

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL POSITION

For the Six-Month Periods Ended June 30, 2015 and 2014

This Management Discussion and Analysis (“MD&A”) is for the three and six-month periods ended June 30, 2015 and 2014 and should be read in conjunction with Automodular Corporation’s 2014 annual report and audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards (“IFRS”). All dollar amounts in the interim 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.

Following the expiry of the Company’s commercial agreement with Ford on December 23, 2014, Automodular ceased operations at its two facilities in Oakville, Ontario. During the first quarter of 2015 both facilities were returned to the respective landlords. As of the date of this MD&A, Automodular has no active operations.

SECOND QUARTER OVERVIEW

Automodular reports a net loss of \$(0.1) million or \$(0.00) per share in the second quarter of 2015 compared to net earnings of \$1.6 million or \$0.08 per share in the same quarter of 2014. As noted above, Automodular’s operations ceased production in December 2014: accordingly, any comparisons of results between the current quarter and the second quarter of 2014 would not be meaningful. Results for the first and second quarters of 2015 reflected ongoing administrative costs, costs with respect to the legal claim against General Motors Company and General Motors of Canada Ltd. (“GM litigation”) and exit costs relating to the closure of the Company’s Oakville facilities.

Subsequent to the quarter end, Automodular announced that the Continued Listing Committee of the Toronto Stock Exchange (the “TSX”), following the previously announced 120-day Remedial Review Process, has determined that the Company no longer meets the criteria for continued listing on the TSX since the Company is not actively engaged in ongoing business. Accordingly, Automodular Corporation’s common shares will be de-listed from the TSX on August 14, 2015. The Company has applied for and satisfied all conditions to list its common shares on NEX, a separate board of the TSX Venture Exchange. The shares are expected to commence trading on NEX on August 17, 2015 under the symbol “AM.H”.

Subsequent to quarter end, Automodular announced that it intends to make a substantial issuer bid (“the Offer”) pursuant to which the Company will offer to repurchase for cancellation up to CDN\$15.0 million in value of its outstanding common shares (“Shares”) from shareholders. The Offer will proceed by way of a modified “Dutch Auction” and the range of Offer prices will be CDN\$2.55 to CDN\$2.65 per Share. KPMG has been engaged by Automodular as the independent valuator to prepare a formal valuation (“Valuation”) of the Shares for the Board. The Valuation contains KPMG’s opinion that, based on the scope of its review and subject to the assumptions, restrictions and limitations provided therein, as of August 6, 2015, the fair market value falls within the range of CDN\$2.36 to CDN\$3.45 per Share. The valuation range incorporated an estimate of the potential downside and upside relating to the outstanding GM litigation. The Board has determined to set the maximum and minimum price of the Offer based on its estimate of the wind down of the Company irrespective of the GM litigation. In doing so, the Company is providing a liquidity opportunity to shareholders who do not wish to retain their shares through the GM litigation process or participate in any future diversification initiatives. Neither the Company nor its Board of Directors makes any recommendation to shareholders as to whether to tender or refrain from tendering their Shares to the Offer.

RESULTS OF OPERATIONS

Automodular's comparative interim consolidated results for the three and six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(thousands of Canadian dollars)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Sales	-	18,772	-	38,321
Cost of sales	(751)	14,342	(751)	28,056
Exit costs	272	1,132	1,081	1,279
Gross margin	479	3,298	(330)	8,986
General and administrative expense	705	1,262	2,251	2,756
Interest (income)	(97)	(95)	(205)	(179)
Other expense (income)	(26)	9	(52)	20
Earnings (loss) before income taxes:	(103)	2,122	(2,324)	6,389
Current income taxes	(228)	1,046	(850)	2,153
Deferred income taxes	201	(495)	245	(495)
Net earnings (loss) attributable to the shareholders	(76)	1,571	(1,719)	4,731

Sales and cost of sales

As previously noted, Automodular's operations ceased production in December 2014, therefore there were no sales or cost of sales in the current year-to-date period.

During the current quarter, the Company was able to successfully mitigate certain previously recognized obligations related to its Oakville operations. These mitigated amounts have been reflected as a recovery of cost of sales in the current period.

Exit costs

During the three and six-months periods ended June 30, 2015, net exit costs of \$272 and \$1,081, respectively, were recognized (2014: \$1,132 and \$1,279, respectively).

Current period costs related to severance for three members of the executive management team as well as facility-related amounts including rent and occupancy expenses and costs incurred to restore the facilities as required under the respective leases.

Net exit costs recorded in 2014 predominately relate to additional severance costs related to salaried employees and lease termination payments made to the Company's Oakville landlords. Also included were additional facility and other employee-related costs.

Exit costs in the current and prior periods have been included in the interim consolidated statement of operations net of cost recoveries from Ford.

General and administrative expense

Quarterly and year-to-date general and administrative expense was lower than in the same period in 2014 due to the rationalization of our cost structure as discussed in the filings for the first quarter of 2015 and in the 'Second Quarter 2015 Recap and Outlook' section of this MD&A.

Interest (income)

Interest (income) was slightly higher than the same periods in 2014 due to increased interest income generated on higher cash balances and diversification of the cash management portfolio to secure increased yields.

Other expense (income)

Amounts were nominal for the second quarters of 2015 and 2014. The current year-to-date period included gains with respect to the sale of certain fixed assets. The year-to-date period in 2014 included a loss with respect to recycling other comprehensive losses to net earnings.

Earnings (loss) before income taxes

As discussed previously, Automodular generated a loss in the first half of 2015 due to the closure of its Oakville operations.

HISTORICAL QUARTERLY DATA - ROLLING EIGHT QUARTERS

(thousands of Canadian dollars except per share amounts)

	2015		2014				2013	
	Q1	Q2	Q1	Q2	Q3	Q4	Q3	Q4
	\$	\$	\$	\$	\$	\$	\$	\$
Sales	-	-	19,549	18,772	21,294	26,146	20,213	20,653
Net earnings (loss)	(1,643)	(76)	3,160	1,571	3,726	6,306	2,469	3,483
Per share basic and diluted	(0.08)	(0.00)	0.16	0.09	0.19	0.32	0.12	0.18

A comparison of the current quarter's results with previous quarters is not meaningful as Automodular no longer has active operations.

The following discussion is provided to give context to previous quarters' results. In the automotive industry, the first and second quarters of the year typically generate higher earnings than the third and fourth quarters because there are a greater number of non-production days (statutory holidays throughout and the third quarter generally has a two-week closure for summer shutdown) in the latter half of the year. However, our results over the last couple of years have not necessarily reflected this trend.

The results in the last three quarters of 2014 were significantly impacted by the recognition of exit costs related to Ford's announcement to Automodular of its decision to insource the work performed by Automodular at the end of 2014. The 2014 results, particularly those in the first and second quarters, were also negatively impacted by the combination of production downtime and lower daily volumes as previously noted. Q4 2014 benefitted from higher production volumes year over year and improved efficiencies obtained through the Ford contract wind down.

Results for first and second quarter of 2015 reflected ongoing administrative costs, costs with respect to the GM litigation and exit costs relating to the closure of the Company's Oakville facilities.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Operating activities

Net cash of \$3.0 million was used by operating activities in the current year-to-date period. In the same period in 2014, \$6.7 million in net cash was generated by operating activities. As previously noted, Automodular's operations ceased at the end of December 2014. The current period amounts reflect the closure of the Company's Oakville operations and the realization of working capital amounts in the course of winding down our operations.

Investing activities

Cash provided by investing activities was marginally higher in the three and six-month periods ended June 30, 2015 than in the same period of 2014.

Financing activities

For the three and six month periods ended June 30, 2014, Automodular paid dividends of \$0.06 and \$0.12 per common share, respectively. Automodular did not pay dividends in the first two quarters of 2015 in order to preserve capital and provide enhanced flexibility with respect to the Company's ongoing diversification initiatives.

Financing resources

Automodular's cash on hand at quarter-end totaled \$51.5 million compared to \$54.5 million at the end of 2014. Automodular's cash on hand will allow it to address its ongoing needs, cover costs with respect to the GM litigation, satisfy its commitments under the recently announced substantial issuer bid, and at the same time, still provide flexibility to fund potential new diversification initiatives.

Shareholders' equity

Shareholders' equity decreased from \$54.3 million at December 31, 2014 to \$52.3 million at June 30, 2015 due to the losses generated in the first half of 2015.

OUTSTANDING SHARE DATA

(thousands of Canadian dollars except share amounts)

	Outstanding #	Amount \$
Common shares as at June 30, 2015	19,268,304	22,838

From June 30, 2015 to the date of this filing there has been no change in the number of shares issued and outstanding.

SECOND QUARTER 2015 RECAP AND OUTLOOK

The forward-looking statements below are not historical facts but reflect the Company's current expectations regarding future results or events and are based on information currently available to management. Certain material factors and assumptions were applied in providing these forward-looking statements. Please review our forward-looking statement disclaimer at the end of this MD&A which includes a list of material factors and assumptions applied in providing these forward-looking statements.

The ongoing rationalization of our cost structure continued in the second quarter. As of the date of this report we have 2 full time employees and 2 consultants on hand. While our footprint is reduced, we have ensured that we have sufficient resources available to properly address the GM litigation, satisfy obligations under the substantial issuer bid, review diversification initiatives as they arise and fulfill all public company reporting obligations.

Automodular continues to work to move the GM litigation forward in accordance with the timelines disclosed in the Company's 2014 annual report.

During the first quarter of 2015, Automodular initiated a normal course issuer bid ("NCIB") as the Company believed that its shares had been trading in a price range that did not reflect the underlying value of the Company. The Company was allowed to commence the repurchase of its shares following the release of its Q1 2015 financial results. During the second quarter of 2015, the Company repurchased for cancellation 110,600 shares for a total cost of \$0.3 million.

Automodular's Q2 2015 results were better than the guidance previously provided due to the successful mitigation of certain previously recognized obligations related to its Oakville operations. We continue to expect our Q3 2015 cash burn to be in the \$0.3 - \$0.4 million range on an after-tax basis. As previously noted, cash expenditures will fluctuate depending on the status of the GM litigation.

In light of ongoing diversification efforts, the Board of Directors has elected not to declare a dividend in this quarter. The Company will continue to revisit its dividend policy in conjunction with its go forward plans on a quarterly basis and will update its shareholders accordingly.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

As disclosed in Note 1 of the June 30, 2015 interim consolidated financial statements, no estimates and judgements applied by management are uncertain and/or material enough to have a significant effect on the results of operations and the carrying values of assets and liabilities recognized and disclosures made in the interim consolidated financial statements.

Areas which previously involved a higher degree of judgment or complexity, or areas where assumptions and estimates were significant to the financial statements, were set out in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2014.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified to its President and Chief Executive Officer ("CEO"), its Vice President, Finance and Chief Financial Officer ("CFO") and its Audit Committee to ensure appropriate and timely decisions are made regarding public disclosure.

Internal controls over financial reporting have been designed by management, under the supervision of, and with the participation of the Company's CEO and CFO, to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with GAAP.

The Company has filed certifications, signed by the Company's CEO and CFO, with the Canadian Securities Administrators ("CSA") in conjunction with the filing of its Annual Information Form. In those filings, the Company's CEO and CFO certified, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design and effectiveness of the Company's disclosure controls and procedures and the design and operating effectiveness of internal controls over financial reporting. The Company's CEO and CFO will also certify the appropriateness of the financial disclosures in the Company's interim filings with securities regulators. In those interim filings, the Company's CEO and CFO will also certify the design of the Company's disclosure controls and procedures and the design of internal controls over financial reporting.

The Company's Audit Committee reviewed this MD&A and the interim consolidated financial statements, and the Company's Board of Directors approved these documents prior to their release.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

As a result of the completion of the Ford contract, the closure of the Oakville facilities, the reduction in volume and changes in the nature of transactions, the Company has reduced its workforce, including the finance function. This has resulted in the Company modifying certain internal controls and introducing compensating controls to mitigate the impact of the reduced finance function. Accordingly, during the three and six-month periods ended June 30, 2015, while there have been changes to internal controls we do not believe that the changes materially affect, nor are they reasonably likely to materially affect, the Company's ability to fulfill its financial reporting obligations.

MANAGEMENT'S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES

In the Company's 2014 filings, the Company's CEO and CFO certified, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design and operating effectiveness of the Company's disclosure controls and procedures and the design and operating effectiveness of internal controls over financial reporting.

In the Company's second quarter 2015 filings, the Company's CEO and CFO certified, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design of the Company's disclosure controls and procedures and the design of internal controls over financial reporting.

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" within the meaning of applicable securities legislation. Forward-looking statements may include, but are not limited to, financial and other projections, as well as statements regarding our future plans, objectives or performance, anticipated business development or our underlying assumptions. Words such as "may", "would", "could", "will", "likely", "estimate", "anticipate", "believe", "expect", "intend" or other similar expressions are intended to identify forward-looking statements. Such forward-looking statements, or forward-looking information, reflect management's beliefs, estimates and opinions regarding Automodular's future growth, results of operations, performance and business prospects and opportunities and are not guarantees of future results.

Specific forward-looking information in this document includes:

- that the Company's common shares will be de-listed from the TSX on August 14, 2015 and that the Company's common shares will commence trading on NEX on August 17, 2015 under the symbol "AM.H";
- that we have sufficient resources on hand to properly address to GM litigation, satisfy obligations under the substantial issuer bid, review diversification initiatives as they arise and fulfill all public company reporting obligations;
- that we continue to expect our Q3 2015 cash burn to be in the \$0.3 - \$0.4 million range on an after-tax basis. As previously noted, cash expenditures will fluctuate depending on the status of the GM litigation; and
- that the Company will continue to revisit its dividend policy in conjunction with its go forward plans on a quarterly basis and will update its shareholders accordingly.

By its nature, forward-looking information involves certain risks, uncertainties and other factors which may cause actual future results to differ materially from those expressed or implied in any forward-looking statements and include but are not limited to the following:

- our ability to secure ongoing operations through diversification, either organically or through acquisition;
- our ability to identify, close and integrate acquisitions;
- our ability to finance new business requirements; and,
- our dependence on key personnel.

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, 2014, can be found on the SEDAR website at www.sedar.com.

August 6, 2015