

Automodular Corporation

Consolidated Interim Financial Statements

For the nine months ended September 30, 2015 and 2014

Unaudited

All numbers in thousands, except share and per share data

* Notice of Disclosure of Non-Auditor Review of Interim Financial Statements

Pursuant to Ontario Securities Act National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, the interim financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Automodular Corporation ('the Company') for the interim periods ended September 30, 2015 and 2014 have been prepared in accordance with IAS 34, Interim Financial Reporting and are the responsibility of the Company's management.

The Company's independent auditors, PricewaterhouseCoopers, LLP, have not performed a review of these interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

November 4, 2015

AUTOMODULAR CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

<i>(thousands of Canadian dollars)</i>	Notes	September 30, 2015	December 31, 2014
ASSETS			
Cash and cash equivalents	5	\$ 35,749	\$ 54,489
Trade and other receivables	3 and 5	98	14,070
Income taxes recoverable	10	1,217	-
Prepaid expenses		209	606
Current assets		37,273	69,165
Deferred income taxes	10	381	684
Total assets		\$ 37,654	\$ 69,849
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Trade payables and accrued liabilities	5 and 12	\$ 753	\$ 5,974
Provisions	6 and 12	25	7,903
Income taxes payable	10	-	1,617
Current liabilities		778	15,494
Other liabilities	4	70	82
Total liabilities		\$ 848	\$ 15,576
Total shareholders' equity		\$ 36,806	\$ 54,273
Total liabilities and shareholders' equity		\$ 37,654	\$ 69,849

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

AUTOMODULAR CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(unaudited)

<i>(thousands of Canadian dollars)</i>	Notes	Capital stock	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total
Balance, December 31, 2014		\$ 22,969	\$ 20,084	\$ -	\$ 11,220	\$ 54,273
Net loss		-	-	-	(2,050)	(2,050)
Comprehensive loss		-	-	-	(2,050)	(2,050)
Stated capital resolution	7	19,268	(19,268)	-	-	-
Shares repurchased under substantial issuer bid	7	(12,369)	-	-	(2,784)	(15,153)
Shares repurchased under normal course issuer bid	7	(131)	(111)	-	(22)	(264)
Balance, September 30, 2015		\$ 29,737	\$ 705	\$ -	\$ 6,364	\$ 36,806

<i>(thousands of Canadian dollars)</i>	Notes	Capital stock	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance, December 31, 2013		\$ 42,348	\$ 705	\$ (21)	\$ 119	\$ 43,151
Net earnings		-	-	-	8,457	8,457
Foreign currency translation		-	-	25	-	25
Other comprehensive loss recycled to net earnings		-	-	21	-	21
Comprehensive income		-	-	46	8,457	8,503
Stated capital reduction	7	(19,379)	19,379	-	-	-
Dividends	7	-	-	-	(3,488)	(3,488)
Balance, September 30, 2014		\$ 22,969	\$ 20,084	\$ 25	\$ 5,088	\$ 48,166

AUTOMODULAR CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

<i>(thousands of Canadian dollars, except share and per share amounts)</i>	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2015	2014	2015	2014
Sales		\$ -	\$ 21,294	\$ -	\$ 59,615
Cost of sales	13	(268)	13,997	(1,019)	42,053
Exit costs	6, 11 & 13	-	1,139	1,081	2,418
Gross margin		268	6,158	(62)	15,144
General and administrative expense	11 & 13	822	1,231	3,073	3,987
Interest (income)	8	(108)	(106)	(313)	(285)
Other expense (income)	9	-	(6)	(52)	14
Earnings (loss) before income taxes:		(446)	5,039	(2,770)	11,428
Current income taxes	10	(227)	1,899	(1,077)	4,052
Deferred income taxes	10	112	(586)	357	(1,081)
Net earnings (loss) attributable to the shareholders		\$ (331)	\$ 3,726	\$ (2,050)	\$ 8,457
Earnings (loss) per share:					
Basic and diluted	7	\$ (0.02)	\$ 0.19	\$ (0.11)	\$ 0.44
Weighted average common shares outstanding					
Basic and diluted	7	18,529,994	19,378,903	19,078,383	19,378,903

AUTOMODULAR CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

<i>(thousands of Canadian dollars)</i>	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2015	2014	2015	2014
Net earnings (loss)		\$ (331)	\$ 3,726	\$ (2,050)	\$ 8,457
Foreign currency translation		-	(3)	-	25
Items recycled to net earnings:					
Other comprehensive loss recycled to net earnings	9	-	-	-	21
Total comprehensive income (loss) attributable to the shareholders		\$ (331)	\$ 3,723	\$ (2,050)	\$ 8,503

AUTOMODULAR CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited)

<i>(thousands of Canadian dollars)</i>	Notes	For the nine months ended September 30,	
		2015	2014
CASH PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Net earnings (loss)		\$ (2,050) \$	8,457
Income taxes (paid)	10	(1,757)	(1,456)
Pension contribution	4	(53)	(53)
Provisions paid	6 and 12	(8,959)	(1,298)
Items not involving current cash flows:			
Depreciation		-	3,236
Deferred income taxes	10	303	(1,081)
Interest (income)	8	(313)	(285)
(Gain) on disposal of plant and equipment	9	(39)	-
Other comprehensive loss recycled to net earnings	9	-	21
(Gain) on foreign exchange	9	(13)	(7)
Pension expense	4	58	41
Provisions expense	6 and 12	1,081	4,357
		(11,742)	11,932
Net change in non-cash working capital:			
Trade and other receivables	3 and 5	13,972	(5,882)
Income taxes	10	(1,077)	4,052
Prepaid expenses		397	(104)
Trade payables and accrued liabilities	5 and 12	(5,221)	1,124
Net cash provided (used) by operating activities		(3,671)	11,122
INVESTING ACTIVITIES			
Interest received on cash and cash equivalents	8	313	285
Purchase of plant and equipment		-	(47)
Proceeds on disposal of plant and equipment	9	39	-
Net cash provided by investing activities		352	238
FINANCING ACTIVITIES			
Dividends paid	7	-	(3,488)
Repurchase of shares under substantial issuer bid	7	(15,207)	-
Repurchase of shares under normal course issuer bid	7	(264)	-
Net cash used by financing activities		(15,471)	(3,488)
Effect of exchange rate changes on cash		50	32
CHANGE IN CASH AND CASH EQUIVALENTS		\$ (18,740) \$	7,904
Cash and cash equivalents, beginning of period		\$ 54,489 \$	35,902
Cash and cash equivalents, end of period		\$ 35,749 \$	43,806

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2015 and 2014
(unaudited)**

(All numbers in thousands of Canadian dollars, except share and per share amounts)

1. SUMMARY OF BUSINESS AND BASIS OF PREPARATION

General business description and current operations

Automodular Corporation is a Canadian company which, effective August 17, 2015, is now listed on the NEX Board of the TSX Venture Exchange (the "TSXV") under the symbol "AM.H". On July 16, 2015, the Continued Listing Committee of the Toronto Stock Exchange ("TSX") determined that Automodular Corporation no longer met the criteria for continued listing on the TSX since it was not actively engaged in ongoing business. Accordingly, Automodular Corporation's common shares were de-listed from the TSX on August 14, 2015 and commenced trading on NEX on August 17, 2015 under the symbol "AM.H".

References to "Automodular" or "the Company" refer to Automodular Corporation and its direct and indirect subsidiaries unless the content indicates otherwise. Automodular was incorporated under the laws of the Province of Ontario and its registered address is 1099 Kingston Road, Suite 214, Pickering, Ontario (formerly, 235 Salem Road Unit 6 Ajax, Ontario). Automodular is domiciled in Canada.

Automodular was a sequencer and sub-assembler of modules that are installed in equipment assembled by North American Original Equipment Manufacturers ("OEMs") at plants in Canada. Automodular provided these services to the Ford Motor Company ("Ford") until the completion of the multi-year agreement and its related amendments on December 23, 2014.

Following the expiry of the Company's commercial agreement with Ford on December 23, 2014, Automodular ceased operations at its two remaining operating facilities in Oakville, Ontario. During the first quarter of 2015 both facilities were returned to the respective landlords. As of the date of these financial statements, Automodular has no active operations.

In conjunction with the closure of the operating facilities, all hourly employees and all but two salaried employees have now left the Company. As of the date of these financial statements, two salaried employees and two consultants remain.

The Company's efforts continue on the diversification front. Both the Board of Directors and the remaining members of the executive management team are actively engaged in finding ways to leverage our cash balance and public company listing.

Basis of preparation

The accounting policies followed in these interim consolidated financial statements are consistent with those of the previous financial year and are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), has been omitted or condensed.

These interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2014, which are included in the Company's 2014 annual report.

The accompanying interim consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations,

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

These interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. References to "\$" are to Canadian dollars.

2. RECENT ACCOUNTING PRONOUNCEMENTS

The accounting policies followed in these interim consolidated financial statements are consistent with those of the previous financial year.

New standards and interpretations not yet adopted

New standards and amendments to standards and interpretations that are effective for annual periods beginning after January 1, 2016 have not been applied in preparing these interim consolidated financial statements. Not all new standards are applicable to the Company. The anticipated impact of the new and amended standards which are applicable to the Company is discussed below:

International Financial Reporting Standard 9, *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. Management does not expect this revised standard to have a significant impact on the Company's financial statements.

International Financial Reporting Standard 15, *Revenue from Contracts with Customers*

IFRS 15, *Revenue from Contracts with Customers*, specifies how and when to recognize revenue as well as requiring entities to provide users of financial statements with some informative, relevant disclosures. The standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2018 and early adoption is permitted. Management does not expect this revised standard to have a significant impact on the Company's financial statements.

3. TRADE AND OTHER RECEIVABLES

The Company adjusts receivable balances, through an allowance for doubtful accounts, to expected realizable value. The allowance for doubtful accounts, as at September 30, 2015, was \$nil (December 31, 2014: \$nil).

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2015 and 2014
(unaudited)

(All numbers in thousands of Canadian dollars, except share and per share amounts)

The aging of trade and other receivables (net of allowance for doubtful accounts) was as follows:

	September 30, 2015	December 31, 2014
	\$	\$
Current	53	13,980
Past due	45	90
Total	98	14,070

4. OTHER LIABILITIES

The Company has a defined benefit pension plan for a former Chief Executive Officer. The expense for the three and nine-month periods ended September 30, 2015 was \$30 and \$58, respectively (2014: \$14 and \$41, respectively).

5. FINANCIAL INSTRUMENTS BY CATEGORY

The following table summarizes the Company's recurring measurement for financial instruments by category:

	September 30, 2015	December 31, 2014
	\$	\$
Loans and receivables		
Cash and cash equivalents	35,749	54,489
Trade and other receivables	98	14,070
Total	35,847	68,559
Financial liabilities at amortized cost		
Trade payables and accrued liabilities	753	5,974
Total	753	5,974

The carrying value of cash and cash equivalents, trade and other receivables and trade payables and accrued liabilities approximates their fair values due to the short-term nature of their maturities.

6. PROVISIONS AND EXIT COSTS

On May 14, 2013, the Company was advised by Ford that, in the fourth quarter of 2014, for its new program, Ford intended to insource the sub-assembly and sequencing services that were being performed by Automodular. On October 18, 2013, Automodular signed an extension agreement with Ford that extended its existing multi-year agreement with Ford to December 23, 2014. Before the extension, the agreement was set to end on June 30, 2014. The general framework of the agreement was in keeping with Automodular's existing multi-year agreement. As part of the extension agreement, Ford provided certain production and price-related assurances and agreed to fund certain incremental closure costs related to this extension.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(unaudited)

(All numbers in thousands of Canadian dollars, except share and per share amounts)

Provisions

	Severance and Facility \$	Decommissioning \$	Other \$	Ford reimbursements \$	Total \$
Balance, December 31, 2014	4,167	668	1,177	1,891	7,903
Expenses	2,403	(126)	44	(1,240)	1,081
Payments	(6,545)	(542)	(1,221)	(651)	(8,959)
Balance, September 30, 2015	25	-	-	-	25

During the three and nine-month periods ended September 30, 2015 the Company recorded net exit costs of \$nil and \$1,081, respectively (2014: \$1,139 and \$2,418). Net exit costs in the first three quarters of 2015 related to severance for three members of the executive management team as well as certain facility costs related to the carrying costs on the facilities and the payment of third party suppliers and salaries for employees performing close out activities.

Severance and facility provisions

Included in severance and facility provisions above were severance and facility costs related to the closure of the Company's Oakville facilities.

Decommissioning provisions

Decommissioning provisions were accrued in recognition of the Company's obligations to restore its facilities as required under its lease agreements.

Other provisions

Included in other provisions were certain other closure costs which Automodular incurred with respect to the retention of its salaried employees. These costs were integral to serving out the remaining term of the Ford contract.

Ford reimbursements

Due to the signing of the contract extension with Ford, Automodular was reimbursed for certain incremental closure costs as defined in the extension agreement. Accordingly, certain exit costs have been included in the interim consolidated statement of operations net of the cost recoveries from Ford.

7. CAPITAL STOCK

	Number of shares #	Amount \$
Issued and outstanding common shares - December 31, 2014	19,378,904	22,969
Shares cancelled under the normal course issuer bid	(110,600)	(131)
Shares cancelled under the substantial issuer bid	(5,660,377)	(12,369)
Stated capital resolution	-	19,268
Issued and outstanding common shares – September 30, 2015	13,607,927	29,737

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2015 and 2014
(unaudited)**

(All numbers in thousands of Canadian dollars, except share and per share amounts)

There were no new common shares issued in the three and nine-month periods ended September 30, 2015 and 2014.

Normal course issuer bid (“NCIB”)

On April 9, 2015, Automodular announced that the TSX had accepted the Company’s notice of intention to enter into a normal course issuer bid. Under the terms of the normal course issuer bid, Automodular could acquire up to 1,389,738 common shares, representing 10% of the public float of Automodular’s common shares issued and outstanding as of March 31, 2015, as defined by the policies of the TSX. The normal course issuer bid commenced on April 13, 2015 and will terminate on April 12, 2016 or on such earlier date as Automodular completed its purchases. Automodular initiated a NCIB as the Company believed that its shares have been trading in a price range that did not reflect the underlying value of the Company.

During the second quarter of 2015, the Company repurchased for cancellation 110,600 shares, with a carrying value of \$131, for a total cost of \$264. The difference of \$111 has been allocated to contributed surplus which reflects the balance related to the 2014 stated capital reduction, as discussed below. Automodular did not repurchase shares under the NCIB during the third quarter of 2015. During the fourth quarter, the Company expects to file the materials, as required by the TSXV, in order to enable it to resume purchasing shares under the NCIB.

Substantial issuer bid (“SIB”)

On August 6, 2015, Automodular announced its intention to enter into a substantial issuer bid pursuant to which the Company would offer to repurchase for cancellation up to \$15,000 in value of its outstanding common shares from shareholders. The SIB proceeded by way of a modified “Dutch auction”, which expired on September 17, 2015. A total of 5,660,377 shares were repurchased at \$2.65 per share for a total cost of \$15,153, inclusive of \$153 net fees after taxes. Prior to the repurchase, these shares had a carrying value of \$12,369.

Stated capital resolution

At the 2013 Annual and Special Meeting of Shareholders held on May 8, 2014, the shareholders approved the special resolution reducing the stated capital account maintained for the Company’s common shares by the sum of \$19,379 (“stated capital reduction”). The Company increased the contributed surplus account maintained for its common shares, being an amount equivalent to the reduction of stated capital.

In conjunction with the substantial issuer bid, the Board of Directors announced the reversal of the remaining 2014 stated capital reduction balance; thereby increasing the stated capital account by \$19,268 (“stated capital resolution”).

Dividends

In the three and nine-month periods ended September 30, 2015, no dividends were declared or paid (2014: \$1,162 and \$3,488, respectively).

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(All numbers in thousands of Canadian dollars, except share and per share amounts)

Weighted average common shares outstanding

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
	#	#	#	#
Common shares outstanding – basic and fully diluted	19,268,304	19,378,903	19,378,904	19,378,903
Less: weighted average shares cancelled under NCIB	-	-	(51,714)	-
weighted average shares cancelled under SIB	(738,310)	-	(248,808)	-
Weighted average common shares outstanding – basic and fully diluted	18,529,994	19,378,903	19,078,382	19,378,903

The above 2014 figures represent the net shares outstanding exclusive of one treasury share which had been held in the long-term incentive plan.

8. INTEREST (INCOME)

Interest (income) includes interest income earned as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Interest (income) on cash and cash equivalents	(108)	(106)	(313)	(285)

9. OTHER EXPENSE (INCOME)

The components of other expense (income) include the following:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Other comprehensive loss recycled to net earnings	-	-	-	21
(Gain) on foreign exchange	-	(6)	(13)	(7)
(Gain) on disposal of plant and equipment	-	-	(39)	-
Total	-	(6)	(52)	14

10. TAXATION

The consolidated effective tax rate in respect of the operations for the three and nine-month periods ended September 30, 2015 was 26% (2014: 26%) and is based on management's best estimate of the annual effective income tax rate expected for the full financial year.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(All numbers in thousands of Canadian dollars, except share and per share amounts)

11. COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel compensation, benefits and severance, including the Company's directors and members of its executive management team, is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Salaries, fees and short-term employee benefits	316	468	1,877	1,403
Severance	-	-	1,198	-
Total	316	468	3,075	1,403

The amounts above have been included in general and administrative expense and exit costs on the interim consolidated statement of operations. Certain exit costs have been included in the interim consolidated statements of operations net of the anticipated recoveries from Ford. See Note 6 for additional information.

12. CONTINGENCIES AND COMMITMENTS

General

In the ordinary course of business activities, the Company is a party to certain claims. Management believes that the resolution of such claims will not have a material adverse effect on the consolidated financial position of the Company.

Trade payables and accrued liabilities and provisions

The following are the undiscounted contractual maturities of trade payables and accrued liabilities and provisions as at September 30, 2015:

	Total	Less than 1 year
	\$	\$
Trade payables and accrued liabilities	753	753
Provisions	25	25
Total	778	778

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(unaudited)

(All numbers in thousands of Canadian dollars, except share and per share amounts)

13. EXPENSES BY NATURE

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Wages and employee benefits	154	10,238	1,148	30,457
Transportation and facility-related costs	44	2,176	208	6,669
Other	356	1,724	698	5,678
Depreciation	-	1,090	-	3,236
Exit costs	-	1,139	1,081	2,418
Total cost of sales, exit costs and general and administrative expenses	554	16,367	3,135	48,458

During the second and third quarters of 2015, 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 year-to-date period.