AUTOMODULAR CORPORATION

ANNUAL REPORT 2003

AUTOMODULAR CORPORATION

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FINANCIAL HIGHLIGHTS

	Year ended December 31, 2003 (000's)	Year ended December 31, 2002 (000's)
Sales	$ 107,909	$ 55,919
Earnings before income taxes	6,085	5,822
Net earnings	3,745	4,033
Net earnings per share	0.20	0.21
Total assets	53,804	42,806
Shareholders' equity	34,590	36,994

TO THE SHAREHOLDERS

Automodular Corporation ("Automodular") acquired Tec-Mar Distribution Services Inc. ("Tec-Mar") January 31, 2003, effectively doubling the size of the corporation. As a result, 2003 sales were $108 million, up from $56 million in 2002.

Management expected 2003 net earnings to grow in line with the increased sales. This did not occur for three reasons:

1. The rapid rise in the Canadian dollar versus the U.S. currency resulted in lower earnings contributions from Automodular's U.S. operations, when expressed in Canadian funds. The currency change reduced Automodular's net earnings for 2003 by approximately $0.5 million.
2. Production of Saturn-L vehicles in Automodular's Wilmington, Delaware operations fell by half in 2003, reducing net earnings by approximately $1.3 million.
3. A 2-day power outage in Canada and the United States affected most of Automodular's plants, causing lost production and higher expenses. Combined with other schedule changes, Automodular experienced unplanned overtime premiums during 2003 which reduced net earnings by approximately $0.8 million.

As a consequence of the foregoing unexpected events, Automodular failed to meet a banking covenant as at September 30, 2003. Automodular's bankers continued to extend credit and Automodular renegotiated its banking facilities. In parallel, the directors decided to omit dividend payments scheduled for the fourth quarter of 2003 and the first quarter of 2004. The directors have made no determination as to when to reinstitute dividends or at what rate, should they decide to do so.

In March 2004, General Motors of Canada advised Automodular that it would not extend a contract with Automodular expiring June 2004 to sequence certain car plant commodities. At about the same time, General Motors Corporation announced that the Saturn-L program would end in the third quarter of 2004, one year earlier than expected. The combined impact of the loss of business associated with these changes is expected to reduce Automodular's 2004 sales and net earnings by $10 million and $0.5 million respectively.

Automodular has bid or is bidding on a number of programs both in Canada and the United States for 2004 and 2005 start-up. However, success on these programs will not contribute to sales or earnings in 2004.

On behalf of the directors.

"Michael F. Blair"

Michael F. Blair,
Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

The following MD&A of our consolidated operating results and financial position is for the years ended December 31, 2003 and 2002 and should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Automodular Corporation ("Automodular" or the "Company") is a sequencer and sub-assembler of modules that are installed in cars and trucks assembled by General Motors at plants in Canada and the United States. We employ approximately 1,100 people in 8 facilities servicing 7 General Motors assembly plants. We operate more than 1.5 million square feet of plant space and provided sequencing and sub-assembly services for 1.8 million vehicles in 2003.

OVERVIEW

Our mission statement is "to be the world class assembler and sequencing operation to the automotive manufacturers." We strive to meet or exceed our customers' expectations and be competitive through continuous improvement. Our goal is zero defects.

Our core values reflect our commitment to this mission statement. They include the following:

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

The Company provides services for the following platforms:

Truck plants	Oshawa, ON	Chevrolet Silverado GMC Sierra
	Pontiac, MI	As above
Car plants	Oshawa, ON	Chevrolet Impala Chevrolet Monte Carlo Pontiac Grand Prix Buick Century Buick Regal
	Lansing, MI	Pontiac Grand Am Chevrolet Malibu Oldsmobile Alero
	Lansing, MI	Cadillac CTS Cadillac SRX
	Wilmington, DE	Saturn-L Series

The current year was challenging for the Company. Sales increased from $55.9 million to $107.9 million with the acquisition of Tec-Mar Distribution Services Inc. ("Tec-Mar") on January 31, 2003. However, net earnings did not grow in line with expectations. Net earnings declined from $4.0 million or $0.21 per share (restated) to $3.7 million or $0.20 per share.

Accomplishments included the following:

- The acquisition of Michigan-based Tec-Mar effectively doubled the size of the Company and was seamless to the customer. The acquisition has broadened the management resources of the Company, which has benefited operations, and will continue to support future growth opportunities.
- The Tec-Mar division opened a 210,000 square foot sequencing facility in July to service the Lansing Grand River car assembly plant.
- Quality metrics, as measured by parts per million defect rates, decreased by more than 50% on a corporate-wide basis compared to 2002. The Company exceeded GM's definition of a "world class" supplier which is defined as a parts per million defect rate of less than 25.

Challenges included the following:

- The rapid rise in the Canadian dollar versus the US dollar resulted in lower earning contributions from Automodular's US operations since the financial statements are expressed in Canadian dollars.
- As a result of poor sales of the Saturn-L vehicle, production was cutback by approximately 50% compared to 2002. Subsequent to year-end, General Motors Corporation announced the termination of production effective at the end of the third quarter of 2004.
- The August power outage in Canada and the Northeastern US affected all operating plants causing lost production and higher expenses.
- The start-up of the second shift in Lansing Grand River resulted in negative labour variances compared to expectations.
- As a result of the above factors, Automodular failed to meet a banking covenant at September 30, 2003. The Company's bankers continued to extend credit and Automodular subsequently renegotiated its banking facilities and obtained a waiver of the covenant breach.

OUTLOOK

2004 North American light vehicle volumes are expected to approximate 2003 levels. Automodular seeks further growth through awards of new business or through selective acquisitions in the automotive sector.

Subsequent to year-end, the Company received notice from General Motors of Canada that it will not extend its purchase order for certain commodities sequenced by the Company for the Oshawa car plants. The impact of this coupled with the termination of Saturn-L vehicle production is expected to reduce consolidated operating results by $10 million in sales and $0.5 million in net earnings.

The Company is engaged in an unprecedented volume of bidding activity. These opportunities are with General Motors, Tier 1 suppliers and other North American based OEM's. The Company continues to be optimistic of the opportunities available even in light of the recent setbacks.

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. Soft costs include all operating costs incurred during the ramp-up or preproduction period. 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.

INDUSTRY RISKS AND TRENDS

The following are some of the more significant risks and trends that could impact the Company and its future results:

Pricing pressures

The Company enters into long-term contracts with its customers. The contracts often contain price concessions over the contract term. The 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. Customers continue to demand additional price reductions beyond existing contractual commitments which could have an adverse impact on the Company's future earnings.

Industry risk

The automotive industry is cyclical and impacted by various economic and political factors including interest rates, consumer demand and international conflicts.

Foreign currency

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.

Program risk

Earnings may be adversely impacted by poor consumer demand for vehicles that the Company provides services for.

RESULTS OF OPERATIONS

The Company's comparative consolidated operating results for the years ended December 31, 2003 and 2002 are as follows:

(all numbers in thousands)	2003	% of sales	2002	% of sales
Sales	$ 107,909	100.0%	$ 55,919	100.0%
Cost of sales and other expenses	96,110	89.1%	48,686	87.1%
Earnings before the following:	11,799	10.9%	7,233	12.9%
Amortization	5,011	4.6%	3,023	5.4%
Interest expense	736	0.7%	42	0.0%
Loss (gain) on disposal of PP&E	130	0.1%	(346)	-0.6%
Stock option expense	33	0.0%	–	0.0%
Foreign exchange	614	0.6%	(13)	0.0%
Other income	(810)	-0.7%	(1,295)	-2.3%
	5,714	5.3%	1,411	2.5%
Earnings before income taxes	6,085	5.6%	5,822	10.4%
Income taxes	2,340	2.1%	1,789	3.2%
Net earnings	$ 3,745	3.5%	$ 4,033	7.2%

SALES

Automodular's sales increased from $55.9 million to $107.9 million in 2003 due to the acquisition of Tec-Mar. Canadian operations sales increased to $43.4 million from $41.1 million as a result of increased volumes and new business awarded. The poor sales of the Saturn-L vehicle resulted in a decrease in sales from the Company's Wilmington operations of $3.1 million US. Tec-Mar revenues were consistent with expectations.

The increased strength of the Canadian dollar against the US dollar also resulted in substantially lower sales than expected. The average exchange rate for 2003 was $1 Canadian being equivalent to $0.71 US. This compared to a rate of $0.64 US in 2002. The impact on 2003 US dollar revenues is approximately $6.2 million.

EARNINGS BEFORE INTEREST, TAXES, AMORTIZATION AND OTHER NON-CASH ITEMS

Automodular uses an EBITDA metric as a measure of cash operating earnings. It is a metric that is widely used in evaluating the operating performance of companies in the automotive industry. The Company defines the metric as noted in the chart above. It is not a defined term under Canadian GAAP and is, therefore, unlikely to be comparable to similar measures presented by other companies.

EBITDA increased $4.6 million from $7.2 million to $11.8 million in 2003.

Canadian operations EBITDA was $0.6 million higher than 2002 as a result of the expensing of costs relating to the truck plant consolidation incurred in 2002. This amount was offset by continued pricing pressures coupled with inflationary cost increases that could not be offset by efficiency gains.

EBITDA from US operations was adversely affected by the poor sales of the Saturn-L. Although the Company was able to renegotiate its pricing structure, EBITDA in 2003 was $1.8 million US below 2002 levels. The start-up of the second shift of Lansing Grand River operations coupled with the power blackout and overtime premiums incurred in the Tec-Mar division also resulted in some negative labour variances. This variance amounted to approximately $0.5 million US.

EBITDA was adversely impacted by the increased strength of the Canadian dollar vis a vis the US dollar. The impact on 2003 US dollar EBITDA was approximately $0.8 million.

AMORTIZATION

Amortization increased $2.0 million compared to 2002 due to the acquisition of Tec-Mar and the amortization of its assets. Included in this total is $1.0 million relating to the amortization of purchase orders in place at the time that the Company acquired Tec-Mar. These intangible assets were identified and quantified as part of the analysis of the purchase price equation. The Company engaged an outside party to perform an analysis of the fair value of the customer contracts. This analysis resulted in a value of $3.0 million US being ascribed to the contracts. The amount is being amortized on a straight line basis over the average life of the contracts.

INTEREST

Interest in the current year increased as a result of the acquisition of Tec-Mar. Effective January 31, 2003 the Company assumed debt of $17.5 million to finance the acquisition. The Company incurred additional interest expense relating to capital leases entered into during the latter half of the year for equipment used in its Lansing operations.

FOREIGN EXCHANGE

The characteristics of the Company's Delaware operations are such that they are treated as an integrated operation for foreign currency translation purposes. As such, the increase in the strength of the Canadian dollar resulted in a foreign exchange loss on the translation of these operations.

The Company's Tec-Mar operations are considered self-sustaining for foreign currency translation purposes. As such, the foreign exchange loss as a result of the increase in the strength of the Canadian dollar is reflected as a separate component of shareholders' equity.

OTHER INCOME

Other income declined from 2002 by $0.5 million. The Company has divested itself of the majority of its investment portfolio. The long-term investments remaining on the balance sheet relate to shares of Dominion Citrus Limited ("Dominion") that are held to cover the Company's obligation to deliver Dominion shares on options outstanding prior to the spinout of Dominion in 2001.

INCOME TAXES

The effective tax rate has increased from 30.7% to 38.5%. This is due primarily to three factors: the amortization of the purchase orders capitalized upon the acquisition of Tec-Mar is not deductible for tax purposes, non-taxable gains on investment income have decreased from 2002, and foreign exchange losses not being deductible for tax purposes.

NET EARNINGS

Net earnings as a percent of sales decreased from 7.2% to 3.5% for the reasons discussed beforehand.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

QUARTERLY DATA

(all numbers in thousands)

	2003				2002			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Sales	27,947	25,359	29,869	24,734	14,485	13,574	14,236	13,624
Amortization	1,557	1,305	1,159	990	812	760	757	694
Net earnings (loss)	666	(172)	2,264	987	16	1,360	1,532	1,125

OPERATING ACTIVITIES

(all numbers in thousands)	2003	2002
Net earnings	$ 3,745	$ 4,033
Non-cash items	5,112	2,939
Non-cash working capital	(2,480)	2,806
Cash from operations	6,377	9,778

Cash from operations declined $3.4 million from 2002 to 2003. The decline is primarily as a result of the change in non-cash working capital items. Additional cash resources were utilized in financing accounts receivable and accounts payable relating to the Tec-Mar operations as a result of sales growth during the year.

INVESTING ACTIVITIES

(all numbers in thousands)	2003	2002
Purchase of PP&E (net)	$ (2,094)	$ (887)
Funding of pension plan	(124)	(1,577)
Proceeds on disposal of investments	388	991
Business acquisition	(28,871)	–
Repayment of loans receivable	–	422
Cash from investing activities	(30,701)	(1,051)

Net property, plant and equipment (purchases less proceeds on dispositions) increased by $1.2 million. The Company disposed of one of its properties during 2002 for net proceeds of $1.0 million. There were no similar dispositions in the current year. The larger current year additions related to the new Lansing facility opened in July 2003 and continued investments in error proofing technology. The Company also financed the purchase of equipment with a cost of $0.6 million by entering into capital lease obligations.

During 2002, the Company invested $1.6 million to fully fund the defined benefit pension plan of its Chief Executive Officer.

Consistent with the reduction in the Company's investment portfolio, proceeds on disposal of investments were lower than 2002.

The purchase price of the acquisition of Tec-Mar was $28.9 million (net of cash acquired).

FINANCING ACTIVITIES

(all numbers in thousands)	2003	2002
Issuance of shares	$ 773	$ 464
Proceeds from long-term liabilities	17,500	–
Repayment of long-term liabilities	(3,839)	(5,071)
Dividends paid	(3,974)	(5,273)
Cash from financing activities	10,460	(9,880)

The proceeds of $17.5 million relate to the funds obtained to finance the acquisition of Tec-Mar. Repayments of $3.8 million include $3.5 million relating to the Tec-Mar loan with the balance relating to capital leases.

Dividends were declared and paid at the rate of 7 cents per share for the first three quarters of 2003 totalling $4.0 million. No further dividends have been declared or paid.

UNUSED AND AVAILABLE FINANCING RESOURCES

Automodular has cash on hand at year-end of $3.9 million compared to cash on hand at the end of 2002 of $18.3 million. The Company also has available to it a $5 million operating line.

OFF BALANCE SHEET FINANCING

The Company's off balance sheet financing is limited to operating lease commitments and an interest rate swap agreement. Total commitments for 2004, as disclosed in note 13 of the consolidated financial statements, are $9.0 million. Although the Company's commitments decline by year, existing leases will either be renewed or replaced resulting in lease commitments being sustained at current levels or being replaced by capital expenditures to acquire equivalent resources.

The Company is committed to an interest rate swap agreement on its US dollar denominated debt which expires December, 2005. The agreement subjects the Company to a fixed rate of 5.85% and the counterparty to a floating three-month US dollar LIBOR rate.

SHAREHOLDERS' EQUITY

Shareholders' equity decreased from $37.0 million to $34.6 million.

Included as a separate component of shareholders' equity is a cumulative translation adjustment of $3.0 million. This loss is as a result of the increased strength of the Canadian dollar against the US dollar when translating the Tec-Mar operations to Canadian dollars offset by a gain on the US dollar portion of the financing. Automodular will continue to be affected by changes in the Canadian dollar. The Company does not enter into foreign exchange contracts for speculative purposes.

During the year, $0.8 million in shares were issued upon the exercising of options and warrants.

The deficit increased $0.2 million due to the dividends paid during 2003 exceeding the net earnings for the year.

ACCOUNTING POLICIES

The preparation of the consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses and the related disclosure of contingent assets and liabilities. The Company bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances. The Company regularly examines its estimates. However, actual results may differ from these estimates under different assumptions or conditions.

CHANGES IN ACCOUNTING POLICIES

Deferred contract costs

During the year, the Company elected to change its accounting policy in order to reflect a more conservative approach to accounting for its deferred contract costs. The revised policy is more reflective of the policy adopted by the majority of the industry in which the Company operates while continuing to appropriately reflect the substance of the production contracts that the Company enters into. This change was applied retroactively and financial statements of prior periods were restated. The Company capitalizes costs incurred in establishing new production lines and facilities which require substantial time to reach commercial production capability. In the past, the Company amortized these costs on a straight-line basis over the contract life commencing on the date commercial production is achieved. As the contract life was extended, the amortization term was lengthened. The revised policy will only amortize the costs over the original contract length.

The Company also incurs ongoing contract costs which provide a future benefit over the life of the contract. These costs were previously capitalized and amortized over the remaining life of the contract. This included costs incurred relating to plant consolidations and other customer initiated programs. The Company now expenses all such costs in the period incurred.

The impact on the current year is the elimination of deferred contract costs on the balance sheet at December 31, 2003. The impact on earnings for 2003 is an increase of $0.1 million and for 2002 a decrease of $0.6 million. The notes to the financial statements describe the specific adjustments involved.

Stock-based compensation

Effective January 1, 2003 the Company elected to account for its stock option awards using the fair-value method. Previously, the Company accounted for stock option awards using the intrinsic method which resulted in no expense being recorded. This change in accounting policy was adopted prospectively and resulted in compensation expense being recorded in the current year of $0.03 million.

CRITICAL ACCOUNTING POLICY

The Company believes that the following accounting policy is critical because it involves significant judgment and estimates to be used.

Goodwill and intangible assets

As required by Section 3062 of the CICA handbook, goodwill and intangible assets must be evaluated at least annually to determine whether any impairment exists. The analysis compares the fair value of the reporting unit to the underlying carrying value of the reporting unit’s net assets. A portion of Automodular’s goodwill arose upon acquisition of the Company in 1997, with the balance relating to the acquisition of Tec-Mar in the current year. Intangible assets include the fair value of the Tec-Mar purchase orders in place upon acquisition as previously discussed.

The Company has evaluated the carrying value of its goodwill and intangible assets and determined that no write-down is necessary.

FORWARD LOOKING STATEMENTS

This MD&A contains statements which, to the extent that they are not recitations of historical fact, may constitute "forward looking statements." Forward looking statements may include financial and other projections, as well as statements regarding our 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 MD&A are cautioned that such statements are only predictions, and that our actual future results or performance may be materially different.

Forward looking information involves certain risks, assumptions, uncertainties and other factors which may cause actual future results to differ materially from those expressed or implied in any forward looking statements. In Automodular's case, these factors principally relate to the risks within the automotive industry and include, but are not limited to: the effect of new accounting standards on our financial results; our ability to identify, close and integrate acquisitions; the ability to finance new business requirements; global economic conditions; fluctuations in interest and exchange rates; the continuation and extent of outsourcing by automotive manufacturers; our ability to meet customer needs relating to cost and quality; labour issues or disruptions; customer pricing pressures; actual levels of program production volumes differing from original expectations; our dependence on certain platforms; our relationship with and dependence on General Motors; new program launch risks and other changes in the business environment in which we operate. We do not intend, nor do we undertake any obligation, to update or revise any forward looking statements to reflect subsequent information, events, results, circumstances or otherwise.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying consolidated financial statements and all information contained in this report were prepared by and are the responsibility of management. The statements were prepared in accordance with Canadian generally accepted accounting principles and include management's best judgments and estimates. Where alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial information presented elsewhere in this report is consistent with that in the financial statements.

The Company maintains a system of internal controls which provides management with reasonable assurance that financial information is relevant, reliable and accurate and that the Company's assets are properly accounted for and adequately safeguarded.

The consolidated financial statements have been audited by the independent external auditors appointed by the shareholders, Smith, Nixon & Co. LLP. In that capacity, they have examined and reported on the consolidated financial statements for the years ended December 31, 2003 and 2002. The Audit Committee of the Board of Directors has reviewed the consolidated financial statements with management and the external auditors and has recommended their approval by the Board of Directors.

"Michael F. Blair"

Michael F. Blair
Chief Executive Officer
Toronto, Ontario

"Christopher S. Nutt"

Christopher S. Nutt
Vice-President Finance
Toronto, Ontario

February 21, 2004

AUDITORS' REPORT

TO THE SHAREHOLDERS OF AUTOMODULAR CORPORATION

We have audited the consolidated balance sheets of Automodular Corporation as at December 31, 2003 and 2002 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. 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 also 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 presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

TORONTO, ONTARIO

February 21, 2004

Smith, Nixon & Co. LLP

CHARTERED ACCOUNTANTS

CONSOLIDATED BALANCE SHEETS

as at December 31, 2003 and 2002
(all numbers in thousands)

	2003	2002
ASSETS		
Current assets:		
Cash	$ 3,929	$ 18,310
Investments (trading value 2003 – $233; 2002 – $443)	199	273
Receivables *(Note 3)*	12,037	2,504
Inventory	260	–
Income taxes receivable	1,037	1,108
Prepaid expenses	2,690	2,289
	20,152	24,484
Long-term investments	33	283
Future income taxes *(Note 10)*	210	72
Property, plant and equipment *(Note 4)*	9,481	6,452
Other assets *(Note 5)*	23,928	11,515
	$ 53,804	$ 42,806
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,052	$ 5,812
Current portion of long-term liabilities *(Note 7)*	3,946	–
	9,998	5,812
Long-term liabilities *(Note 7)*	9,216	–
	19,214	5,812
Contingencies and Commitments *(Note 13)*		
SHAREHOLDERS' EQUITY		
Capital stock *(Note 8)*	40,386	39,613
Contributed surplus *(Note 8)*	33	–
Cumulative translation adjustment	(2,981)	–
Deficit	(2,848)	(2,619)
	34,590	36,994
	$ 53,804	$ 42,806

Signed on behalf of the Board

"Michael F. Blair" — Director

"Alan R. Marchment" — Director

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF DEFICIT

years ended December 31, 2003 and 2002
(all numbers in thousands)

		2003		2002
BALANCE – BEGINNING OF YEAR	$	(2,619)	$	(1,379)
Net earnings for the year		3,745		4,033
Dividends		(3,974)		(5,273)
BALANCE – END OF YEAR	$	(2,848)	$	(2,619)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31, 2003 and 2002
(all numbers in thousands except shares and per share amounts)

		2003		2002
SALES	$	107,909	$	55,919
COST OF SALES AND OTHER EXPENSES		96,110		48,686
EARNINGS FROM OPERATIONS BEFORE THE FOLLOWING:		11,799		7,233
Amortization		5,011		3,023
Interest expense		736		42
Loss (gain) on disposal of property, plant and equipment		130		(346)
Stock option expense		33		–
Foreign exchange		614		(13)
Other income *(Note 9)*		(810)		(1,295)
		5,714		1,411
EARNINGS BEFORE INCOME TAXES		6,085		5,822
INCOME TAXES *(Note 10)*		2,340		1,789
NET EARNINGS FOR THE YEAR	$	3,745	$	4,033
Earnings per share				
Basic	$	0.20	$	0.21
Diluted	$	0.20	$	0.21
Weighted average common shares outstanding		11,938,617		11,829,359
Exchangeable Class X shares *(Note 8(c))*		7,000,000		7,000,000
Basic weighted average common shares outstanding		18,938,617		18,829,359
Basic weighted average common shares outstanding		18,938,617		18,829,359
Incremental shares from stock options and warrants		82,986		106,647
Diluted weighted average common shares outstanding		19,021,602		18,936,006

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

years ended December 31, 2003 and 2002
(all numbers in thousands)

	2003	2002
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Net earnings for the year	$ 3,745	$ 4,033
Items not involving current cash flows *(Note 11)*	5,112	2,939
Net change in non-cash working capital *(Note 11)*	(2,480)	2,806
	6,377	9,778
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,134)	(1,900)
Proceeds on disposal of property, plant and equipment	40	1,013
Funding of pension plan	(124)	(1,577)
Proceeds on disposal of long-term investments	388	991
Business acquisition *(Note 2)*	(28,871)	–
Repayment of loans receivable	–	422
	(30,701)	(1,051)
FINANCING ACTIVITIES		
Issue of common shares	773	464
Proceeds from long-term liabilities	17,500	–
Repayment of long-term liabilities	(3,839)	(5,071)
Dividends paid	(3,974)	(5,273)
	10,460	(9,880)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(517)	–
CHANGE IN CASH	(14,381)	(1,153)
CASH – beginning of year	18,310	19,463
CASH – end of year	$ 3,929	$ 18,310

The accompanying notes are an integral part of these consolidated financial statements.

as at December 31, 2003 and 2002
(all numbers in thousands except share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Automodular Corporation and its wholly-owned subsidiaries (the "Company") and have been prepared following Canadian generally accepted accounting principles.

Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from these estimates.

Financial Instruments and Risk Management

The carrying value of cash, short-term investments, receivables, income taxes receivable, accounts payable and accrued liabilities are considered to be representative of their respective values due to their short-term nature.

The fair value of long-term liabilities approximate carrying values since actual rates approximate market rates.

Inventory

Inventory consists of raw materials and finished goods and is valued at the lower of cost or market on a first-in, first-out basis.

Investments

Short-term investments are recorded as current assets and are carried at the lower of cost or trading value.

Long-term investments are carried at cost less any write-downs for impairments that are other than temporary.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and are amortized over the estimated useful lives of the assets using diminishing balance or straight line methods at effective annual rates ranging from 10% to 40%. Open projects are assets not currently available for use and will be reclassified to their appropriate classification upon project completion.

Deferred Contract Costs

During the current year, the Company changed its accounting policy for accounting for deferred contract costs. The Company will continue to capitalize costs incurred in establishing new production lines and facilities which require substantial time to reach commercial production capability. However, amortization of these costs will be recorded over the life of the original contract, commencing on the date commercial production is achieved. Previously, the amortization period was revised as the contract period was extended. After commencement of commercial production, ongoing contract costs will be expensed in the period incurred. Previously, ongoing contract costs that provided a further benefit over the life of the contract were capitalized and amortized over the contract period.

This change in accounting policy has been applied retroactively, and financial statements of prior periods have been restated. The impact on adopting the new policy on the consolidated balance sheets and statements of earnings is:

Increase (decrease)	**2003**	**2002**
Changes in consolidated balance sheets:		
Other assets	$ (2,079)	$ (2,137)
Property, plant and equipment	(55)	(211)
Future income taxes	747	822
Deficit	1,387	1,526
Changes in consolidated statements of earnings:		
Cost of sales and other expenses	$ 297	$ 1,263
Amortization	(505)	(329)
Income taxes	73	(327)
Net earnings	$ 135	$ (607)
Earnings per share – basic and diluted	$ 0.01	$ (0.03)

Goodwill

Goodwill represents the excess of the purchase price of the Company's interest in subsidiary entities over the fair value of the underlying net identifiable tangible and intangible assets arising on acquisition.

Commencing January 1, 2002 the Company adopted the Canadian Institute of Chartered Accountants (CICA) new recommendations under Handbook Section 3062 "Goodwill and Other Intangible Assets" and Handbook Section 1581 "Business Combinations" which were issued in 2001.

The new standards require non-amortization of existing and future goodwill and intangible assets that meet the criteria for indefinite life. Since goodwill is no longer amortized, the Company must determine at least once annually whether the fair values of the existing goodwill and intangible assets have been permanently impaired. Any permanent impairments are then recorded as a separate charge against earnings and a reduction of the carrying value of goodwill and intangible assets. During the year, the Company evaluated the carrying value of its goodwill and intangible assets and determined that no write-down was necessary.

Pension Plans
The Company has both defined contribution and defined benefit pension plans. The costs of defined contribution pension plans, representing the Company's required contribution, and the costs of defined benefit pension plans, determined based on the actuarial present value of future expected benefits attributed to the period, are charged to earnings in the period. Adjustments arising from plan amendments, experience gains and losses and changes in actuarial assumptions are amortized to earnings over the expected average remaining service lives of the respective employees.

Foreign Exchange
Monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date. Other assets and liabilities and revenue and expense transactions are translated at the actual rates of exchange in effect at the time of the transaction. Exchange gains and losses are included in income.

The Company considers Tec-Mar Distribution Services, Inc. (a wholly-owned subsidiary), to be a self-sustaining foreign operation. Assets and liabilities are translated at the rate of exchange in effect at the balance sheet date. Sales and expenses are translated using the average exchange rate for the period. Exchange gains and losses arising from the translation are deferred and included in the cumulative translation adjustment account in shareholders' equity and will be included in income when there is a reduction in the net investment in the foreign operation.

Income Taxes
The Company uses the liability method of tax allocation for accounting for income taxes. Under the liability method of tax allocation, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Earnings per Share
Basic earnings per share is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated using the treasury stock method, which assumes that all options or warrants are exercised and that the proceeds would be used to purchase common shares at the average market price during the year.

Stock-Based Compensation
Effective January 1, 2003 the Company adopted prospectively Section 3870 "Stock-based Compensation and other Stock-based Payments." Under this standard the Company now accounts for stock options using the fair-value method. Under this method, compensation expense for stock options granted since January 1, 2003 is measured at the fair value at the grant date using the Black-Scholes option pricing model and is recognized over the vesting period of the options granted.

2. BUSINESS ACQUISITION
On January 10, 2003, a subsidiary of the Company entered into an agreement to acquire 100% of the issued and outstanding shares of Tec-Mar Distribution Services, Inc. ("Tec-Mar") located in Michigan. Tec-Mar is a supplier of sequencing and sub-assembly services to automotive assembly plants. The transaction closed January 31, 2003.

The adjusted purchase price was USD$23,854 (CDN$36,544) and was based upon USD$18,000 plus the excess of adjusted working capital over USD$6,400, which was USD$5,854. The purchase price will be increased for 50% of any Tec-Mar EBITDA (as defined in the agreement) that exceeds USD$4,500 in each of the four years from 2003 through 2006 inclusive. If Tec-Mar EBITDA falls below USD$4,500 in any year such deficit will be deducted from the next year's EBITDA. Any adjustments to the purchase price will be reflected as an addition to goodwill in the period the adjustment is determined. Total cash consideration and acquisition costs presented below also includes USD$534 (CDN$818) in direct costs incurred relating to the acquisition.

The purchase price was paid in cash on closing and was funded by a CDN$17,500 non-revolving term credit facility and a US$5,000 bridge credit facility. The bridge credit facility was repaid following the closing of the transaction.

In accordance with CICA Handbook Section 1581, the acquisition has been accounted for using the purchase method and the results of operations are included from the date of acquisition. The fair value of net assets in Canadian dollars acquired is as follows:

Current assets (including cash of $8,491)	$	21,352
Property, plant and equipment		3,979
Intangible assets – production contracts		4,637
Current liabilities		(3,575)
Long-term liabilities		(749)
Net identifiable assets acquired		25,644
Goodwill		11,718
Total cash consideration and acquisition costs	$	37,362

An analysis was performed on the purchase price to identify and quantify any intangible assets acquired. This analysis resulted in the identification of USD$3,027 of production contracts in place. The average length of the contracts is four years, and accordingly the asset is being amortized on a straight-line basis over that term.

The adjustment to the purchase price as a result of 2003 operations is CDN$271 (USD$195). The amount has been reflected as an increase to goodwill and an increase in accounts payable and accrued liabilities.

as at December 31, 2003 and 2002
(all numbers in thousands except share amounts)

3. RECEIVABLES

The Company, in the normal course of business, is exposed to credit risk from its customers – all of which are in the automotive industry. These accounts receivable are subject to normal industry credit risks. As at December 31, 2003, 89% (2002 – 91%) of trade receivables were due from General Motors Corporation.

The Company has long-term contracts with General Motors Corporation. Substantially all of its sales are made to General Motors Corporation.

4. PROPERTY, PLANT AND EQUIPMENT

	2003			2002
	Cost	**Accumulated Amortization**	**Net**	**Net**
Land, buildings and leasehold improvements	$ 6,278	$ 3,155	$ 3,123	$ 3,067
Manufacturing equipment	10,177	6,822	3,355	1,807
Automotive equipment	2,816	1,846	970	–
Other equipment and furniture	4,330	2,637	1,693	982
Open projects	340	–	340	596
	$ 23,941	$ 14,460	$ 9,481	$ 6,452

5. OTHER ASSETS

	2003			2002
	Cost	**Accumulated Amortization**	**Net**	**Net**
Goodwill	$ 19,601	$ –	$ 19,601	$ 9,414
Intangible assets – production contracts	3,925	899	3,026	–
Deferred contract costs	5,937	5,937	–	779
Pension fund asset *(Note 12)*	1,301	–	1,301	1,322
	$ 30,764	$ 6,836	$ 23,928	$ 11,515

6. CREDIT FACILITIES

The Company has available to it a revolving credit facility with a limit of $5,000. Both it and the term credit facility described in Note 7 are secured by the Company's present and future assets, properties and undertakings. Interest is calculated at the bank's prime rate of interest plus 0.75%. The effective interest rate at December 31, 2003 was 5.25% (2002 – 5.25%).

7. LONG-TERM LIABILITIES

	2003	**2002**
Term credit facility, comprised of bankers acceptance, Canadian and US term loans bearing interest at floating rates, based on prime, or LIBOR. The effective interest rate for 2003 was approximately 5.45%. Of the total, $9,147 (US $7,055) is denominated in US dollars.	$ 12,337	$ –
Capital leases with interest rates ranging from 7.5% to 8.5%, repayable in monthly instalments of $40 (USD $31), with various maturities secured by equipment with an original capital cost of $1,328 (USD $1,024).	825	–
	13,162	–
Deduct: Current portion	3,946	–
	$ 9,216	$ –

Under the terms of the financing arrangements with its bankers, the Company is required to meet certain financial and other covenants. The Company was in compliance with all covenants at December 31, 2003.

Interest expense on long-term liabilities for the year to date is $875 (2002 – $42).

The principal repayments of the long-term liabilities are as follows:

2004	$ 3,946
2005	3,749
2006	5,467
	$ 13,162

as at December 31, 2003 and 2002
(all numbers in thousands except share amounts)

8. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares.

(b) Issued – Common Shares

	Number of Shares	Amount
Balance – December 31, 2001	11,696,233	$ 17,773
Share options exercised	173,000	464
Balance – December 31, 2002	11,869,233	18,237
Share options and warrants exercised	195,000	773
Balance – December 31, 2003	12,064,233	$ 19,010

Class X shares issued by a subsidiary *(Note 8(c))*

	Number of Shares	Amount
Balance – December 31, 2001, 2002 and 2003	1,504,365	$ 21,376
Total		$ 40,386

(c) Class X shares

During 2001, a subsidiary of the Company issued 1,504,365 Class X shares, which are exchangeable into 7,000,000 common shares of the Company. The shares participate in the earnings and dividends of the Company as though they were common shares of the Company and accordingly are included in the calculation of weighted average common shares outstanding.

(d) Options

Under the Company's stock purchase plan, the board of directors is entitled to grant to designated directors, officers and employees of the Company or any subsidiary thereof, the right to purchase unissued common shares of the Company. The options are granted at a price not less than the fair value of the shares on the date of the grant.

All options granted in 2002 vest evenly over a period of five years except for 50,000 options granted which vest evenly over two years and 30,000 options which vest evenly over four years. 24,000 options expired during the year ended December 31, 2002.

All options granted in 2003 vest evenly over a period of five years except for 75,000 options granted which vest evenly over three years.

As at December 31, 2003, options outstanding to certain directors, officers and employees for the purchase of common shares were as follows:

Date of Grant	Number	Exercise Price	Expiry Date	Options Exercisable
January 27, 1999	25,000	$ 3.50	January 27, 2004	25,000
October 26, 1999	160,000	$ 4.50	October 26, 2004	160,000
October 25, 2001	272,000	$ 3.85	October 25, 2006	135,467
November 16, 2001	18,000	$ 4.16	November 16, 2006	7,200
October 24, 2002	216,000	$ 4.00	October 24, 2007	59,700
February 18, 2003	155,000	$ 4.15	February 18, 2008	–
July 24, 2003	100,000	$ 4.26	July 24, 2008	–
	946,000			

Effective January 1, 2003, the Company changed its accounting policy to recognize the cost of its stock-based compensation based on the estimated fair value of the stock options granted. This change has been applied prospectively. As such, fair value disclosure is still required for the 2002 year. Pro-forma net earnings and earnings per share for 2002 do not differ from the amount shown on the consolidated statement of earnings.

The fair value of stock options granted during the current period was estimated using the Black-Scholes option pricing model on the date of grant with the following weighted average assumptions:

	2003	2002
Stock price at grant date	$ 4.19	$ 4.00
Exercise price	$ 4.19	$ 4.00
Average life of options (years)	3.8	3.6
Expected stock price volatility	20%	20%
Expected dividend yield	6.68%	7.00%
Risk-free interest rate	3.65%	3.93%
Fair value	$ 93	$ 72
Compensation expense for the year	$ 33	$ 7

9. OTHER INCOME

	2003	2002
Interest, dividends and other	$ 137	$ 437
Gain on disposal of long-term investments	338	857
Gain on disposal of current investments	335	1
	$ 810	$ 1,295

10. INCOME TAXES

(a) The future income tax asset is comprised of the following temporary differences:

	2003	2002
Property, plant and equipment	$ (115)	$ (479)
Reserves and other temporary differences	325	551
	$ 210	$ 72

(b) The Company has capital losses of approximately $7,200 for income tax purposes which may be carried forward indefinitely to reduce future taxable capital gains. The potential benefit of these capital losses has not been recognized in these financial statements.

(c) The major factors that cause variations from the Company's combined federal and provincial statutory Canadian income tax rates of 36.62% (2002 – 38.62%) were the following:

	2003	2002
Earnings before income taxes	$ 6,085	$ 5,822
Expected income tax expense at statutory rates	$ 2,228	$ 2,248
Increase (decrease) resulting from:		
Non-deductible/non-taxable items	611	153
Tax rate differential on US operations	(105)	18
Manufacturing and processing deduction	(237)	(280)
Non-taxable portion of capital gains	(62)	(195)
Capital losses previously unrecognized	(62)	(195)
Other	(33)	40
	$ 2,340	$ 1,789

(d) Provision
The details of the income tax provision are as follows:

	2003	2002
Current provision	$ 2,738	$ 837
Future provision	(398)	952
	$ 2,340	$ 1,789

11. CASH FLOW INFORMATION

(a) Items not involving current cash flows

	2003	2002
Amortization	$ 5,011	$ 3,023
Loss (gain) on disposal of property, plant and equipment	130	(346)
Future income taxes	(483)	905
Gain on disposal of long-term investments	(338)	(857)
Compensation expense	33	–
Cancellation of loans receivable	–	60
Foreign exchange	614	(13)
Pension expense	145	167
	$ 5,112	$ 2,939

(b) Net change in non-cash working capital

	2003	2002
Investments	$ 273	$ –
Receivables	(1,423)	2,700
Inventory	142	–
Prepaid expenses	986	(413)
Accounts payable and accrued liabilities	(2,664)	1,563
Income taxes	206	(1,044)
	$ (2,480)	$ 2,806

(c) Supplemental information

	2003	2002
Interest paid	$ 951	$ 71
Income taxes paid	$ 3,645	$ 1,881

During 2003, the Company financed the purchase of equipment with a cost of $636 by entering into capital lease obligations.

12. PENSION PLANS

The Company has defined contribution plans in place for the employees of its subsidiaries. Contributions to these plans are based on specified percentages of salaries. The Company also has a defined benefit pension plan for a senior executive of the Company. The pension benefit for this plan is based on earnings and years of service.

	2003	2002
Total pension expense is comprised as follows:		
Defined benefit plan		
Service costs (benefits earned during the year)	$ 72	$ 68
Interest costs on accrued benefit obligation	59	54
Expected return on plan assets	(58)	(28)
Amortization of transitional obligations	72	72
Amortization of net actuarial loss	–	1
	145	167
Defined contribution plans	744	639
Total pension expense	$ 889	$ 806
Pension fund asset is comprised as follows:		
Market value of plan assets at beginning of year	$ 1,590	$ –
Employer contributions	124	1,577
Actual return on plan assets	133	13
Market value of plan assets at end of year	$ 1,847	$ 1,590
Accrued benefit obligation is comprised as follows:		
Obligation at beginning of year	$ 912	$ 755
Service costs (benefits earned during the year)	72	68
Interest costs on accrued benefit obligation	59	53
Actuarial loss on accrued benefit obligation	31	36
Accumulated benefit obligation at the end of the year	$ 1,074	$ 912
Funded status at end of year	$ 773	$ 678
Items not recognized in earnings:		
Unrealized transitional obligation	501	573
Unrecognized actuarial losses	27	71
Pension fund asset	$ 1,301	$ 1,322

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligation are as follows:

	2003	2002
Discount rate	5.75%	6.00%
Expected long-term rate of return on plan assets	7.00%	7.38%
Rate of compensation increase	4.00%	4.00%

The Company's required contribution to fund the plan in 2004 is expected to be $125. There are no payments expected to be made from the plan in the next five years. Payments will commence upon retirement of the senior executive.

Plan assets

In 2002, the Company established a retirement compensation arrangement in order to pre-fund the benefits under the plan. Under the terms of the retirement compensation arrangement, 50% of all contributions to the plan are required to be deposited with Canada Revenue Agency in a non-interest bearing refundable tax account. The investment mandate for the remaining 50% was to invest the funds with an independent advisor in a diversified portfolio. The target allocations are: 50% Canadian equity, 40% fixed income, 5% US equity and 5% International equity. At December 31, 2003 the allocation of the investment portfolio was as follows: 54% was invested in Canadian equity funds, 35% was invested in bond and mortgage-based mutual funds, 7% was invested in a US equity fund and 4% was invested in an International equity fund.

The expected long-term rate of return on plan assets was determined by a review of historical rates of similar investments.

13. CONTINGENCIES AND COMMITMENTS

(a) Operating Leases

The majority of the Company's facilities are subject to operating leases. The Company also has operating lease commitments for equipment. Future lease commitments are shown below. 93% of the operating lease commitments relate to facility leases.

2004	$ 9,081
2005	7,585
2006	6,246
2007	5,318
2008	4,779
Thereafter	6,587
	$ 39,596

(b) Interest Rate Swap Agreement

The Company is committed to an interest rate swap agreement on its US dollar denominated debt which expires December, 2005. The agreement subjects the Company to a fixed rate of 5.85% and the counterparty to a floating three-month US dollar LIBOR rate.

The Company accounts for the interest rate swap as a hedge, and as a result, the carrying value of the financial instrument is not adjusted to reflect its current market value. The net receipts or payments arising are recognized in interest expense.

(c) General

In the ordinary course of business activities, the Company is a plaintiff and has been named as defendant in certain litigation and other claims. Management believes that the resolution of such litigation and claims will not have a material adverse effect on the consolidated position of the Company.

14. SEGMENTED INFORMATION

Geographic Information

	2003		2002	
	Sales	**PP&E and Goodwill**	**Sales**	**PP&E and Goodwill**
Canada	$ 43,442	$ 14,157	$ 41,063	$ 14,261
United States	64,467	14,925	14,856	1,605
	$ 107,909	$ 29,082	$ 55,919	$ 15,866

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

16. SUBSEQUENT EVENTS

(a) Production Contracts

In March, 2004, the Company learned that one of its contracts to sequence and sub-assemble components in its Canadian operations would not be renewed. The contract expires June 30, 2004. General Motors Corporation also announced the termination of production of the Saturn-L series vehicle effective at the end of the third quarter. Management estimates the loss of the foregoing business will reduce consolidated operating results for 2004 by $10 million in sales and $0.5 million in net earnings.

(b) Post Retirement Commitment

In January, 2004 the Company committed to providing a senior executive certain post-retirement benefits. The estimated cost of these benefits is approximately $500 and will be expensed in 2004.

(c) Facility Commitment

Subsequent to year-end, the Company entered into negotiations to lease a building to be constructed in Oshawa to consolidate its existing car plant business. If the Company does not enter into the lease, it may have financial obligations which may include the acquisition of land costing $1,500.

COMPARATIVE DATA (RESTATED)

	Dec. 31 2003	Dec. 31 2002	Dec. 31 2001	Dec. 31 2000	Dec. 31 1999
Operations ($000's)					
Sales	107,909	55,919	52,934	49,698	39,604
Earnings from continuing operations	3,745	4,033	3,979	1,942	4,755
Net earnings	3,745	4,033	3,979	3,268	5,447
Cash flow from operations	6,052	9,778	4,301	9,249	1,993
Financial ($000's)					
Total assets	53,610	42,806	46,660	37,457	36,050
Long-term debt	9,216	0	1,991	4,874	3,500
Shareholders' equity	34,590	36,994	37,897	18,282	20,176
Return on average shareholders' equity (%)	10.5	10.8	14.2	17.0	30.6
Per share ($)					
Earnings before discontinued operations	0.20	0.21	0.27	0.18	0.48
Net earnings	0.20	0.21	0.27	0.31	0.54
Weighted average number of shares outstanding (000's)	18,939	18,829	14,883	10,606	10,009

QUARTERLY DATA (RESTATED)

	2003				2002			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales ($000's)	27,947	25,359	29,869	24,734	14,485	13,574	14,236	13,624
Amortization	1,557	1,305	1,159	990	812	760	757	694
Net earnings (loss)	666	(172)	2,264	987	16	1,360	1,532	1,125

COMMON SHARE PRICES

Calendar year	The Toronto Stock Exchange		
	High $	Low $	Volume (000's)
2003			
Fourth Quarter	4.60	2.77	602
Third Quarter	4.50	4.17	621
Second Quarter	4.77	4.10	294
First Quarter	4.64	4.00	163
2002			
Fourth Quarter	4.50	3.80	175
Third Quarter	5.00	3.90	263
Second Quarter	5.73	4.80	288
First Quarter	5.26	3.85	581

DIVIDENDS

The Board of Directors approved a dividend policy whereby the Corporation paid regular quarterly dividends at a rate of $0.07 per common share. The Directors decided to omit dividend payments scheduled for the fourth quarter 2003 and the first quarter 2004. The Directors have made no determination as to when to reinstitute dividends or at what rate should they decide to do so.

INVESTOR RELATIONS

Institutional investors, brokers, security analysts and others desiring financial information about Automodular should contact:

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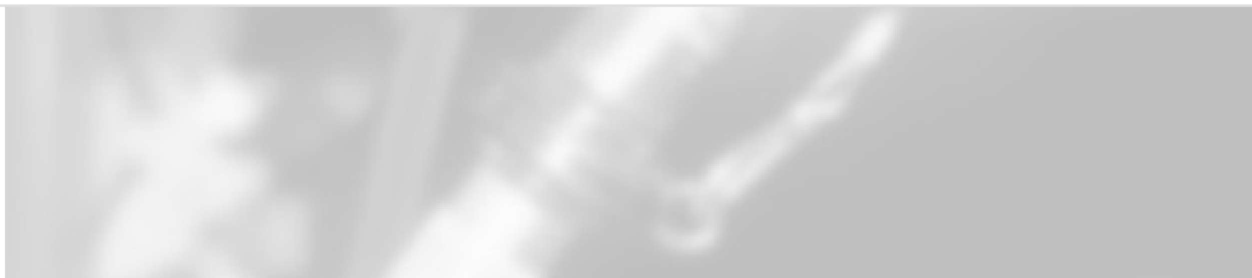

ANNUAL AND SPECIAL MEETING

The Annual and Special Meeting of Shareholders will be held in
Salon 1, Ontario Bar Association Conference Centre
20 Toronto Street, Toronto, Ontario
on Thursday, May 6, 2004 at 10:00 a.m.

All shareholders are encouraged to attend.

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