

To the shareholders

Automodular Corporation (“Automodular”) earned \$3.0 million or \$0.14 per share for the 9 months ended September 30, 2008, down from \$5.2 million or \$0.24 per share in the previous year. The lower sales and profits result from lower production by Automodular’s customers in the face of slowing demand.

The automotive parts industry is experiencing significant pressure arising from a combination of industry volumes at rates not seen in over a decade and relentless pressure from North American OEMs for price relief from suppliers. Automodular’s major customers have been forced to cut production to balance inventories in the face of slow demand, with a commensurate reduction in the production volumes in Automodular’s facilities.

The outlook for the next few quarters is for a continuation of these trends. As a result, Automodular cannot reasonably predict sales or profits for its operations, which have been and are subject to repeated customer assembly plant shutdowns in both Oakville and Oshawa.

Automodular has installed capital equipment and is assembling the team and resources to begin production of the new Camaro in Oshawa scheduled for February 2009 start up. This exciting new vehicle, if well received by customers, should contribute to improved sales and profits in 2009.

In hostile industry conditions, Automodular’s management team is managing with a conservative and cautious approach to expansion, declining to quote customers for programs where there are high capital requirements or significant volume risks associated with the proposed vehicle.

On behalf of the Directors

Michael F. Blair
President & Chief Executive Officer