

To the shareholders

Automodular Corporation (“Automodular”) earned \$0.7 million net earnings or \$0.03 per share in the first quarter on sales of \$21 million. While below the \$1.5 million net earnings (\$0.07 per share) of 2007, the current year results were ahead of management’s plan for the quarter and are consistent with full year net earnings comparable to 2007. The first quarter sales reflected lower production arising from planned shutdowns in the post Christmas period and unplanned shutdowns arising from a strike at a supplier to General Motors Oshawa Truck Assembly plant.

During the quarter, Automodular commenced initial production of modules for the new Ford Flex vehicles being introduced by Ford Motor Company in its Oakville Assembly Complex. Automodular expects to achieve full production rates on the new Flex in the third quarter of 2008, as its new Oakville facility scales up to rated output levels.

Work continues in Oshawa on facilities and equipment for the new Chevrolet Camaro program, expected to launch in the first quarter of 2009.

Automodular will cease production of components for the Oshawa Truck Assembly plant at June 30, 2008, and will transfer its Montecorte facility and workforce to a competitor who will supply General Motors truck programs thereafter. In parallel, Automodular will discontinue production of certain components for the Chevrolet Impala, making room in its Thornton Road, Oshawa facility for production of modules for the Camaro program.

In the face of a slowing economy, particularly in the United States, Automodular is cautiously optimistic that it will achieve its financial objectives for 2008, and looks forward to a strong 2009 as both the Ford Flex and Chevrolet Camaro programs contribute to sales and profits.

Sincerely,

Michael F. Blair
President and CEO