicle volumes available from external service providers at the reporting date the tests were conducted, macroeconomic data for the automotive market, order books and products under development. For the impairment review conducted for 2013, cash flows were discounted based on a post-tax discount rate of 11.5%, which was derived from the Company's weighted average cost of capital and adjusted as necessary.

(in thousands of Canadian dollars, except per share amounts)

11. PROMISSORY NOTE

In 2010, the Company sold the land and building of a wholly owned subsidiary located in Kitchener, Ontario ("Kitchener Real Property"). The fair value of the proceeds on disposition of the Kitchener Real Property amounted to $13,737 of which $1,100 was paid in cash and the remainder in the form of a promissory note with a face value of $13,900. The promissory note was recorded at its estimated fair value at the inception of the transaction by discounting future scheduled repayments using a discount rate indicative of market interest rates prevailing at the time of the transaction. Subsequent to initial recognition, the promissory note has been measured at amortized cost using the effective interest method.

The movement in the promissory note is summarized as follows:

		Total
Balance at December 31, 2011	$	4,641
Interest accretion		237
Payments received		(2,500)
Balance at December 31, 2012	$	2,378
Interest accretion		122
Payment received		(2,500)
Balance at December 31, 2013	$	-

12. TRADE AND OTHER PAYABLES

		December 31, 2013		December 31, 2012
				Revised (note 3)
Trade accounts payable and accrued liabilities	$	597,221	$	504,950
Foreign exchange forward contracts (note 24(d))		370		7
	$	597,591	$	504,957

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 24.

13. PROVISIONS

		Restructuring (a)		Claims and Litigations (b)		Onerous Contracts (c)		Total
Balance at December 31, 2011	$	6,697	$	3,524	$	5,884	$	16,105
Net additions		35,885		283		-		36,168
Amounts used during the period		(18,624)		(1,349)		(3,472)		(23,445)
Foreign currency translation adjustment		475		(217)		(107)		151
Balance at December 31, 2012	$	24,433	$	2,241	$	2,305	$	28,979
Net additions		-		365		-		365
Amounts used during the period		(22,154)		(801)		(1,173)		(24,128)
Foreign currency translation adjustment		1,069		(98)		175		1,146
Balance at December 31, 2013	$	3,348	$	1,707	$	1,307	$	6,362

Based on estimated cash outflows, all provisions as at December 31, 2013 are presented on the consolidated balance sheet as current. As at December 31, 2012, $28,130 of the provision balance was presented as current with the remaining balance of $849 as long term.

(a) Restructuring

As part of the acquisition of Honsel, a certain level of restructuring was contemplated, in particular, at the Company's German facilities in Meschede and Soest, as further described in note 22. The addition to the restructuring accrual during 2012 relating to these restructuring activities amounted to $28,507 primarily for employee related severance.

During the fourth quarter of 2011, the Company began the process of closing one of its small operating facilities in Mexico. The existing business and equipment in the facility was moved to other Company facilities in Mexico, including a new facility the Company opened in Silao, Mexico in 2011. Restructuring costs relating to this closure totalled $5,018 during 2012 consisting primarily of employee related severance and the dismantling and transporting of equipment between facilities. Other additions to the restructuring accrual during 2012 totalled $2,360 relating to the right sizing of certain manufacturing facilities.

(in thousands of Canadian dollars, except per share amounts)

No significant restructuring costs were incurred during 2013.

(b) Claims and Litigation

In the normal course of business, the Company may be involved in disputes with its suppliers, former employees or other third parties. Where the Company has determined that there is a probable loss that is expected from claims or litigation related to past events, a provision is recorded to cover the related risks associated with these disputes. To the best of the Company's knowledge, there are no claims or litigation in progress or pending that are likely to have a material impact on the Company's consolidated financial position.

(c) Onerous Contracts

An onerous contract is a contract in which the unavoidable costs to meet the obligation exceed the future economic benefits expected to be earned under it. As part of the valuation of the assets and liabilities assumed in the acquisition of Honsel, certain sales contracts were determined to be onerous. As such, the present value of the future net obligation of these contracts has been recorded as a provision and will be recognized over time as the contracts are fulfilled or when the contracts are no longer considered onerous.

14. LONG TERM DEBT

The Company's interest-bearing loans and borrowings are measured at amortized cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see note 24.

		December 31, 2013		**December 31, 2012**
Banking facility	$	310,372	$	271,274
Equipment loans		146,534		96,995
Loan payable to non-controlling shareholder of Martinrea Honsel		13,190		11,806
Other bank loans		1,681		4,089
		471,777		384,164
Current portion		(37,276)		(26,389)
	$	434,501	$	357,775

Terms and conditions of outstanding loans, in Canadian dollar equivalents, are as follows:

(in thousands of Canadian dollars, except per share amounts)

	Currency	Nominal interest rate	Year of maturity	December 31, 2013 Carrying amount	December 31, 2012 Carrying amount
Banking facility	CAD	BA+2.0%	2016	$ 276,337	$ 271,274
	USD	LIBOR+2.0%	2016	34,035	-
Equipment loans	USD	4.25%	2018	45,224	-
	USD	4.25%	2017	23,452	27,294
	* EUR	3.37%	2016	20,816	13,496
	* USD	7.36%	2017	17,641	19,925
	* EUR	4.93%	2023	14,896	-
	USD	3.89%	2016	9,201	11,606
	USD	3.99%	2017	5,555	6,749
	USD	3.65%	2016	2,805	3,514
	* BRL	11.88%	2015	2,702	4,373
	USD	4.69%	2017	1,362	1,660
	CAD	Prime+0.3%	2014	1,333	3,703
	* BRL	5.00%	2014	569	1,390
	USD	3.65%	2014	458	1,141
	* BRL	5.00%	2020	409	508
	* BRL	5.59%	2014	111	298
	* BRL	19.85%	2013	-	931
	* BRL	CDI+6%	2013	-	407
Loan payable to non-controlling shareholder of Martinrea Honsel	EUR	5.00%	2014	13,190	11,806
Other bank loans	* BRL	14.00%	2015	1,681	4,089
				$ 471,777	$ 384,164

*Represents debt in Martinrea Honsel.

The primary terms of the Company's banking facility, with a syndicate of seven banks, are as follows:

- available revolving credit lines of $300 million and US $100 million;
- no mandatory principal repayment provisions;
- an accordion feature which provides the Company with the ability to increase the revolving credit facility by up to $100 million;
- pricing terms at market rates; and
- a maturity date of August 2016.

The banking facility is a fully revolving Canadian and U.S. dollar denominated credit facility and secured by a registered general security agreement and a first charge on the assets of all the Company's material wholly owned subsidiaries. The maturity date of the loan is August 2016 with no requirement for scheduled principal repayments. Interest is payable at a variable rate ranging from bankers acceptance plus 1.25% to 2.50% or prime plus 0.25% to 1.50%. Actual interest rates vary depending on the Company's funded debt to earnings ratio before interest, taxes, amortization and other items. At December 31, 2013, the weighted average effective interest rate was 3.3% (2012 - 2.9%). The Company has drawn US$32,000 (2012 - nil) on the U.S. revolving credit line and $278,000 (2012 - $273,200) on the Canadian revolving credit line. The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at December 31, 2013.

Deferred financing fees of $2,218 (2012 - $1,926) have been netted against the carrying value of the long term debt.

During 2013, the Company finalized the following equipment financing arrangements with the corresponding equipment acting as security:

- the first drawdown on a five year US$50 million equipment loan in the amount of US$43,042 at a fixed interest rate of 4.25%;
- the final drawdown on a four year €18 million equipment loan in Martinrea Honsel in the amount of €7,571 at a fixed interest rate of 3.37%; and
- a ten year equipment loan in Martinrea Honsel with the government of Spain in the amount of €10,164 at a fixed interest rate of 4.93%, with scheduled principal repayments starting in 2017.

(in thousands of Canadian dollars, except per share amounts)

The loan payable to the non-controlling shareholder of Martinrea Honsel formed part of a €20,000 ($29,310) loan to Martinrea Honsel from its shareholders, including Martinrea, during 2012, of which Martinrea's portion of the loan in the amount of €11,000 ($16,121) was funded from the Company's banking facility.

Future annual minimum principal repayments are as follows:

Within one year	$	37,276
One to two years		48,453
Two to three years		346,064
Three to four years		23,379
Thereafter		16,605
	$	471,777

15. PENSIONS AND OTHER POST RETIREMENT BENEFITS

The Company has defined benefit and non-pension post-retirement benefit plans in Canada, the United States and Germany. The defined benefit plans provide pensions based on years of service, years of contributions and earnings. The post-retirement benefit plans provide for the reimbursement of certain medical costs.

The plans are governed by the pension laws of the jurisdiction in which they are registered. The Company's pension funding policy is to contribute amounts sufficient, at minimum, to meet local statutory funding requirements. Local regulatory bodies either define minimum funding requirements or approve funding plans submitted by the Company. From time to time the Company may make additional discretionary contributions taking into account actuarial assessments and other factors. Actuarial valuations for the Company's defined benefit pension plans are completed based on the regulations in place in the jurisdictions where the plans operate.

The assets of the defined benefit pension plans are held in segregated accounts isolated from the Company's assets. The plans are administered pursuant to applicable regulations, investment policies and procedures and to the mandate of an established pension committee. The pension committee oversees the administration of the pension plans, which include the following principal areas:

- Overseeing the funding, administration, communication and investment management of the plans;
- Selecting and monitoring the performance of all third parties performing duties in respect of the plans, including audit, actuarial and investment management services;
- Proposing, considering and approving amendments to the defined benefit pension plans;
- Proposing, considering and approving amendments of the investment policies and procedures;
- Reviewing actuarial reports prepared in respect of the administration of the defined benefit pension plans; and
- Reviewing and approving the audited financial statements of the defined pension plan funds.

The assets of the defined benefit pension plans are invested and managed following all applicable regulations and investment policies and procedures, and reflect the characteristics and asset mix of each defined benefit pension plan. Investment and market return risk is managed by:

- Contracting professional investment managers to execute the investment strategy following the investment policies and procedures and regulatory requirements;
- Specifying the kinds of investments that can be held in plans and monitoring compliance;
- Using asset allocation and diversification strategies; and
- Purchasing annuities from time to time.

The pension plans are exposed to market risks such as changes in interest rates, inflation and fluctuations in investment values. The plans are also exposed to non-financial risks in the nature of membership mortality, demographic changes and regulatory change.

(in thousands of Canadian dollars, except per share amounts)

Information about the Company's defined benefit plans as at December 31, in aggregate, is as follows:

Accrued benefit obligation:

		Other post-retirement benefits		Pensions		Total 2013		Other post-retirement benefits		Pensions		Total 2012
Balance, beginning of the year	$	(43,191)	$	(132,475)	$	(175,666)	$	(38,529)	$	(113,221)	$	(151,750)
Benefits paid by the plan		1,790		6,832		8,622		1,765		6,176		7,941
Current service costs		(203)		(2,025)		(2,228)		(157)		(1,970)		(2,127)
Interest costs		(1,697)		(4,577)		(6,274)		(1,753)		(5,459)		(7,212)
Actuarial gains/(losses) - experience		56		(405)		(349)		49		678		727
Actuarial gains/(losses) - demographic experience		(2,055)		(4,404)		(6,459)		(33)		(36)		(69)
Actuarial gains/(losses) – financial assumptions		4,738		10,937		15,675		(4,933)		(19,041)		(23,974)
Settlements		-		80,253		80,253		-		-		-
Foreign exchange translation adjustment		(1,242)		(1,353)		(2,595)		400		398		798
Balance, end of year	$	(41,804)	$	(47,217)	$	(89,021)	$	(43,191)	$	(132,475)	$	(175,666)

Plan Assets:

		Other post-retirement benefits		Pensions		Total 2013		Other post-retirement benefits		Pensions		Total 2012
Fair value, beginning of the year	$	-	$	110,887	$	110,887	$	-	$	103,648	$	103,648
Contributions paid into the plans		1,790		10,609		12,399		1,765		6,332		8,097
Benefits paid by the plans		(1,790)		(6,832)		(8,622)		(1,765)		(6,176)		(7,941)
Settlements		-		(77,189)		(77,189)		-		-		-
Interest income		-		3,970		3,970		-		6,054		6,054
Administrative costs		-		(245)		(245)		-		-		-
Remeasurements, return on plan assets recognized in other comprehensive income		-		1,656		1,656		-		1,270		1,270
Foreign exchange translation adjustment		-		895		895		-		(241)		(241)
Fair value, end of year	$	-	$	43,751	$	43,751	$	-	$	110,887	$	110,887
Accrued benefit liability, end of year	**$**	**(41,804)**	**$**	**(3,466)**	**$**	**(45,270)**	**$**	**(43,191)**	**$**	**(21,588)**	**$**	**(64,779)**

Pension benefit expense recognized in net income:

		Other post-retirement benefits		Pensions		Total 2013		Other post-retirement benefits		Pensions		Total 2012
Current service costs	$	203	$	2,025	$	2,228	$	116	$	2,011	$	2,127
Net interest cost (income)		1,697		607		2,304		1,753		(595)		1,158
Administrative costs		-		245		245		-		-		-
Settlement impact *		-		(3,064)		(3,064)		-		-		-
Net benefit plan expense (income)	$	1,900	$	(187)	$	1,713	$	1,869	$	1,416	$	3,285

* During the year, the Company settled the hourly pension plan originating from its facility in Windsor, Ontario through the purchase of annuities with an insurance company.

(in thousands of Canadian dollars, except per share amounts)

Amounts recognized in other comprehensive income(loss) (before income taxes):

	2013	2012
Actuarial gains/(losses)	$ 10,523	$ (16,137)

Plan assets are primarily composed of pooled funds that invest in fixed income and equities, common stocks and bonds that are actively traded. Plan assets comprise of:

Description	December 31, 2013	December 31, 2012
Cash	0.6%	11.0%
Equity	86.7%	85.8%
Debt securities	12.7%	3.2%
	100.0%	100.0%

The defined benefit obligation and plan assets are composed by country as follows:

	Year ended December 31, 2013				Year ended December 31, 2012			
	Canada	USA	Germany	Total	Canada	USA	Germany	Total
Present value of funded obligations	$ (22,116)	$ (19,244)	$ -	$ (41,360)	$ (108,029)	$ (20,156)	$ -	$ (128,185)
Fair value of plan assets	28,720	15,031	-	43,751	98,950	11,937	-	110,887
Funding status of funded obligations	6,604	(4,213)	-	2,391	(9,079)	(8,219)	-	(17,298)
Present value of unfunded obligations	(25,848)	(18,347)	(3,466)	(47,661)	(26,497)	(19,226)	(1,758)	(47,481)
Total funded status of obligations	$ (19,244)	$ (22,560)	$ (3,466)	$ (45,270)	$ (35,576)	$ (27,445)	$ (1,758)	$ (64,779)

There are significant assumptions made in the calculations provided by the actuaries and it is the responsibility of the Company to determine which assumptions could result in a significant impact when determining the accrued benefit obligations and pension expense.

Principal actuarial assumptions, expressed as weighted averages, are summarized below:

Weighted average actuarial assumptions:

	December 31, 2013	December 31, 2012
Defined benefit pension plans		
Discount rate used to calculate year end benefit obligation	4.7%	3.7%
Mortality table	CPM - RPP 2014 Priv	UP94@2015
Other post-employment benefit plans		
Discount rate to calculate year end benefit obligation	4.7%	3.8%
Mortality table	CPM - RPP 2014 Priv & IRS 2014 static w/BC adj	UP94@2015 & IRS 2013 static w/BC adj
Health care trend rates		
Initial healthcare rate	9.1%	9.6%
Ultimate healthcare rate	5.0%	5.0%

Sensitivity of Key Assumptions

In the sensitivity analysis shown below, the Company determines the defined benefit obligation using the same method used to calculate the defined benefit obligations recognized in the consolidated balance sheets. Sensitivity is calculated by changing one assumption while holding the others constant. The actual change in defined benefit obligation will likely be different from that shown in the table, since it is likely that more than one assumption will change at a time, and that some assumptions are correlated.

(in thousands of Canadian dollars, except per share amounts)

		Impact on defined benefit obligation		Impact on defined benefit obligation	
		2013		2012	
Pension Plans	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 7.7%	Increase by 8.7%	Decrease by 6.3%	Increase by 7.1%
Life Expectancy	1 Year	Increase by 2.93%	Decrease by 2.98%	Increase by 2.54%	Decrease by 2.56%
Other post-retirement benefits					
Discount rate	0.50%	Decrease by 6.5%	Decrease by 7.27%	Decrease by 6.55%	Increase by 7.32%
Medical costs	1 Year	Increase by 12.6%	Increase by 11.85%	Increase by 11.85%	Decrease by 9.69%

16. INCOME TAXES

The components of income tax expense are as follows:

		Year ended December 31, 2013		Year ended December 31, 2012
				Revised (note 3)
Current income tax expense	$	36,517	$	22,855
Deferred income tax expense (recovery)		14,839		(5,122)
Total income tax expense	$	51,356	$	17,733

Taxes on items recognized in other comprehensive income or directly in equity in 2013 and 2012 were as follows:

Deferred tax benefit (charge) on:		2013		2012
Employee benefit plan actuarial gains and losses	$	3,660	$	(4,279)

Reconciliation of effective tax rate:

The provision for income taxes differs from the result that would be obtained by applying statutory income tax rates to income before income taxes. This difference results from the following:

		Year ended December 31, 2013		Year ended December 31, 2012
				Revised (note 3)
Income before income taxes	$	89,285	$	49,888
Tax at Statutory income tax rate of 26.50% (2012 - 26.50%)		23,661		13,220
Increase (decrease) in income taxes resulting from:				
Manufacturing and processing profits deduction		(1,405)		(969)
Rate differences and deductions allowed in foreign jurisdictions		(8,744)		(4,852)
Current year tax losses for which no benefit is recognized		35,243		15,000
Recognition of previously unrecognized deferred tax assets, net		(1,402)		(7,182)
Stock based compensation and other non deductible expenses		4,003		2,516
	$	51,356	$	17,733
Effective income tax rate applicable to earnings before income taxes		57.5%		35.5%

(in thousands of Canadian dollars, except per share amounts)

The movements of deferred income tax assets are summarized below:

	Losses	Employee benefits	Interest and accruals	Other	Total
December 31, 2011 - as previously reported	$ 42,330	$ 16,578	$ 6,698	$ 7,109	$ 72,715
Adjustment to opening balance (note 3)	6,809	-	-	-	6,809
December 31, 2011 - as revised	49,139	16,578	6,698	7,109	79,524
Benefit (charge) to income	19,943	(1,505)	3,403	1,600	23,441
Benefit in other comprehensive income	-	4,279	-	-	4,279
Translation and other	(1,363)	(218)	(174)	(1,132)	(2,887)
December 31, 2012 - as revised	67,719	19,134	9,927	7,577	104,357
Benefit (charge) to income	(2,994)	(2,877)	3,061	(1,566)	(4,376)
Charge to other comprehensive income	-	(3,660)	-	-	(3,660)
Translation and other	2,863	726	246	-	3,835
December 31, 2013	$ 67,588	$ 13,323	$ 13,234	$ 6,011	$ 100,156

The movements of deferred income tax liabilities are summarized below:

	PPE and intangible assets	Other	Total
December 31, 2011 - as previously reported	$ (37,863)	$ (2,256)	$ (40,119)
Adjustment to opening balance (note 3)	(2,605)	-	(2,605)
December 31, 2011 - as revised	(40,468)	(2,256)	(42,724)
Charge to income	(10,940)	(7,379)	(18,319)
Translation and other	796	-	796
December 31, 2012 - as revised	(50,612)	(9,635)	(60,247)
Charge to income	(14,501)	4,038	(10,463)
Translation and other	(1,586)	(755)	(2,341)
December 31, 2013	$ (66,699)	$ (6,352)	$ (73,051)

Net deferred asset at December 31, 2012 – as revised	$ 44,110
Net deferred asset at December 31, 2013	$ 27,105

The Company has accumulated approximately $422,459 (2012 - $313,046) in non-capital losses that are available to reduce taxable income in future years. If unused these losses will expire as follows:

Year	
2014-2016	$ 8,223
2017-2021	17,443
2023-2033	332,030
Indefinite	64,763
	$ 422,459

At December 31, 2013, the Company had $8,356 (2012 - $8,950) of capital losses carried forward which may only be used to offset future capital gains.

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits of these losses is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses arose.

At December 31, 2013, deferred taxes have not been recognized in respect of the following items:

(in thousands of Canadian dollars, except per share amounts)

	2013	2012
Tax losses in foreign jurisdictions	$ 76,559	$ 43,886
Deductible temporary differences in foreign jurisdictions	22,256	18,671
Capital losses in Canada and other capital items	190	1,581
	$ 99,005	$ 64,138

Deferred tax is not recognized on the unremitted earnings of foreign subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future. The temporary difference in respect of the amount of undistributed earnings and other differences including difference in the outside basis of Martinrea Honsel shares in acquisition of foreign subsidiaries is approximately $208,835 at December 31, 2013 (December 31, 2012 - $145,178).

17. CAPITAL STOCK

	Number	Amount
Common shares outstanding:		
Balance, December 31, 2011	82,887,450	$ 674,568
Exercise of stock options	108,000	1,038
Balance, December 31, 2012	82,995,450	$ 675,606
Exercise of stock options	1,484,254	14,369
Balance, December 31, 2013	84,479,704	$ 689,975

The Company is authorized to issue an unlimited number of common shares. The Company's shares have no par value.

Stock options:

The Company has one stock option plan for key employees. Under the plan the Company may grant options to its key employees for up to 9,000,000 shares of common stock with option room available calculated in accordance with the terms of the stock option plan. The Company has, in the past, also granted options to officers and employees of Rea International Inc. and Pilot Industries Inc. in connection with the acquisitions thereof. Such options were granted outside the stock option plan and totaled 240,000. These options expired and were cancelled during 2012. Under the plan, the exercise price of each option equals the market price of the Company's stock on the date of grant or such other date as determined in accordance with stock option plan and the policies of the Company, and the options have a maximum term of 10 years. Options are granted throughout the year and vest between 0 and 4 years.

The following is a summary of the activity of the outstanding share purchase options:

	Year ended December 31, 2013		Year ended December 31, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	6,921,836	$ 9.94	8,603,501	$ 9.93
Granted during the period	100,000	10.44	720,000	9.93
Exercised during the period	(1,484,254)	(7.21)	(108,000)	(6.90)
Cancelled / expired during the period	(15,667)	(10.44)	(2,293,665)	(10.04)
Balance, end of period	5,521,915	$ 10.68	6,921,836	$ 9.94
Options exercisable, end of period	4,896,915	$ 10.95	5,761,002	$ 10.22

The following is a summary of the issued and outstanding common share purchase options as at December 31, 2013:

(in thousands of Canadian dollars, except per share amounts)

Range of exercise price per share	Number outstanding	Date of grant	Expiry
$3.00 - 5.99	148,500	2005 & 2008	2015 & 2018
$6.00 - 6.99	22,379	2004 - 2008	2014 - 2018
$7.00 - 8.99	2,726,036	2004 - 2012	2014 - 2022
$9.00 - 9.99	150,000	2008	2018
$10.00 - 15.99	645,000	2006 - 2013	2016 - 2023
$16.00 - 17.75	1,830,000	2007	2017
Total share purchase options	5,521,915		

The table below summarizes the assumptions used in determining stock-based compensation expense under the Black-Scholes option pricing model. The Black-Scholes option valuation model used by the Company to determine fair values was developed for use in estimating the fair value of freely traded options, which are fully transferable and have no vesting restrictions. The Company's stock options are not transferable, cannot be traded and are subject to vesting restrictions and exercise restrictions under the Company's black-out policy which would tend to reduce the fair value of the Company's stock options. Changes to subjective input assumptions used in the model can cause a significant variation in the estimate of the fair value of the options.

		Year ended December 31, 2013		Year ended December 31, 2012
Expected volatility		50.2%		50.2%
Risk free interest rate		1.5%		1.5%
Expected life (years)		4		4
Weighted average fair value of options granted	$	3.89	$	3.96

For the year ended December 31, 2013, the Company expensed $1,612 (2012 - $3,007) to reflect stock-based compensation expense, as derived using the Black-Scholes option valuation model.

18. EARNINGS PER SHARE

Details of the calculations of earnings per share are set out below:

	Year ended December 31, 2013			Year ended December 31, 2012 Revised (note 3)		
	Weighted average number of shares		Per common share amount	Weighted average number of shares		Per common share amount
Basic	84,093,465	$	0.20	82,944,482	$	0.45
Effect of dilutive securities:						
Shares secured by notes receivable	-		-	32,986		-
Stock options	891,392		-	571,368		(0.01)
Diluted	84,984,857	$	0.20	83,548,836	$	0.44

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

During 2013, 2,575,000 options (2012 - 2,853,334) were excluded from the diluted weighted average per share calculation as they were anti-dilutive.

(in thousands of Canadian dollars, except per share amounts)

19. RESEARCH AND DEVELOPMENT COSTS

		Year ended December 31, 2013		Year ended December 31, 2012
				Revised (note 3)
Research and development costs, gross	$	24,550	$	33,644
Capitalized development costs		(14,638)		(24,036)
Amortization of capitalized development costs		6,899		4,473
Net expense	$	16,811	$	14,081

20. PERSONNEL EXPENSES

The statements of operations present operating expenses by function. Operating expenses include the following personnel-related expenses:

	Note		Year ended December 31, 2013		Year ended December 31, 2012
Wages and salaries and other short-term employee benefits		$	688,266	$	643,172
Expenses related to pension and post-retirement benefits	15		1,713		3,285
Share based payments	17		1,612		3,007
		$	691,591	$	649,464

21. FINANCE EXPENSE AND OTHER FINANCE INCOME

	Note		Year ended December 31, 2013		Year ended December 31, 2012
					Revised (note 3)
Debt interest, gross		$	20,355	$	17,099
Capitalized interest – at an average rate of 3.2% (2012 - 4.1 %)			(1,487)		(2,358)
Net finance expense		$	18,868	$	14,741

	Note		Year ended December 31, 2013		Year ended December 31, 2012
Accretion of interest income on promissory note	11	$	(122)	$	(237)
Net foreign exchange gain			(2,509)		(61)
Other income, net			(285)		(246)
Other finance income		$	(2,916)	$	(544)

22. RESTRUCTURING COSTS

As part of the acquisition of Honsel AG, a certain level of restructuring was contemplated, in particular, at the Company's German facilities in Meschede and Soest. The restructuring efforts commenced immediately after the closing of the acquisition in 2011 and continued into 2012 resulting in $28,507 of primarily employee related severance being recognized during 2012. The majority of the restructuring costs incurred are employee related severance as the Company rationalizes the overhead cost structure and improves the efficiency of the operations.

During the fourth quarter of 2011, the Company began the process of closing one of its small operating facilities in Mexico. The existing business and equipment in the facility was moved to other Company facilities in Mexico, including a new facility the Company opened in Silao, Mexico in 2011. Restructuring costs relating to this closure totaled $5,018 during 2012 consisting primarily of employee related severance and the dismantling and transporting of equipment between facilities. No further costs related to this closure are expected to be incurred.

Costs associated with other restructuring activities incurred during 2012 totaled $2,360 relating to the right sizing of certain other manufacturing facilities.

The summary of restructuring activity expenses are as follows:

(in thousands of Canadian dollars, except per share amounts)

		Year ended December 31, 2013		Year ended December 31, 2012
Employee related severance	$	-	$	28,921
Other restructuring costs		-		6,964
	$	-	$	35,885

No significant restructuring costs were incurred during 2013.

Other restructuring costs include directly attributable facility closure and right-sizing costs and costs relating to the dismantling and transportation of PP&E between Company facilities.

23. OPERATING SEGMENTS

The Company designs, engineers, manufactures, and sells quality metal parts, assemblies, and fluid management systems primarily serving the global automotive industry. It conducts its operations through divisions, which function as autonomous business units, following a corporate policy of functional and operational decentralization. The Company's products include a wide array of products, assemblies and systems for small and large cars, crossovers, pickups and sport utility vehicles.

The Company defines its operating segments as components of its business where separate financial information is available and routinely evaluated by management. The Company's chief operating decision maker ("CODM") is the Chief Executive Officer. Given the differences between the regions in which the Company operates, Martinrea's operations are segmented on a geographic basis between North America, Europe and Rest of World.

The accounting policies of the segments are the same as those described in the significant accounting policies in note 2 of the consolidated financial statements. The Company uses segment operating income as the basis for the CODM to evaluate the performance of each of the Company's reportable segments.

The following is a summary of selected data for each of the Company's segments:

	Year ended December 31, 2013			Year ended December 31, 2012 Revised (note 3)		
	Sales	Property, plant and equipment	Operating Income	Sales	Property, plant and equipment	Operating Income
North America						
Canada	$ 775,418	$ 157,302		$ 810,089	$ 147,636	
USA	1,148,799	357,693		966,454	296,196	
Mexico	599,480	194,771		521,275	179,054	
	$ 2,523,697	$ 709,766	$ 71,117	$ 2,297,818	$ 622,886	$ 88,723
Europe						
Germany	521,432	60,501		463,478	39,872	
Spain	84,905	26,639		78,298	19,615	
Slovakia	24,847	10,973		5,513	9,136	
	631,184	98,113	36,143	547,289	68,623	(17,871)
Rest of World	67,000	39,669	(2,023)	55,897	40,234	(6,767)
	$ 3,221,881	$ 847,548	$ 105,237	$ 2,901,004	$ 731,743	$ 64,085

Inter-segment sales are not significant for any period presented.

24. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, promissory note, trade and other payables, long-term debt, foreign exchange forward contracts and other financial liability – put option.

(in thousands of Canadian dollars, except per share amounts)

Fair Value

IFRS 13 "*Fair Value Measurement*" provides guidance about fair value measurements. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value are required to maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs. The first two levels are considered observable and the last unobservable. These levels are used to measure fair values as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities, either directly or indirectly.
- Level 2 – Inputs, other than Level 1 inputs that are observable for assets and liabilities, either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table summarizes the fair value hierarchy applicable to the Company's financial instruments measured at fair value:

	December 31, 2013			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 56,224	$ 56,224	$ -	$ -
Foreign exchange forward contracts	$ (370)	$ -	$ (370)	$ -
Other financial liability - put option	$ (154,239)	$ -	$ -	$ (154,239)

	December 31, 2012			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 29,422	$ 29,422	$ -	$ -
Foreign exchange forward contracts	$ (7)	$ -	$ (7)	$ -
Other financial liability - put option	$ (87,100)	$ -	$ -	$ (87,100)

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

December 31, 2013	Fair value through profit or loss	Loans and receivables	Amortized cost	Carrying amount	Fair value
FINANCIAL ASSETS:					
Trade and other receivables	$ -	$ 541,598	$ -	$ 541,598	$ 541,598
	-	541,598	-	541,598	541,598
FINANCIAL LIABILITIES:					
Trade and other payables	-	-	597,221	597,221	597,221
Long-term debt	-	-	471,777	471,777	471,777
Foreign exchange forward contracts	370	-	-	370	370
	370	-	1,068,998	1,069,368	1,069,368
Net financial assets (liabilities)	$ (370)	$ 541,598	$ (1,068,998)	$ (527,770)	$ (527,770)

(in thousands of Canadian dollars, except per share amounts)

December 31, 2012 (Revised note 3)	**Fair value through profit or loss**	**Loans and receivables**	**Amortized cost**	**Carrying amount**	**Fair value**
FINANCIAL ASSETS:					
Trade and other receivables	$ -	$ 430,075	$ -	$ 430,075	$ 430,075
Promissory note	-	2,378	-	2,378	2,378
	-	432,453	-	432,453	432,453
FINANCIAL LIABILITIES:					
Trade and other payables	-	-	504,950	504,950	504,950
Long-term debt	-	-	384,164	384,164	384,164
Foreign exchange forward contracts	7	-	-	7	7
	7	-	889,114	889,121	889,121
Net financial assets (liabilities)	$ (7)	$ 432,453	$ (889,114)	$ (456,668)	$ (456,668)

The fair value of trade and other receivables and trade and other payables approximates their carrying amounts due to the short-term maturities of these instruments. The estimated fair value of the promissory note approximates its carrying value since the rate used to discount the future scheduled principal repayments at the inception of the transaction is indicative of current prevailing market interest rates. The estimated fair value of long-term debt approximates its carrying value since debt is subject to terms and conditions similar to those available to the Company for instruments with comparable terms, and the interest rates are market-based. The fair value of the other financial liability – put option is recorded at fair value.

Risk Management

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated Company basis.

(a) Credit risk

Credit risk refers to the risks of losses due to failure of the Company's customers or other counterparties to meet their payment obligations. Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents, trade and other receivables, promissory note, and foreign exchange forward contracts.

Credit risk associated with cash and short-term deposits is minimized by ensuring these financial assets are placed with financial institutions with high credit ratings.

The credit risk associated with the promissory note has been minimized by obtaining collateral security.

The credit risk associated with foreign exchange forward contracts arises from the possibility that the counterparty to one of these contracts fails to perform according to the terms of the contract. Credit risk associated with foreign exchange forward contracts is minimized by entering into such transactions with major Canadian and U.S. financial institutions.

In the normal course of business, the Company is exposed to credit risk from its customers. Approximately 81% of the Company's production sales are derived from six customers. A substantial portion of the Company's accounts receivables are with large customers in the automotive, truck and industrial sectors and are subject to normal industry credit risks. The level of accounts receivable that were past due as at December 31, 2013 are part of normal payment patterns within the industry and the allowance for doubtful accounts is less than 0.50% of total trade receivables for all periods and movements in the current year are minimal.

The aging of trade receivables at the reporting date was as follows:

(in thousands of Canadian dollars, except per share amounts)

		December 31, 2013		December 31, 2012
				Revised (note 3)
0-60 days	$	439,125	$	369,138
61-90 days		35,368		19,963
Greater than 90 days		23,768		14,555
	$	498,261	$	403,656

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company manages liquidity risk by monitoring sales volumes and collection efforts to ensure sufficient cash flows are generated from operations to meet its liabilities when they become due. Management monitors consolidated cash flows on a weekly basis covering a rolling 12 week period, quarterly through forecasting and annually through the Company's budget process. At December 31, 2013, the Company had cash of $56,224 and banking facilities available as discussed in note 14. All the Company's financial liabilities other than long term debt and other financial liabilities have maturities of approximately 60 days.

A summary of contractual maturities of long term debt is provided in note 14.

(c) Interest rate risk

Interest rate risk refers to the risk the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in the market interest rates. The Company is exposed to interest rate risk as a significant portion of the Company's long-term debt bears interest at rates linked to the US prime, Canadian prime, 1 month LIBOR or the Bankers Acceptance rates. The interest on the bank facility fluctuates depending on the achievement of certain financial debt ratios, and may cause the interest rate to fluctuate by a maximum of 1.25%.

The interest rate profile of the Company's long-term debt was as follows:

	Carrying amount			
		December 31, 2013		December 31, 2012
Variable rate instruments	$	311,705	$	275,384
Fixed rate instruments		160,072		108,780
	$	471,777	$	384,164

Sensitivity analysis

An increase or decrease of 1.0% in interest rates applicable to all variable interest rate debt would, all else being equal, have an effect of $3,183 on the Company's consolidated financial results for the year ended December 31, 2013.

(d) Currency risk

Currency risk refers to the risk that the value of the financial instruments or cash flows associated with the instruments will fluctuate due to changes in the foreign exchange rates. The Company undertakes revenue and purchase transactions in foreign currencies, and therefore is subject to gains and losses due to fluctuations in foreign currency exchange rates. The Company's foreign exchange risk management includes the use of foreign currency forward contracts to fix the exchange rates on certain foreign currency exposures.

At December 31, 2013, the Company had committed to the following foreign exchange contracts:

Currency		Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months
Buy Canadian Dollars	$	53,000	1.0682	12
Buy Mexican Pesos	$	8,509	13.0443	2

The aggregate value of these forward contracts as at December 31, 2013 was a loss of $370 and was recorded in trade and other payables (December 31, 2012 - loss of $7 and was recorded in trade and other payables).

The Company's exposure to foreign currency risk reported in the foreign currency was as follows:

(in thousands of Canadian dollars, except per share amounts)

December 31, 2013		USD		EURO		PESO		BRL		CYN
Trade and other receivables	$	340,455	€	62,093	$	13,988	R$	14,729	¥	16,815
Trade and other payables		(363,579)		(84,639)		(55,903)		(23,264)		(17,111)
Long-term debt		(131,900)		(33,369)		-		(12,152)		-
	$	(155,024)	€	(55,915)	$	(41,915)	R$	(20,687)	¥	(296)

December 31, 2012		USD		EURO		PESO		BRL		CYN
Trade and other receivables	$	285,603	€	49,781	$	21,296	R$	12,075	¥	-
Trade and other payables		(333,809)		(66,743)		(62,067)		(25,747)		-
Long-term debt		(72,259)		(19,288)		-		(24,690)		-
	$	(120,465)	€	(36,250)	$	(40,771)	R$	(38,362)	¥	-

The following summary illustrates the fluctuations in the exchange rates applied during the year ended December 31, 2013 and 2012:

	Average rate		Closing rate	
	Year ended December 31, 2013	Year ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
USD	1.0242	1.0023	1.0636	0.9949
PESO	0.0803	0.0758	0.0812	0.0767
EURO	1.3553	1.2891	1.4655	1.3118
BRL	0.4807	0.5199	0.4503	0.4859
CNY	0.1665	0.1586	0.1757	0.1597

Sensitivity analysis

The Company does not have significant foreign currency exposure based on each subsidiary's functional currency. However a 10 percent strengthening of the Canadian dollar against the following currencies at December 31, 2013 would give rise to translation risk on net income and would increase (decrease) other comprehensive income for the year ended December 31, 2013 by the amounts shown below, assuming all other variables remain constant:

		Year ended December 31, 2013		Year ended December 31, 2012
USD	$	6,916	$	(344)
EURO		(4,335)		931
BRL		443		594
CNY		227		108
	$	3,251	$	1,289

A weakening of the Canadian dollar against the above currencies at December 31 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(e) Capital risk management

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with complementary acquisitions and to provide returns to its shareholders. The Company defines capital that it manages as the aggregate of its equity, which is comprised of issued capital, contributed surplus, accumulated other comprehensive loss and accumulated deficit, and debt.

The Company manages its capital structure and makes adjustments in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue or repay long-term debt, issue shares, repurchase shares, or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as annual capital and operating budgets.

In addition to debt and equity the Company may use operating leases as additional sources of financing. The Company monitors debt leverage ratios as part of the management of liquidity and shareholders' return and to sustain future development of the business. The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged from the prior year.

(in thousands of Canadian dollars, except per share amounts)

25. COMMITMENTS AND CONTINGENCIES

Commitments

The Company leases certain manufacturing facilities, office equipment and vehicles under operating leases and enters into purchase obligations in the normal course of business related to inventory, services, tooling and property, plant and equipment. The aggregate expected payments towards those obligations are as follows:

		December 31, 2013		December 31, 2012
Future minimum lease payments under operating leases	$	97,324	$	70,349
Capital and other purchase commitments (all due in less than one year)		448,817		419,047
	$	546,141	$	489,396

Future minimum lease payments under operating leases are due as follows:

		December 31, 2013		December 31, 2012
Less than one year	$	22,075	$	17,242
Between one and five years		54,987		45,211
More than five years		20,262		7,896
	$	97,324	$	70,349

Contingencies

The Company has contingent liabilities relating to legal and tax proceedings arising in the normal course of its business. Known claims and litigation involving the Company or its subsidiaries were reviewed at the end of the reporting period. Based on the advice of legal counsel, all necessary provisions have been made to cover the related risks. Although the outcome of the proceedings in progress cannot be predicted, the Company does not believe they will have a material impact on the Company's consolidated financial position. However, new proceedings may be initiated against the Company as a result of facts or circumstances unknown at the date of this report or for which the risk cannot yet be determined or quantified. Such proceedings could have a significant adverse impact on the Company's financial results.

Tax contingency

The taxation system and regulatory environment in Brazil is characterized by numerous indirect taxes and frequently changing legislation subject to various interpretations by the various Brazilian regulatory authorities who are empowered to impose significant fines, penalties and interest charges. The Company's subsidiary in Brazil, Martinrea Honsel Brazil Fundicao e comercio de Pecas em Alumino Ltda., is currently being assessed by the State of Sao Paulo's tax authorities for certain historical value added tax ("VAT") credits claimed on aluminum purchases from certain local suppliers that occurred prior to the acquisition of the Brazil subsidiary in 2011. The basis for the assessments stems from the classification of aluminum purchases, the registration status of the aluminum suppliers in question and the differing treatments between manufactured and unmanufactured aluminum for VAT purposes. The potential exposure under these assessments, based on the notices issued by the tax authorities, is approximately $58.0 million including interest and penalties to December 31, 2013. The Company has sought external legal advice and believes that it has complied, in all material respects, with the relevant legislation and will vigorously defend against the assessments. No provision has been recorded by the Company in connection with this contingency as at this stage the Company has concluded that it is not probable that a tax liability will result from the matter.

26. GUARANTEES

The Company is a guarantor under a tooling financing program. The tooling financing program involves a third party that provides tooling suppliers with financing subject to a Company guarantee. Payments from the third party to the tooling supplier are approved by the Company prior to the funds being advanced. The amounts loaned to the tooling suppliers through this financing arrangement do not appear on the Company's consolidated balance sheet. At December 31, 2013, the amount of the program financing was $57,591 (December 31, 2012 - $34,469) representing the maximum amount of undiscounted future payments the Company could be required to make under the guarantee.

(in thousands of Canadian dollars, except per share amounts)

The Company would be required to perform under the guarantee in cases where a tooling supplier could not meet its obligations to the third party. Since the amount advanced to the tooling supplier is required to be repaid generally when the Company receives reimbursement from the final customer, and at this point the Company will in turn repay the tooling supplier, the Company views the likelihood of the tooling supplier default as remote. No such defaults occurred during 2013 or 2012. Moreover, if such an instance were to occur, the Company would obtain the tooling inventory as collateral. The term of the guarantee will vary from program to program, but typically ranges from six to eighteen months.

27. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel include the Directors and the most Senior Corporate Officers of the company that are primarily responsible for planning, directing and controlling the Company's business activities.

The compensation expense associated with key management for employee services was included in employee salaries and benefits as follows:

	Year ended December 31, 2013	Year ended December 31, 2012
Salaries, pension and other short-term employee benefits	$ 8,578	$ 9,184
Stock-based compensation expense	502	1,092
	$ 9,080	$ 10,276

28. LIST OF CONSOLIDATED ENTITIES

The following is a summary of significant direct subsidiaries of the Company:

	Country of incorporation	Ownership interest
Martinrea Fabco Metallic Canada Inc.	Canada	100%
Martinrea Automotive Systems Canada Ltd.	Canada	100%
Rea International Inc.	Canada	100%
Royal Automotive Group Ltd.	Canada	100%
Martinrea Holdings (USA), Inc.	United States of America	100%
Martinrea Metal Holdings (USA), Inc.	United States of America	100%
Martinrea Pilot Acquisition Inc.	Canada	100%
Martinrea Slovakia Fluid Systems S.R.O.	Slovakia	100%
Martinrea Pilot Acquisition II LLC	United States of America	100%
Martinrea Internacional de Mexico, S.A. de C.V.	Mexico	100%
Martinrea Honsel Holdings B.V. ("Martinrea Honsel")	Netherlands	55%

The consolidated financial statements of the Company include a 55% controlling interest (2012 - 55%) in Martinrea Honsel. Martinrea Honsel is incorporated in the Netherlands with wholly owned operations in Germany, Spain, Mexico, Brazil and China. Martinrea Honsel designs, engineers, manufactures and sells aluminum parts, and is focused on the automotive sector.

The financial information before intercompany elimination s and interest costs incurred by the Company on the debt issued to finance the acquisition of Martinrea Honsel is provided below:

As at December 31	2013	2012
Current assets	$ 255,088	$ 182,431
Non-current assets	210,377	186,051
Current liabilities	203,357	147,459
Non-current liabilities	$ 60,275	$ 72,943

Year ended December 31	2013	2012
Revenue	$ 779,300	$ 695,058
Net income (loss)	48,323	(6,777)
Total comprehensive income (loss)	$ 38,676	$ (10,670)

Year ended December 31		2013		2012
Net cash provided by (used in) operating activities	$	73,319	$	(19,411)
Net cash provided by financing activities		9,404		64,255
Net cash used in investing activities	$	(45,148)	$	(53,659)

Any material related party transactions outside of the ordinary course of business between Martinrea Honsel and the Company are subject to approval by the Board of Directors of Martinrea Honsel. The Company does not have the unilateral right to transfer cash or other assets from Martinrea Honsel to the Company or cause Martinrea Honsel to repurchase or issue Debt or equity without the consent of the non-controlling interest.

CORPORATE INFORMATION

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Board of Directors

Rob Wildeboer, Executive Chairman
Martinrea International Inc.

Nick Orlando, President and Chief Executive Officer
Martinrea International Inc.

Scott Balfour (1), (2), (3)
Executive Vice President and CFO, Emera Inc.
Executive Vice President and CFO, Nova Scotia Power Inc.

Roman Doroniuk (1), (2), (3)
Independent Consultant, Financial and Strategic Advisory Services

Terry Lyons (1), (2), (3)
Corporate Director and Lead Director, Canaccord Genuity Group Inc.

Frank Macher (1), (2), (3)
Chief Executive Officer, Continental Structural Plastics

Fred Olson (1), (2), (3), (4)
Retired, President and CEO, Webasto Product North America

Suleiman Rashid (1), (2)
Chartered Accountant and Business Consultant

(1) Member, Human Resources and Compensation Committee
(2) Member, Audit Committee
(3) Member, Corporate Governance and Nominating Committee
(4) Lead Director

Corporate Executive Officers

Nick Orlando, President and Chief Executive Officer
Rob Wildeboer, Executive Chairman
Fred Di Tosto, Chief Financial Officer
Armando Pagliari, Executive VP, Human Resources

Certificate Transfer and Address Change

Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1
T: 1 800 564-6523/1 514 982-7555
F: 1 866 249-7775
E: service@computershare.com

Registrar and Transfer Agent

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Shareholder Inquiries/Investor Relations

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Bay Adelaide Centre
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Stock Listing

The Toronto Stock Exchange (TSX: MRE)

MARTINREA INTERNATIONAL INC.

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