MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION
For the Six-Month Periods Ended June 30, 2013 and 2012

This Management Discussion and Analysis ("MD&A") is for the six-month periods ended June 30, 2013 and 2012 and should be read in conjunction with Automodular Corporation's 2012 annual report and audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts in the consolidated financial statements and MD&A are shown in Canadian dollars unless otherwise indicated. References to "Automodular" or to "the Company" refer to Automodular Corporation and its direct and indirect subsidiaries unless the content indicates otherwise.

Automodular's primary business is the sequencing and sub-assembly of modules for installation in final products being assembled by the Original Equipment Manufacturer ("OEM"). This service is provided within the automotive and renewable energy sectors. The nature of the service does not change significantly depending on the end product or industry to which the service is provided.

With respect to the automotive sector, Automodular uses component parts to sub-assemble complicated modules, such as an instrument panel or a radiator support, for installation in vehicles being assembled by its customer, Ford Motor Company ("Ford") in Ontario. In addition, Automodular provides sequencing services such that the sub-assembled modules 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.

With respect to the renewable energy sector, Automodular sub-assembled certain components used in wind turbine units. This contract was successfully completed in the fourth quarter of 2012 and the Company is actively engaged in efforts to secure additional contracts in this sector.

SECOND QUARTER OVERVIEW

Automodular generated net earnings of $0.8 million or $0.04 per share in the second quarter of 2013 compared to net earnings of $4.4 million or $0.22 per share in the same quarter of 2012. Automodular's automotive operations experienced nominally higher operating volumes which led to an earnings contribution that was essentially flat year over year. During the current quarter, Automodular recorded exit costs of $4.0 million related to its Oakville operations. 2012 results were also bolstered by the earnings contribution from the Vestas contract which was successfully completed in the fourth quarter of 2012.

Significant events during the second quarter of 2013:

- On May 9, 2013 the Board of Directors declared a $0.06 regular quarterly dividend which was paid June 6, 2013 to shareholders of record on May 23, 2013.
- On May 14, 2013, the Company was advised by Ford that it intends to insource the sub-assembly and sequencing services currently performed by Automodular for its new program scheduled to commence in the fourth quarter of 2014. Automodular's existing contract with Ford expires June 30, 2014; however Ford has expressed a desire to have the Company continue to provide services until the fourth quarter of 2014. At that time, Automodular expects to close its two remaining operating facilities located in Oakville, Ontario. The financial impact of the closure is estimated to be an after tax loss of approximately $6.0 million. Automodular has recorded exit costs of $4.0 million in the current quarter. These costs relate to the Company's contractual and statutory severance obligations to Automodular's hourly and salaried work force.
- During the second quarter, Automodular repurchased for cancellation 412,545 shares at a total cost of approximately $0.7 million as part of its outstanding Normal Course Issuer Bid ("NCIB").

- the cyclical nature of the automotive industry and its dependence on consumer spending;
- our relationship with and dependence on Ford Motor Company;
- in respect of the renewable energy sector – the impact of changes in political parties and existing incentive programs and pricing for conventional sources of energy;
- our ability to identify, close and integrate acquisitions;
- our ability to finance new business requirements;
- North American and global economic and political 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;
- our dependence on key personnel;
- customer pricing pressures;
- actual levels of program production volumes differing from original expectations;
- our dependence on certain platforms;
- new program launch risks, including program delays and other changes in the business environments in which we operate;
- limited financial resources;
- the effect of new accounting standards on our financial results.

Persons reading this MD&A should not place undue reliance on forward-looking statements and are cautioned that forward-looking statements are only estimates 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 as required by continuous disclosure obligations, 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.

ADDITIONAL INFORMATION

Additional information regarding the Company, including the Annual Information Form for the year ended December 31, 2012, can be found on the SEDAR website at www.sedar.com.

August 6, 2013