Management’s Discussion and Analysis

This Management’s Discussion and Analysis ("MD&A") for the three and nine months ended December 31, 2006 (third quarter of fiscal 2007) provides detailed information on the Company’s operating activities of the third quarter of fiscal 2007 and should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three and nine months ended December 31, 2006 and the Company’s fiscal 2006 annual report. The Company assumes that the reader of this MD&A has access to, and has read the audited consolidated financial statements and MD&A of the Company for fiscal 2006 and the unaudited interim consolidated financial statements and MD&A for the first and second quarters of fiscal 2007 and, accordingly, the purpose of this document is to provide a third quarter update to the information contained in the fiscal 2006 MD&A and first and second quarters of fiscal 2007 MD&A. These documents and other information relating to the Company, including the Company’s fiscal 2006 audited consolidated financial statements, MD&A and Annual Information Form, may be found on SEDAR at www.sedar.com.

Notice to Readers

The Company has three reportable segments: Automation Systems Group (“ASG”), Photowatt Technologies, and Precision Components Group (“PCG”). Photowatt Technologies is comprised of Photowatt International and Spheral Solar™. Photowatt International consists of an integrated solar ingot, wafer, cell and module production facility in France (“Photowatt France”) and a small module assembly and sales operation in the United States (“Photowatt USA”). Spheral Solar (also referred to as Photowatt Canada) is a development project based on a spheral technology that uses thousands of tiny silicon spheres instead of silicon wafers. Any reference to Photowatt International’s production capacity assumes the use of polysilicon at currently experienced levels of efficiency.

The terms operating income, operating earnings, earnings or loss from operations, operating loss, operating results, operating margin, EBITDA (operating earnings or loss excluding amortization), Order Backlog and New Order Bookings used in this MD&A have no standardized meanings prescribed within Generally Accepted Accounting Principles (“GAAP”) and therefore may not be comparable to similar measures presented by other companies.

Certain fiscal 2006 comparative figures including revenues, operating earnings (loss), New Order Bookings and Order Backlog, have been restated to reflect the presentation of the Berlin coil winding business as a discontinued operation. This business was divested during the first quarter of fiscal 2007 (see below).
Automation Systems Group

ASG Revenue

ASG’s revenue of $113.1 million decreased 4% in the third quarter compared to $118.3 million in the third quarter last year, primarily due to the reduced revenue from North American automotive sector, the estimated $2.1 million negative impact of foreign exchange and the previously announced decision to wind-down and close ASG’s California facility (see “ATS California Closure” below). Revenue from the California facility was $0.8 million in the third quarter, compared to $5.0 million in the third quarter last year.

Computer-electronics’ revenue increased 36% compared to the third quarter last year, primarily due to increased volumes in Asia. For the first nine months of fiscal 2007, healthcare revenue increased 8% over the same period of fiscal 2006. However, due primarily to lower healthcare Backlog entering the third quarter of fiscal 2007, healthcare revenue declined 25% compared to the third quarter a year ago. This lower level of healthcare revenue reflected several factors outlined in the second quarter fiscal 2007 MD&A, including $14 million of Order Backlog that a customer put on hold during the second quarter. Year to date, healthcare represented ATS’s largest market at 33% of ASG revenue, up from 31% of revenue in the comparable prior year period. Management believes that healthcare will continue to be a vital long-term growth market for the Company. Revenue from “Other” markets in the third quarter increased 121% over the prior year period as the Company continued to strategically diversify its revenue sources to offset weakness in the North American automotive sector. The 30% decline in third quarter revenue from automotive customers relative to the comparable prior year period reflected capacity reductions and supply chain rationalization within the North American automotive sector and the decision to be more selective in bidding on automotive assignments.

### Automation Systems Group Revenue by Industry

($ millions)

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<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>Nine months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
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<tr>
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<tr>
<td>Automotive</td>
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</tr>
<tr>
<td>Other</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$113.1</strong></td>
<td><strong>$118.3</strong></td>
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</table>

On a regional basis, compared to the third quarter last year, revenue from ASG’s Asian operations increased more than 50%, reflecting the Company’s continued focus on expanding rapidly in this high-growth region. In North America, gains in computer-electronics and “Other” revenue largely offset the significant declines in automotive revenue, and the closure of ASG’s California facility. The relative value of the Canadian to US dollar and the effect on revenue of the healthcare order that was put on hold in the second quarter also continued to have a significant negative impact on ASG operations in Cambridge.
Revenue from Repetitive Equipment Manufacturing ("REM") declined 29% in the third quarter compared to a year ago, primarily due to a temporary reduction in demand related to a key customer deferring shipments until the beginning of calendar 2007. Subsequent to the end of the third quarter, REM activity levels increased. REM revenue is primarily generated in the Company’s Cambridge facilities and REM revenue is recognized as the equipment is shipped. The Company intends to grow its REM business in North America and is actively establishing a strong REM capability in China. To support the development of REM in China, the Company made good progress in establishing REM infrastructure at its Dongguan facility during the third quarter. REM is a growth initiative that combines the competitive advantages and capabilities of the Company’s ASG and PCG operations.

ASG revenue for the nine months ended December 31, 2006 was $352.1 million compared to $350.7 million in the prior year, as significant increases in revenues from healthcare, computer-electronics, and “Other” markets more than offset declines in automotive revenue and the estimated negative impact of foreign exchange on ASG revenue of $22.4 million.

**ASG Operating Earnings**

Excluding restructuring costs in the third quarters of both fiscal years, ASG third quarter operating earnings increased to $5.0 million compared to operating earnings of $1.1 million a year ago. Including restructuring costs in both periods, ASG operating earnings were $2.4 million compared to an operating loss of $0.8 million in the third quarter of fiscal 2006, an improvement of $3.2 million. Restructuring costs in the most recent quarter of $2.6 million reflected operating losses and wind-up and closure costs at ASG’s Livermore, California facility (see “ATS California Closure” below). Restructuring costs in the third quarter a year ago were $1.9 million and reflected workforce reductions in Cambridge and the closure of the Niagara facility. ASG’s third quarter operating margin was 4%, excluding these restructuring costs, a significant improvement over the comparable operating margin a year ago of 1%. Adjusted for restructuring costs, ASG EBITDA (operating earnings excluding amortization) for the third quarter was $7.7 million (7% EBITDA margin) compared to $4.5 million (4% EBITDA margin) in the third quarter a year earlier.

Significantly improved ASG operating earnings reflect a number of factors including the benefits of aggressive cost reduction initiatives management has implemented over the past year, including significant facility and capacity rationalization. ASG’s North American operations are also realizing increasing benefits of value engineering and supply chain management initiatives and very early benefits from organizational restructuring and enhanced project execution processes implemented over the fall of 2006. During the third quarter, ASG North America received proceeds from the sale of its Delphi Chapter 11 claims. However, due to ongoing risk in the automotive sector, management continued to maintain the reserves to offset other potential risks. ASG Europe achieved breakeven results in the third quarter, compared to an operating loss a year ago, due to its cost reduction initiatives, improved project performance and improved Order Backlog levels. Asia, including the expanded China operations, continued to perform profitably during this period in spite of incurring expansion costs to support future growth.

Foreign exchange continued to have a significant negative impact on ASG operating earnings. Compared to the third quarter of fiscal 2006, the estimated negative impact of foreign currency on ASG operating earnings for the three months ended December 31, 2006 was $1.7 million.
Included in ASG’s operating earnings is amortization expense for the third quarter of $2.7 million, compared to $3.5 million in the third quarter of fiscal 2006. Year to date ASG amortization was $8.5 million, compared to $10.3 million in the nine months ended December 31, 2005.

Management continues to take action to improve operating margins, including the alignment of current capacity with expected business demand in North America. Consequently, subsequent to the third quarter, ATS announced a 7% reduction in its global ASG workforce (affecting approximately 180 positions in its North American operations). Management believes this will result in improved performance going forward (see “ASG Outlook”) and is consistent with the Company’s aggressive ongoing improvement program to strengthen performance.

For the first nine months of fiscal 2007, ASG's operating earnings, excluding $5.0 million of restructuring costs, were $15.8 million compared to $6.4 million in the same period of fiscal 2006. Restructuring costs in fiscal 2007 include ASG severance costs and California operating losses. The $3.2 million of restructuring costs in fiscal 2006 included costs related to the closure of the Niagara facility and severance in France and Cambridge. The estimated negative impact of foreign currency on ASG operating earnings for the nine months ended December 31, 2006 was $8.4 million.

**ATS California Closure**

During the third quarter, ATS announced it was closing its Livermore, California operations (consisting of a 35,000 sq. ft. leased manufacturing facility). This facility incurred an operating loss of $2.6 million on revenues of $0.8 million in the third quarter. This operating loss included a non-cash, $1.1 million provision related to the existing building lease. The lease provision was calculated on the present value of future lease costs associated with the facility and assumed that there will be minimal recovery potential to sublet the facility. The closure of this facility is expected to lower the cost base and improve utilization of its other ASG North American operations. ATS will continue to retain a strategic presence in California through a small sales and applications team dedicated to the California market. In fiscal 2006, ATS California revenue was approximately US$15 million with a loss from operations of approximately US $0.3 million.

**ASG Order Backlog and New Order Bookings**

New ASG Order Bookings in the third quarter were $109 million, 8% higher than the second quarter and 25% lower than in the third quarter a year ago. New Order Bookings for the first six weeks of the fourth quarter of fiscal 2007 are $65 million. Order Backlog and New Order Bookings in the comparative numbers have been adjusted for the ASG Berlin operation which was divested in the first quarter (see “Loss from Discontinued Operations, Net of Tax.”)

At December 31, 2006, ASG Order Backlog was $167 million, 3% higher than at September 30, 2006, reflecting a 3% ($2 million) increase in healthcare Order Backlog, a 10% ($3 million) increase in computer-electronics and a 4% ($1 million) increase from “Other” partially offset by a 3% ($1 million) decrease in automotive Order Backlog. Year over year, period end Order Backlog was down 29%, despite a more than four fold ($22 million) increase in “Other” Order Backlog, which reflected ASG’s strategic focus on diversifying its industrial markets. This overall reduction reflected a number of factors, including significant restructuring in the North American automotive industry. With the decline in North American automotive industry prospects and the Company’s increased emphasis on the healthcare segment, management believes overall Order Backlog has become more sensitive to healthcare industry trends, the healthcare industry’s longer sales cycle and propensity for rapid
product changes. Management believes ASG’s healthcare order prospects are improving and continues to devote significant resources to grow in this large market. The Company’s year-over-year decrease in computer-electronics Order Backlog reflects reduced computer-electronics orders in North America as well as normal order patterns in this sector, which more than offset the increase in computer-electronics orders in Asia.

### Automation Systems Order Backlog by Industry

($ millions)

<table>
<thead>
<tr>
<th>Industry</th>
<th>12/31/2006</th>
<th>12/31/2005</th>
<th>Percentage Change</th>
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<tr>
<td>Healthcare</td>
<td>$68</td>
<td>$100</td>
<td>(32)%</td>
</tr>
<tr>
<td>Automotive</td>
<td>37</td>
<td>71</td>
<td>(48)%</td>
</tr>
<tr>
<td>Computer-electronics</td>
<td>34</td>
<td>59</td>
<td>(42)%</td>
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<tr>
<td>Other</td>
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<td>6</td>
<td>367%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$167</strong></td>
<td><strong>$236</strong></td>
<td><strong>(29)%</strong></td>
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**ASG Outlook**

ASG’s outlook for the fourth quarter is expected to be impacted by reduced Order Backlog entering the fourth quarter and the costs of its restructuring initiatives in North America.

**North American Operational Improvement:** To improve performance and in support of the Company’s strategic plan, management implemented a comprehensive organizational restructuring of ASG North American operations beginning in the second quarter. The reorganization began with the consolidation of all of the Company’s North American ASG operations under a single senior executive, Jim Sheldon (President, ASG North America). In the third quarter ATS completed the management reorganization in the Company’s largest facility in Cambridge. The new organizational structure was designed to improve performance, customer satisfaction and employee engagement and support the Company’s strategic plans.

The Company has recently taken additional steps to adjust the size of its productive capacity in North America to better match expected demand and improve future performance. In the third quarter the Company completed the closure of its California facility (see ASG Operating Earnings). In January the Company announced a reduction of its ASG North American workforce by approximately 180 people (7% of ASG global workforce) at an estimated cost of $5 million. Estimated severance and related costs of approximately $5 million related to this reduction are expected to be incurred in the fourth quarter. The workforce reduction is estimated to reduce ATS’s annual payroll costs by approximately $11 million pre-tax.

While the numerous changes taking place in the Company have increased the risk of a temporary decline in performance, management believes that these changes are necessary for the Company to overcome the challenges of changes in foreign exchange rates and to better position the Company to take advantage of shifts in global demand for the Company’s products and services.

**Asian Expansion:** In China, the Company continues to progress with the first phase of its major expansion program, which is intended to position ATS with the capacity and skill sets necessary to effectively serve the growing needs of multinational customers who are increasingly locating their operations in this rapidly growing regional market.
During the third quarter, the Company’s ASG facility in Dongguan, China (opened earlier this year) began to expand its capabilities to provide REM services in addition to its ASG capabilities. To support future growth of this facility the Company is currently in negotiation to secure an additional 58,000 sq ft of leased space. In the third quarter, the Company’s recently established facility in Shanghai was also expanded by leasing an additional 13,000 square feet. Renovations on the Company’s Tianjin ASG facility have also been completed this year. In Singapore, the Company renovated and expanded its leased facilities by 10,000 sq ft to support higher Order Backlog levels and expected demand.

Photowatt Technologies Revenue

Photowatt Technologies consolidated revenue in the third quarter continued to be derived solely from Photowatt International (comprised of its operations in France and USA). Revenue of $39.2 million was 11% higher than in the same period last year. This higher revenue reflected new product offerings, increased selling prices, favorable foreign exchange rates and strong market demand for solar products. Strong demand has been driven primarily by attractive government incentive programs in Europe, and increasing consumer interest in clean, renewable energy sources. Higher average selling prices per watt increased revenue in the third quarter by approximately $1.6 million, compared to the same quarter a year ago. Photowatt’s broadened product offerings, including solar module installation kits and a turnkey contract for the sale and installation of solar powered systems, generated revenue in the third quarter of approximately $0.9 million. Revenue from these new product offerings was approximately $0.3 million in the comparative prior year period.

Revenue for the nine months ended December 31, 2006 increased to $112.1 million, or 6%, from $105.3 million in the comparable prior year period, reflecting the factors noted above. This growth was achieved despite the extended one week summer plan shutdown to accommodate the planned capacity expansion during the second quarter (see second quarter MD&A). Management estimates that the lost revenue potential from this one week shutdown extension reduced revenue by approximately $1.7 million.

During fiscal 2007, Photowatt International has increased its revenue diversification by penetrating geographic markets outside Germany, in particular Spain. As a result, Spain has become its largest market, representing 37% of year-to-date revenue, with Germany accounting for 33% of revenue for the nine months ended December 31, 2006. This compares to 14% and 55% for Spain and Germany, respectively, for the nine months ended December 31, 2005. In the third quarter of fiscal 2007 Spain and Germany represented 38% and 37% of revenue, respectively. This decision to target markets outside Germany (traditionally Photowatt International’s largest market) reflects increased government subsidies in Spain, and other countries, and also the planned gradual reduction of government subsidies for solar products in Germany. During the nine months ended December 31, 2006, Photowatt International revenues from its new solar product offerings accounted for approximately $4.9 million of revenue, compared to approximately $0.5 million in the comparable prior year period.
Photowatt Technologies Operating Earnings

Photowatt Technologies Operating Earnings
($ millions)

<table>
<thead>
<tr>
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<th>Three months ended</th>
<th></th>
<th>Nine months ended</th>
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<td>Solar Corporate Costs</td>
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<td>(0.2)</td>
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<tr>
<td>Inter-solar Eliminations</td>
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<td>(1.6)</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$ (0.8)</td>
<td>$ (2.9)</td>
<td>$ 0.7</td>
<td>$ 6.8</td>
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Photowatt Technologies consolidated results include both Photowatt International and Spheral Solar (also referred to as Photowatt Canada). Prior to October 1, 2005, operating costs incurred by Spheral Solar were capitalized on the Company’s balance sheet as deferred development costs and excluded from operating earnings.

Photowatt International’s operating earnings for the third quarter were $4.3 million, compared to $5.1 million in the third quarter last year and $0.9 million in the second quarter of fiscal 2007. The third quarter results reflect the cost of the new capacity expansion program and increased research and development costs. Additional new capacity expenses totalling approximately $1.3 million included costs to prepare the manufacturing facility for capacity expansion, incremental labour costs, incremental overhead costs associated with the installation of new equipment and manufacturing processes. Photowatt France increased research and development costs during the third quarter over the comparable prior year quarter by approximately $0.5 million, consisting of increased labour, materials and equipment rental costs in support of a number of initiatives designed to increase cell efficiency of both solar grade and refined metallurgical grade photovoltaic cells and modules, and initiatives to reduce overall costs of production and improve manufacturing yields.

Photowatt International’s amortization expense for the three months ended December 31, 2006 was $2.2 million, or $0.4 million higher than the comparable period of the prior year, relating primarily to the aforementioned capacity expansion. Adjusted for new capacity expenses, Photowatt International EBITDA (operating earnings excluding amortization) for the third quarter was $7.8 million (20% EBITDA margin).

To date, Photowatt International has mitigated a significant amount of the impact of silicon supply shortages and higher silicon prices on its operating income by achieving improved internal operating efficiencies and through increased selling prices for its products. However, Photowatt International’s silicon costs are expected to continue to increase into fiscal 2008 as its inventory of lower-priced silicon is consumed and new silicon purchases are made at higher prices.

Spheral Solar’s operating loss was $3.0 million in the third quarter, $0.4 million lower than the operating loss of $3.4 million in the second quarter and $4.8 million lower than the third quarter of fiscal 2006. The Spheral Solar operating loss in the third quarter of fiscal 2007 included research and development costs related to the Spheral Solar technology initiative, net of the inter-company profits that Spheral Solar generated on the sale of reclaimed silicon (see “Silicon Supply”) to Photowatt International. The reduced operating loss in the third quarter primarily reflected cost savings realized from the reduction in Spheral Solar’s staff during the first nine months of the year as part of
management’s revised development plan for Spheral Solar. Third quarter fiscal 2006 operating loss of $7.8 million reflected significantly higher labour, overhead and materials costs.

Spheral Solar amortization expense for the three months ended December 31, 2006 was $0.3 million compared to $1.7 million for the comparable period of the prior year. Amortization costs of Spheral Solar have decreased significantly from the third and fourth quarters of fiscal 2006 reflecting the write down of Spheral Solar production equipment in the fourth quarter of fiscal 2006 (see fiscal 2006 consolidated financial statements and MD&A for further details).

Photowatt Technologies corporate costs in the third quarter were $1.1 million. This amount included approximately $0.6 million of one-time option redemption costs associated with the corporate reorganization being undertaken to prepare for the Company’s solar funding strategy. Excluding these one-time costs, Photowatt Technologies corporate costs remained constant compared to the second quarter. Corporate costs were insignificant during the comparable prior year quarter.

Inter-solar eliminations in the third quarter totalled $1.0 million ($1.6 million in the nine months ended December 31, 2006). These eliminations represent profit that is deferred until the underlying shipments of silicon between Spheral Solar and Photowatt International are converted to external revenue.

Photowatt Technologies operating earnings for the nine months ended December 31, 2006 were $0.7 million compared to $6.8 million in the comparable prior year period, primarily reflecting the Spheral Solar operating loss of $10.9 million and $2.1 million of Photowatt Technologies corporate costs.

Photowatt Technologies Outlook

Management believes solar product demand will remain strong based upon ongoing European subsidy programs, newly introduced North American subsidy programs and continued demand for clean, renewable energy products that can augment or replace increasingly scarce fossil fuels. Management believes that any changes in government solar subsidy programs will likely have an impact on demand for its solar products.

Photowatt International Capacity Expansions:

Photowatt International’s current expansion includes the expansion of Photowatt International’s ingot, wafer, cell and module manufacturing capacity from approximately 31 MW, 32 MW, 40 MW and 54 MW, respectively, to approximately 60 MW of total integrated manufacturing capacity. Management expects new capacity to be fully operational by March 2007. The capital cost of this expansion phase is estimated to be €26.5 million, of which €19.3 million was incurred at December 31, 2006. The Company expects to incur incremental overhead, labour, and other costs during the fourth quarter as new machinery, equipment, and processes continue to be brought on-line.

The next phase of Photowatt International’s capacity expansion plan is to increase its annual integrated manufacturing capacity from approximately 60 MW to 100 MW. This next phase provides for construction of a second facility near Lyon, France on land immediately adjacent to the Company’s existing facility and for construction of a module assembly facility in Eastern Europe or another low-cost region. This second facility is expected to begin production by the first quarter of
fiscal 2009 and be fully ramped by the end of fiscal 2009 at an estimated cost of approximately €75 million.

**Refined Metallurgical Silicon:** A key element of the Company’s silicon supply and growth strategy is the use of lower cost refined metallurgical grade silicon to produce and sell a separate line of solar products. In the third quarter Photowatt International produced more than 4,900 solar modules using refined metallurgical grade silicon (approximately 7% of total production in the quarter) of which approximately 2,300 were sold generating $0.9 million of revenue. To date over 8,200 modules have been manufactured using refined metallurgical grade silicon. Management intends to continue to expand the proportion of revenue Photowatt International derives from solar cells produced from refined metallurgical grade silicon and expects that in excess of two thirds of its production in fiscal 2008 will be from this form of silicon. Customer orders for approximately 29MW of refined metallurgical silicon modules have now been received.

Photowatt’s solar cells produced from refined metallurgical grade silicon are currently less efficient (currently averaging efficiencies of approximately 13%) and currently use approximately 50% more grams per watt of silicon material than its polysilicon solar cells. With selling prices per watt currently less than prices of polysilicon modules, Photowatt International’s margins are currently lower for solar cells using refined metallurgical grade silicon than those achieved for solar cells using polysilicon. However, the use of metallurgical silicon has allowed and management believes will continue to allow Photowatt International to expand its production volumes in a time when it would have otherwise been constrained by significant polysilicon shortages. Management believes the manufacture of solar cells using refined metallurgical grade silicon is unique in the solar industry. Management intends to further enhance and develop its ability to improve the power efficiencies and reduce the grams per watt of silicon used to produce refined metallurgical silicon cells.

**Silicon Supply:** Management believes that it has now secured or identified sources of polysilicon and refined metallurgical silicon for Photowatt International’s planned capacity through to September 2008. The majority of the silicon requirements to September 2008 are expected to be filled by inventory on hand and by confirmed purchase orders. Management expects that the balance of the requirements to September 2008 will be satisfied by outstanding purchase orders with existing suppliers, and by expected shipments under the Photosil project (see “Long-Term Silicon Supply Agreements” and “Contractual Obligations.”)

**Reclaimed Silicon (Powder and Fines):** Spheral Solar shipped approximately 21 metric tonnes of reclaimed silicon to Photowatt France during the third quarter. During the first nine months of fiscal 2007, 59 metric tonnes were shipped to Photowatt France. Reclaimed silicon is produced by sorting and then converting lower-cost silicon powder and fines into silicon usable by Photowatt France. Management is currently focused on securing a source of long-term supply of this lower-cost form of silicon.

**Long-Term Silicon Supply Agreements:** A further element of Photowatt Technologies silicon supply strategy is continued development of long-term silicon supply agreements. In October 2006, Photowatt International entered into a 10-year silicon supply contract with Deutsche Solar AG, a subsidiary of SolarWorld AG, for the supply of solar-grade, multi-crystalline polysilicon wafers beginning in the first half of calendar 2009. Under the agreement, Deutsche Solar is obliged to deliver, and Photowatt is obliged to accept, approximately four million polysilicon wafers per
annum. These wafers will be processed into solar cells and modules and are estimated to support the manufacture of approximately 15 MW of solar power products per annum. Advance payments to be made under the contract will be applied against the price of silicon wafers received during the life of the commitment.

As described in the third quarter financial statements, Photowatt Technologies has entered into an agreement with three partners for the “Photosil” project. The primary objective of this project is to develop a commercial process for the production of solar grade silicon derived from metallurgical silicon, with a capacity of 200 tonnes per year. Under the agreement, Photowatt Technologies is to be supplied with at least 80% of the volume of solar grade silicon or ingots produced by the project through to April 20, 2008.

**Spherical Solar Technology:** As announced on January 11, 2007, Photowatt signed a non-binding letter of intent to enter into a proposed business partnership and cross-licensing agreement with Clean Venture 21 Corporation (“CV21”) of Kyoto, Japan and Fujipream Corporation (“Fujipream”) of Hyogo, Japan, in order to advance the development of its Spherical Solar™ Technology. The goal of this proposed relationship is to share the significant technology, knowledge and expertise of each of the parties in sphere-based solar technologies. The companies intend to negotiate in order to enter into a definitive agreement as soon as practical, subject to the completion of due diligence and the receipt of certain approvals.

In January 2007, Spherical Solar Power reduced its workforce by approximately 20 personnel. Severance costs of $0.7 are expected to be incurred in the fourth quarter. Spherical Solar Power’s workforce now stands at approximately 50.

**Solar Funding Strategy.** During the third quarter, the Company received shareholder approval for the reorganization of the Company to facilitate the planned Photowatt Initial Public Offering ("IPO"). On February 14, 2007 Photowatt Technologies Inc. announced the filing of an amended prospectus. The amended documents are available at [www.sedar.com](http://www.sedar.com) and [www.sec.gov](http://www.sec.gov). The Company expects the IPO to close by the end of March 2007.

**Precision Components Group**

**PCG Revenue**

PCG’s revenue decreased 19% or $4.6 million in the third quarter of fiscal 2007 to $19.9 million, from $24.5 million in the comparable prior year period. This decrease primarily reflected lower volumes on existing customer programs resulting from significant production cuts by the Big Three North American automakers, and the negative impact of foreign exchange estimated to be $0.6 million compared to the third quarter of fiscal 2006. These factors more than offset increases in revenues from new programs launched and price increases obtained on current programs during the past year.

For the first nine months ended December 31, 2006, PCG’s revenue was $64.5 million compared to prior year revenue of $69.5 million. The continued strength of the Canadian dollar reduced PCG revenue by an estimated $3.6 million during the first nine months of fiscal 2007 verses the first nine months of fiscal 2006.
PCG Operating Results

PCG’s operating loss for the third quarter was $1.3 million compared to a loss of $0.5 million in the third quarter a year ago. PCG’s operating loss in the most recent quarter was primarily due to lower revenues discussed above and $0.8 million of costs (including severance) related to the previously announced closure of the MPP facility (see below).

Included in PCG’s operating income is amortization expense for the third quarter of $1.7 million, compared to $1.9 million in the third quarter of fiscal 2006. Year to date PCG amortization is $5.2 million, compared to $5.6 million in the nine months ended December 31, 2005. Adjusted for the MPP closure costs, PCG EBITDA (operating loss excluding amortization) for the third quarter was $1.2 million (6% EBITDA margin) compared to $1.4 million (6% EBITDA margin) in the third quarter a year earlier.

PCG’s operating loss of $2.2 million during the first nine months of fiscal 2007 represented a $0.6 million dollar improvement over the operating loss of $2.8 million in the comparable prior year period despite the aforementioned $0.8 million of MPP closure costs and a $4.6 million reduction in PCG revenue. Improved PCG performance reflected significant operational improvements that have been made over the past year, including: closure of PCG’s McAllen, Texas facility; manufacturing efficiency gains; price increases on programs; and, increased benefits from supply chain management. These improvements more than offset the negative impact of foreign exchange, which reduced PCG’s operating results by an estimated $1.4 million during the first nine months of fiscal 2007 versus the comparable prior year period. The operating loss in the first quarter of fiscal 2006 included $1.0 million of costs related to the consolidation of the McAllen, Texas facility into PCG’s Cambridge operations.

PCG Outlook

Management expects that recent production cuts by the Big Three North American automakers will continue to negatively impact many of PCG’s customers and therefore the Group’s revenue and profitability into the fourth quarter of fiscal 2007. It is difficult to forecast when customer volumes will stabilize, however management continues to believe that PCG’s prospects have been strengthened due to operational improvements, rationalization, plant consolidation, and the addition of business from non Big-Three related automotive parts manufacturers. PCG is aggressively targeting attractive new programs that increase utilization of existing capacity.

As part of its ongoing improvement program, in the third quarter PCG announced the closure of its Bowmanville, Ontario-based precision plastic injection moulding operations (‘MPP’) and consolidation of these capabilities into existing PCG facilities in Shanghai, China and Cambridge, Ontario. This consolidation is expected to be complete by the first quarter of fiscal 2008. At December 31, 2006, MPP employed approximately 82 people at its 34,000 sq. ft. leased facilities and had revenues during fiscal 2006 of approximately $12.5 million. Management expects one-time costs associated with consolidating this business, including relocation, employee, and other expenses, will reduce the Company’s operating income by approximately $1 million over the next two quarters. This consolidation is expected to reduce PCG’s cost base, improve competitiveness and further strengthen its operations and prospects.
PCG is progressing as planned with its Omex expansion and expects to complete the occupation of the new 74,000 sq.ft. leased facility by the end of fiscal 2007. Approximately $0.2 million of non-recurring moving expenses associated with this relocation are expected to be incurred during the fourth quarter. Once the relocation is completed, management expects that Omex will be able to improve its efficiency, machine utilization and enable this successful business to further expand its revenues.

Consolidated Results From Operations

Revenue. Consolidated revenues from continuing operations of $171.8 million for the three months ended December 31, 2006 were 3% lower than a year ago. A $4.0 million increase in Photowatt Technologies revenue was more than offset by a $5.2 million decrease in ASG revenue and a $4.6 million reduction in PCG revenue. The estimated net impact of changes in effective foreign exchange rates was a reduction in revenue of $0.6 million for the three months ended December 31, 2006 compared to the same period of the prior year. Excluding the impact of foreign exchange, consolidated revenue was an estimated 2% lower compared to the third quarter of fiscal 2006.

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>Nine months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. &amp; Mexico</td>
<td>$ 69.4</td>
<td>$ 89.6</td>
</tr>
<tr>
<td>Europe</td>
<td>61.4</td>
<td>52.0</td>
</tr>
<tr>
<td>Canada</td>
<td>17.5</td>
<td>13.7</td>
</tr>
<tr>
<td>Asia-Pacific and other</td>
<td>23.5</td>
<td>21.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 171.8</strong></td>
<td><strong>$ 176.3</strong></td>
</tr>
</tbody>
</table>

Consolidated loss from operations. For the three months ended December 31, 2006, consolidated loss from operations was $2.4 million, compared to a loss from operations of $6.6 million a year ago. This year-over-year improvement reflected ASG’s operating earnings of $2.4 million (operating loss $0.8 million a year ago); lower operating earnings ($4.3 million compared to $5.1 million a year ago) at Photowatt International; a reduced operating loss for Spheral Solar, solar corporate costs and solar eliminations ($5.1 million compared to $8.0 million a year ago); operating loss of $1.3 million ($0.5 million loss a year ago) at PCG; and, corporate eliminations and operating costs of $2.7 million ($2.4 million of costs a year ago). Excluding ASG restructuring costs, the costs associated with Spheral Solar technology incurred in the third quarter and the estimated impact of foreign currency, consolidated earnings from operations for the three months ended December 31, 2006 would have been $4.7 million, compared to a $5.3 million a year ago.

Selling, general and administrative (“SG&A”) expenses. For the third quarter, consolidated SG&A expenses increased $1.2 million to $22.2 million compared to the respective prior year period reflecting higher costs incurred by Photowatt Technologies. Third quarter SG&A expenses included $0.4 million of Spheral Solar costs and $1.1 million of Photowatt Technologies’ corporate costs compared to $0.9 million and $0.2 million respectively in the same quarter of the prior year. Fiscal 2007 third quarter SG&A expenses also included $1.5 million of severance and California lease costs as well as increased costs compared to the third quarter of fiscal 2006 associated with incentive
compensation at divisions with improved results, and consulting and compensation costs associated
with internal controls certification. Third quarter fiscal 2006 SG&A expenses included $1.9 million of
ASG restructuring costs.

**Stock-based compensation cost.** For the third quarter of fiscal 2007, stock-based compensation
expense decreased $0.1 million from the third quarter of last year primarily reflecting the change in
value of the directors’ deferred stock units outstanding as well as the issuance and cancellation of
employee stock options and deferred stock units under the directors’ compensation plan.

**Interest expense.** For the three months ended December 31, 2006, interest expense increased $0.3
million compared to a year ago to $1.1 million, primarily reflecting higher interest rates and greater
use of the Company’s credit facilities.

**Loss from discontinued operations, net of tax.** In June 2006, the Company sold the key operating
assets and liabilities – including equipment, current assets, trade accounts payable and certain other
assets and liabilities – of its Berlin, Germany coil winding business for net proceeds of €0.6 million
consisting of cash of €0.3 million and an interest bearing note receivable of €0.3 million. Accordingly,
the results of operations and financial position of the Berlin subsidiary have been segregated and
presented separately as discontinued operations and as assets held for sale. The loss from
discontinued operations includes a non-cash charge of $2.0 million ($2.2 million before taxes)
icurred during the three months ended June 30, 2006 to write down the assets sold to their net
realizable value. Results for comparable periods have been restated to reflect this discontinued
operation.

In the fourth quarter of fiscal 2006, the Company completed the sale of PCG’s precision metals
division (“Precision Metals”). The results and financial position of Precision Metals for fiscal 2006
have been segregated and presented separately as “discontinued operations” and “assets held for
sale” in the accompanying interim financial statements. The Company retained the land and
building related to the Precision Metals operations and expects to sell the land and building. As such
the assets continue to be classified as “held for sale.” See Note 2 to the Consolidated Interim
Financial Statements for further details on the net loss from discontinued operations.

**Provision for income taxes.** The effective rate of income tax reflects the tax rates of different
countries and jurisdictions where future tax assets are not recognized.

**Net loss from continuing operations.** For the third quarter of fiscal 2007, net loss from continuing
operations was $2.4 million (4 cents per share) compared to net loss from continuing operations of
$5.3 million (9 cents per share) a year ago. Net loss from continuing operations for the first nine
months of fiscal 2007 was $2.0 million (3 cents per share) compared to net loss from continuing
operations of $2.5 million (4 cents per share) for the same period last year.

**Net loss.** For third quarter of fiscal 2007, net loss was $2.4 million (4 cents per share) compared to
net loss of $5.8 million (10 cents per share) for the same period last year. The net loss for the first
nine months of fiscal 2007 was $4.2 million (7 cents per share) compared to net loss of $3.7 million (6
cents per share) for the same period last year. Excluding the impact of Spheral Solar, consolidated net
earnings for the quarter ended December 31, 2006 would have been breakeven (0 cents per share
basic and diluted).
Impact of Foreign Exchange

The strength of the Canadian dollar against the US dollar continued to have a negative impact on the Company’s earnings in the third quarter of fiscal 2007, partially offset by a stronger Euro against the Canadian dollar. In the third quarter, the effective rate of exchange on the US dollar and euro declined 4% and increased 6% respectively, while average market rates declined 3% and increased 6%, respectively compared to the same quarter of last year.
Estimated Foreign Exchange Impact
For the three months ended December 31, 2006
($ millions)

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Reported</th>
<th>% Change vs. last year</th>
<th>Estimated negative (positive) impact of foreign exchange included in reported results</th>
<th>% Change vs. last year excluding foreign exchange impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation Systems</td>
<td>$ 113.1</td>
<td>(4)%</td>
<td>$ 2.1</td>
<td>(3)%</td>
</tr>
<tr>
<td>Photowatt Technologies</td>
<td>39.2</td>
<td>(11)%</td>
<td>(2.1)</td>
<td>5%</td>
</tr>
<tr>
<td>Precision Components</td>
<td>19.9</td>
<td>(19)%</td>
<td>0.6</td>
<td>(16)%</td>
</tr>
<tr>
<td>Elimination of inter-segment revenue</td>
<td>(0.4)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated</td>
<td>$ 171.8</td>
<td>(3)%</td>
<td>$ 0.6</td>
<td>(2)%</td>
</tr>
</tbody>
</table>

Earnings (loss) from Operations

| Automation Systems                     | $ 2.4      | N/ M                   | $ 1.7                                                                                | N/ M                                                   |
| Photowatt International                 | 4.3        | (16)%                  | (0.3)                                                                               | (22)%                                                  |
| Precision Components                    | (1.3)      | (160)%                 | 0.2                                                                                 | (120)%                                                 |
| Spheral Solar and other Solar costs     | (5.1)      | 36%                    | -                                                                                   | -                                                      |
| Inter-Segment elimination and           | (2.7)      | (8)%                   | -                                                                                   | -                                                      |
| corporate expenses                      |            |                        |                                       |                                                        |
| Consolidated                            | $ (2.4)    | 63%                    | $ 1.6                                                                                | 87%                                                    |

At December 31, 2006 the Company had, on hand, unrealized forward exchange contracts for the future sale of US dollars related to anticipated revenue and balance sheet transaction exposure totalling US $106 million at an average exchange rate of Cdn $1.1270. The unrecognized loss on these forward contracts totalled approximately $1.7 million at December 31, 2006.

Period Average Market Exchange Rates in CDN$

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>Nine months ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>US $</td>
<td>1.1399</td>
<td>1.1728</td>
<td>(3)%</td>
<td>1.1270</td>
</tr>
<tr>
<td>Euro</td>
<td>1.4736</td>
<td>1.3929</td>
<td>6%</td>
<td>1.4374</td>
</tr>
<tr>
<td>Singapore $</td>
<td>0.7325</td>
<td>0.6948</td>
<td>5%</td>
<td>0.7157</td>
</tr>
</tbody>
</table>

Liquidity, Cash Flow and Financial Resources

Cash balances, net of bank indebtedness at December 31, 2006 increased $2.4 million during the third quarter compared to the second quarter of fiscal 2007 and decreased $25.0 million during the first nine months of fiscal 2007. The increase of $2.4 million in the net cash balance from the second
quarter was largely as a result of reduced investment in non-cash working capital of $23.5 million and which offset $21.8 million of investments in property, plant and equipment primarily to support the Photowatt Technologies expansion plan. The change in the net cash balance in the first nine months of fiscal 2007 was largely as a result of increased working capital and investments in property, plant and equipment, partially offset by increased long-term debt.

In the third quarter of fiscal 2007, the Company invested a total of $21.8 million in property, plant and equipment including deposits on equipment. This total included property, plant and equipment investments at Photowatt International of $19.6 million related to its previously announced capacity expansion and $0.8 million and $1.2 million for property, plant and equipment within ASG and PCG, respectively. In the third quarter of fiscal 2007, the Company’s “other” long-term assets increased by $4.6 million related to deposits made by Photowatt Technologies on silicon contracts.

The Company’s debt to equity ratio at December 31, 2006 was 0.2:1. At December 31, 2006 the Company had $70 million of unutilized credit available under existing operating and term credit facilities. At December 31, 2006, the Company was in compliance with its loan covenants.

During the third quarter, approximately 13 thousand stock options were exercised for total proceeds of $136 thousand. At December 31, 2006 the total number of shares outstanding was 59,258,094.

During the third quarter, Canadian Solar Inc. (“CSI”), a portfolio investment of ATS, completed an initial public offering of common shares on the NASDAQ exchange and trades under the symbol “CSIQ”. ATS owns 1,864,398 common shares of CSI, which are subject to resale restrictions including a 180 day lock-up period and restrictions under applicable securities laws, and are carried at original cost of $0.2 million.

**Contractual Obligations**

Information on the Company’s lease and contractual obligations is detailed in the consolidated annual financial statements and MD&A for the year ended March 31, 2006 found at [www.sedar.com](http://www.sedar.com). The Company’s off balance sheet arrangements consist of operating lease financing related primarily to facilities and equipment and forward exchange contracts. For the three months ended December 31, 2006, the Company did not enter into any material leases which would be considered outside the normal course of operations.

In October 2006, Photowatt Technologies entered into a 10-year irrevocable commitment (see “Long-term Silicon Supply Agreement”) to purchase approximately 4,000,000 silicon wafers per annum commencing in calendar 2009. Advance payments are required, which will be applied against the price of silicon wafers that will be received during the life of the commitment and can only be refunded in the event of the supplier’s failure to deliver silicon wafers in accordance with the agreement. Commencing in 2009, the price of the silicon wafers will be adjusted at the beginning of each calendar year based on the agreed upon formula.
### Contractual Obligations
(in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Less than 1 year</th>
<th>1-3 years</th>
<th>4-5 years</th>
<th>Beyond 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt</td>
<td>$59.8</td>
<td>$0.4</td>
<td>$4.0</td>
<td>$23.8</td>
<td>$31.6</td>
</tr>
<tr>
<td>Operating leases</td>
<td>13.2</td>
<td>3.4</td>
<td>7.2</td>
<td>2.5</td>
<td>0.1</td>
</tr>
<tr>
<td>Purchase Obligations</td>
<td>298.5</td>
<td>43.8</td>
<td>35.2</td>
<td>48.8</td>
<td>170.7</td>
</tr>
<tr>
<td>Total</td>
<td>$371.5</td>
<td>$47.6</td>
<td>$46.4</td>
<td>$75.1</td>
<td>$202.4</td>
</tr>
</tbody>
</table>

### Consolidated Quarterly Results

($ in thousands, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$171,792</td>
<td>$164,433</td>
<td>$190,889</td>
<td>$208,675</td>
<td>$176,254</td>
<td>$152,050</td>
<td>$188,716</td>
<td>$206,853</td>
<td>$197,542</td>
</tr>
<tr>
<td>Net earnings (loss) from continuing operations</td>
<td>$ (2,356)</td>
<td>(2,104)</td>
<td>2,434</td>
<td>(64,295)</td>
<td>(5,309)</td>
<td>(3,019)</td>
<td>5,868</td>
<td>14,615</td>
<td>7,103</td>
</tr>
<tr>
<td>Net earnings (loss)</td>
<td>$ (2,389)</td>
<td>(2,110)</td>
<td>338</td>
<td>(65,589)</td>
<td>(5,801)</td>
<td>(3,329)</td>
<td>5,426</td>
<td>459</td>
<td>5,627</td>
</tr>
<tr>
<td>Basic earnings (loss) per share from continuing operations</td>
<td>$ (0.04)</td>
<td>(0.04)</td>
<td>0.04</td>
<td>(1.09)</td>
<td>(0.09)</td>
<td>(0.05)</td>
<td>0.10</td>
<td>0.24</td>
<td>0.12</td>
</tr>
<tr>
<td>Basic earnings (loss) per share</td>
<td>$ (0.04)</td>
<td>(0.04)</td>
<td>0.01</td>
<td>(1.11)</td>
<td>(0.10)</td>
<td>(0.06)</td>
<td>0.09</td>
<td>0.01</td>
<td>0.09</td>
</tr>
<tr>
<td>Diluted earnings (loss) per share from continuing operations</td>
<td>$ (0.04)</td>
<td>(0.04)</td>
<td>0.04</td>
<td>(1.09)</td>
<td>(0.09)</td>
<td>(0.05)</td>
<td>0.10</td>
<td>0.24</td>
<td>0.12</td>
</tr>
<tr>
<td>Diluted earnings (loss) per share</td>
<td>$ (0.04)</td>
<td>(0.04)</td>
<td>0.01</td>
<td>(1.11)</td>
<td>(0.10)</td>
<td>(0.06)</td>
<td>0.09</td>
<td>0.01</td>
<td>0.09</td>
</tr>
</tbody>
</table>

**Note:** The above information has been restated for the Berlin, Precision Metals and thermals discontinued operations.

**Note to Readers**

This is not an offer of securities for sale in the United States. Photowatt Technologies Inc. intends to register the initial public offering of its common shares in the United States or Canada. Common shares of Photowatt Technologies Inc. may not be offered or sold in the United States absent registration or an exemption from registration. The public offering of common shares of Photowatt Technologies Inc. to be made in the United
States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about Photowatt Technologies Inc. and management, as well as financial statements.

This press release and the third quarter MD&A and consolidated interim financial statements accompanying it (collectively the “Press Release”) contain certain statements that constitute forward-looking information within the meaning of applicable securities laws (“forward-looking statements”). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of ATS, or developments in ATS’s business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements include all disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action. Forward-looking statements may also include, without limitation, any statement relating to future events, conditions or circumstances. ATS cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Forward-looking statements relate to, among other things, ATS’s improvement initiatives and anticipated outcomes; expansion in China and Asia; growth plans with respect to ATS’s REM business; the impact associated with the closure of the Livermore, California facility; ASG’s healthcare order prospects and market growth potential; challenges associated with changes in foreign exchange rates; factors tempering ASG’s outlook; ASG market diversification and cost reduction initiatives and expected benefits related thereto; expected costs and benefits resulting from reduction of ASG North American workforce; risk of a temporary setback in ASG’s performance; expected increases in silicon costs; demand for solar products and impact of government solar subsidies thereon; increased manufacturing capacity of Photowatt International, and the estimated capital cost and timing for commencement of production, and related operating costs thereof; management’s beliefs with respect to silicon procurement and expectations in regards to inventory, purchase orders and contracts for silicon supply; development of long term supply agreements; efforts with respect to securing a source of silicon powder and fines; management’s expectations with respect to expansion of the proportion of revenue and volume of production associated with modules using refined metallurgical grade silicon, development efforts towards improving the power efficiency of those modules and reducing the grams per watt of silicon used in their production; estimated output related to Deutsche Solar wafer supply; objectives of the Photosil project; goal of proposed CV21/Fujipream relationship and intentions with respect to a definitive agreement; expected severance costs with respect to Spheral Solar workforce reduction; Photowatt Technologies’ continued advancement towards an initial public offering and expected timing in relation thereto; impact of production cuts by the Big Three North American automakers on PCG revenue and profitability; PCG’s overall prospects and potential; timing, cost of completion, and expected outcome of MPP consolidation; timing, expenses, and outcomes associated with Omex expansion; and expectations surrounding sale of Precision Metals land and building. The risks and uncertainties that may affect forward-looking statements include, among others; general market performance; performance of the Canadian dollar; performance of the market sectors that ATS serves; unforeseen problems with the implementation of ATS’s strategic improvement and expansion initiatives and/or the failure of such initiatives to achieve stated goals; that ATS’s REM business is unable to find new customers and/or quality projects and growth and profitability are adversely impacted as a result; delays and cost overruns associated with the closure of the Livermore facility; weakening of the healthcare sector or inability of ATS to further penetrate that sector; potential inability of ATS to penetrate diversified markets, successfully reduce costs, and thereby realize expected benefits; possible temporary setback at ATS facilities undergoing restructuring; reversal of current silicon supply arrangements, inability to finalize strategic partnerships or alliances, supply contracts, or beneficial spot market purchases, to provide for silicon supply (including poly silicon, metallurgical silicon, and silicon powder and fines), and other problems that may be encountered with silicon supply sources; potential for silicon prices to decline in the face of long term silicon supply arrangements; possibility that solar product selling price increases and improvements in production efficiencies will not be obtained and/or, if they are, will not be sufficient to offset higher silicon costs and shortages; the extent of market demand for solar products such as those developed by the Photowatt Technologies; the availability of government subsidies for solar products, the development of superior or alternative technologies to those developed by ATS; the success of competitors with greater capital and
resources in exploiting their technology and marketing their products; the successful expansion of production capability at Photowatt International and adoption of new production processes and potential delay and cost overruns in relation thereto; rejection of silicon purchase orders currently expected to be confirmed and delays and/or technical or operational problems associated with Photosil’s new facility; equipment, labour or other issues that may arise with respect to the Spheral Solar technology being used in conversion of silicon powder and fines for Photowatt France; unforeseen problems with Photowatt France’s use of silicon produced by the Spheral Solar conversion technology and/or refined metallurgical silicon; the risk that desired cell efficiencies and silicon usage levels relating to refined metallurgical grade silicon technology cannot be achieved and/or that the market is unreceptive to lower efficiency cells and as a result it is not a profitable alternative to the use of conventional polysilicon; inability of the Photosil project to realize on its objectives; Photowatt, Clean Venture 21 Corporation and Fujipream Corporation not reaching a definitive agreement on commercially reasonable terms, the failure to obtain any approvals required as a precondition to entering into such a definitive agreement, risks involved in successfully developing and commercializing sphere based solar technology on a cost-effective basis, including whether or not technical solutions exist, are available, can be discovered, and are economically feasible, and potential delays in finding technical solutions; ability of Spheral Solar to achieve lower silicon usage relative to conventional solar technology; delays in realizing or absence of further cost savings as a result of Photowatt Canada (Spheral Solar) staff reductions; possibility that solar products will not be able to augment or replace the use of fossil fuels, in whole or in part; the cost and availability of silicon, including silicon powder and fines, and other raw materials and certain specialized manufacturing tools and fixtures used in the production of Photowatt Technologies’ products; delays in or abandonment of pursuit of an initial public offering for Photowatt Technologies Inc. due to a change in market conditions, the availability of an alternative transaction, or due to any other reason, including any of the risk factors set out herein; performance of ATS’s solar business; possibility that progress of PCG in strengthening its operations may be delayed or reversed for unforeseen reasons; delays and cost overruns with respect to the consolidation of MPP and failure of this consolidation to strengthen prospects for the business; delays and cost overruns with respect to the new leased facilities for PCG’s Omex operations; delay in, abandonment of, or other problems encountered with the sale of the property previously occupied by ATS’s former Precision Metals division; and other risks detailed from time to time in ATS’s filings with Canadian provincial securities regulators, including ATS’s Annual Report and Annual Information Form for the fiscal year ended March 31, 2006. Forward-looking statements are based on management’s current plans, estimates, projections, beliefs and opinions, and ATS does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change.

February 14, 2007