Annual Report 2001

Our Formula For Success

wescast industries inc.

Customer

VISION

Wescast Industries Inc. will be the leading global supplier of automotive hot end exhaust solutions and other niche components for the automotive industry. We will be the Company of Choice for our employees, customers and investors.

Investor

Employee

Our Formula For Success

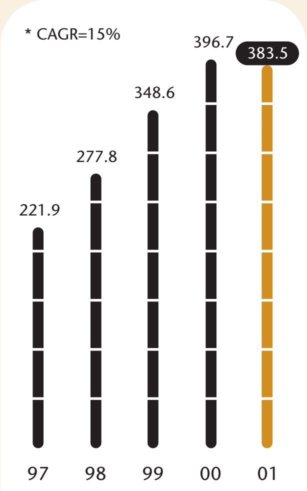
Financial Highlights

Five-Year Summary (from continuing operations)

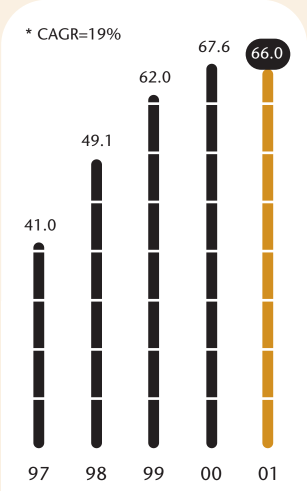
(in thousands of Canadian Dollars, except per share amounts and where otherwise noted)

For the fiscal year ended	2001	2000	1999	1998	1997
Sales	$383,502	$396,721	$348,602	$277,774	$221,943
Earnings	$ 66,038	$ 67,590	$ 61,960	$ 49,067	$ 41,044
Fully-diluted earnings per share	$ 5.01	$ 5.03	$ 4.58	$ 3.62	$ 3.07
Shares outstanding	13,003	12,851	13,213	13,127	13,086
Total assets	$446,649	$409,377	$364,162	$280,261	$233,121
Working capital	$115,292	$109,966	$ 94,234	$107,852	$ 84,453
Current ratio	3.4 : 1	4 : 1	3 : 1	5 : 1	4 :1
Cash, cash equivalents, long and short-term investments	$ 87,950	$ 64,428	$ 76,758	$ 65,023	$ 60,037
Property and equipment - net	$251,548	$224,162	$204,106	$126,745	$105,437
Long-term debt	$ 12,578	$ 11,283	$ 10,277	$ 10,260	$ 3,945
Shareholders' equity	$379,447	$341,374	$297,743	$237,773	$192,853
Return on capital employed (%)[1]	35%	41%	49%	51%	53%
Return on equity (%)	18%	21%	23%	23%	24%
Capital expenditures	$ 54,610	$ 42,580	$ 96,530	$ 37,073	$ 19,123
Depreciation and amortization	$ 27,883	$ 23,869	$ 19,277	$ 15,893	$ 13,757
Market performance : High	$ 55.20	$ 46.50	$ 50.50	$ 45.00	$ 49.50
: Low	$ 38.00	$ 31.50	$ 30.75	$ 33.50	$ 30.50
Number of employees	2,128	2,273	1,980	1,671	1,383

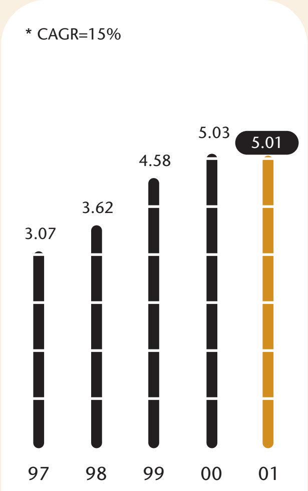
[1] Return on capital employed is equal to earnings from continuing operations before interest and income taxes ("EBIT") divided by average capital employed during the year.



SALES
(millions of dollars)



EARNINGS
(millions of dollars)



FULLY-DILUTED EARNINGS PER SHARE
(dollars)

* Compound annual growth rate.

Stock Exchange Listings: Toronto Stock Exchange **WCS.A** The Nasdaq Stock Market, Inc. **WCST**
This report contains certain forward-looking information. Please see page 17 for further explanation.

Corporate Profile

Wescast Industries Inc. is the world's largest supplier of exhaust manifolds for passenger cars and light trucks. The Company designs, develops, casts and machines high-quality iron exhaust manifolds for automotive OEMs. Wescast has sales and design centres in Canada, the United States and Germany, as well as sales representation in the United Kingdom, France and Japan. The Company operates seven production facilities in North America, including a 49% interest in United Machining Inc., a credited Minority supplier in Michigan, and, a joint venture interest in Weslin Autoipari Rt. ("Weslin"), a Hungarian based supplier of cast iron exhaust manifolds and turbo charger housings for the European light vehicle market.

Construction of our 93,000 sq. ft. corporate office and technical development centre in Brantford, Ontario, will be completed in the summer of 2002. This centre will allow us to accelerate our product design and testing activities, provide advanced process development, and carry out focused research and development to support our growth initiatives.

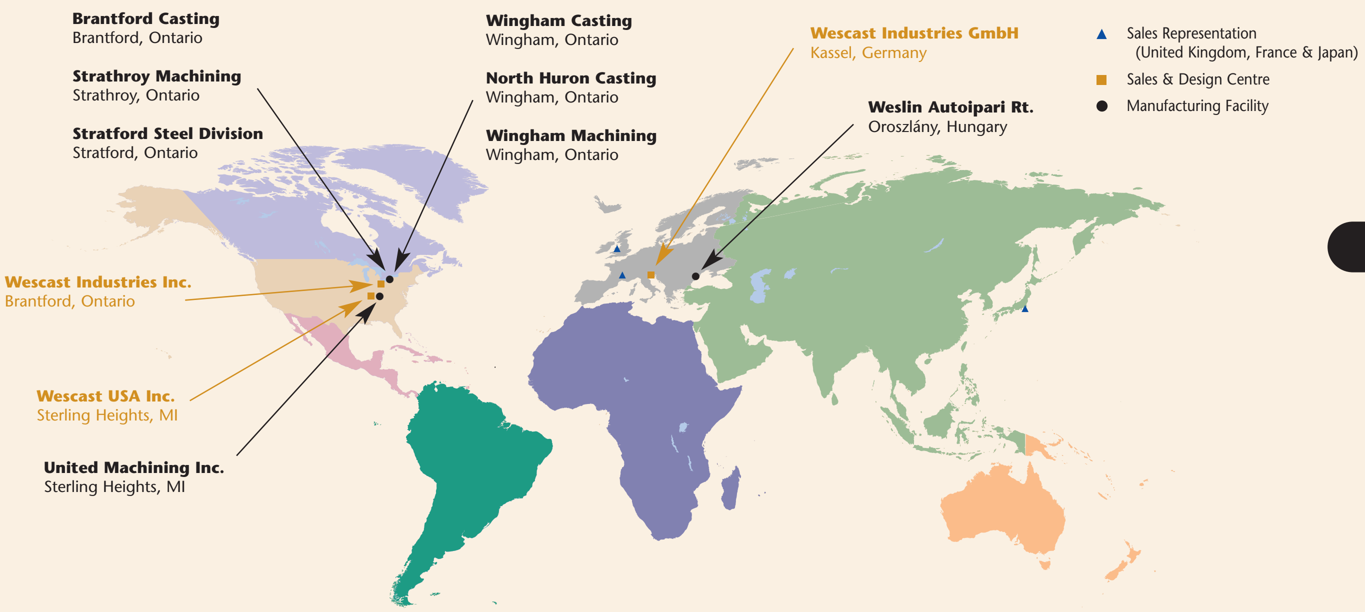
Motivated and challenged people, innovative technology and sound growth strategies - OUR FORMULA FOR SUCCESS.

Key Competitive Advantages
- Automotive focus
- Participative Management System – a unique culture of teamwork based on employee participation (HEART)
- Industry leading financial performance
- Strong operating and technical expertise
- Commitment to investment in technology, people, manufacturing capability and research and development

Growing Market Opportunities
- Machining penetration
- New Domestics
- Mexico
- Europe
    - new customers
    - turbochargers, turbo manifolds
- Customers' need for module/system suppliers – hot end solutions

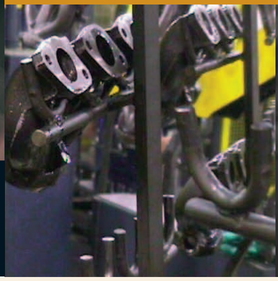
Growth Strategies
- Capitalize on core competencies
- Achieve operational excellence
- Increased global sales and design presence
- Optimization of exhaust manifold design to include close-coupled catalytic converters and turbochargers
- Focused research and development leading to solutions for customers' emissions, temperature and weight requirements
- Growth through diversification in non-powertrain products

Global Presence



Richard W. LeVan
Chairman

Message to Shareholders



Our Formula For Success

The year 2001 was a difficult and challenging year for everyone. The tragic events of September 11 changed our society, our economy and our outlook as individuals. Add to that a world economy flirting with recession, poor stock market performance and you have a year that presented major challenges to commerce and trade. The automotive industry was no exception.

Still, success requires a specific formula that captures the best of a company's core competencies and couples them with long-term strategic opportunities, while being aware of short-term challenges.

At the beginning of 2001, we shared our strategic plan with you. We committed to maintain our strong operating margins and to invest in future growth strategies in spite of uncertain economic times. We did what we said we would do.

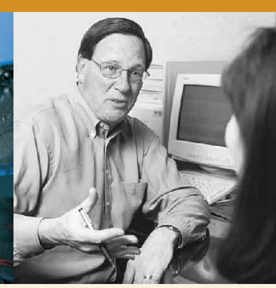
We are committed to maximizing profitability of our core operations in 2002, a year that will see no industry growth, increasing pricing pressures and continued cost increases. At the same time, we will continue to balance these short-term priorities with initiatives that are important to the long-term growth and profitability of the Company.

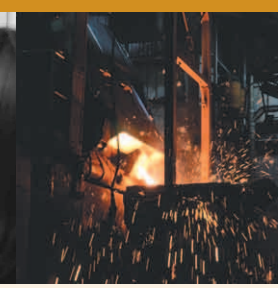
The Year's Highlights

Wescast's financial position remained strong as illustrated by our operating results and cash flow that are among the best in our industry. The Company also posted an increased gross profit as a percentage of sales and expanded market share to 57% in North America.

We invested over $54 million in additional production capacity and capital improvements, completed construction

Raymond T. Finnie
President and
Chief Executive Officer





of our Weslin facility, began construction of our new corporate office and technical development centre in Brantford, Ontario, and successfully settled four collective agreements with the Canadian Auto Workers.

We grew our global sales and design team and developed good working relationships with European OEMs. We continued our investment in research, development and technology and made the decision to close the Stratford facility.

During 2001, DaimlerChrysler informed us that we had won two Gold Awards for performance in 2000. We were also notified in 2001 that the Globe and Mail's Report on Business had chosen us as one of "The Best Companies to Work for in Canada" for the 2000 calendar year. And finally, we were pleased to earn a 2001 Supplier of the Year Award from the Ford Motor Company, Essex Engine Plant that recognizes outstanding quality, performance, productivity improvements and production support. This award specifically acknowledges the efficiency and speed with which the 3.8L Ford Windstar program was launched. Shareholders were also rewarded during 2001 as our share price rose by 30% from $37.50 to $48.75.

2001 In Review

Automotive sales volumes in North America ended up only slightly lower than in 2000, a very strong year. Vehicle production volumes, however, were 10% lower in 2001 compared to 2000, decreasing from 17.7 million to 15.9 million units. Vehicle production of our major customers, the Big Three, decreased by over 12% as they continued to lose market share.

In spite of this, Wescast was able to maintain its sales of

cast and machined manifolds at roughly the same level as 2000, reflecting an increase in our market share of exhaust manifolds at the Big Three from approximately 65% in 2000 to 73% in 2001.

Our financial results continued to be strong. Earnings from continuing operations were $66 million, a decrease of 2% compared to 2000. Fully-diluted earnings per share from continuing operations were $5.01 compared to $5.03 in 2000. Cash flow from continuing operations in 2001 was $102 million compared to $70 million the previous year. At year-end, Wescast had approximately $88 million in cash and investments available for future strategic initiatives.

In September we decided to transfer our stainless steel business to other suppliers. This action resulted in an after-tax loss from discontinued operations of $24.8 million. We are in the process of winding down production and will complete our remaining customer deliveries by mid-2002. We have treated the experience as a learning opportunity, and are already seeing improvements to our processes and procedures for the launch of new products and technology.

Our Formula for 2002

2002 will be another year of uncertainty but we expect significant growth for 2003. We will be focusing on several critical priorities for the Company. These include:

- Successful launch of foundry production at Weslin, our Hungarian joint venture;
- Opening our new corporate head office and technical development centre in Brantford, Ontario;

- Preparing for new program launches which will provide future revenue;
- Expanding our sales, engineering and design resources in North America, Europe and Asia Pacific;
- Developing our technical capabilities in the design and packaging of close-coupled catalytic converters;
- Developing new high temperature materials to support future customer requirements;
- Focusing on specific plans to ensure long-term improvements in quality and cost;
- Increasing competency of our people focusing in the areas of technical and leadership development; and
- Leveraging and improving our participative management process.

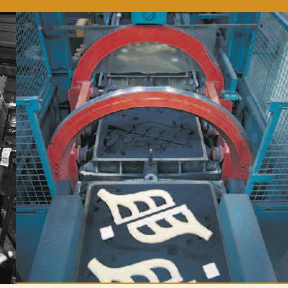
All of these initiatives require the dedication of capital and human resources, which will have an impact on our earnings for 2002 relative to 2001 but will create value from a long-term perspective.

We are targeting a long-term annual growth rate of 15% per year in revenues and profits with returns that exceed our cost of capital.

Our Vision and Strategic Mandate are clear. Wescast will be the leading global supplier of automotive hot end exhaust solutions and other niche components for the automotive industry. We will be the Company of Choice for our employees, customers and investors. To achieve our Vision, we must achieve operational excellence and growth through globalization and diversification.

Randolph J. Straka
Chief Operating Officer

Operational Excellence



Achieving operational excellence is a critical success factor in realizing the Wescast Vision. It is all about continuously improving by setting challenging goals, developing action plans and implementing them effectively – together, as a team.

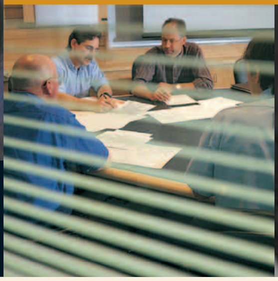
Our 2002 business plan targets continuous improvement initiatives, successful new product launches, labour effectiveness and organizational initiatives to ensure improvements in quality, cost and profitability. This plan, requires focus and relentless execution utilizing strong leadership, teamwork and empowerment.

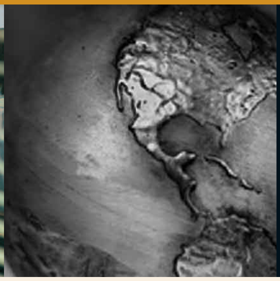
Our key continuous improvement initiatives for 2002 focus on new technology implementation, the reduction of variation through process controls and lean manufacturing initiatives to eliminate waste and non-value-added activities.

We have dedicated resources to ensure all 2002 new product launches are successful and accelerate rapidly into full production. As in the past, we will continue to monitor labour effectiveness related to demand, new technology and lean manufacturing initiatives. And finally, we have realigned the manufacturing organization into focused foundry and machining units. This realignment facilitates focus on process and leverages best practices between facilities increasing the speed of implementation while providing clear accountability.

To sustain operational excellence, Wescast will develop a long-term business plan for our North American operations that will ensure we stay ahead of cost increases and price reductions. This plan will include long-term cost reduction and productivity enhancement strategies, increased automation and improved quality.

Paul A. Lawrence
Vice President
Sales and Marketing





Global Reach

In today's automotive market, customers expect suppliers to be capable of supporting global programs and platforms. It is no longer good enough to be a strong regional supplier. We must consistently supply reliable products at the lowest cost and highest quality on a global basis. At Wescast, we are committed to expand our global reach to effectively provide unparalleled services to automotive customers worldwide.

Our global strategy includes a number of important elements. We will support our customers with full service capabilities including design and development, testing, cast, machining and assembly expertise from our sales and design centres located throughout the world. We will continue developing advanced products that maximize system, engine and vehicle performance based on customers' technical requirements. And, we will broaden our customer base and geographic coverage with European and Asian OEMs, expand our operations with potential new facilities, and continue investigating joint venture and/or strategic alliance opportunities in Asia Pacific.

Our ability to provide operational and technical development, integrated supply capabilities, cost reductions and quality improvements, on a global basis, is key to future growth and profitable success.

D. James Slattery
Vice President and
Chief Financial Officer

Growth From Our Core

At Wescast, we believe extensive developments in the internal combustion engine designed to enhance fuel economy and reduce emissions will continue for at least the next 15 years without threat from market alternatives such as fuel cells. This presents an opportunity for us to be a leader in the design, testing, manufacturing and validation of a hot end system that will provide customers with a solution that will not only meet or exceed any other technology but will also meet the world's most stringent emissions regulations. To this end, our dedicated hot end systems team is stepping up efforts to optimize exhaust manifold design for close-coupled catalytic converter applications.

The hot end exhaust solutions concept integrates technical, design and manufacturing expertise in exhaust manifolds, turbo chargers and close-coupled catalytic converter systems and secures Wescast's position as an industry leader.

Providing hot end exhaust solutions represents a growing market opportunity for Wescast through our core business. It supports our customers' need for cost-effective solutions to emission and engine performance issues. It provides significant growth opportunities globally through an increased value added position. Hot end solutions leverage Wescast's competence in flow design and management as well as our position in the manifold niche. Finally, hot end exhaust solutions increase our competitive advantage, helping to protect our current market share and opening opportunities for future growth in global market share.

William R. LeVan
Vice President
Technology

Growth Beyond Our Core

At Wescast, we believe that to solidify long-term growth for the Company, we must diversify into non-powertrain automotive components. Utilizing our core competencies, which include a focus on single, high volume products, strong operational and technical systems, an attitude that supports continuous improvement initiatives, our participative management system, and a commitment to invest in technology, people, manufacturing capability and research and development, will enable us to leverage opportunities beyond our core business.

Our diversification initiatives centre on machined, iron components and systems where design is an important element in adding value for our customers. Our research and development team is dedicated to initiatives in new materials and metals to support our product lines.

We are committed to implement the strategies that we have shared with you and look forward to creating an even stronger, more competitive Wescast in the future.

Respectfully submitted,

Richard W. LeVan

RT Finnie

Raymond T. Finnie

Management's Discussion and Analysis of Results of Operations and Financial Condition

The following is a discussion and analysis of the consolidated financial results of Wescast Industries Inc. ("Wescast" or "the Company") for the year ended December 30, 2001 as compared to the year ended December 31, 2000. The discussion includes an assessment of the consolidated operating performance, the financial condition of the Company, liquidity and capital resources, the future outlook, and risks and uncertainties facing the Company. Several of the year 2000 comparative amounts discussed have been restated from last year, as our stainless steel manifold business has been reported as discontinued operations.

Wescast currently operates in one industry segment, the design and manufacture of exhaust manifolds for the automotive industry. The Company's manufacturing facilities are arranged geographically to match the requirements of its customers in each market. Wescast currently operates in two geographic segments, North America and Europe. Our European operations are conducted primarily through the Company's jointly controlled entity, Weslin. Weslin is currently in a start-up period. Consequently, the majority of expenses incurred for Weslin, net of incidental sales, are being deferred as pre-production costs.

Weslin Autoipari Rt.
(Oroszlány, Hungary)

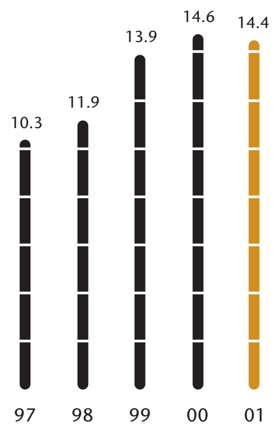
Results of Operations: 2000 to 2001

The following table sets forth for the years ended 2001 and 2000 selected information from the Company's consolidated statement of earnings expressed as a percentage of sales. It also shows the percentage change from the previous year.

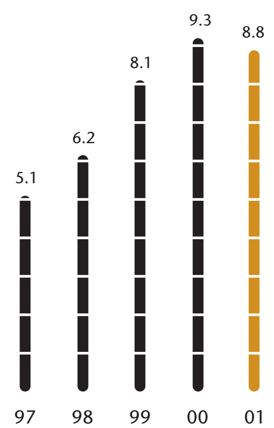
Statement of Earnings Highlights (in thousands of Canadian Dollars)

Fiscal Year Ended	2001	% of Sales	2000	% of Sales	% Change 2000 to 2001
Sales	$383,502	100.0%	$396,721	100.0%	(3.3)%
Cost of sales	255,386	66.6	268,047	67.6	(4.7)
Gross profit	128,116	33.4	128,674	32.4	(0.4)
Selling, general and administration	26,547	6.9	24,242	6.1	9.5
Research, development and design	6,077	1.6	3,736	0.9	62.7
	95,492	24.9	100,696	25.4	(5.2)
Interest expense	409	0.1	507	0.1	(19.3)
Other income	(5,195)	(1.3)	(4,134)	(1.0)	25.7
Earnings from continuing operations before income taxes	100,278	26.1	104,323	26.3	(3.9)
Income taxes	34,240	8.9	36,733	9.3	(6.8)
Earnings from continuing operations	66,038	17.2	67,590	17.0	(2.3)
Loss from discontinued operations	(24,768)	(6.5)	(540)	(0.1)	4,486.7
Net earnings	$ 41,270	10.7%	$ 67,050	16.9%	(38.4)%

Management's Discussion and Analysis of Results of Operations and Financial Condition



Manifolds Sold
(millions)



Manifolds Machined
(millions)

Sales

Total sales decreased by 3.3% from 2000. Our exhaust manifold sales volume of 14.4 million units decreased by only 1% from 2000, despite a 10% reduction in North American vehicle production. For the Big Three auto manufacturers, our primary customers, the decline in vehicle production volumes was greater with a decrease of over 12% from 2000. We were able to maintain sales volume levels through increased market share. Wescast's North American market share is now approximately 57%, up from 52% in 2000, and our market share of the Big Three auto manufacturers is approximately 73%, up from 65% in 2000.

While our exhaust manifold sales volume was down 1% from 2000, our sales dollars were up 1%. This increase reflects higher-value-added parts, largely due to the increased sales of SiMo (silicon molybdenum) iron manifolds, which now accounts for 92%, up from 88%, of our total casting production.

Sales of internally machined manifolds decreased 6% from 9.4 million units in 2000 to 8.8 million units in 2001. This is attributable to the ramp-up of cast-only programs acquired in 2000 and other mix changes. Internal machining sales dollars increased 4% reflecting more higher-value-added sales as compared to 2000.

Tooling and prototype sales of $22.3 million were down 42% from 2000 when an unusually high number of new programs were launched.

Gross Profit

The total gross profit, including profit on tooling and prototype sales, was 33.4% of sales, up from 32.4% of sales in 2000. The gross profit on manifold sales was 34.0%, comparable to 34.3% a year earlier. The following factors had a positive impact on gross profit from manifold sales:

- Continuous efficiency improvements within our casting and machining facilities;
- Improved performance of our new Wingham casting facility over 2000;
- Lower profit sharing and variable compensation payments due to the loss realized on the shut down of our stainless steel business; and
- Increased government investment tax credits earned over 2000.

These positive factors were offset by:

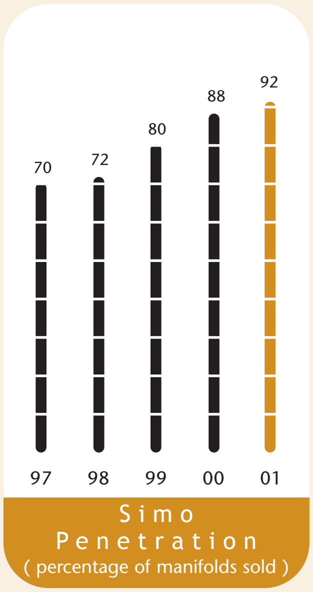
- Price reductions to our customers; and
- Increased depreciation and amortization charges as a result of significant capital expenditures in 1999 and 2000.

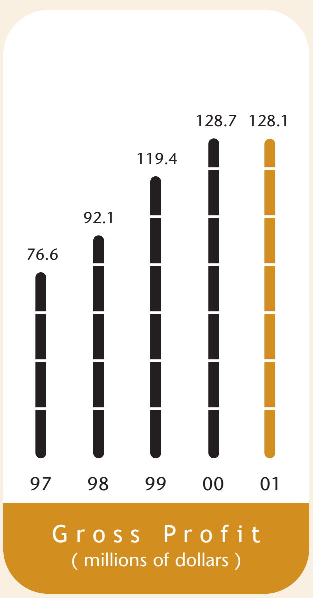
Operating Expenses

Selling, general and administration expenses increased by $2.3 million from 2000 to 2001. As a percentage of sales, this amounts to 6.9% in 2001 from 6.1% a year earlier. This reflects the following:

- The Company's commitment to expand our global sales network and provide infrastructure for future growth; and
- A provision for bad debts of $2.1 million recorded during the year to cover the collection risk associated with a Tier 1 customer.

These increases were partially offset by a reduction in profit sharing and variable compensation payments, as compared to 2000.





Research, development and design expenses of $6.1 million increased by $2.3 million, or 62.7% from 2000. This is attributable to Wescast's continued advancement of its in-house design capabilities to improve current technology and to diversify into new products.

Other Income

Other income increased by $1.1 million or 25.7% over 2000 due to:

- Foreign exchange gains on working capital in 2001 were $2.6 million as compared to gains of $0.6 million in 2000. The increase was the result of a weakening Canadian dollar;
- Interest and miscellaneous income of $3.9 million was comparable to 2000; and
- Losses on disposal of property and equipment were $0.9 million higher than in 2000.

Income Taxes

Wescast's effective income tax rate decreased to 34.1% in 2001 compared to 35.2% in 2000. The main reason for the decrease was a Government of Ontario tax rate reduction.

Earnings from Continuing Operations

Earnings from continuing operations decreased from $67.6 million in 2000 to $66.0 million in 2001, a year-over-year decrease of 2.3%. The decrease in earnings from continuing operations was due mainly to investments in our global sales network and design capabilities and a provision for bad debts. These items were in part offset by increased foreign exchange gains and a reduction in the effective income tax rate.

Loss from Discontinued Operations

On September 13, 2001 the Board of Directors approved a plan to shut down the Company's stainless steel manifold business and transfer current programs to other suppliers by June 30, 2002. The current and prior year results of the stainless steel manifold business have been reported as discontinued operations. The loss, which includes the results of operations prior to September 13, 2001 and an estimated net loss on shut down, amounted to $24.8 million as compared to a net loss of $0.5 million in 2000.

Fourth Quarter Year-End Adjustments

The fourth quarter results include net year-end adjustments, which had a net positive impact on earnings from continuing operations of $4.8 million compared to $2.9 million in 2000. The majority of the $4.8 million was a result of a reduction in profit sharing and variable compensation payment accruals due to the loss realized on the shut down of our stainless steel business.

Other amounts, which had a positive impact on earnings, were adjustments to payroll benefit accruals, research and development investment tax credits and an adjustment to reflect a reduction in the effective income tax rate. Adjustments that had a negative impact on earnings for the quarter included a provision for bad debts and physical inventory adjustments.

Quarterly Results of Operations (in thousands of Canadian Dollars, except per share amounts)

	First Quarter 2001	First Quarter 2000	Second Quarter 2001	Second Quarter 2000	Third Quarter 2001	Third Quarter 2000	Fourth Quarter 2001	Fourth Quarter 2000
Sales	$97,032	$102,157	$104,529	$102,402	$87,924	$96,021	$94,017	$96,141
Gross profit	33,759	37,668	38,578	36,584	25,847	27,558	29,932	26,864
Earnings from continuing operations	18,386	20,460	18,926	19,945	12,196	14,078	16,530	13,107
Net earnings (loss)	$16,755	$ 20,512	$ 17,757	$ 19,915	$(9,772)	$13,754	$16,530	$12,869
Earnings from continuing operations per share								
Basic	$ 1.43	$ 1.55	$ 1.47	$ 1.51	$ 0.94	$ 1.08	$ 1.27	$ 1.00
Fully-diluted	$ 1.40	$ 1.53	$ 1.43	$ 1.49	$ 0.93	$ 1.05	$ 1.25	$ 0.96
Net earnings (loss) per share								
Basic	$ 1.30	$ 1.55	$ 1.37	$ 1.51	$ (0.75)	$ 1.06	$ 1.27	$ 0.99
Fully-diluted	$ 1.28	$ 1.53	$ 1.35	$ 1.49	$ (0.76)	$ 1.03	$ 1.25	$ 0.94

Notes:

1. In 2000, the Company accrued certain annual expenses on a pro-rated basis quarterly throughout the year. The 2000 quarterly results have been restated to reflect the actual expenses incurred during each quarter. Accordingly, the basic and fully-diluted net earnings per share for the first, second, third and fourth quarters have been increased (decreased) by $0.06, $0.06, $0.02 and $(0.14) respectively from those previously reported.

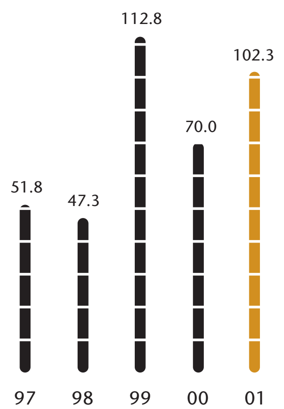
2. Subsequent to December 31, 2000, the Company changed its accounting policy with respect to the computation of fully-diluted earnings per share as described in Note 2 to the consolidated financial statements. This change in accounting policy has been applied on a retroactive basis and accordingly the fully-diluted net earnings per share for the first, second, third, and fourth quarters of 2000 have been increased by $0.05, $0.05, $0.01, and nil respectively from those previously reported.

3. The results of operations for the first and second quarters of 2001 and all of the quarters of 2000 have been reclassified, with no effect on net earnings, to report discontinued operations.

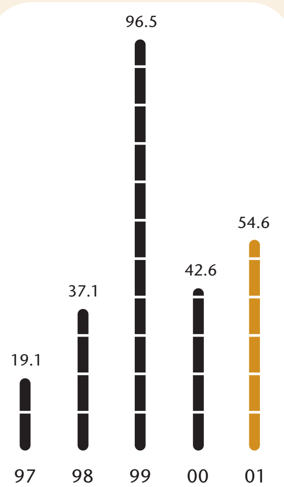
Liquidity and Capital Resources

Financial Condition Highlights (in thousands of Canadian Dollars)

Fiscal Year Ended	2001	2000
Cash and cash equivalents	$ 58,579	$ 34,428
Short and long-term investments	$ 29,371	$ 30,000
Net working capital	$115,292	$109,966
Current ratio	3.4:1	3.7:1
Interest-bearing debt	$ 7,863	$ 8,623
Cash derived from continuing operations	$102,301	$ 70,045
Cash used for financing activities	$ 5,210	$ 24,210
Cash used in investing activities	$ 67,750	$ 54,963
Capital expenditures	$ 54,610	$ 42,580
Deferred pre-production costs	$ 4,347	$ 5,297



Cash Flow - Operations
(millions of dollars)



Capital Expenditures
(millions of dollars)

The Company believes its financial condition remains strong. Management considers the Company's working capital of $115.3 million, together with internally generated cash flows and available operating lines of credit of U.S. $45.5 million, to be sufficient to cover anticipated cash needs for the foreseeable future. Wescast's ratio of current assets to current liabilities at the end of 2001 was 3.4:1 as compared to 3.7:1 at the end of 2000. The majority of the Company's long-term debt is attributable to its jointly controlled entity, United Machining Inc. Note 9 to the consolidated financial statements provides detailed information for Wescast's debt.

Cash flows derived from operations were $102.3 million in 2001, compared to $70.0 million in 2000. The increase was mainly attributable to the collection of tooling receivables outstanding at the end of 2000 as a result of the large number of programs launched during 2000.

Cash flows used in financing activities decreased from $24.2 million in 2000 to $5.2 million in 2001 following the expiration in the second quarter of 2001 of the normal course issuer bid. Only 8,800 common shares were repurchased compared to 447,000 common shares in the previous year.

Cash flows used in investing activities were $67.8 million in 2001, as compared to $55.0 million in 2000. The change was mainly due to increased capital expenditures to support growth initiatives and improve design capabilities.

Total capital expenditures were $54.6 million in 2001, an increase of $12.0 million over 2000. The increase was due to:

- The continued ramp-up of Weslin in Europe. The Company's share of Weslin's capital expenditures was $29.9 million in 2001 as compared to $10.0 million in 2000; and
- The construction of our new corporate office and technical design centre that amounted to $5.4 million.

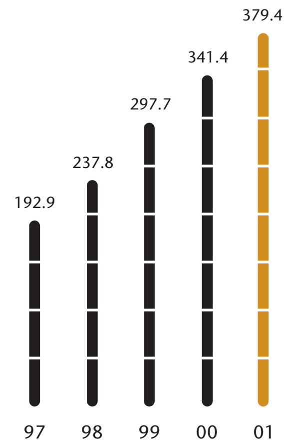
These expenditures were partly offset by lower capital spending in 2001 for machine line expansion as compared to the previous year.

Deferred pre-production costs incurred, net of investment tax credits, were $4.3 million in 2001 compared to $5.3 million in 2000. Deferred pre-production costs of $4.6 million were incurred in 2001 relating to Weslin as compared to $1.8 million in the previous year. Costs related to Weslin will continue to be deferred until commercial production commences. This is expected to be in the fourth quarter of 2002. There were no deferred pre-production costs incurred in 2001 at our Wingham facilities, as these operations achieved commercial production status during 2000.

As a result of growth and ongoing expansion programs, the Company has commitments to acquire capital assets of $26.6 million in 2002. Also, Wescast's portions of capital expenditures and deferred pre-production costs for Weslin during 2002 will be approximately $15.0 million and $2.9 million respectively. Total capital expenditures, including the amounts above, are expected to be approximately $100 million in 2002. These expenditures will be funded by internally generated cash flow and working capital.

Financial Instruments

The Company uses foreign currency forward contracts to hedge portions of its forecasted sales and expenditures denominated in foreign currencies. The Company's policy is not to speculate on exchange rates. Note 21 to the consolidated financial statements provides additional financial instruments information.



Shareholders' Equity
(millions of dollars)

Accounting Policies

Note 2 to the consolidated financial statements provides a summary of significant accounting policies used by Wescast.

The only change in accounting policy implemented in 2001 was in the calculation of fully-diluted earnings per share. Note 2 to the consolidated financial statements describes the nature and effect of this change in policy.

The only significant accounting policy under Canadian generally accepted accounting principles that is not in conformity with accounting policies generally accepted in the United States of America ("U.S. GAAP") is Wescast's treatment of deferred pre-production costs. The Company is deferring pre-production or start-up period costs until commercial production levels are attained. The application of this policy requires estimates as to when a new facility or business achieves commercial production status. In estimating when a new facility or business achieves commercial production status, the Company considers production volumes, scrap levels, up-time rates and operating cash flow. Under U.S. GAAP, deferred pre-production or start-up period costs must be expensed as incurred. Note 23 to the consolidated financial statements provides a reconciliation of our statements of earnings and balance sheets to U.S. GAAP.

Other

The Board of Directors amended the Company's current stock option plan to authorize the grant of tandem stock appreciation rights (a "SAR" or "SARs") in connection with options granted under the plan, at or after the time of grant of such options. Management expects this amendment of the plan to be approved by the shareholders at the 2002 Annual Meeting.

A SAR entitles the participant to receive from Wescast a cash amount equal to the excess of the market price of a Class A subordinate voting common share ("share" or "shares") over the exercise price of the related option as defined in the plan. SARs may be granted under the plan in an amount equal to the number of shares covered by each option. Each exercise of a SAR in respect of a share covered by a related option will terminate that option in respect of such share. Unexercised SARs will terminate when the related option is exercised or the option terminates under the plan.

As a result of the amendment, Wescast will incur a liability to the options holders, which must be reported on the balance sheet.

If the shareholders approve the amendment to the plan, the effect for 2002 will be a non-cash charge to earnings of approximately $7.0 million after tax. Compensation expense will be recognized in the statement of earnings on an ongoing basis. Compensation expense will be measured as the amount by which the market price of the shares of the Company exceeds the exercise price of the related options outstanding. Accordingly, our future quarterly and annual financial statements will reflect in compensation expense the impact of fluctuations in the Company's market share price relative to the underlying exercise price of the options outstanding.

Future Outlook

The Company does not expect a significant recovery in the automotive market in 2002. Industry estimates for North American light vehicle production vary widely from 14.0 million to 16.5 million units as experts try to assess the impact of the aggressive incentives offered by the OEMs during the fourth quarter of 2001. The Company has based its projections for 2002 on North American light vehicle production in the range of 15.0 to 15.5 million units and expects its sales to be comparable to 2001.

While we expect the profitability of our core manifold operations to continue in 2002, we anticipate that our gross profit percentage will decline slightly relative to 2001 due to anticipated higher profit sharing and variable compensation payments in 2002 and several specific growth-oriented initiatives.

We expect operating expenses to be around $11.0 million higher than 2001. Approximately $2.0 million of the increase is due to expected higher profit sharing and variable compensation payments. The remainder of the increase includes investments in expanded global sales and design networks, and research and development initiatives. Wescast is committed to new product development in hot end systems and turbo charger housings, people development and product diversification. These investments are critical to continue the growth and profitability of the Company over the next several years.

A Note About Forward-Looking Information

This report contains forward-looking statements in the Message to Shareholders, Management's Discussion and Analysis and elsewhere, within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. In connection with forward-looking statements made by or on behalf of the Company, persons should carefully review the factors set forth below and more detailed statements contained in certain of the Company's other documents filed with the U.S. Securities and Exchange Commission (SEC). Actual results could differ materially from those projected in the forward-looking statements as a result of a number of factors, including:

- The Company's dependence on one class of products; i.e., the potential for heightened competition, including the intensification of price competition, the entry of new competitors and the introduction by competitors of new manufacturing techniques or types of manifolds;
- The Company is dependent upon three customers; i.e., the potential of less-than-projected sales by General Motors, Ford and DaimlerChrysler of car models for which the Company supplies the exhaust manifolds;
- Adverse government regulations, including U.S. Corporate Average Fuel Economy standards or emissions regulations and Canadian federal, provincial and local environmental laws and regulations;
- Increased pressure from the OEMs to reduce prices;
- Change in automotive industry characteristics;
- Increases in the price of raw materials upon which the Company is dependent, including steel and electricity;
- Risk from fluctuations in the exchange rate between foreign currencies and the Canadian dollar; and
- Failure to adequately integrate expanded capacity or acquired businesses and other risks associated with continuing expansion.

Statement on Corporate Governance

Wescast's Board of Directors is composed of 12 members, the majority of whom are unrelated based on the definition in the TSE Report on Corporate Governance. The Board met eight times in 2001. Each of the directors attended at least 75% of the meetings of the Board. The Board is responsible for the overall stewardship of the Corporation. In carrying out this responsibility, the Board:

(i) participates in the development of the strategic planning of the Corporation;

(ii) co-ordinates with management the identification of the principal risks of the Corporation's business;

(iii) carries out succession planning, including appointing, training and monitoring of senior management;

(iv) creates and maintains an effective communications policy with the shareholders of the Corporation through a variety of channels (including annual reports, quarterly reports, news releases and investor relations programs); and

(v) reviews the Corporation's internal control and management information systems.

To assist the Board of Directors in operating independently of management, the Chairman of the Board is not a member of management. The Board reviews the scope of management's responsibilities and approves the corporate objectives that the President and Chief Executive Officer are responsible for implementing. The Board discharges its responsibilities directly and through its two committees, the Audit and Corporate Governance Committee and the Human Resources Committee. Both Committees are composed of a majority of outside and unrelated directors based on the definition in the report referred to above.

The Audit and Corporate Governance Committee comprises Board members L. Tapp (Chair), R. LeVan, E. Frackowiak, E. Bolduc, T. Bright and R. Finnie. In 2001, the Committee met four times. The Audit and Corporate Governance Committee met separately with the financial officers of the Corporation and the independent auditors to review financial reporting matters, the system of internal accounting controls, and the overall audit plan, and examined the quarterly and year-end financial statements before presentation to the Board of Directors. The Committee is responsible for and continually reviews the Corporation's approach to corporate governance issues.

The Human Resources Committee comprises W. Greenwood (Chair), P. Kenny, E. Frackowiak, R. LeVan, H. Sloan, D. Baumgardner and R. Finnie. The Committee met nine times in 2001.

As in the past, the Human Resources Committee oversaw that annual formal assessments of the President and Chief Executive Officer were conducted, and that external guidance was obtained regarding the compensation structure for the President and Chief Executive Officer and other executive officers of the Corporation to ensure conformity with good governance practices. The Human Resources Committee also reviews the adequacy and form of compensation of members of the Board of Directors.

The Board performs an annual self-assessment of Directors. The Board as a whole also undertakes responsibility for proposing new nominees to the Board. When new nominees are appointed to the Board, the Corporation provides an orientation package that provides information as to the Corporation and the responsibilities of new members of the Board. The Board has determined that the current size and composition of the Board is appropriate to discharge its responsibilities.

Lawrence G. Tapp
Director

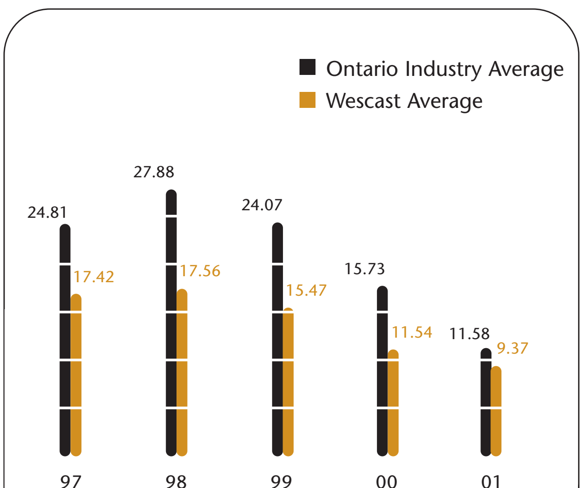
Our Commitment to Quality, Safety and the Environment

Quality - TS16949

In support of our globalization strategy, Wescast has spent the past 12 months preparing for registration under the internationally recognized automotive quality system standard. Wescast will become the first foundry organization in the world to achieve this registration. We expect to have all facilities registered in the third quarter of 2002. This international registration will further enhance Wescast's competitive advantage in emerging markets such as Europe and Asia. The TS16949 standard dictates operational requirements that are continually audited externally and verified by accredited registrars and customers. Implementation of this standard will allow Wescast to further emphasize, define and implement the tools necessary to ensure defect prevention and the reduction of variation and waste within our manufacturing and support departments.

Safety

Working safely is a requirement at Wescast. Leaders ensure that employees receive adequate safety training, understand corporate policies and procedures and ensure compliance with pertinent health and safety laws and regulations, all leading to accident prevention and workplace efficiency. Employees have a safe and healthy environment in which to work. Our Workplace Safety & Insurance Board (WSIB) reported costs and injury frequency average rates are lower than the Ontario industry average resulting in increased profits and returns to our shareholders.



Foundry Injury Frequencies
(Frequency: no. of claims per 200,000 hours)

Environmental Commitment - ISO 14001 Certified

Wescast Industries Inc. is dedicated to taking reasonable actions to protect and sustain the environment for present and future generations. In 2001, we continued to emphasize our commitment to the adoption, maintenance and innovation of sound pollution prevention practices. Through our standardized Environmental Operating System (EOS) measurables at all facilities, we monitor opportunities to maximize recycling opportunities, reduce waste, employ efficient energy management and encourage the sharing of best management practices.

Energy Efficiency

We are committed to use material and energy efficiently to produce our products. Electrical consumption is one of our key cost drivers and as such, consumption strategies centre on best buying practices and sound usage management. These management strategies include reallocating production using electricity to melt iron on "off peak periods" resulting in greater efficiencies and a decreased environmental impact. For example, when melting iron on "off peak periods" we reduce our reliance on coal produced power, purchasing electricity generated through environmentally friendly water and nuclear systems.

Reducing Waste

Wescast strives to recycle materials wherever possible. 95% of silica sand and premix delivered to the foundries is recycled with approximately 40% sent to the concrete industry for making powdered cement and an equivalent volume sent to a smelting operation to be used as a silica flux. Slag and refractories from the foundries are sent to a recycler where they are used to build roadbeds. Metal chips from the machining operations are cleaned and then sent to the foundry melt shop.

The accompanying financial statements of Wescast Industries Inc. and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments.

Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

Wescast Industries Inc. maintains high-quality, consistent systems of internal accounting and administrative controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board is assisted in its responsibility by the Audit and Corporate Governance Committee and the external auditors.

The Audit and Corporate Governance Committee is appointed by the Board, and a majority of its members are outside directors. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the annual report, the financial statements and the external auditors' report.

The findings and recommendations of the Committee, as with all committees of the Board, are submitted to the full Board for approval or other disposition. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

The annual financial statements have been audited by Grant Thornton LLP, the external auditors, for the year ended December 30, 2001, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. Grant Thornton LLP, has full and free access to the Audit and Corporate Governance Committee.

RT Finnie

Raymond T. Finnie
President and
Chief Executive Officer
February 15, 2002

D James Slattery

D. James Slattery
Vice President and
Chief Financial Officer

Auditors' Report

To the Shareholders of Wescast Industries Inc.

We have audited the consolidated balance sheet of Wescast Industries Inc. as at December 30, 2001 and December 31, 2000 and the consolidated statements of earnings and retained earnings and cash flows for the 52-week period ended December 30, 2001, and each of the 52-week and 53-week periods ended December 31, 2000 and January 2, 2000, respectively. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 30, 2001 and December 31, 2000 and the results of its operations and its cash flows for the 52-week period ended December 30, 2001, and for each of the 52-week and 53-week periods ended December 31, 2000 and January 2, 2000, respectively, in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Grant Thornton LLP
Chartered Accountants
Toronto, Canada
January 25, 2002
(Except as to Note 26 for which the date is February 11, 2002)

Consolidated Statement of Earnings and Retained Earnings

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

Fiscal Year (Note 24)	**2001**	2000	1999
Sales	**$383,502**	$396,721	$348,602
Cost of sales	**255,386**	268,047	229,214
Gross profit	**128,116**	128,674	119,388
Selling, general and administration	**26,547**	24,242	22,033
Research, development and design	**6,077**	3,736	1,762
	95,492	100,696	95,593
Other (income) expense			
Interest - long-term	**409**	390	263
Interest - other	**-**	117	132
Other (Note 13)	**(5,195)**	(4,134)	(1,846)
	(4,786)	(3,627)	(1,451)
Earnings from continuing operations before income tax	**100,278**	104,323	97,044
Income taxes (Note 14)	**34,240**	36,733	35,084
Earnings from continuing operations	**66,038**	67,590	61,960
Loss from discontinued operations (Note 16)	**(24,768)**	(540)	(407)
Net earnings	**$ 41,270**	$ 67,050	$ 61,553
Earnings from continuing operations per share (Note 17)			
Basic	**$ 5.11**	$ 5.14	$ 4.70
Fully-diluted	**$ 5.01**	$ 5.03	$ 4.58
Net earnings per share (Note 17)			
Basic	**$ 3.19**	$ 5.11	$ 4.67
Fully-diluted	**$ 3.12**	$ 4.99	$ 4.55
Retained earnings, beginning of year	**$238,052**	$188,983	$131,648
Net earnings	**41,270**	67,050	61,553
Dividends paid	**(6,209)**	(6,314)	(4,218)
Excess of cost over assigned value of Class A common shares purchased and cancelled (Note 11)	**(191)**	(11,667)	-
Retained earnings, end of year	**$272,922**	$238,052	$188,983
Dividends paid per share	**$ 0.48**	$ 0.48	$ 0.32

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheet

(in thousands of Canadian Dollars)

	December 30, 2001	December 31, 2000
Assets		
Current		
Cash and cash equivalents	$ 58,579	$ 34,428
Short-term investments	22,567	30,000
Receivables (net of allowance of $4,824 and $2,724 respectively)	56,421	60,590
Inventories (Note 4)	19,839	20,602
Prepaids	1,437	1,291
Current assets – discontinued operations (Note 16)	3,979	4,469
	162,822	151,380
Property and equipment (Note 5)	251,548	224,162
Other (Note 6)	19,601	10,208
Long-term assets – discontinued operations (Note 16)	12,678	23,627
	$446,649	$409,377
Liabilities		
Current		
Payables and accruals (Note 8)	$ 31,908	$ 35,002
Income taxes payable	4,252	260
Current portion of long-term debt (Note 9)	3,249	4,001
Current liabilities – discontinued operations (Note 16)	8,121	2,151
	47,530	41,414
Long-term debt (Note 9)	4,614	4,622
Future income taxes (Note 14b)	7,094	15,306
Employee benefits (Note 10)	7,964	6,661
	67,202	68,003
Shareholders' Equity		
Capital stock (Note 11)		
5,626,575 Class A Common shares issued	94,174	90,755
7,376,607 Class B Common shares issued	12,427	12,579
Retained earnings	272,922	238,052
Cumulative translation adjustment	(76)	(12)
	379,447	341,374
	$446,649	$409,377

Commitments (Note 12)

See accompanying notes to the consolidated financial statements.

Approved by the Board

Richard W. LeVan, Chairman

Lawrence G. Tapp, Director

Consolidated Statement of Cash Flows

(in thousands of Canadian Dollars)

Fiscal Year (Note 24)	2001	2000	1999
Cash derived from (applied to)			
Operating			
Earnings from continuing operations	**$66,038**	$67,590	$61,960
Depreciation and amortization	**27,883**	23,869	19,277
Future income taxes	**2,368**	6,599	4,791
Loss on disposal of equipment	**1,338**	409	289
Employee benefits	**2,287**	1,596	994
	99,914	100,063	87,311
Change in non-cash operating working capital (Note 18)	**2,387**	(30,018)	25,455
	102,301	70,045	112,766
Discontinued operations	**(5,190)**	392	480
	97,111	70,437	113,246
Financing			
Issue of long-term debt	**1,553**	3,552	1,184
Repayment of long-term debt	**(2,432)**	(1,944)	(1,015)
Payments of obligations under capital leases	**(701)**	(848)	(616)
Employee benefits paid	**(983)**	(710)	-
Employee share loan repayments	**571**	191	277
Dividends paid	**(6,209)**	(6,314)	(4,218)
Repurchase of common shares	**(340)**	(19,187)	-
Issue of common shares	**3,331**	1,050	977
	(5,210)	(24,210)	(3,411)
Investing			
Purchase of property, equipment and other assets	**(54,610)**	(42,580)	(96,530)
Purchase of short-term investments	**(29,575)**	(30,000)	(34,209)
Restricted cash from long-term debt	**-**	378	3,415
Deferred pre-production costs	**(4,347)**	(5,297)	(3,617)
Redemption of short-term investments	**30,000**	34,209	36,892
Proceeds on disposal of equipment	**26**	319	383
Discontinued operations	**(9,244)**	(11,992)	(1,136)
	(67,750)	(54,963)	(94,802)
Net increase (decrease) in cash and cash equivalents	**24,151**	(8,736)	15,033
Cash and cash equivalents			
Beginning of year	**34,428**	43,164	28,131
End of year	**$58,579**	$34,428	$43,164

See accompanying notes to the consolidated financial statements.

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

1. Nature of operations

The major operations of Wescast Industries Inc. are the design and manufacture of exhaust manifolds for the automotive industry.

2. Summary of significant accounting policies

Basis of presentation

The consolidated financial statements have been prepared in Canadian dollars following accounting policies generally accepted in Canada. These policies are also in conformity, in all material respects, with accounting policies generally accepted in the United States, except as described in Note 23 to the consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the accounts of Wescast Industries Inc. and its subsidiaries (the "Company"). The Company accounts for its interests in United Machining Inc. (49%) and Weslin Industries Inc. (50%), jointly controlled entities, using the proportionate consolidation method. All significant inter-company balances and transactions have been eliminated. All amounts, disclosed in the notes to the consolidated financial statements, related to the Company's jointly controlled entities are the Company's proportionate share.

Revenue recognition

Revenue is recognized when products are delivered to customers. Tooling and prototype revenue is recognized when the customer has received, tested and accepted the tooling or prototype.

Cash and cash equivalents

Cash and cash equivalents includes cash and investments that have a maturity of three months or less from the date of acquisition.

Short-term investments

Short-term investments are carried at cost, which approximates market value, and may be liquidated promptly and have maturities greater than three months and less than one year.

Inventories

Raw materials and supplies are valued at the lower of cost and replacement cost. Tooling and finished goods are valued at the lower of cost and net realizable value. Cost includes material, labour and manufacturing overhead. Cost is determined on the first-in, first-out basis.

Depreciation

Rates of depreciation are applied to write off the cost less estimated salvage value of property and equipment over their estimated useful lives. Buildings and improvements have an estimated useful life of 10 to 30 years and are depreciated on a declining balance basis at 3% to 10% per year or on a straight-line basis over their respective lives. Machinery, equipment and vehicles have an estimated useful life of 2 to 15 years and are depreciated on the diminishing balance basis at 10% to 50%, and the straight-line basis up to 15 years or on a unit of production basis calculated on the estimated volume over the life of the product.

Amortization of other long-term assets

Licences are being amortized on the straight-line method over their estimated lives of fifteen years. Bond issue costs are being amortized over seven years, the term of the related bonds.

Deferred pre-production costs

Costs incurred in the pre-production or start-up period of new facilities and new businesses are deferred until commercial production levels are attained. These costs are amortized over a period not to exceed five years commencing on completion of the pre-production or start-up period.

Income taxes

The Company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and tax values of assets and liabilities using enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse.

The Company establishes a valuation allowance against future income tax assets, if based on available information, it is more likely than not that one or all of the future income tax assets will not be realized.

Investment tax credits relating to capital asset purchases and research and development expenditures are accounted for as a reduction of the cost of such assets and expenses, respectively. Investment tax credits are recorded when there is reasonable assurance they will be realized.

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

Employee benefit plans

The Company accrues its obligations under employee benefit plans and the related costs, net of plan assets as follows:

- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance for funded plans, salary escalation, retirement ages of employees and expected health care costs.

- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

- Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

- The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

Stock-based compensation plans

The Company has two stock-based compensation plans, which are described in Note 22. No compensation expense is recognized with respect to these plans. Any consideration paid upon exercise of options and issues of shares is credited to share capital.

Translation of foreign currencies

Current assets and current liabilities are translated at the year-end rate of exchange. Revenue and expenses are translated at monthly average rates of exchange. Fixed assets and depreciation are translated at rates prevailing when the related assets are acquired. Translation gains and losses are included in earnings.

For self-sustaining subsidiaries, all of the assets and liabilities are translated at the year-end rate of exchange. Revenues and expenses are translated at the average rate of exchange for the year. Gains and losses are recorded as an adjustment to shareholders' equity.

For integrated subsidiaries, monetary assets and liabilities are translated at the year-end rate of exchange. Fixed assets and depreciation are translated at rates prevailing when the related assets are acquired. Revenue and expenses are translated at monthly average rates of exchange. Translation gains and losses are included in earnings.

Derivative financial instruments

The Company's use of derivative instruments is intended to manage the risk of foreign currency fluctuations. The Company does not hold or issue derivative instruments for trading purposes. Accordingly, the Company accounts for exchange gains and losses on forward exchange contracts at the time of occurrence of the hedged transaction.

Gains and losses on forward exchange contracts cancelled prior to maturity are deferred and recognized at the time the originally hedged transactions occur.

Earnings per share

In 2001, the Company changed its accounting policy with respect to the computation of earnings per share to that issued by the Canadian Institute of Chartered Accountants in December 2000. The main effect of the change to the Company's financial statements is in the calculation of fully-diluted earnings per share, which is now calculated using the treasury stock method instead of the imputed interest method. This change in accounting policy has been applied on a retroactive basis and the comparative numbers have been restated accordingly. The effect of this change for the current year and the years ended December 31, 2000 and January 2, 2000 was an increase of \$0.04, \$0.11 and \$0.08, respectively, to fully-diluted net earnings per share.

Use of estimates

In preparing the Company's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

3. Interest in jointly controlled entities

The following is the Company's proportionate share of the major components of its jointly controlled entities (before eliminations):

	Dec. 30, 2001	Dec. 31, 2000
Balance sheet		
Current assets	$ 13,809	$ 15,193
Long-term assets	50,095	15,731
Current liabilities	13,636	19,848
Long-term liabilities	3,909	3,681
Equity	46,359	7,395
Statement of earnings		
Sales	19,546	16,794
Cost of sales and expenses	20,818	17,723
Net loss	(1,272)	(929)
Statement of cash flows		
Cash derived from (applied to)		
Cash flows from operating activities	(3,827)	335
Cash flows from financing activities	39,843	11,208
Cash flows from investing activities	$(35,242)	$(11,211)

4. Inventories

	Dec. 30, 2001	Dec. 31, 2000
Finished goods - castings	$ 5,749	$ 6,223
- tooling	3,175	4,816
Raw materials and supplies	10,915	9,563
	$19,839	$20,602

5. Property and equipment

	Dec. 30, 2001	Dec. 31, 2000
Cost		
Land	$ 4,997	$ 3,150
Buildings and improvements	114,678	98,732
Machinery, equipment and vehicles	265,734	237,183
	385,409	339,065
Accumulated depreciation		
Buildings and improvements	14,835	11,224
Machinery, equipment and vehicles	119,026	103,679
	133,861	114,903
Net book value		
Land	4,997	3,150
Buildings and improvements	99,843	87,508
Machinery, equipment and vehicles	146,708	133,504
	$251,548	$224,162

At December 30, 2001 assets under capital lease amounted to $2,578 (2000 - $3,086) less accumulated depreciation of $1,281 (2000 - $1,293).

6. Other

	Dec. 30, 2001	Dec. 31, 2000
Deferred pre-production costs	$10,911	$ 7,976
Director and employee share purchase plan loans	1,687	2,078
Bond issue costs	72	86
Deferred loss on foreign exchange contracts	66	-
Licence	61	68
Long-term bonds (Market value $6,949)	6,804	-
	$19,601	$10,208

The director and employee share purchase plan loans are non-interest bearing, repayable over ten years and are secured by the underlying shares. The current portion of these loans of $188 (2000 - $283) is included in receivables. The total market value of the underlying shares was $3,863 at December 30, 2001.

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

7. Bank indebtedness

The Company's overall credit limit is $45.5 million U.S. No Company assets are pledged as security on those loan facilities, however, with certain specific exceptions, the Company is not permitted to encumber its assets.

	Dec. 30, 2001	Dec. 31, 2000
Balance at end of period	**-**	-
Weighted average interest rate	**5.40%**	7.23%
Maximum amount outstanding during the period	**-**	-
Average amount outstanding during the period	**-**	-

8. Payables and accruals

	Dec. 30, 2001	Dec. 31, 2000
Accounts payable	**$22,439**	$25,668
Accruals	**3,119**	2,365
Accrued payroll and benefits	**6,350**	6,969
	$31,908	$35,002

9. Long-term debt

	Dec. 30, 2001	Dec. 31, 2000
a) Obligations under capital leases	**$1,303**	$1,558
b) Limited obligation revenue bonds	**4,691**	4,410
c) Revolving bank note	**1,869**	1,920
d) Fixed rate instalment note	**-**	735
	7,863	8,623
Less current portion of long-term debt	**3,249**	4,001
	$4,614	$4,622

a) Obligations under capital leases

The obligations under capital leases are payable in monthly instalments with interest at rates from 5.0% to 7.0%, maturing at various dates to the year 2006, and secured by vehicles. In 2001 the Company acquired vehicles for $452 through capital lease obligations (2000 - $957, 1999 - $1,006).

The principal payments for the next five years are as follows:

2002	$ 599
2003	416
2004	206
2005	76
2006	6
Total	1,303
Less current portion	599
	$ 704

b) Limited obligation revenue bonds

The limited obligation revenue bonds are payable in annual instalments of principal of $490 US commencing in 2002, with a variable interest rate which at December 30, 2001 was 1.8%, and mature in the year 2007. During 2001 the maturity date of the bonds was extended from 2006 to 2007. As security, United Machining Inc., the Company's 49% owned joint venture, has provided a first charge over its receivables, inventory, machinery and equipment. Also, the Company has provided a $2,940 US guarantee of the bonds and any of the Company's inter-company loans with United Machining Inc. are subordinate to the bonds.

c) Revolving bank note

The revolving bank note is payable on demand, bears interest at US prime less 0.5% and security is provided by a charge on the assets of United Machining Inc.

d) Fixed rate instalment note

The fixed rate instalment note was repaid during 2001.

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

10. Employee benefits

The Company has a number of defined benefit and defined contribution plans providing pension and other retirement benefits to most of its employees.

Defined contribution plans

The Company's defined contribution plans expense is recorded in cost of sales, selling, general and administration and research, development and design within the statement of earnings. The total expense for the Company's defined contribution plans is as follows:

	2001	2000	1999
Plans providing pension benefits	**$4,499**	$3,750	$2,811

Defined benefit plans

Information about the Company's defined benefit plans, in aggregate, is as follows.

	Pension Benefit Plans		Other Benefit Plans	
	2001	2000	**2001**	2000
Accrued benefit obligation				
Balance at beginning of year	**$13,486**	$12,287	**$ 745**	$716
Current service cost	**507**	190	**86**	53
Interest cost	**1,028**	912	**83**	50
Plan initiation	**2,053**	1,523	**511**	-
Benefits paid	**(1,100)**	(737)	**(18)**	(8)
Actuarial (gains) losses	**514**	(689)	**288**	(66)
Balance at end of year	**$16,488**	$13,486	**$1,695**	$745

	Pension Benefit Plans		Other Benefit Plans	
	2001	2000	**2001**	2000
Plan assets				
Fair value at beginning of year	**$873**	$839	-	-
Actual return on plan assets	**(20)**	98	-	-
Benefits paid	**(64)**	(64)	-	-
Fair value at end of year	**$789**	$873	$ -	$ -
Funded status				
Plan deficit	**$(15,699)**	$(12,613)	**$(1,695)**	$(745)
Unamortized net actuarial (gain) loss	**(595)**	(1,109)	**222**	(66)
Unamortized past service costs	**9,162**	7,697	**1,054**	612
Unamortized transitional obligation	**(393)**	(421)	-	-
Accrued benefit liability	**(7,525)**	(6,446)	**(419)**	(199)
Valuation allowance	**(20)**	(16)	-	-
Accrued benefit liability, net of valuation allowance	**$ (7,545)**	$ (6,462)	**$ (419)**	$(199)

Only one of the Company's pension plans is funded. Included in the above accrued benefit obligation at year-end are the following amounts in respect of plans that are not funded:

	Pension Benefit Plans		Other Benefit Plans	
	2001	2000	**2001**	2000
Accrued benefit obligation	**$15,805**	$12,766	**$1,695**	$745

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

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations are as follows (weighted-average assumptions as of December 31):

	Pension Benefit Plans			Other Benefit Plans		
	2001	2000	1999	**2001**	2000	1999
Discount rate	**6.5%**	6.5%	6.5%	**6.5%**	6.5%	6.5%
Expected long-term rate of return on plan assets	**9.25%**	9.25%	9.25%			
Rate of compensation increase	**5.50%**	3.0%	3.0%			

For measurement purposes, a 3% annual rate of increase in the per capita cost of covered health care benefits was assumed, a rate that is expected to be slightly in excess of inflation. The average remaining service period of the active employees covered by the pension benefit plans and other benefit plans is 19 years and 18 years respectively.

The Company's net benefit plan expense, which is recorded in cost of sales and selling, general and administration expenses, is as follows:

	Pension Benefit Plans			Other Benefit Plans		
	2001	2000	1999	**2001**	2000	1999
Current service cost	**$ 507**	$ 190	$274	**$ 86**	$ 53	$28
Interest cost	**1,028**	912	563	**83**	50	23
Expected return on plan assets	**(78)**	(75)	(77)	-	-	-
Amortization of past service costs	**588**	447	184	**69**	34	19
Amortization of net actuarial loss	**-**	3	(4)	-	-	-
Amortization of transitional obligation	**(28)**	(28)	(23)	-	-	-
Valuation allowance provided against accrued benefit asset	**4**	9	7	-	-	-
Net benefit plan expense	**$2,021**	$1,458	$924	**$238**	$137	$70

11. Capital stock

Authorized:

Unlimited	Preference shares, no par value		
Unlimited	Class A subordinate voting common shares, no par value		
9,000,000	Class B multiple voting common shares, no par value		
		Dec. 30, 2001	Dec. 31, 2000
Issued and outstanding:			
5,626,575	Class A common shares (2000 - 5,383,749)	**$ 94,174**	$ 90,755
7,376,607	Class B common shares (2000 - 7,466,907)	**12,427**	12,579
		$106,601	$103,334

(a) During 2001, 25,934 Class A common share options were cancelled, 125,500 Class A common share options were issued, and 143,466 Class A common share options were exercised for cash proceeds of $2,762. As at December 30, 2001, there were 973,401 options outstanding.

During 2000, 163,000 Class A common share options were issued, and 40,566 Class A common share options were exercised for cash proceeds of $445 and debt of $340. As at December 31, 2000, there were 1,017,301 options outstanding.

(b) During 2001, 17,860 Class A common shares were issued for cash of $569 and debt of $85 under the director and employee share purchase plan.

During 2000, 44,340 Class A common shares were issued for cash of $605 and debt of $704 under the director and employee share purchase plan.

(c) During 2001, 90,300 Class B common shares were converted to 90,300 Class A common shares.

(d) In April 2000 the Company filed a normal course issuer bid, which entitled the Company to acquire up to 569,212 of its Class A common shares before April 30, 2001. The purchases are made on the open market at the market price at the time of any particular transaction. Under this bid, during 2001, the Company repurchased for cancellation 8,800 Class A common shares with an assigned value of $148 for $340 cash. The $191 excess has been charged to retained earnings. During 2000 the Company repurchased, for cancellation, 447,000 Class A common shares with an assigned value of $7,250 for $19,187 cash. The $11,667 excess was charged to retained earnings.

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

12. Commitments

(a) Through its jointly controlled entity, Weslin Industries Inc., the Company has constructed a new manufacturing facility in Hungary. The Company's portion of expenditures for the facility for 2002 is expected to be approximately $15.0 million.

(b) Through its jointly controlled entity, United Machining Inc., the Company is committed to annual rental payments on buildings, machinery and equipment. The Company has provided a $5,000 US guarantee to support the machinery and equipment lease arrangements of United Machining Inc. The Company's portion of payments in each of the next five years is approximately $1,200.

(c) As a result of its ongoing expansion programs, the Company has committed an additional $26.6 million to acquire capital assets in 2002.

13. Other (income) expense

	2001	2000	1999
Foreign exchange translation (gain)loss	**$ (2,606)**	$ (603)	$ 2,802
Interest and miscellaneous	**(3,927)**	(3,949)	(4,937)
Loss on disposal of equipment	**1,338**	418	289
	$(5,195)	$(4,134)	$(1,846)

14. Income taxes

(a) The following table reconciles the statutory federal and provincial income taxes to the effective income tax on earnings before income taxes.

	2001	2000	1999
Statutory income tax	**$42,859**	$45,854	$43,284
Manufacturing and processing deduction	**(8,895)**	(9,388)	(8,757)
Tax effect of non-deductible expenses	**346**	390	248
Unrecognized losses of jointly controlled entities	**573**	408	309
Future income tax benefit resulting from reduction in tax rate	**(643)**	(531)	-
Effective income tax	**$34,240**	$36,733	$35,084
The effective income tax includes:			
Current income taxes	**$31,872**	$30,134	$30,293
Future income taxes	**2,368**	6,599	4,791
	$34,240	$36,733	$35,084

(b) The composition of the future income taxes balance is as follows:

	Dec. 30, 2001	Dec. 31, 2000
Future income tax liability		
Tax depreciation in excess of accounting depreciation	**$11,702**	$13,901
Deferred pre-production costs	**1,505**	3,906
	13,207	17,807
Future income tax asset		
Accrued costs of discontinued operations	**3,427**	-
Accrued pension costs	**2,638**	2,273
Other non-deductible accruals	**48**	228
	6,113	2,501
	$ 7,094	$15,306

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

15. Investment tax credits

During the year the Company recorded investment tax credits of $4,066 (2000 - $1,152, 1999 - $700). Of this amount, $1,201 (2000 - $876, 1999 - $ Nil) related to capital assets and deferred pre-production costs and reduced the carrying value of the related assets. The balance of $2,865 (2000 - $276, 1999 - $700) is recorded as a reduction of cost of sales and research, development and design expenses and accordingly is included in net earnings for the year.

16. Discontinued operations

On September 13, 2001 the Board of Directors approved a plan to shut down the Company's stainless steel manifold business and transfer current programs to other suppliers by June 30, 2002. The related manufacturing assets will either be disposed of, utilized in other operating facilities or used for research and development by June 30, 2002.

The results from discontinued operations have been reported separately within these financial statements. Prior year comparative amounts have also been reclassified. Summarized financial information for the discontinued operations are as follows:

	2001	2000	1999
Sales	**$ 9,483**	$4,665	$6,682
Loss before income taxes prior to September 13, 2001	**$ (6,060)**	$ (822)	$ (636)
Income tax recovery	**2,068**	282	229
	(3,992)	(540)	(407)
Provision for discontinued operations[1]	**(31,536)**	-	-
Income tax recovery	**10,760**	-	-
	(20,776)	-	-
Loss from discontinued operations	**$(24,768)**	$ (540)	$ (407)

Net assets of discontinued operations

	Dec. 30, 2001	Dec. 31, 2000
Current assets	**$ 3,979**	$ 4,469
Property and equipment[1]	**12,678**	19,233
Deferred pre-production costs[1]	**-**	4,394
Total assets	**16,657**	28,096
Current liabilities[1]	**8,121**	2,151
Net assets	**$ 8,536**	$25,945

[1]The provision for discontinued operations includes estimated operating losses from September 14, 2001 to June 30, 2002 and a write-down of assets to net realizable value.

17. Earnings per share

Basic earnings from continuing operations per share and basic net earnings per share are based on the weighted average common shares outstanding. Weighted average common shares used in the computation of basic earnings from continuing operations per share and basic net earnings per share under Canadian generally accepted accounting principles ("Canadian GAAP") were 13,178,453, 13,106,236 and 12,936,908 in 1999, 2000 and 2001 respectively. The shares used in the computation of fully-diluted earnings from continuing operations per share and fully-diluted net earnings per share were 13,527,279, 13,448,691 and 13,173,627 in 1999, 2000 and 2001 respectively. All of the dilution is caused by the effect of stock options outstanding.

Under United States generally accepted accounting principles ("U.S. GAAP"), the weighted average common shares outstanding for basic earnings per share and fully-diluted earnings per share are the same as under Canadian GAAP.

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

18. Consolidated statement of cash flows

The following is additional information to the statement of cash flows.

Change in non-cash operating working capital

	2001	2000	1999
Receivables	**$ 4,074**	$(18,290)	$ 9,502
Inventories	**(2,224)**	(2,642)	(2,241)
Prepaids	**(146)**	(699)	(377)
Payables and accruals	**(2,767)**	(3,450)	17,412
Income taxes payable	**3,450**	(4,937)	1,159
	$ 2,387	$(30,018)	$25,455
Cash paid for interest	**$ 411**	$ 444	$ 356
Cash paid for income taxes	**$25,331**	$ 36,025	$29,742

19. Related party transactions

The Company paid freight of $4,692 in 2001 (2000 – $4,732, 1999 - $3,779) to a related company, 33% (2000 – 33%, 1999 - 25%) of whose shares are owned by a Class B shareholder of the Company. Payables and accruals include $367 (2000 – $486, 1999 - $344), which is owed to this company.

20. Segment information

(a) Operating segments

The Company currently operates in one industry segment, the design and manufacture of exhaust manifolds for the automotive industry. The Company's automotive customers are either the Big Three car manufacturers or Tier 1 suppliers to these manufacturers.

The Company currently operates in two geographic segments. The accounting policies for the segments are the same as those described in Note 2 to the consolidated financial statements.

	December 30, 2001		
	North America	Europe	Total
Sales to external customers	$383,502	$ -	$383,502
Earnings (loss) from continuing operations	67,670	(1,632)	66,038
Interest revenue	3,889	38	3,927
Interest expense	409	-	409
Depreciation and amortization	27,129	754	27,883
Income taxes	34,194	46	34,240
Total assets	394,130	52,519	446,649
Property and equipment	211,591	39,957	251,548
Deferred pre-production costs	4,544	6,367	10,911
Purchase of property, equipment and other assets	$ 24,667	$29,943	$ 54,610

	December 31, 2000		
	North America	Europe	Total
Sales to external customers	$396,721	$ -	$396,721
Earnings (loss) from continuing operations	68,419	(829)	67,590
Interest revenue	3,922	27	3,949
Interest expense	507	-	507
Depreciation and amortization	23,723	146	23,869
Income taxes	36,683	50	36,733
Total assets	393,634	15,743	409,377
Property and equipment	213,802	10,360	224,162
Deferred pre-production costs	6,201	1,775	7,976
Purchase of property, equipment and other assets	$ 32,593	$9,987	$ 42,580

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

	January 2, 2000		
	North America	Europe	Total
Sales to external customers	$348,602	$ -	$348,602
Earnings from continuing operations	61,955	5	61,960
Interest revenue	4,933	4	4,937
Interest expense	395	-	395
Depreciation and amortization	19,277	-	19,277
Income taxes	35,084	-	35,084
Total assets	363,788	374	364,162
Property and equipment	204,050	56	204,106
Deferred pre-production costs	3,617	-	3,617
Purchase of property, equipment and other assets	$ 96,474	$ 56	$ 96,530

(b) Geographic information

The final destination of the Company's sales to its external customers are as follows:

	United States	United Kingdom	Other	**Total**
2001 Revenues	$368,265	$14,929	$308	**$383,502**
2000 Revenues	$380,961	$15,672	$ 88	**$396,721**
1999 Revenues	$331,674	$16,928	$ -	**$348,602**

21. Financial instruments

Foreign exchange contracts

The Company uses foreign currency forward contracts to hedge portions of its forecasted revenue and expenditures denominated in foreign currencies. These forward contracts are designated and documented as cash flow hedges. As a matter of policy, the Company does not enter into speculative hedge contracts or use other derivative financial instruments. The Company manages exchange rate volatility by entering into three to thirty-six month forward exchange contracts. These activities serve to minimize, but not eliminate, the risk from fluctuations in the exchange rate between the foreign currencies and the Canadian dollar.

As at December 30, 2001 the Company had the following outstanding foreign exchange forward contracts designated as cash flow hedges:

- A commitment to sell approximately $36,234 USD at a weighted average rate of exchange of CAD $1.5179, and to buy approximately $33,400 USD at a weighted average rate of exchange of CAD $1.5469. The fair market value of the contracts to sell USD at December 30, 2001 was approximately $34,379 USD and the fair market value of the contracts to buy USD at December 30, 2001 was approximately $34,349 USD.

- The Company's jointly controlled entity, Weslin Industries Inc., has entered into foreign exchange forward contracts to fix the rate at which Euro dollar expenditures are to be incurred during 2002. At December 30, 2001 Weslin Industries Inc. has committed to buy approximately $1,650 EUR at a weighted average rate of exchange of CAD $1.2853. The fair market value of those contracts at December 30, 2001 was approximately $1,493 EUR.

Fair value of financial instruments

The methods and assumptions used to estimate the fair value of financial instruments are described below:

Cash and cash equivalents, short-term investments, receivables, and payables and accruals

Due to the short-term period to maturity of the instruments, the carrying values as presented in the consolidated balance sheets are reasonable estimates of fair value.

Long-term investments

Fair value information is not readily available for loans receivable included in other assets. However, management believes the fair value approximates the carrying value. The market value of long-term bonds is disclosed in Note 6.

Long-term debt

The fair value of the Company's long-term debt, based on current rates for debt with similar terms and maturities, are not materially different from their carrying value.

Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, short-term investments, long-term investments, accounts receivable and foreign exchange forward contracts.

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

Cash and cash equivalents, short-term investments and long-term investments include investments in commercial paper and corporate bonds of governments and corporations with an investment grade credit rating. Credit risk is further reduced by limiting the amount that is invested in any one government or corporation.

The majority of the Company's receivables are from the Big Three auto manufacturers. Exposure to any particular customer is significant, but the Company does not believe that any material credit risk exists.

The Company also has receivables from Tier 1 suppliers, some of which may represent a credit risk. The Company believes that this exposure has been adequately reflected in these financial statements. Any potential future risk will be mitigated by customer credit assessments, credit insurance purchased on selected customer accounts and strict adherence to negotiated terms and conditions on sale, including cash on delivery.

The Company is also exposed to credit risk from the potential default by any of its counter parties on its foreign exchange forward contracts. The Company mitigates this credit risk by dealing with counter parties who are major financial institutions and which are included on an authorized list of counter parties maintained by the Company.

Interest rates

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities. The Company's intention is to hold its long-term monetary assets to maturity. The long-term debt bears interest at market rates disclosed in Note 9.

22. Stock-based compensation plans

Employee Share Purchase Plan

Under the 1997 Employee Share Purchase Plan, the Company is authorized to issue up to 500,000 Class A common shares to employees, with not less than three months service, and to directors. Under the terms of the plan, employees may acquire shares annually up to an amount not exceeding 10% of their annual compensation. Shares are acquired under the plan at a price equal to 85% of the market value of such shares. Under the plan, the Company issued 17,860 shares in 2001 and 44,340 shares in 2000. The aggregate amount of shares issued under the plan was 134,940 at December 30, 2001 and 117,080 at December 31, 2000.

Stock Option Plan

The Company has a stock option plan, which grants options to employees up to an aggregate of 1.5 million Class A common shares. The options, which have a term not exceeding ten years when issued, vest immediately for directors and over five years for all others at a rate of 1/3 for each year over three years commencing on the third anniversary. The exercise price of each option equals the market price of the Company's stock on the date of grant.

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

A summary of the status of the Company's stock option plan as of the fiscal year-ends of 1999, 2000 and 2001 and changes during each fiscal year is presented below.

	Shares (000)			Weighted Average Exercise Price		
	2001	2000	1999	**2001**	2000	1999
Outstanding, beginning of year	**1,017**	895	845	**$31**	$30	$29
Granted	**125**	163	105	**$47**	$38	$33
Exercised	**(143)**	(41)	(45)	**$17**	$18	$24
Cancelled	**(26)**	-	(10)	**$28**	$ -	$39
Outstanding, end of year	**973**	1,017	895	**$36**	$31	$30
Options exercisable at year-end	**562**	565	504	**$33**	$27	$25
Weighted-average fair value of options granted during the year				**$14**	$12	$12

The following information applies to options outstanding at December 30, 2001:

	Options Outstanding		Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable 12/30/2001	Weighted Average Exercise Price
$1 to $12	3,333	3.3 years	$11	3,333	$11
$13 to $24	138,834	3.0 years	$15	138,834	$15
$25 to $36	276,834	6.0 years	$34	191,834	$34
$37 to $48	554,400	8.1 years	$42	228,267	$43
	973,401		$36	562,268	$33

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

23. Reconciliation to accounting principles generally accepted in the United States of America

In certain respects, Canadian GAAP differs from U.S. GAAP.

(a) Statements of earnings

	2001	2000	1999
Earnings from continuing operations according to Canadian GAAP	**$ 66,038**	$ 67,590	$ 61,960
Depreciation effect of interest capitalization (i)	**(3)**	(25)	(30)
Deferred pre-production costs (ii)	**(2,936)**	(4,359)	(3,617)
Decrease (increase) in income tax expense (iii)	**(167)**	387	1,301
	(3,106)	(3,997)	(2,346)
Earnings from continuing operations according to U.S. GAAP	**62,932**	63,593	59,614
Loss from discontinued operations according to Canadian GAAP	**(24,768)**	(540)	(407)
Deferred pre-production costs (iv)	**4,394**	(4,116)	(278)
Decrease (increase) in income tax expense (v)	**(1,493)**	1,441	97
Loss from discontinued operations according to U.S. GAAP	**(21,867)**	(3,215)	(588)
Net earnings according to U.S. GAAP	**41,065**	60,378	59,026
Retained earnings, beginning of year	**228,913**	186,516	131,708
Dividends	**(6,209)**	(6,314)	(4,218)
Excess of cost over assigned value of Class A Common Shares purchased and cancelled	**(191)**	(11,667)	-
Retained earnings, end of year	**$263,578**	$228,913	$186,516
Earnings from continuing operations per share (Note 17)			
Basic	**$ 4.86**	$ 4.85	$ 4.52
Fully-diluted	**$ 4.78**	$ 4.73	$ 4.41
Net earnings per share (Note 17)			
Basic	**$ 3.18**	$ 4.61	$ 4.48
Fully-diluted	**$ 3.11**	$ 4.49	$ 4.36
Net earnings according to U.S. GAAP	**$ 41,065**	$ 60,378	$ 59,026
Other comprehensive income:			
Cumulative effect of adoption of SFAS 133, net of tax (vi)	**(378)**	-	-
Market adjustment for hedges, net of tax	**(277)**	-	-
Foreign currency translation adjustment	**(64)**	(12)	-
Comprehensive income according to U.S. GAAP	**$ 40,346**	$ 60,366	$ 59,026

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

(i) The depreciation effect of interest capitalization reflects the change in depreciation expense due to interest expense capitalization for U.S. GAAP purposes.

(ii) Deferred pre-production costs must be expensed for U.S. GAAP purposes. Amortization of deferred pre-production costs must be added back to earnings.

(iii) Income tax effect of items in (i) and (ii) and the effect in Canada of using substantially enacted rates instead of enacted rates. Deferred pre-production costs of Weslin Industries Inc. expensed for U.S. GAAP purposes were not tax affected.

(iv) Deferred pre-production costs relating to discontinued operations were expensed in 1999 and 2000 for U.S. GAAP purposes.

(v) Income tax effect of (iv)

(vi) The Company adopted SFAS 133 effective January 1, 2001. In general, SFAS 133 requires that companies recognize all derivatives as either assets or liabilities on the balance sheet, measured at their fair value. Derivatives not designated as hedges must be adjusted to fair value with an offset to income. If the derivative is designated as a hedge, depending on the nature of the hedge, changes in fair value of the derivative are either offset against the change in fair value of the asset or liability through income, or recognized in accumulated other comprehensive income until the hedge item is recognized in income. To the extent the hedge is determined to be ineffective, that portion of the derivative's change in fair value is immediately recognized in income. As of January 1, 2001 derivative liabilities in the amount of $574 were recorded as a result of adopting SFAS 133, with an offsetting amount, net of tax, recorded in accumulated other comprehensive income, of $378.

(b) Balance sheets

		December 30, 2001	
	Canadian GAAP	**Adjustment**	**U.S. GAAP**
Current assets (i) and (iv)	**$162,822**	**$ (8,593)**	**$154,229**
Property and equipment (ii) and (iv)	**251,548**	**(43,623)**	**207,925**
Other long-term assets (i), (iii) and (iv)	**32,279**	**28,671**	**60,950**
	$446,649	**$(23,545)**	**$423,104**
Current liabilities (iv) and (vii)	**$ 47,530**	**$ (5,895)**	**$ 41,635**
Long-term debt (iv)	**12,578**	**(3,909)**	**8,669**
Future income taxes (v) and (vii)	**7,094**	**(1,862)**	**5,232**
Shareholders' equity (i), (vi) and (vii)	**379,447**	**(11,879)**	**367,568**
	$446,649	**$(23,545)**	**$423,104**

		December 31, 2000	
	Canadian GAAP	Adjustment	U.S. GAAP
Current assets (i) and (iv)	$151,380	$ (8,686)	$142,694
Property and equipment (ii) and (iv)	224,162	(13,834)	210,328
Other long-term assets (i), (iii) and (iv)	33,835	(7,534)	26,301
	$409,377	$(30,054)	$379,323
Current liabilities (iv)	$ 41,414	$(11,339)	$ 30,075
Long-term debt (iv)	11,283	(3,681)	7,602
Future income taxes (v)	15,306	(3,193)	12,113
Shareholders' equity (i) and (vi)	341,374	(11,841)	329,533
	$409,377	$(30,054)	$379,323

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

(i) The shareholders' equity adjustment reflects the reclassification of director and employee share purchase loans as a reduction of share capital.

(ii) Property and equipment have been adjusted at each balance sheet date for the effect of capitalized interest, which is discussed in Note 23 (a)(i).

(iii) Other long-term assets have been adjusted such that the deferred pre-production costs are expensed.

(iv) The Company's interest in its jointly controlled entities has been proportionately consolidated in the financial statements. This adjustment is required such that the Company's interests are accounted for by the equity method.

(v) This adjustment reflects the cumulative income tax effects of the adjustments outlined in Note 23 (a).

(vi) The shareholders' equity adjustment reflects the cumulative effect of the adjustments outlined in Note 23 (a) and (b).

(vii) Adjusted for the effect of the cumulative result of other comprehensive income net of income tax.

(c) Stock-based compensation plans
The Company accounts for its stock-based compensation plans disclosed in Note 22 under APB Opinion 25 and related interpretations. The exercise price of each option equals the market price of the Company's stock on the date of grant. The employee share purchase plan offers shares of the Company at 85% of the market value. Accordingly, no compensation cost has been recognized for these plans. Had compensation costs for these plans been determined based on the fair value of the options and shares as of their grant dates consistent with the method of Statement of Financial Accounting Standards 123, *Accounting for Stock-Based Compensation (FAS 123)*, the Company's net earnings and earnings per common share would have been reduced to the pro forma amounts indicated below. The effects of applying FAS 123 are not likely to be representative of the effects on reported net earnings for future years because options vest over several years and additional awards may be made each year and employee share purchases are voluntary.

	2001	2000	1999
Net earnings			
As reported	**$41,065**	$60,378	$59,026
Pro forma	**$38,733**	$58,063	$56,774
Basic earnings per share			
As reported	**$ 3.18**	$ 4.61	$ 4.48
Pro forma	**$ 2.99**	$ 4.43	$ 4.31
Fully-diluted earnings per share			
As reported	**$ 3.11**	$ 4.49	$ 4.36
Pro forma	**$ 2.94**	$ 4.32	$ 4.20

The fair value of each option grant is estimated on the date of grant using the bi-nominal options-pricing model with the following weighted-average assumptions used for grants in 1999, 2000 and 2001 respectively; expected dividend yield of 0.90%, 1.31% and 1.05%; expected volatility of 35%, 30% and 29%; risk-free interest rates of 6.15%, 5.40% and 4.70%; and expected lives of 5 years in all cases.

24. Fiscal years

The 2001 fiscal year was for the 52 weeks ended December 30, 2001 and the 2000 and 1999 fiscal years were for the 52 weeks ended December 31, 2000 and the 53 weeks ended January 2, 2000, respectively.

25. Comparative figures

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

26. Subsequent event

Subsequent to the year-end, the Board of Directors amended the Company's current stock option plan to authorize the grant of tandem stock appreciation rights (a "SAR" or "SARs") in connection with options granted under the plan, at or after the time of grant of such options. The amendment to the plan must be approved by the shareholders at the annual general meeting. Under the amended plan, participants will have the choice, after the vesting period, of exercising their stock options or receiving a cash amount equal to the excess of the market price of the shares covered by the options over the exercise price of the related options as defined in the plan. The effect for 2002, if the amendment to the plan is approved, will be a non-cash charge to earnings of approximately $7,000 after tax.

Summary of Operations (from continuing operations)

(in thousands of Canadian Dollars, except per share amounts and where otherwise noted)

For the fiscal year ended	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Sales	$383,502	$396,721	$348,602	$277,774	$221,943	$192,184	$167,299	$131,848	$93,708	$70,655
Gross profit	$128,116	$128,674	$119,388	$ 92,108	$ 76,574	$ 56,633	$ 35,849	$ 28,649	$15,950	$ 9,350
Gross profit margin (%)	33%	32%	34%	33%	35%	29%	21%	22%	17%	13%
EBITDA	$128,570	$128,699	$116,716	$ 92,962	$ 79,786	$ 56,589	$ 36,011	$ 26,084	$17,030	$11,055
EBITDA (%)	34%	32%	33%	33%	36%	29%	22%	20%	18%	16%
EBIT	$100,687	$104,830	$ 97,439	$ 77,069	$ 66,029	$ 44,965	$ 28,441	$ 21,808	$12,122	$ 5,911
EBIT (%)	26%	26%	28%	28%	30%	23%	17%	17%	13%	8%
Earnings	$ 66,038	$ 67,590	$ 61,960	$ 49,067	$ 41,044	$ 27,928	$ 17,723	$ 12,259	$ 6,132	$ 2,564
Earnings (%)	17%	17%	18%	18%	18%	15%	11%	9%	7%	4%
Return on capital employed (%)[1]	35%	41%	49%	51%	53%	41%	32%	37%	33%	34%
Return on equity (%)	18%	21%	23%	23%	24%	25%	28%	38%	85%	75%
Fully-diluted earnings per share	$ 5.01	$ 5.03	$ 4.58	$ 3.62	$ 3.07	$ 2.47	$ 1.62	$ 1.39	$ 0.73	$ 0.30
Price/earnings ratio range	11-7	9-6	11-7	12-9	16-10	13-5	10-6	12-8	N/A	N/A
Weighted average common shares outstanding	12,937	13,106	13,178	13,102	13,043	10,794	10,741	8,779	8,408	8,408
Capital expenditures	$ 54,610	$ 42,580	$ 96,530	$ 37,073	$ 19,123	$ 26,892	$ 43,517	$ 26,342	$ 5,086	$ 2,735
Manifolds sold (units)	14,432	14,598	13,886	11,914	10,306	8,995	8,154	7,582	6,113	5,021
Manifolds internally machined/sold (units)	8,790	9,344	8,071	6,242	5,092	4,044	1,488	695	614	680

[1]Return on capital employed is equal to earnings from continuing operations before interest and income taxes ("EBIT") divided by average capital employed during the year.

Financial Position at Year-End

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

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Cash, cash equivalents and short-term investments	**$ 81,146**	$ 64,428	$ 76,758	$ 65,023	$ 60,037	$ 35,863	$ 1,290	$ -	$ -	$ -
Total current assets	**162,822**	151,380	141,669	136,164	117,857	83,557	35,744	44,147	17,598	12,536
Total current liabilities	**47,530**	41,414	47,435	28,312	33,404	28,050	19,426	26,581	12,755	11,405
Working capital	**115,292**	109,966	94,234	107,852	84,453	55,507	16,318	17,566	4,843	1,131
Property and equipment - net	**251,548**	224,162	204,106	126,745	105,437	100,346	84,930	53,195	31,246	30,922
Total assets	**446,649**	409,377	364,162	280,261	233,121	188,899	125,807	97,886	50,785	44,828
Long-term debt	**12,578**	11,283	10,277	10,260	3,945	4,771	32,165	15,589	19,136	18,826
Shareholders' equity	**$379,447**	$341,374	$297,743	$237,773	$192,853	$152,688	$ 70,995	$54,447	$ 9,756	$ 4,624
Capital employed[1]	**$303,996**	$279,359	$227,518	$170,869	$129,796	$120,292	$101,430	$77,557	$38,857	$35,124
Debt/equity ratio	**0:1**	0:1	0:1	0:1	0:1	0:1	0.5:1	0.3:1	2:1	4:1
Shares outstanding	**13,003**	12,851	13,213	13,127	13,086	12,870	10,741	10,741	10,741	10,741
Book value per share	**$ 29.18**	$ 26.56	$ 22.53	$ 18.11	$ 14.74	$ 11.86	$ 6.61	$ 5.07	$ 0.91	$ 0.43

[1]Capital employed is equal to the total of net working capital, excluding net debt, property and equipment and other long-term assets, excluding interest-bearing assets.

Executive Committee

1 **RANDOLPH J. STRAKA** (49)
Chief Operating Officer

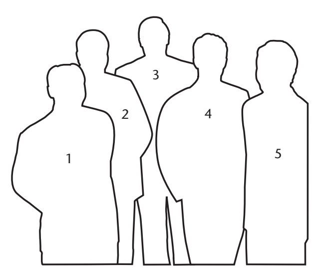
2 **PAUL A. LAWRENCE** (40)
Vice President
Sales and Marketing

3 **RAYMOND T. FINNIE** (50)
President and Chief Executive Officer

4 **WILLIAM R. LEVAN** (41)
Vice President
Technology

5 **D. JAMES SLATTERY** (42)
Vice President and
Chief Financial Officer

Numbers in brackets indicate ages.



Board of Directors

1 **RAYMOND T. FINNIE**[3] (50)
Elected Director 1999
President and Chief Executive Officer
of the Corporation

2 **RICHARD W. LEVAN**[1,2] (67)
Elected Director 1958
Chairman of the Corporation

3 **WILLIAM R. LEVAN** (41)
Elected Director 1991
Vice President Technology
of the Corporation

4 **GEORGE S. DICKSON** (77)
Elected Director 1958
Retired Corporate Vice-President
General Steel Wares

5 **WILLIAM H. GREENWOOD**[2] (54)
Elected Director 1992
Owner
Greenwood Consulting Services

6 **M. THOMAS BRIGHT**[1] (62)
Elected Director 1984
Owner and President
Southwestern Gage

7 **LAWRENCE G. TAPP**[1] (64)
Elected Director 1997
Dean
Richard Ivey School of Business

8 **PETER J. KENNY**[2] (68)
Elected Director 1985
Chairman of the Board
Atlantis Submarines International Holding Inc.
and Cambridge Stamping Inc.

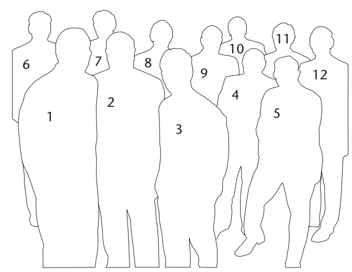
9 **HUGH W. SLOAN, JR.**[2] (61)
Appointed Director 1998
Deputy Chairman of the Board
The Woodbridge Group

10 **J. EMILIEN BOLDUC**[1] (62)
Elected Director 1999
Retired Vice Chairman
Royal Bank of Canada

11 **EDWARD G. FRACKOWIAK**[1,2] (47)
Elected Director 1992
Vice President & General Counsel Canada
First American Title Insurance Company

12 **J. DWANE BAUMGARDNER**[2] (61)
Elected Director 1998
Chairman & Chief Executive Officer
Donnelly Corporation

[1]Audit and Corporate Governance Committee Member
[2]Human Resources Committee Member
[3]Ex officio member of both Committees
Numbers in brackets indicate ages.



Corporate Office

P.O. Box 1930
799 Powerline Road West
Brantford, Ontario N3T 5W5
Tel: 519-759-0452 Fax: 519-759-8535

Wescast Capital Stock
The capital stock of the Company consists of Class A subordinate voting common shares which are publicly traded, and Class B multiple voting common shares, which are not publicly traded.

Stock Trading Symbols and Exchange Listings
The Class A subordinate voting common shares are traded on The Nasdaq Stock Market, Inc. under the trading symbol WCST and the Toronto Stock Exchange under the trading symbol WCS.A.

Dividends
The Company's current intention is to pay quarterly dividends of $0.12 per share on outstanding common shares. The declaration and payment of dividends will be at the sole discretion of the Board of Directors.

Shareholder Inquiries
Shareholders with inquiries regarding share transfer requirements, lost certificates, changes of address or the elimination of duplicate mailings should contact the Company's transfer agent, Computershare Trust Company of Canada, Toronto, Ontario 416-981-9633.
Toll free 1-800-663-9097
e-mail: caregistryinfo@computershare.com
www.computershare.com

Co-Transfer Agent
Computershare Trust Company Inc., Denver, Colorado

Investor Relations Inquiries
Investors seeking other information about the Company may contact Andrea Kelman at 519-759-0452, ext. 4253 or andrea.kelman@wescast.com.

Internet Site
Visit Wescast on the World Wide Web at: www.wescast.com

Date of Annual Meeting
The Annual Meeting of Shareholders will be held at the Holiday Inn, 664 Colborne Street, Brantford, Ontario on Tuesday, May 7, 2002 at 10:30 a.m.

Facilities

Wingham Casting P.O. Box 460
200 Water Street, Wingham, Ontario N0G 2W0
Tel: 519-357-3450 Fax: 519-357-2486

North Huron Casting 40621 Amberley Road
R.R. #4, Wingham, Ontario N0G 2W0
Tel: 519-357-2020 Fax: 519-357-3131

Brantford Casting P.O. Box 1930
799 Powerline Road West, Brantford, Ontario N3T 5W5
Tel: 519-759-0452 Fax: 519-759-8535

Wingham Machining P.O. Box 40
100 Water Street, Wingham, Ontario N0G 2W0
Tel: 519-357-4447 Fax: 519-357-4127

Strathroy Machining 28648 Centre Road
R.R. #5, Strathroy, Ontario N7G 3H6
Tel: 519-245-6402 Fax: 519-245-4539

Stratford Steel Division 130 Wright Boulevard
Stratford, Ontario N4Z 1H3
Tel: 519-273-2330 Fax: 519-273-4088

United Machining Inc. 6300 18½ Mile Road
Sterling Heights, Michigan 48314
Tel: 586-323-4300 Fax: 586-323-1150

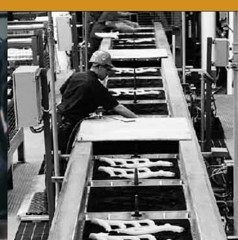
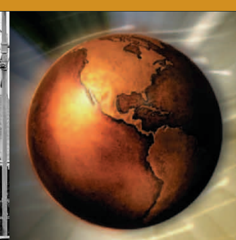
Weslin Autoipari Rt. PF.: 63, 2840 Oroszlány
Szent Borbála u. 16, Hungary
Tel: 36-34-562-100 Fax: 36-34-562-102

Sales & Design Centres

Wescast Industries Inc.
P.O. Box 1930, 799 Powerline Road West
Brantford, Ontario N3T 5W5
Tel: 519-759-0452 Fax: 519-759-8535

Wescast USA Inc.
6300 18½ Mile Road
Sterling Heights, MI 48314
Tel: 586-323-2278 Fax: 586-323-2329

Wescast Industries GmbH
Bertha-von-Suttner-Str. 3
34131 Kassel, Germany
Tel: 0561-93747-0 Fax: 0561-93747-12



wescast industries inc.

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Tel: 519-759-0452 Fax: 519-759-8535 www.wescast.com