

AUTOMODULAR CORPORATION

ANNUAL INFORMATION FORM
for the year ended December 31, 2004

March 30, 2005

AUTOMODULAR CORPORATION
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1. GENERAL INFORMATION

Unless otherwise indicated, the information contained in this Annual Information Form is current as of March 30, 2005. All amounts are in Canadian dollars unless otherwise indicated.

This Annual Information may contain forward-looking statements. A number of matters discussed herein relate to potential future circumstances and developments and may not specifically deal with historical or current facts. Forward-looking statements may include financial and other projections, as well as statements regarding future plans, objectives or performance, or our underlying assumptions. The words "estimate", "anticipate", "believe", "expect", "intend" or other similar expressions are intended to identify forward-looking statements. Persons reading this Annual Information Form are cautioned that such statements are only predictions and that our actual future results or performance may be materially different due to inherent risks and uncertainties surrounding future expectations, assumptions not being realized, changes in facts or other unforeseen circumstances. Except to the extent required by law, we do not undertake any obligation to update or revise any forward-looking statements to reflect subsequent information, events, results, circumstances or otherwise.

2. CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

Automodular Corporation ("Automodular" or the "Corporation") was incorporated by letters patent under the laws of Ontario on May 7, 1957 as Algonquin Building Credits Limited. By Articles of Amendment dated December 3, 1976, the name was changed to Algonquin Mercantile Corporation and by Articles of Amendment dated June 4, 2001, the name was changed to Automodular Corporation. Automodular is governed by the *Business Corporations Act* (Ontario) for corporate law purposes and is a reporting issuer under the *Securities Act* (Ontario) and under the *Securities Act* (British Columbia).

The head and registered office of Automodular is located in Toronto, Ontario. The mailing and electronic addresses, facsimile and telephone numbers are as follows:

20 Toronto Street, Suite 420 Toronto, Ontario M5C 2B8
Telephone: (416) 861-0662 Fax: (416) 861-0063
website: <http://www.automodular.com>
e-mail: invest@automodular.com

2.2 Intercorporate Relationships

All of the Corporation's subsidiaries are wholly-owned, either directly or indirectly. (Automodular and its subsidiaries are sometimes collectively referred to herein as the "Company"). The material subsidiaries of Automodular include the following:

<u>NAME</u>	<u>INCORPORATION / AMALGAMATION</u>	<u>OWNERSHIP</u>	<u>NATURE OF BUSINESS</u>
Automodular Assemblies Inc. ("AAI")	Ontario	100% owned by Automodular ⁽¹⁾	The supply of modular sub- assemblies and sequenced components to General Motors of Canada Limited's Oshawa facilities

Tec-Mar Distribution Services, Inc. ⁽²⁾ ("Tec-Mar")	Michigan	100% owned by AAI	The supply of modular sub-assemblies and sequenced components to General Motors Corporation's Michigan facilities
Automodular Assemblies (Ohio) Inc. ("AAI(OH)")	Delaware	100% owned by Tec-Mar	The supply of modular sub-assemblies and sequenced components to one of General Motors Corporation's Ohio facilities

- (1) Except for 1,504,365 issued and outstanding Class X shares of AAI which are exchangeable into 7,000,000 common shares of Automodular and over which control and direction is exercised by Scotia Merchant Capital Corporation.
- (2) Tec-Mar was formed by the amalgamation effective December 31, 2004 of Tec-Mar Distribution Services, Inc., a Michigan corporation, and its parent corporation, Automodular Assemblies(DE) Inc., a Delaware corporation. Both predecessor corporations had been indirect wholly-owned subsidiaries of Automodular.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

The following is a summary of the significant developments during the preceding three completed years of the Corporation.

2002 Developments

In early January 2002 AAI relocated production to a newly constructed 183,000 square foot facility in Whitby, Ontario from two of its Pickering, Ontario plants.

In February 2002, Automodular's New Castle, Delaware sequencing facility received QS-9000 certification. All sequencing facilities were QS-9000 certified at year-end 2002.

The head office of the Corporation was relocated from Newmarket, Ontario to the Whitby, Ontario facility in August 2002.

2003 Developments

In January 2003, Automodular completed the acquisition of Tec-Mar Distribution Services, Inc., a privately-held Michigan-based company with 450 employees and four plant locations in Michigan supplying modular sub-assemblies and sequenced components to General Motors Corporation's ("GM US") Michigan facilities. Tec-Mar was acquired for a purchase price of approximately \$28.9 million (net of cash acquired). This acquisition effectively doubled the size of the Company.

In conjunction with the acquisition of Tec-Mar, Automodular negotiated a \$17.5 non-revolving term credit facility and a US \$5 million bridge facility with its banker to partially fund the Tec-Mar acquisition. The bridge facility was repaid upon closing.

In July 2003, Tec-Mar brought on stream a 210,000 square foot facility in Lansing, Michigan to provide sequencing and sub-assembly services for GM US's Lansing Grand River assembly plant which services the Cadillac family of automobiles.

In August 2003, the two-day power outage in Ontario and eastern United States adversely affected most of the Company's plants, causing lost production and higher expenses.

Automodular's third quarter break-even performance resulted in non-compliance with a bank covenant and a decision by its Board of Directors to omit the third quarter dividend. Subsequently, Automodular's bank waived the non-compliance and negotiated revised banking terms.

In November, 2003, the members of the International Union, United Automobile, Aerospace and Agricultural Workers of America ("UAW") local 2410 which represented workers at AAI(DE)'s Wilmington, Delaware's sequencing and sub-assembly facility ratified a three-year contract and ended a three week strike at the facility.

In November 2003, the registered and head office of the Corporation was relocated from Whitby, Ontario to Toronto, Ontario.

In 2003, the Company exceeded General Motor's definition of a "world class" supplier which is defined as a supplier having a parts per million defect rate of less than 25.

In 2003, production of Saturn-L Series vehicles by GM US at its Wilmington, Delaware facility was reduced by half thereby adversely impacting AAI(DE)'s operations at its New Castle facility.

In 2003, the rapid rise in the strength of the Canadian dollar as against the United States dollar reduced Automodular's net earnings by approximately \$0.5 million.

2004 Developments

The year 2004 was a difficult year for the Company although there were some positive developments.

Automodular's Board of Directors decided to omit the first quarter 2004 dividend in light of certain strategic initiatives it was considering and the uncertainty surrounding AAI(DE)'s operations. No dividends were paid through the balance of 2004.

In March 2004, GM US announced the termination of Saturn-L Series vehicle production in Wilmington, Delaware, effective at the end of the second quarter 2004, about one year earlier than expected. Automodular elected not to bid on sequencing orders for the new GM US vehicles to be produced in Wilmington and, as a result, the New Castle facility of AAI(DE) was closed down and AAI(DE)'s staff was laid off prior to year-end.

In March 2004, General Motors of Canada Limited ("GM Canada") notified AAI that it would not be extending its purchase order for commodities currently sequenced for the GM Canada Oshawa car plant by AAI from its Pickering, Ontario facility beyond June 2004. Consequently, the Pickering facility was closed in the fourth quarter 2004.

In March 2004, Automodular received contracts to sub-assemble and sequence components for the new Chevrolet Cobalt and Pontiac Pursuit vehicles to be produced in GM US's Lordstown, Ohio assembly plant. In May 2004, AAI(OH) was incorporated to carry out these new contracts. In October 2004, AAI(OH) commenced start-up production in a new 70,000 square foot plant in Lordstown, Ohio leased by AAI(OH). The start-up was problem-free and on-time. Full volume production commenced in January 2005. Annual sales are anticipated to be approximately \$5 million.

In March 2004, Automodular was notified that the National Automobile, Aerospace, Transportation and General Workers Union of Canada ("CAW") made an application for certification to become the collective bargaining agent on behalf of certain employees at its three Canadian plants. The union was successful in the representation vote held in April. In September 2004, Automodular reached agreement with the CAW on its first labour contract for its Oshawa area workers. The contract is for a term of three years.

Also on the labour front, in the third quarter 2004, Automodular successfully negotiated a three-year extension of its contract with the UAW for its Michigan-based operations.

In May 2004, Automodular received an order from GM Canada to sub-assemble and sequence cockpit modules for GM Canada's Oshawa Car Assembly Plant's GMX 211/231 Chevrolet Impala and Monte Carlo vehicles to commence May 2005.

In May 2004, Automodular entered into an agreement to lease a new 108,000 square foot plant in Oshawa, Ontario, to consolidate its Canadian car operations and to accommodate new business contracts. Plant construction was completed before year end. In early 2005, Automodular relocated sub-assembly operations from one of its Whitby area plants to the new facility.

In the fourth quarter 2004, Automodular was advised by GM US that it was unsuccessful in its bid to extend and expand its contracts covering operations at Tec-Mar's Lansing, Michigan plants. The current contracts originally expired in late 2005, 2006 and 2007. Absent new business awards, Automodular will close its Lansing facilities during 2005 and will transfer the Lansing business to a competitor.

As a result of poor operations, Automodular failed to meet a banking covenant at December 31, 2004. Automodular's bankers continued to extend credit and Automodular subsequently renegotiated its banking facilities and obtained a waiver of the covenant breach.

In 2004, the Company exceeded General Motor's definition of a "world class" supplier which is defined as a parts per million ("PPM") defect rate of less than 25. The PPM defect rate decreased to 16 on a corporate-wide basis, a reduction of 20% compared to 2003.

Effective December 31, 2004, the Company reorganized by amalgamating its Delaware subsidiary, Automodular Assemblies (DE) Inc., with its Michigan subsidiary, Tec-Mar Distribution Services, Inc. The resulting corporation was continued under the laws of Michigan under the name Tec-Mar Distribution Services, Inc.

During the fourth quarter of 2004, the Company completed its annual goodwill and intangible impairment analysis and based on the results obtained, wrote off the goodwill and intangible assets relating to its Michigan-based operations.

Subsequent Developments in 2005

Effective January 1, 2005, operations at GM's facility in Pontiac, Michigan were reduced from three shifts to two shifts which will reduce the profitability of Tec-Mar's Pontiac, Michigan plant.

In February 2005, Automodular entered into an agreement to sell one of its Whitby (Forbes Street) facilities for \$2.4 million, subject to certain conditions. Automodular will realize a profit of approximately \$0.8 million on the sale which is scheduled to close April 2005. Operations at the facility were relocated to the new Oshawa plant.

In the first quarter of 2005, Automodular has been awarded new and renewal contracts to sub-assemble and sequence modules for North American OEMs and their Tier 1 suppliers totaling over \$400 million. The contracts vary in length from 3 to 8 years.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 General

Automodular is engaged through its subsidiaries in the sequencing and sub-assembly of modules of automobile parts for installation in cars and trucks being assembled by its customers. Sequencing means that the sub-assembled modules, such as an instrument panel or a radiator support, arrive at the customer's final assembly plant in precisely the sequence of their final installation in each vehicle and at precisely the time they are to be installed.

Automodular's operating mission statement is *"to be the world class assembler and sequencing operation to the automotive manufacturers"*. The Company strives to meet or exceed its customers' expectations and to be competitive through continuous improvement. The Company's goal is zero defects.

Automodular's core values reflect its commitment to this mission statement. They include the following:

- Highest quality in all aspects of the Company's business
- Teamwork
- Commitment to customer satisfaction
- Respect for the individual
- Continuous improvement
- Long-term growth and profitability

From its head office in Toronto, Ontario, Automodular provides management services to its subsidiaries in the form of administrative, human resources, financial, banking, treasury and insurance services. Head office staff is also engaged in strategic and corporate development and planning, communications and investor relations for the Company.

The Company is a supplier of sub-assembly, sequencing, transportation and logistics services to seven General Motors assembly plants in Ontario, Michigan and Ohio, representing 29% of General Motors North American production. The Company provided sequencing and sub-assembly service for 1.6 million vehicles in 2004.

The Company provides services for the following platforms:

Truck plants:	Oshawa, ON	Chevrolet Silverado GMC Sierra
	Pontiac, MI	Chevrolet Silverado GMC Sierra
Car plants:	Oshawa, ON	Chevrolet Impala Chevrolet Monte Carlo Pontiac Grand Prix Buick Allure Buick Lacrosse

Lansing, MI	Pontiac Grand Am
Lansing, MI	Cadillac CTS Cadillac SRX Cadillac STS
Lordstown, OH	Chevrolet Cobalt Pontiac Pursuit

All of the Company's business is contract business. The Company operates almost exclusively as a Tier 2 supplier to GM US and GM Canada and typically does not take title to any materials (Free Issue) and has responsibility for process design but not parts design.

Contracts are typically from three to five years. The Company bids on contracts to sub-assemble particular commodities for particular vehicles at a time prior to the launch of the vehicle design. From the moment the first vehicle rolls down the assembly line until the last one of that particular design rolls down, the Company ships one of each sub-assembly it is sequencing for that vehicle to the customer for each vehicle being assembled. The Company receives orders every five seconds and ships completed assemblies within two hours of receiving the respective orders. Given the tight timeline, the Company's plants are generally located within five to ten kilometers of the assembly plants. The Company is an integral part of the supply chain and fundamental to the cost efficient final assembly of vehicles. The Company must deliver modules that meet the quality requirements of its customers; it must deliver them on time, every time; and it must deliver them at a cost that makes it more profitable for its customers to use its services than to do the same work themselves.

Growth for the Company comes primarily from new contracts and therefore comes in "lumps". The Company has bid and continues to bid for new contracts with General Motors, Tier 1 suppliers and other OEM's. The Company has also grown through its strategic acquisition of Tec-Mar.

4.2 Business of Subsidiaries

4.2.1 Automodular Assemblies Inc.

Effective October 31, 1997, the Corporation acquired 100 percent of AAI, a privately-held business which supplied modular sub-assemblies to GM Canada's Oshawa car and truck operations.

AAI continues to supply the Oshawa car and truck operations of GM Canada. In January 2002, AAI relocated production to its new 183,000 square foot sequencing facility in Whitby (Montecorte Street), Ontario from two of its Pickering, Ontario plants. In March 2004, GM Canada announced that it would not extend its purchase order for certain commodities currently sequenced for GM Canada by AAI at AAI's remaining Pickering plant. The purchase order expired in June 2004 and the last Pickering plant was closed in the fourth fiscal quarter 2004. The lease for this Pickering plant expired at the end of 2004.

In May 2004, AAI received an order from GM Canada to sub-assemble and sequence cockpit modules for the GMX211/231 Chevrolet Impala and Monte Carlo vehicles produced at the Oshawa Car Assembly Plant to commence May 2005.

Prior to year end, AAI took occupancy of a newly constructed and leased 108,000 square foot plant in Oshawa, Ontario in order to consolidate its Canadian car operations and to accommodate new business contracts. Early in 2005, AAI relocated sub-assembly operations from its Whitby (Forbes Street), Ontario

plant to the new facility. The Whitby plant is scheduled to be sold by Automodular in April of 2005. AAI is bidding for further sequencing contracts for GM Canada's Oshawa car and truck plants.

4.2.2 Automodular Assemblies (DE) Inc.

In June 1998, the Company received a contract to be the major sub-assembler and sequencer for the new Saturn-L Series vehicle then being produced by GM US at its Boxwood facility in Wilmington, Delaware. AAI (DE) was incorporated as a subsidiary of AAI to carry on the business of the Company in Delaware. Subsequently, a 200,000 sq.ft. assembly/warehouse facility was constructed for and leased by AAI(DE) at New Castle, Delaware which was within a ten-minute drive of GM US's Boxwood plant. In 2003, production of Saturn-L Series vehicles was well below expectations. In March 2004, GM US announced the termination of Saturn-L Series vehicle production in Wilmington, effective at the end of June, 2004. AAI(DE) declined to bid on sequencing and sub-assembly contracts for the two new vehicles which GM US announced would commence production in 2005 and 2006 at its Boxwood plant in Wilmington. AAI(DE) closed its New Castle facility and ceased operations prior to year end. Effective December 31, 2004, AAI(DE) was amalgamated with its wholly-owned Michigan subsidiary, Tec-Mar Distribution Services, Inc. The amalgamated corporation is continuing under the name Tec-Mar Distribution Services, Inc.

4.2.3 Tec-Mar Distribution Services, Inc.

In January 2003, Automodular indirectly acquired Michigan-based privately-owned Tec-Mar Distribution Services, Inc which provided sequencing services from four facilities to four General Motors plants throughout Michigan. In July 2003, Tec-Mar opened a new 210,000 square foot sub-assembly and sequencing facility in Lansing, Michigan bringing to three the total number of facilities located in Lansing.

Tec-Mar was unsuccessful in its 2004 bid to extend and expand its contracts covering operations at its three Lansing, Michigan plants and Automodular has decided that, absent new business awards, the Lansing facilities will be closed. It is expected that the existing Lansing business will be transferred to a competitor during 2005.

Effective December 31, 2004, Tec-Mar was amalgamated with its parent corporation, AAI(DE). The amalgamated corporation is continuing under the name Tec-Mar Distribution Services, Inc.

In January 2005, operations at GM US's facility in Pontiac, Michigan were reduced from three shifts to two shifts.

4.2.4 Automodular Assemblies (Ohio) Inc.

In March 2004, the Company was awarded contracts from to sub-assemble and sequence components for the new Chevrolet Cobalt and Pontiac Pursuit vehicles to be produced in GM US's Lordstown, Ohio assembly plant. In May 2004, AAI(OH) was incorporated to carry on the Ohio business. In October 2004, AAI(OH) commenced start-up production in a newly constructed and leased 70,000 square foot plant in Lordstown, Ohio. The start-up was problem-free and on-time. Full volume production commenced in January 2005 and annual sales are anticipated to be approximately \$5 million.

4.3 Sales

The Company operates in one business segment, which is the sequencing and sub-assembly of modules of automobile parts for installation in cars and trucks being assembled by its customers. Sales attributable to geographical locations based on the location of the customer are as follows:

		2004	2003
Canada		\$38,033,000	\$43,442,000
United States		\$55,504,000	\$64,467,000
Total		\$93,537,000	\$107,909,000

4.4 Principal Properties

The Company operates more than 1.2 million square feet of plant and office space in North America. The following are the principal properties or plants leased by the Company as at the date hereof:

CANADA	UNITED STATES
200 Montecorte Street, Whitby, Ontario	1701 Henn Parkway, Lordstown, Ohio
940 Thornton Road South, Oshawa, Ontario	18406 Telegraph Rd., Brownstown, Michigan
20 Toronto Street, Suite 420, Toronto, Ontario	500 Centrepointe, Pontiac, Michigan
	3400 North Grand River, Lansing, Michigan
	16150 Grove Road, Lansing, Michigan
	16130 Grove Road, Lansing, Michigan
	25201 Brest Road, Taylor, Michigan

In addition, the Company owns one property located at 1901 Forbes Street in Whitby, Ontario which is no longer operational and is scheduled to be sold in April 2005 for \$2.4 million which would represent a gain for the Company of approximately \$0.8 million.

4.5 Employees

Automodular employs in excess of 800 people at its 7 operating plants located in Canada and the US and at its Toronto, Ontario head office and Brownstown, Michigan administrative office. In Canada, 400 hourly employees are covered by a three-year collective agreement with the CAW expiring in 2007 and 323 hourly employees in Michigan are covered by a two-year collective agreement with the UAW expiring in 2006. The Company is negotiating an initial collective agreement with the UAW for its 51 hourly employees in Ohio. The Company considers relations with its employees to be satisfactory.

4.6 Competitive Conditions

The Company operates in a difficult competitive environment. The automotive industry is extremely competitive as is the sequencing and sub-assembly industry.

Vehicle assembly plants must drive down costs to survive, while delivering the increasingly high quality consumers demand. With final assembly costs typically less than 10 percent of total vehicle costs, the Company's customers must rely on suppliers' productivity and diligence to achieve competitive vehicle costs and quality. The Company must continually find new and innovative ways to reduce costs.

The success of the Company is determined by three parameters. The Company must deliver modules that meet the quality requirements of its customers and of their customers; it must deliver them on time, every time; and it must deliver them at a cost that makes it more profitable for its customers to use its services than to do the same work themselves or to award the business to one of the Company's competitors.

The Company enters into long-term contracts with its customers. The contracts often contain price concessions over the contract term. The Company's goal is to reduce or eliminate this erosion of profitability by cost reductions realized through continuous improvement programs. As a result of the competitive automotive environment, pricing pressures have intensified and customers continue to demand additional price reductions beyond existing contractual commitments which could have an adverse impact on the Company's future earnings.

The Company has recognized that it is difficult to compete on some of the less complex sequencing work when bidding against significantly larger competitors who are able to bring economies of scale to bear. Automodular is focusing more of its business development efforts on more complex sub-assembly services which contain a higher value added element.

4.7 Economic Dependence

The Company operates almost exclusively as a Tier 2 supplier to GM US and GM Canada and is subject to continuous pressure from GM US and GM Canada for cost reductions through re-quoting of existing contracts. The Company is focused on broadening its customer base by seeking business from Tier 1 suppliers and other North American OEM's.

4.8 Changes to Contracts

As discussed previously, Tec-Mar's contracts to supply GM US's Lansing plants will expire or be cancelled during 2005.

4.9 Cyclicity

The automotive industry is cyclical and impacted by various economic and political factors including interest rates, consumer demand and international conflicts. Poor consumer demand for vehicles that the Company provides services for may result in unplanned downtime which adversely impacts earnings of the Company. Company earnings are primarily based on a variable piece price and many of the Company's costs are fixed.

4.10 Foreign Operations

At the present time, more than 50% of the Company's operations are in the US. Continued strength of the Canadian dollar versus the US dollar would adversely reflect the reported results of the Company.

4.11 Risk Factors

In addition to the foregoing, the Company incorporates by reference the disclosure contained in the sections entitled "Company and Industry Overview" and "Industry Risks" contained in its *Management's Discussion and Analysis* for the year ended December 31, 2004 which was filed on March 31, 2005 and which is available on www.sedar.com as well as on the Company's website at www.automodular.com.

4.12 Outlook

The Company does not expect to see earnings growth until 2006. At such time, full-scale production should be achieved in Company's new facilities and the costs of closing excess facilities will have been recorded.

The outlook for the Company in 2005 is uncertain. The exact timing of the transition of the Lansing, Michigan business to a competitor and the residual costs associated therewith are unknown at this time. Higher inventory levels for certain products for which the Company provides services have already resulted in unanticipated downtime in 2005. The Company also finds itself renegotiating several contracts with GM US and GM Canada.

The Company will seek further growth through new contracts with a diversified customer base and has recently received contract awards from North American OEMs and their Tier 1 suppliers ranging from 3 to 8 years and totaling more than \$400 million. New business awards typically require substantial funds to be expended prior to the commencement of commercial operations. Both capital and soft costs are incurred prior to the start of full production. While some of the bids in process contemplate paying for the capital and soft costs up front, many contemplate rolling the payment of these costs into the variable unit price. The capital requirements for growth will be met initially through internally generated funds. The Company will seek additional debt or equity financing as considered necessary.

In addition to the foregoing, the Company incorporates by reference the disclosure contained in the section entitled "2005 Outlook" contained in its *Management's Discussion and Analysis* for the year ended December 31, 2004 which was filed on March 31, 2005 and which is available on www.sedar.com as well as on the Company's website at www.automodular.com

5. DIVIDEND POLICY

In 2001, the Board of Directors approved a dividend policy whereby the Corporation paid regular quarterly dividends at a rate of \$0.07 per common share for an aggregate dividend of \$0.28 per share per annum. Automodular paid dividends at this rate in the year 2002 and for the first three quarters of 2003. The Directors decided to omit the dividend scheduled for the fourth quarter 2003. The Board of Directors did not declare any dividends in 2004. The Directors have made no determination as to when to reinstitute dividends or as to the dividend rate should they decide to do so. The Board of Directors will continue to review funds available for the payment of dividends on a regular basis. Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend upon the results from operations, capital requirements and such other factors as the Board of Directors

considers relevant. Currently, the Corporation is restricted from paying dividends under an amendment to its banking agreement.

6. DESCRIPTION OF CAPITAL STRUCTURE

Common Shares:

The authorized capital of Automodular consists of an unlimited number of Common Shares without nominal or par value. As at December 31, 2004, there were issued and outstanding 12,064,233 Common Shares. Holders of common shares are entitled to receive notice of, to attend all meetings of shareholders and to vote thereat on the basis of one vote per share held.

Class X Shares:

There were 1,504,365 Class X Shares of AAI outstanding as at December 31, 2004 which are exchangeable under certain conditions into 7,000,000 common shares of Automodular. The Class X shares participate in the earnings and dividends of Automodular as though they were common shares of Automodular. These shares are held by Scotia Merchant Capital Corporation, a wholly-owned subsidiary of The Bank of Nova Scotia.

7. MARKET FOR SECURITIES

The common shares of Automodular are listed on the Toronto Stock Exchange ("TSX") under the symbol "AM".

The table below shows the monthly price range per share and the trading volumes of the Common Shares of the Corporation for the year ended December 31, 2004.

COMMON SHARES			
Month	High \$	Low \$	Volume
January 2004	3.76	3.10	84,200
February 2004	3.31	2.95	49,000
March 2004	3.06	2.25	73,900
April 2004	3.20	2.60	22,300
May 2004	3.25	2.90	10,400
June 2004	3.26	3.05	20,100
July 2004	3.25	2.81	18,100
August 2004	3.00	2.50	14,300
September 2004	2.75	2.10	29,200
October 2004	2.35	1.85	33,900
November 2004	2.20	1.27	147,600
December 2004	1.90	1.25	164,200

8. DIRECTORS AND OFFICERS

8.1 Name, Occupation and Group Security Holdings

The following tables set out, for each of the Corporation's directors and officers the person's name, province or state and country of residence, position(s) with the Corporation, principal occupation and the date on which the person became a director or officer. All directors hold office until the next annual meeting of the Company or until the director resigns or a successor is duly elected or appointed.

As a group, the directors and officers of the Corporation beneficially own, directly or indirectly, or exercise control or direction over (1) 6,145,337 common shares of the Corporation representing 50.9% of the issued and outstanding common shares of the Corporation and (2) 1,504,365 Class X shares of AAI exchangeable into common shares of the Corporation representing 100% of the issued and outstanding Class X shares.

Directors

Name and province or state and country of residence	Director since	Principal office with the Corporation, its significant affiliates and/or principal occupation during the 5 preceding years
Russell M. Baranowski, Ontario, Canada	1997	Director, President
Michael F. Blair, Ontario, Canada	1989	Director, Chief Executive Officer
Andrew R. Brenton, Ontario, Canada	2001	Director, Managing Partner, Scotia Merchant Capital (merchant banker)
Garth Davis, Ontario, Canada	2001	Director, Partner, Scotia Merchant Capital (merchant banker)
T. Daniel Flood, Michigan, United States	2003	Director, Entrepreneur Prior to January 31, 2003, President of Tec-Mar
Henry J. Knowles, Ontario, Canada	1989	Director, Business & Financial Consultant Prior to January 1, 2004, Counsel to the law firm of Sheldon Huxtable
R. Peter McLaughlin, Ontario, Canada	2000	Director, President, Greenbriar Holdings Limited (investment company)

James Rodgers, Ontario, Canada	2002	Director, President, Cames Consulting Inc. (consulting company specializing in servicing the automotive parts manufacturing sector) Prior to July 2000, President of Ajax Precision Manufacturing Limited, a multi-plant metal stamping company
Rae E. Wallin, Ontario, Canada	1998	Chairman, Director, President, N-Viro Systems Canada Inc. (bio-solids management company)

The Corporation is required to have an Audit Committee whose current members are Andrew Brenton, Henry Knowles (Chairman), R. Peter McLaughlin and Rae Wallin.

The Corporation has a Corporate Governance Committee whose current members are Andrew Brenton, Henry Knowles and R. Peter McLaughlin (Chairman),

The Company does not have an Executive Committee or a Compensation Committee. All significant operating and executive compensation matters are presented directly to the Board for approval.

Officers

<u>Name and province or state and country of residence</u>	<u>Appointed</u>	<u>Principal office with the Corporation and/or principal occupation during the 5 preceding years</u>
Winston R. Ash, Ontario, Canada	1990	Executive Vice-President Business Development
Russell M. Baranowski	1997	President
Michael F. Blair, Ontario, Canada	1989	Chief Executive Officer
Diane Erlingher, Ontario, Canada	1998	Corporate Secretary
Christopher Nutt ⁽¹⁾ , Ontario, Canada	2003	Vice-President Finance
Rae E. Wallin, Ontario, Canada	2004	Chairman of the Board

1. Before joining Automodular in 2003, Chris Nutt was a partner in the accounting firm of Smith, Nixon & Co. LLP.

8.2 Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation, no director, executive officer or principal shareholder of the Corporation is, or has been within the ten years prior to the date hereof, a director or executive officer of an issuer that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets except for the following;

Mr. Michael Blair, a director and Chief Executive Officer of the Corporation, was a director of Beukeboom's Country Fresh Market Inc., a retail food operation and a subsidiary of the Corporation that went into receivership in May 2000, two months after he resigned as a director on March 16, 2000. Beukeboom's ceased to operate as a going concern.

Mr. Andrew Brenton, a director of the Corporation, was a director of RNG Group, a private company which entered interim receivership on February 11, 2002 and was declared bankrupt on October 28, 2002. Mr. Brenton resigned as a director on December 21, 2001.

Mr. Henry Knowles, a director of the Corporation, was a director of Triangulum Corporation which had a receiver manager appointed to hold its assets approximately six months after he resigned as a director on December 19, 2001. Triangulum Corporation ceased to operate as a going concern.

8.3 Conflicts of Interest

To the knowledge of the Corporation, there are no existing or potential conflicts of interest between Automodular or any of its subsidiaries and any director or officer of Automodular or any of its subsidiaries except as disclosed below in Item 10 "Interest of Management and Others in Material Transactions".

9. LEGAL PROCEEDINGS

An action was commenced in October 31, 1995 by Automodular in the Ontario Superior Court of Justice against Jack Cockwell, Ian Cockwell, Willard L'Heureux, Manfred Walt, Brian Lawson, David Lewis, George Myhal, ATI Corporation, Canadian Northstar Corporation, Trilon Securities Corporation, Edper Holdings Inc., Hees International Bancorp Inc., Deloitte & Touche and Consolidated Enfield Corporation alleging, among other things, misrepresentations, breaches of the oppression remedy sections of the Ontario Business Corporations Act, conspiracy, defalcation and breaches of duty by various defendants in connection with the operation of Consolidated Enfield Corporation. Automodular was a major shareholder in Consolidated Enfield Corporation and as a result of the alleged conduct of various defendants suffered a loss. Automodular is claiming approximately \$372,000,000 in damages on its own behalf and on behalf of Consolidated Enfield Corporation. The proceedings are contested. The action is at the examinations for discovery stage.

10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the three most recently completed financial years or during the current financial year of the Corporation, to the knowledge of the Corporation, no director or executive officer of the Corporation, no 10% shareholder of the Corporation, and no associate or affiliate of any of them, has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the company except as follows:

Mr. T. Daniel Flood, director of Automodular, was the President and a substantial shareholder of Tec-Mar, having founded that company in 1992. Automodular acquired all of the outstanding shares of Tec-Mar in January 2003 for approximately \$28.9 million (net of cash acquired). After completion of the Tec-Mar acquisition, Mr. Flood was appointed to the Board of Directors of Automodular.

Mr. T. Daniel Flood is also the owner of two facilities located at 16130 and 16150 Grove Road in Lansing Michigan and leased by Tec-Mar pursuant to leases expiring in 2006 and 2008. The total annual basic and additional 2004 rent paid by Tec-Mar under the two leases was approximately \$2,131,500

11. TRANSFER AGENTS AND REGISTRAR

The Transfer Agent and Registrar is Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1.

12. MATERIAL CONTRACTS

The Company (i) did not enter into any material contracts in 2004 outside the normal course of business, and (ii) has not entered into any material contracts outside the normal course of business since January 1, 2002 which are still in effect.

13. INTERESTS OF EXPERTS

Smith, Nixon & Co. LLP, the external auditors of the Corporation, reported on the 2004 financial statements. Smith, Nixon & Co. has no registered or beneficial interest, direct or indirect, in any securities or other property of the Company.

14. AUDIT COMMITTEE

The Audit Committee Charter is attached as Schedule A to this Annual Information Form.

14.1 Composition of the Audit Committee

The members of the Audit Committee are Andrew Brenton, Henry Knowles (Chairman), Peter McLaughlin and Rae Wallin. Alan Marchment who resigned from the Board of Directors January 2005 was the Chairman of the Audit Committee. The members of the Audit Committee are independent and financially literate.

14.2 Relevant Education and Experience

All members of the Audit Committee are financially literate in that they understand internal controls and procedures, are able to understand the accounting principles used by the Company to prepare its financial statements and can assess the application of those principles.

Andrew Brenton is Managing Partner of Scotia Merchant Capital, a merchant banking arm of The Bank of Nova Scotia. Scotia Merchant Capital manages \$250 million for The Bank of Nova Scotia for investment in public and private companies. Mr. Brenton was also Managing Director of Scotia Capital, Mergers and Acquisitions where a large number of valuations and fairness opinions and OSC Policy 9.1 valuations were completed by him as principal professional. Mr. Brenton holds an MBA.

Henry Knowles is a business and financial consultant with a Masters degree in Business Administration as well as a law degree. He spent over 35 years in a corporate financial and legal structuring practice and was Chairman of the Ontario Securities Commission. Mr. Knowles was also CEO of United Financial Management and taught entrepreneurial business structuring and finance at the University of Toronto.

Peter McLaughlin has a Bachelor of Arts and a Law degree. While in law practice, Mr. McLaughlin was involved primarily in the fields of corporate, commercial and securities law and was involved in many merger and acquisition transactions from the perspective of both the purchaser and vendor as well as numerous securities related transactions. He is President of Greenbriar Holdings Limited, a private family holding company that invests in new businesses in Ontario. As such he is responsible for review and investigation of business plans and proposals, as well as financial statement review, both prior to and following investment.

Rae Wallin is President of N-Viro Systems Canada Inc., a bio-solids management company. Mr. Wallin completed his CMA degree in 1970 and spent 25 years in financial management at General Electric. He was also Vice-President Finance as well as President of Black & Decker Canada. Mr. Wallin has served on boards and audit committees for the past 20 years.

14.3 External Auditor Service Fees (by Category)

Audit and audit related fees for Automodular and its subsidiaries:

External Auditor Services	Fiscal 2004 Fees \$	Fiscal 2003 Fees \$
Audit fees	113,000	118,772
Audit-related fees	25,250	27,500
Tax fees	24,553	9,250
All other fees	34,405	59,082
Total	197,208	214,604

The audit-related fees were incurred for miscellaneous assurance services.

The tax fees were incurred for services consisting of tax compliance, including the preparation and review of tax returns, assistance regarding income, capital and sales tax audits and tax advisory services relating to domestic and international taxation.

The other fees were for research, discussions and general services as requested by management.

15. ADDITIONAL INFORMATION

Additional information relating to Automodular can be found on SEDAR at www.sedar.com or on Automodular's website at www.automodular.com. Financial information is provided in the Corporation's comparative financial statements and management discussion and analysis ("MD&A") for the 2004 financial year. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in Automodular's Management Information Circular dated March 17, 2005 prepared for its May 5, 2005 annual meeting. Securityholders may obtain copies of this Annual Information Form, the Management Information Circular and the Annual Report containing the MD&A and the audited comparative financial statements for the most recently completed financial year from the Corporation's head office, 20 Toronto Street Suite 420, Toronto Ontario, Canada M5C 2B8: telephone 416 861 0662x1000 or e-mail invest@automodular.com.

Schedule A
AUTOMODULAR CORPORATION

Charter of the Audit Committee

Purpose of the Committee

The Audit Committee's purpose is to provide assistance to the Board of Directors in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation.

It is the objective of the Audit Committee to maintain free and open communications among members of the Board, the committees of the Board, the external auditors and the financial management of the Fund.

The Audit Committee shall have a written charter setting out its purpose and responsibilities.

Authority and Membership

The Audit Committee (the "Committee") of the Board of Directors (the "Board") is established pursuant to By-law 10, Article 4 and the Ontario Business Corporation Act, sec. 157 (the "Act"). The Committee shall be comprised of three (3) or more directors as determined from time to time by resolution of the Board. Every member must be independent and financially literate. Members of the Committee shall be elected by the Board at the annual meeting of the Board or at such other time as may be determined by the Board.

The Chairman of the Committee (the "Chairman") shall be designated by the Board, provided that if the Board does not so designate a Chairman, the members of the Committee, by majority vote, may designate a Chairman.

Each member of the Committee shall be an independent Director. All members of the Committee shall be financially literate.

The presence in person or by telephone or other similar means of a majority of the Committee's members shall constitute a quorum for any meeting of the Committee. All actions of the Committee will require the vote of a majority of its members present at a meeting of the Committee at which a quorum is present.

Audit Committee Responsibilities

1. The Committee is responsible for having a written charter setting out its mandate and responsibilities.
2. The Committee is responsible for recommending to the Board:
 - (i) The external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; and
 - (ii) The compensation of the external auditors.
3. The Committee is directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or

attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting.

4. The Committee must pre-approve all non-audit services to be provided to the Corporation by its external auditors.
5. The Committee must review the financial statements and references to other financial information before the Corporation publicly discloses the information.
6. The Committee must be satisfied that adequate procedures are in place for the review of any disclosure of financial information extracted or derived from the financial statements, and must periodically assess the adequacy of those procedures.
7. The Committee is responsible for establishing procedures for:
 - (i) The receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) The confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (8) The Committee is responsible for reviewing and approving the Corporation's hiring policies regarding employees and former employees of the present and former external auditors.

Meetings of the Committee

The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. The proceedings of all meetings will be minuted.

The Committee may invite such other persons to its meetings as it deems necessary.

The presence in person or by telephone or other similar means of a majority of the Committee's members shall constitute a quorum for any Committee meetings. All decisions of the Committee will require the vote of a majority of its members present at a meeting at which a quorum is present.

Roles and Responsibilities

1. Financial Reporting

- (i) Gain an understanding of the current areas of greatest financial risk and how management is managing these effectively;
- (ii) Consider with the external auditors any fraud, illegal acts, deficiencies in internal control or other similar issues;
- (iii) Review significant accounting and reporting issues, including recent professional and regulatory pronouncements and understand their impact on the financial statements;
- (iv) Ask management and the external auditors about significant risks and exposures and the plans to minimize such risks;

- (v) Establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls or auditing matters.
- (vi) Establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (vii) Review any legal matters, which could significantly impact the financial statements.
- (viii) Review and recommend approval to the Board of:
 - Prospectus-type documents
 - Related news releases
 - Information and earnings guidance provided to analysts and rating agencies.

2. Annual Financial Statements

- (i) Meet with management and the external auditors to review the financial statements and the results of the audit;
- (ii) Review the annual audited financial statements prior to presentation to the Board and distribution to shareholders and determine whether they are complete and consistent with the information known to committee members; assess whether the financial statements reflect appropriate accounting principles;
- (iii) Recommend that the annual financial statements and all related documents be received and approved by the Board.
- (iv) Review the financial reports and statements of the Corporation that require the approval of the Board prior to being submitted to a regulatory body;
- (v) Be satisfied that adequate procedures are in place for the review of any disclosure of financial information extracted or derived from these financial statements and periodically assess the adequacy of those procedures.
- (vi) Review complex and/or unusual transactions and judgmental areas such as significant claims and contingencies that could materially impact the Corporation's financial position;
- (vii) Review Management's Discussion and Analysis of financial information in the annual report and the Annual Information Circular.
- (viii) Review all Related Party transactions.

3. Interim Financial Statements

Assess the fairness of the preliminary and interim statements and disclosures and obtain explanations from management and internal and external auditors on whether:

- (i) Actual financial results for the interim period varied significantly from budgeted or forecasted results;

- (ii) Changes in financial ratios and the relationships in the interim financial statements are consistent with changes in the Corporation's operations and financing practices;
- (iii) Generally accepted accounting principles have been consistently applied;
- (iv) There are any actual or proposed changes in accounting or financial reporting practices:
- (v) There are any significant or unusual events or transactions;
- (vi) The preliminary announcements and interim financial statements contain adequate and appropriate disclosures.

4. Risk and Uncertainty

The Board of Directors, in consultation with management, identifies the principal business risks, decides on an acceptable level, approves related risk management policies and assigns oversight responsibilities to Board committees and the Board as a whole.

The Audit Committee requests the external auditor's opinion of management's assessment of significant financial risks facing the company and how effectively they are being managed or controlled.

5. Internal Control

The Audit Committee reviews the plans of the internal and external auditors to ensure the combined evaluation and testing of control is comprehensive, well coordinated, cost effective and appropriate to risks, business activities, changing circumstances etc.

- (i) Reviews appointments of key people involved in financial reporting
- (ii) Reviews fraud prevention programs and monitors their implementation.
- (iii) Reviews annual budget and management control procedures
- (iv) Evaluate whether management is settling the appropriate "control culture" by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities.
- (v) Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.
- (vi) Gain an understanding of whether internal control recommendations made by the external auditors have been implemented by management.
- (vii) The process and procedures for Officer certification of financial information.

6. External Audit

The Committee is directly responsible for engaging and overseeing the work of the external auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Fund. The external auditors shall report all material issues or potentially material issues to the Committee.

The Committee shall:

- (i) Review the external auditor's proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope;
- (ii) Review the performance of the external auditors;
- (iii) Consider the independence of the external auditor, including reviewing the range of services provided in the context of all consulting services bought by the company;
- (iv) Review the annual audit plan and fees proposed by the external auditors;
- (v) Review the nature and extent of the liaison between the Corporation's staff and the external auditors;
- (vi) Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis;
- (vii) Report to the Board any conflict between the external auditors and management that the Committee has been unable to resolve within a reasonable period of time;
- (viii) Review the draft audit opinion on annual financial statements
- (ix) Review the management representation letter provided to the external auditors
- (x) Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately;
- (xi) Make recommendations to the Board regarding the external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation and their compensation.
- (xii) The Audit Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall be accountable to the Board through the Audit Committee. The external auditors shall report all material issues or potentially material issues to the Committee.

7. Compliance with Laws and Regulations

The Committee shall:

- (i) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any fraudulent acts or non-compliance;

- (ii) Obtain regular updates from management and others (e.g. internal and external auditors, legal counsel) concerning the company's compliance with financial related laws and regulations such as:
 - Tax and financial reporting laws and regulations.
 - Legal, tax and withholding remittances.
 - Environmental protection laws.
 - Occupational health and safety laws.
 - Personal Information and Protection of Privacy laws
- (iii) Review insider stock trades for compliance with Automodular Corporate Governance Policies.
- (iv) Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;
- (v) Review the findings of any examination by regulatory agencies.

8. Other Matters

a. Conflicts of Interest

The Committee shall:

- (i) Review the Corporation's policies relating to the avoidance of conflicts of interest between the Corporation and members of management as well as procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets;
- (ii) Annually, review and approve the CEO's expense accounts for the year then ended.

b. Committee's Right to Seek Independent Advice

If the Committee deems it appropriate, it has the authority to seek independent expert advice, including the retaining of independent counsel, accountants or others, to assist the Committee in fulfilling its duties and responsibilities and has the authority to set and pay the compensation for any advisors employed.

c. Committee's Caveat

While the Committee has the duties and responsibilities as set out in the Charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.