Automation Tooling Systems

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Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") for the three months ended June 30, 2007 (first quarter of fiscal 2008) provides detailed information on the Company's operating activities for the first quarter of fiscal 2008 and should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three months ended June 30, 2007 (first quarter fiscal 2008). 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 2007 and, accordingly, the purpose of this document is to provide a first quarter update to the information contained in the fiscal 2007 MD&A. These documents and other information relating to the Company, including the Company's fiscal 2007 audited consolidated financial statements, MD&A and Annual Information Form may be found on SEDAR at www.sedar.com.

Notice to Reader

The Company has three reportable segments: Automation Systems Group ("ASG"), Photowatt Technologies ("Photowatt"), and Precision Components Group ("PCG"). Photowatt Technologies is comprised of Photowatt France, Photowatt USA and Spheral Solar. Photowatt France consists of an integrated solar ingot, wafer, cell and module production facility in France. Photowatt USA is a small module assembly and sales operation in the United States, which is in the process of being closed. Spheral Solar is a now halted development project based on spheral technology. Any reference to solar production capacity assumes the use of polysilicon at currently experienced levels of efficiency. Actual solar capacity may vary materially for a number of reasons including the use of refined metallurgical silicon ("MgSi"), changes in cell efficiencies and/or changes in production processes. References to Photowatt's cell ''efficiency'' means the percentage of incident energy that is converted into electrical energy in a solar cell. Solar cells and modules are sold based on wattage output. "Silicon" refers to a variety of silicon feedstock, including polysilicon, MgSi and polysilicon powders and fines.

Non-GAAP Measures

Throughout this document the term "operating earnings" is used to denote earnings (loss) from operations. EBITDA is also used and is defined as earnings (loss) from operations excluding depreciation, amortization (which includes amortization of intangible assets, and impairment of goodwill) and segment and business unit allocation of corporate costs. The term "adjusted EBITDA" that is used by the Company from time to time and is defined as EBITDA excluding certain adjustments as described in the MD&A. The term "margin" refers to an amount as a percentage of revenue. The terms "earnings from operations", "operating earnings", "margin", "operating loss", "operating results", "operating margin", "EBITDA", "adjusted EBITDA", "adjusted EBITDA margin", "Order Bookings" and "Order Backlog" do not have any standardized meaning prescribed within Canadian generally accepted accounting principles ("GAAP") and therefore may not be comparable to similar measures presented by other companies. A reconciliation to total Company revenue and earnings from operations for the first quarter of fiscal 2008 and 2007 is contained in the unaudited interim Consolidated Financial Statements for the three months ended June 30, 2007. Operating earnings, EBITDA and adjusted EBITDA are some of the measures the Company uses to evaluate the performance of its segments. ATS presents EBITDA and adjusted EBITDA to show its baseline performance before certain non-cash and restructuring-related expenses and other items that are considered by management to be outside of ATS's expected normal ongoing operational results. Management believes that ATS shareholders and potential investors in ATS use non-GAAP financial measures such as operating earnings, EBITDA and adjusted EBITDA in making investment decisions about the Company and measuring its operational results. EBITDA and adjusted EBITDA should not be construed as substitutes for net income determined in accordance with GAAP.

Automation Systems Group Segment

ASG Revenue
(in millions of dollars)

	Three Months Ended June 30, 2007		Three Months Ended June 30, 2006	
Revenue by industry				
Healthcare	**$**	**29.1**	$	47.5
Computer-electronics		**30.4**		33.8
Automotive		**27.3**		30.5
Other		**21.0**		10.0
Total ASG revenue	**$**	**107.8**	$	121.8

ASG first quarter revenue was 11% lower than a year ago, reflecting lower Order Backlog entering the first quarter of fiscal 2008, compared to the Order Backlog levels entering the same period of fiscal 2007. As expected, the increases in Order Bookings experienced in the fourth quarter of fiscal 2007 did not have a significant impact on first quarter revenues as these projects had not yet moved from design into manufacturing when materials are procured, equipment is built and proportionately higher levels of revenues are recognized.

By industrial market, healthcare revenue reflected lower Order Backlog levels entering the quarter compared to a year earlier. Generally, management believes the sales cycle in healthcare is longer and less predictable than in other markets and this has created variability in healthcare Order Bookings and revenue on a quarterly basis. The 10% decline in automotive revenue compared to a year ago reflects the ongoing impact of restructuring within the North American automotive market, as well as management's decision to be more selective in bidding on certain assignments in this industry. Reflecting recent assignments awarded in emerging markets for ATS including the consumer products and nuclear industries, "Other" revenue more than doubled year over year.

Repetitive Equipment Manufacturing ("REM") revenue was $10.9 million in the first quarter of fiscal 2008, compared to $12.4 million in the first quarter last year and $9.6 million in the fourth quarter of fiscal 2007.

Foreign exchange negatively impacted ASG first quarter fiscal 2008 revenues by an estimated $1.1 million compared to the first quarter of fiscal 2007, primarily reflecting a stronger Canadian dollar relative to the US dollar.

ASG Operating Results

Excluding severance costs in the first quarter of fiscal 2008 ($2.1 million) and first quarter of fiscal 2007 ($0.4 million), ASG operating income this year was $2.7 million compared to $3.2 million a year ago. Current quarter operating results also reflect the 11% decrease in revenue from a year ago and the impact of foreign exchange. Foreign exchange negatively impacted ASG's operating earnings by an estimated $0.6 million compared to the first quarter of fiscal 2007.

During the first quarter of fiscal 2008, the Company continued to make structural and operational improvements within its ASG operations and believes these changes, including recent additions to senior leadership, will help to deliver better results as revenue and factory utilization increase on the strength of higher Order Backlog. Performance at ASG Cambridge and Ohio, two of the largest facilities within ASG North America, is now beginning to stabilize following significant restructuring in the final months of fiscal 2007. Combined, these facilities made positive contributions to operating income in the first quarter compared to significant losses in the fourth quarter of fiscal 2007. ASG's European operations also achieved improved year-over-year results. Operating results at ASG's operations in Asia were lower than a year ago, reflecting lower margins on some first-time assignments.

ASG Non-GAAP Reconciliation
(in millions of dollars)

	Three Months Ended June 30, 2007		Three Months Ended June 30, 2006	
Operating income	**$**	**0.6**	$	2.8
Depreciation and amortization		**2.1**		2.8
EBITDA (Note 1)	**$**	**2.7**	$	5.6

Note 1: Operating income and EBITDA includes $2.1 million and $0.4 million of severance costs in the first quarters of fiscal 2008 and fiscal 2007, respectively.

Automation Systems Group Order Bookings and Order Backlog

ASG Order Bookings in the first quarter of fiscal 2008 were $146 million, 49% higher than in the first quarter of fiscal 2007 and 9% higher than the fourth quarter of fiscal 2007. Order Bookings in the first six weeks of the second quarter of fiscal 2008 were $59 million.

At June 30, 2007, ASG Order Backlog was $217 million, 23% higher than at June 30, 2006 and 17% higher than at March 31, 2007. Year-over-year, Order Backlog increased 11% in healthcare, 71% in computer-electronics and 48% in Other reflecting strong Order Bookings in the first quarter of fiscal 2008 in all three segments. The increase in healthcare Order Backlog reflects the Company's continuing strategy to penetrate this market. Included in healthcare Order Backlog is the US $14 million Order Booking secured during the first quarter that the Company previously announced. Automotive Order Backlog was at a level consistent with last year reflecting continued weakness in order activity in the North American automotive market and the Company's decision to be selective in bidding on assignments in this market, partially offset by increased activity in automotive markets in Europe.

Automation Systems Order Backlog by Industry
(in millions of dollars, except percentage change)

	June 30, 2007	June 30, 2006	Percentage Change
Healthcare	**$ 80**	$ 72	11%
Computer-electronics	**58**	34	71%
Automotive	**45**	47	(4)%
Other	**34**	23	48%
Total	**$ 217**	$ 176	23%

Automation Systems Group Outlook

The outlook for fiscal 2008 expressed in the annual MD&A for fiscal 2007 is unchanged. While management continues to believe that the underlying global trends that create demand for ASG's automated manufacturing solutions are attractive, the strength of the Canadian dollar and ongoing restructuring within the North American automotive market are expected to continue to present challenges to performance. However, management expects the increases in Order Bookings levels over the past two quarters and the resulting improvement in Order Backlog to start the second quarter of fiscal 2008 will allow revenue to trend upward as fiscal 2008 progresses. As well, management expects the combination of higher expected revenue and ongoing operational improvements, resulting in part from the recent reduction of excess capacity in North America, should also contribute to higher factory utilization – a key driver of earnings.

To further strengthen performance in ASG, management intends to continue to aggressively push forward with its four focused initiatives: improve core operations through better resource utilization and further cost improvements; develop new customer relationships as well as industry and regional automation markets; further advance the recognized ATS global brand; and, enhance employee talent development.

Photowatt Technologies Segment

Photowatt Technologies Revenue
(in millions of dollars)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006
Revenue by region		
Germany	**$ 22.5**	$ 15.8
Spain	**9.7**	14.7
Rest of Europe	**11.0**	11.5
North America	**2.8**	1.4
Asia/Other	**1.7**	1.0
Total revenue	**$ 47.7**	$ 44.4
Revenue by operating facility		
Photowatt France	**$ 46.2**	$ 43.8
Photowatt USA	**2.6**	1.7
Inter-solar eliminations	**(1.1)**	(1.1)
Total revenue	**$ 47.7**	$ 44.4

Photowatt's total revenue (inclusive of Photowatt France and Photowatt USA) was $47.7 million, 7% higher than in the first quarter of fiscal 2007 despite the negative impact of an industry slowdown in Europe, which management believes is short term in nature. Higher revenues reflected an increase in total megawatts ("MWs") sold at Photowatt France to 10.7 MWs from 8.7 MWs during the first quarter of fiscal 2007 (estimated benefit $9.4 million) and the positive impact of foreign exchange (estimated $1.6 million compared to a year ago). Growth in MWs sold resulted from increased ingot, wafer and cell production capacity at Photowatt France completed in March 2007.

The increase in MWs sold at Photowatt France was offset by a 13% decrease in average selling prices per watt during the first quarter of fiscal 2008 compared to the first quarter of fiscal 2007, which negatively impacted revenue by approximately $6.8 million. Average selling prices per watt for polysilicon modules decreased approximately 8% compared to a year ago. Management believes this was largely caused by reduced government incentives in Germany and an increase in supply of solar products on the market as solar companies sought to reduce excess inventory. In addition, MgSi modules were sold at average selling prices approximating 90% of the price per watt for polysilicon modules. During the first quarter, revenue from the sale of MgSi modules totalled approximately $16.7 million compared to $4.1 million in the fourth quarter of fiscal 2007 and nil a year ago. Management believes that market conditions in Europe are stabilizing.

Photowatt Technologies Operating Results
(in millions of dollars)

	Three Months Ended June 30, 2007		Three Months Ended June 30, 2006	
Operating income (loss):				
Photowatt France	**$**	**(0.4)**	$	10.2
Photowatt USA		**(0.3)**		(0.2)
Spheral Solar		**(1.3)**		(4.4)
Solar corporate costs		**(0.6)**		(0.5)
Inter-solar eliminations		**0.2**		(0.5)
Photowatt Technologies operating loss	**$**	**(2.4)**	$	4.6

Reflecting declines in industry prices per watt, polysilicon shortages resulting in increases in polysilicon costs and the Company's planned ramp up of MgSi module production Photowatt France incurred an operating loss of $0.4 million in the first quarter of fiscal 2008 compared to an operating profit of $10.2 million a year ago and $3.0 million during the fourth quarter of fiscal 2007. The reasons for the variance in operating performance compared to a year ago are as follows:

- the impact of the aforementioned reduced selling prices, which negatively impacted operating income by approximately $6.8 million compared to a year ago;
- increased costs of polysilicon feedstock and lower average cell efficiencies, which negatively impacted operating income by $4.1 million compared to a year ago. Increasing costs of polysilicon reflect continuing industry wide supply shortages. Lower average efficiency for cells manufactured in the quarter reflected planned increased production of MgSi solar modules and slightly lower efficiencies on products produced using polysilicon during the quarter compared to the same period a year ago. Lower polysilicon efficiencies were the result of the increased use of lower grades of polysilicon (reclaimed polysilicon). Increased use of reclaimed polysilicon reflects the continued shortage of polysilicon at reasonable prices in the spot market. In support of the Company's strategy to use its vertically integrated business model and technology capabilities to help overcome polysilicon shortages, Photowatt ramped up production of MgSi modules in the quarter. Average efficiency for cells manufactured using MgSi during the quarter was on target at approximately 13%.
- increased use of recycled polysilicon and MgSi also increased direct labor costs, other materials costs, and scrap rates, which negatively impacted operating income by $3.4 million compared to a year ago.
- increased use of purchased polysilicon wafers and cells to help offset shortages of polysilicon and to increase its manufacturing contributions from its cell and module capacity. While positive contributions are generated from the use of purchased wafers and cells, margins are lower than those generated by using wafers and cells produced by Photowatt.
- increased volume of MWs sold, which positively impacted operating earnings by $4.1 million compared to a year ago.

Photowatt France Non-GAAP Reconciliation
(in millions of dollars)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006
Operating income	**$ (0.4)**	$ 10.2
Depreciation and amortization	**3.1**	2.3
EBITDA	**$ 2.7**	$ 12.5

Amortization expense at Photowatt France was $3.1 million compared to $2.3 million during the first quarter of fiscal 2007. Photowatt France's EBITDA for the first quarter was $2.7 million (6% EBITDA margin) compared to $12.5 million (29% EBITDA margin) a year ago and $5.9 million (16% EBITDA margin) in the fourth quarter of fiscal 2007 reflecting the same factors noted above.

Photowatt USA's operating loss in the first quarter was $0.3 million compared to an operating loss of $0.2 million a year ago. In fiscal 2007, the Company announced the wind up of this non-strategic module production facility in New Mexico, which is expected to close during fiscal 2008.

Spheral Solar's operating loss in the first quarter was $1.3 million compared to an operating loss of $4.4 million a year ago. The improvement primarily reflected the reduction in Spheral Solar staff and expenses associated with the Company's decision, taken in the latter half of the first quarter of fiscal 2008, to halt further internal Spheral Solar development.

Solar corporate costs were $0.6 million in the first quarter of fiscal 2008 compared to $0.5 million a year ago. Inter-solar eliminations were $0.2 million, which represented the realization of deferred profits on shipments of silicon from Spheral Solar to Photowatt France. No such shipments were made in the first quarter of fiscal 2008 and none are expected going forward.

Reflecting the reasons noted above, the operating loss for Photowatt Technologies was $2.4 million in the first quarter of fiscal 2008 compared to operating income of $4.6 million a year earlier.

Photowatt Outlook

The outlook for Photowatt is largely unchanged from the outlook discussed in the annual MD&A for fiscal 2007. Management continues to believe demand for the solar industry will be positively impacted by a number of trends over the long term.

In the short term, Photowatt is expected to continue to face the industry-wide challenges associated with shortages of polysilicon, increasing polysilicon prices and lower average selling prices per watt than in fiscal 2007. Second quarter fiscal 2008 operating performance is also expected to be impacted by the usual four week Photowatt France factory shutdown.

As part of its strategy to manage the impact of higher polysilicon prices, Photowatt France has utilized its vertically-integrated production capability and technology expertise to produce solar products using lower cost MgSi. This industry-leading capability is currently at an early stage of development and as expected power conversion efficiencies are lower than those generated using higher priced polysilicon feedstock. Given the shortage of polysilicon at reasonable prices, management expects to use a significant part of its manufacturing capacity in fiscal 2008 to produce MgSi based products. Until the cell efficiency of these products is enhanced, production of these products is expected to have a negative impact on profitability compared to historical margins using polysilicon (secured at lower historical cost than available in the market today). Photowatt is aggressively pursuing process improvements designed to increase the profitability of producing MgSi solar cells and modules. These process improvement efforts are focused on: increasing cell power efficiencies; enhancing manufacturing yields and reducing scrap rates; and, increasing throughput at all stages of production. Planned capital investments in fiscal 2008 are also targeted to generate cost savings in fiscal 2009.

Management's strategic direction for, and associated initiatives related to, Photowatt Technologies, also include securing additional sources of high quality polysilicon and capacity expansion. These initiatives are designed to enhance the long term performance of the business while also reducing the risk associated with polysilicon supply. Management believes these initiatives, combined with recent long-term silicon supply contracts (see "Contractual Obligations") which significantly increase Photowatt France's access to silicon material, have strengthened Photowatt Technologies prospects for the future. Management intends to continue to fortify this business throughout fiscal 2008 to prepare it for the solar Spin Out (see "Subsequent Events").

Management also intends to advance its collaborative development arrangements focused on increasing power efficiencies of solar cells with Electricité de France ("EDF", a major French electrical utility) and the Commissariat à l'Energie Atomique (the world renowned French research institute). This includes formation of the "lab-fab" planned for the second half of fiscal 2008. Assuming approvals of government support and success in phase one, phase two of this collaboration is intended to result in the "PV Alliance," a joint venture to manufacture solar cells and modules between EDF and Photowatt Technologies.

PCG Segment

First quarter PCG revenue of $19.4 million was $5.9 million lower than in the same period of fiscal 2007 primarily due to lower volumes on existing customer programs resulting from significant production cuts by the Big Three North American automakers and the impact of the consolidation of the MPP business unit into existing PCG operations.

Foreign exchange negatively impacted first quarter fiscal 2008 PCG revenues by an estimated $0.3 million compared to the first quarter of fiscal 2007.

PCG operating loss of $1.1 million reflected the impact of lower revenues, higher material costs and scrap rates related to PCG's Plastics business unit and the transition of production from the now closed MPP facility to the Plastics business unit.

PCG Non-GAAP Reconciliation
(in millions of dollars)

	Three Months Ended June 30, 2007		Three Months Ended June 30, 2006	
Operating income	**$**	**(1.1)**	$	0.9
Depreciation and amortization		**1.7**		1.8
EBITDA	**$**	**0.6**	$	2.7

PCG EBITDA was $0.6 million compared to EBITDA of $2.7 million a year ago, primarily reflecting the impact of lower revenues as a significant portion of the costs of the business are fixed in nature.

Foreign exchange negatively impacted first quarter fiscal 2008 PCG operating earnings by an estimated $0.1 million compared to the first quarter of fiscal 2007.

PCG Outlook

During the first quarter of fiscal 2008, ATS retained financial advisors to identify and evaluate strategic alternatives to exit the remaining PCG operations. The outlook for PCG is unchanged from year end. Management believes strength in the Canadian dollar and the difficult conditions in the North American automotive parts market will continue to negatively impact PCG revenue and earnings during the balance of fiscal 2008.

Consolidated Results from Operations

Revenue. At $174.8 million, consolidated revenue from continuing operations for the three months ended June 30, 2007 was 9% lower than a year ago. A 7% increase in Photowatt Technologies revenue was offset by the 11% and 23% reductions in ASG and PCG revenues respectively. The estimated effect on revenue of changes in effective foreign exchange rates was an increase in revenue of $0.2 million for the three months ended June 30, 2007 compared to the same period of the prior year. Excluding the impact of foreign exchange, consolidated revenue was an estimated 9% lower compared to the first quarter of fiscal 2007.

Consolidated earnings from operations. For the three months ended June 30, 2007, consolidated loss from operations was $7.9 million, compared to earnings from operations of $5.7 million a year ago. Fiscal 2008 first quarter performance reflected: operating earnings of $0.6 million at ASG (operating earnings $2.8 million a year ago); Photowatt Technologies operating loss of $2.4 million (operating earnings $4.6 million a year ago); PCG operating loss of $1.1 million ($0.9 million operating income a year ago); and inter-segment eliminations and corporate expenses of $4.9 million ($2.5 million of costs a year ago) reflecting incremental severance costs, professional fees, and stock-based compensation. Consolidated operating results improved significantly from the fourth quarter fiscal 2007 operating loss of $43.4 million.

Selling, general and administrative ("SG&A") expenses. For the first quarter of fiscal 2008, SG&A expenses increased 9% or $2.0 million to $23.5 million compared to the respective prior year period. Included in the SG&A for the first quarter of fiscal 2008 was $2.9 million of consolidated severance costs.

Stock-based compensation cost. For the first quarter, stock-based compensation expense increased to $0.6 million from $0.1 million a year earlier reflecting the issuance of employee stock options and the increased use of deferred stock units under the directors' compensation plan.

Interest expense. For the three months ended June 30, 2007, interest expense increased $0.6 million compared to a year ago to $1.2 million, primarily reflecting higher usage of the Company's credit facilities.

Loss from discontinued operations, net of tax. The loss from discontinued operations in the first quarter a year ago includes a non-cash charge of $2.0 million ($2.2 million before taxes) to write down the assets of the Company’s Berlin, Germany coil winding operation to their net realizable value. This operation was sold during the three months ended June 30, 2006, and accordingly, its results and financial position have been segregated and presented separately as discontinued operations. See Note 4 to the Consolidated Interim Financial Statements for further details on the net loss from discontinued operations.

Provision for income taxes. The Company’s effective income tax rate differs from the combined Canadian basic federal and provincial income tax rate of 36.1% (2007 – 36.1%) primarily as a result of losses incurred in Canada, the benefits of which have not been recognized for financial statement reporting purposes.

Net earnings (loss) from continuing operations. For the first quarter of fiscal 2008, net loss from continuing operations was $8.9 million (15 cents per share basic and diluted) compared to net earnings from continuing operations of $2.5 million (4 cents per share basic and diluted) a year ago.

Net earnings (loss). For first quarter of fiscal 2008, net loss was $8.9 million (15 cents per share basic and diluted) compared to net earnings of $0.3 million (1 cent per share basic and diluted) for the same period last year.

Foreign Exchange

Year over year changes in foreign exchange increased first quarter fiscal 2008 consolidated revenue by an estimated $0.2 million compared to the first quarter of fiscal 2007. This increase was primarily related to the effect of a stronger Euro relative to the Canadian dollar on the translation of revenue from foreign subsidiaries, which was partially offset by a weaker US dollar relative to the Canadian dollar. Changes in foreign exchange rates resulted in decreased first quarter fiscal 2008 consolidated operating earnings by an estimated $0.7 million compared to the first quarter of fiscal 2007.

Period Average Market Exchange Rates in CDN$

	Three months ended		
	06/30/2007	06/30/2006	% change
US $	**1.0955**	1.1200	(2.2)%
Euro	**1.4767**	1.4110	4.7%
Singapore $	**0.7179**	0.7053	1.8%

Liquidity, Cash Flow and Financial Resources

Cash balances, net of bank indebtedness and long-term debt, at June 30, 2007 decreased $34.7 million compared to March 31, 2007. The change in the net cash balance was largely as a result of increased working capital and investments in property, plant and equipment, primarily in Photowatt.

The Company invested $7.8 million in property, plant and equipment in the first quarter of fiscal 2008, including $6.6 million in Photowatt.

No stock options were exercised during the first quarter of fiscal 2008. At August 8, 2007 the total number of shares outstanding was 59,262,005.

The Company's debt to equity ratio at June 30, 2007 was 0.3:1. At June 30, 2007 the Company had $68.7 million of unutilized credit available under existing operating and long-term credit facilities. The Company is in compliance with its loan covenants.

During the first quarter, the Company repatriated US$25.5 million from its US subsidiaries and used this to repay a portion of its US-denominated LIBOR debt in Canada. The Company also borrowed $20 million of Bankers Acceptances under its revolving credit facility.

As planned, the Company has amended the agreement governing its primary operating credit facility and its revolving bank credit facility (the "Agreement"), as described in Note 10 of the annual consolidated financial statements for the year ended March 31, 2007. The total credit available under these facilities remains unchanged at $70.0 million and $60.0 million respectively. The amendments include a 0.6% increase in the borrowing rates and an agreement by the Company to grant a general security agreement to the bank providing the credit facilities in Canada. Under the terms of the Agreement, the Company is unable to encumber any assets with certain limited exceptions which include, among others, operating leases aggregating not more than $27.9 million, capital leases not aggregating more than $5.0 million, liens for borrowings by subsidiaries of up to 15% of "tangible net worth" of the Company, and purchase money security interests and certain other security interests entered into in the ordinary course of business. The agreement also restricts the disposition of assets by the Company, with certain permitted exceptions and an agreement to reduce available credit by an amount equal to a portion of the net proceeds received by the Company from certain material asset sales, if any. Permitted dispositions include: the disposition of assets no longer in use not exceeding $10.0 million; the disposition of the Company's publicly traded portfolio investments; the disposition of equipment of the Company's Spheral Solar Power division; and the disposition of other assets, together not exceeding $70.0 million in aggregate. Permitted dispositions also include the disposition of assets of subsidiaries not exceeding $15.0 million.

Rights Offering

On July 6, 2007, the Company filed a final short form prospectus in relation to its previously announced $110 million rights offering. The rights offering provides existing common shareholders with rights to subscribe for additional common shares in ATS. The offering is expected to raise net proceeds of approximately $103 million. Each shareholder of record of the Company on July 19, 2007 received one right for each common share held. For every 3.35 rights held, the holder will be entitled to purchase one common share at the subscription price of $6.23 until 5:00 pm (Toronto time) on August 14, 2007. The subscription price of $6.23 per share represented a discount of 32% to the closing price of $9.13 per share on July 5, 2007. The rights commenced trading on the TSX on July 17, 2007. The net proceeds of the rights offering will be used to further expand the manufacturing capacity of Photowatt France, to procure silicon supplies, to advance research and development and for general corporate purposes at Photowatt France, as further described in the final short form prospectus that is available at www.sedar.com.

Consolidated Quarterly Results

($ in thousands, except per share amounts)	**Q1 2008**	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Revenue	**$ 174,801**	$ 172,486	$ 171,795	$ 164,598	$ 191,196	$ 208,775	$ 176,254	$ 152,050	$ 188,716
Net earnings (loss) from continuing operations	**$ (8,937)**	$ (80,854)	$ (2,389)	$ (2,110)	$ 2,496	$(65,073)	$ (5,309)	$ (3,019)	$ 5,868
Net earnings (loss)	**$ (8,937)**	$ (80,854)	$ (2,389)	$ (2,110)	$ 338	$(65,589)	$ (5,801)	$ (3,329)	$ 5,426
Basic earnings (loss) per share from continuing operations	**$ (0.15)**	$ (1.36)	$ (0.04)	$ (0.04)	$ 0.04	$ (1.09)	$ (0.09)	$ (0.05)	$ 0.10
Basic earnings (loss) per share	**$ (0.15)**	$ (1.36)	$ (0.04)	$ (0.04)	$ 0.01	$ (1.11)	$ (0.10)	$ (0.06)	$ 0.09
Diluted earnings (loss) per share from continuing operations	**$ (0.15)**	$ (1.36)	$ (0.04)	$ (0.04)	$ 0.04	$ (1.09)	$ (0.09)	$ (0.05)	$ 0.10
Diluted earnings (loss) per share	**$ (0.15)**	$ (1.36)	$ (0.04)	$ (0.04)	$ 0.01	$ (1.11)	$ (0.10)	$ (0.06)	$ 0.09

ATS revenue and operating results are generally lower in the second quarter of each fiscal year (three months ended September 30th) due to summer plant shutdowns.

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, 2007 found at www.sedar.com. The Company's off balance sheet arrangements consist of operating lease financing related primarily to facilities and equipment.

In April 2007, the Company entered into a commitment to purchase 1,700 tonnes of MgSi commencing in 2007 and ending December 31, 2011. Advance payments are required, which will be applied against the price of the product received. Commencing in 2008, the price per kilogram of metallurgical-grade silicon may be adjusted at the beginning of the calendar year based upon an agreed upon formula.

In June 2007, the Company entered into an eight-year commitment, commencing January 1, 2010, to purchase approximately 32 million polysilicon wafers over the term of the agreement. Advance payments are required, which will be applied against the price of the wafers received during the life of the commitment. The price per wafer will be adjusted at the beginning of each calendar year based upon an agreed upon formula.

Changes in Accounting Policies

Effective April 1, 2007, the Company adopted new Canadian Institute of Chartered Accountants Handbook Sections which established the accounting and reporting standards for financial instruments and hedging activities. These sections require the initial recognition of financial instruments at fair value on the balance sheet. As required by these standards, the comparative interim consolidated financial statements have not been restated except for the reclassification of the cumulative translation adjustment to accumulated other comprehensive income. See Note 2 to the interim consolidated financial statements for further details including the impact of adopting these standards.

The Canadian Institute of Chartered Accountants has also issued new Handbook Sections that will become effective for the Company on April 1, 2008 – see Note 3 to the interim consolidated financial statements. The Company is currently evaluating the impact of adopting these future accounting standards.

Subsequent Events

Subsequent to June 30, 2007, the Company filed its final short form prospectus in connection with its rights offering (see "Rights Offering" above).

On August 8, 2007, the Board of Directors approved a strategy to distribute shares in Photowatt to ATS shareholders ("the Spin Out"). This proposed Spin Out is consistent with ATS's commitment to creating value for shareholders through its solar business, will result in Photowatt becoming a standalone public company, and supports the strategy announced in June 2007 to turn ATS into a pure automation systems solutions business. Distributing the shares of Photowatt to ATS shareholders is expected to allow the full value of each business to be recognized in the share price of each enterprise in the stock market. Furthermore, the Spin Out will not dilute ATS shareholders' ownership interest in Photowatt and will allow ATS shareholders to continue to participate in the expected future growth of Photowatt France.

The Spin Out of Photowatt is targeted to be completed in the spring of 2008. This schedule reflects the guidance provided by the Company's advisers after consideration of the need to complete necessary regulatory filings, secure advance tax rulings, recruit a separate board of directors and receive approvals from ATS shareholders and securities regulators.

Controls and Procedures

In its annual MD&A dated June 18, 2007 and for the fiscal year ended March 31, 2007, the Company reported that it had identified certain weaknesses in the design of internal controls over financial reporting. The Company, with the assistance of external specialists, is developing remediation plans for the identified controls deficiencies, and has commenced with certain elements of the remediation plans. During the first quarter of fiscal 2008, the Company again performed a number of additional financial review procedures in an effort to mitigate the risk of undetected material errors in the Company's Consolidated Financial Statements and disclosures. During the three months ended June 30, 2007, there have been no changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Forward Looking Statement

This news release relates to ATS's first quarter financial results for the three months ended June 30, 2007, and contains 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 ability to generate long-term shareholder value; the outlook for ATS's businesses for fiscal 2008; the proposed Spin Out of Photowatt France and realization of value and participation in growth of Photowatt France by ATS shareholders; the strengthening and future growth of Photowatt; the deployment of capital raised by the rights offering; ASG's strategy in more selective bidding on certain assignments; increased activity in automotive markets in Europe; continuance of global trends that create demand for ASG's automated manufacturing solutions; the emphasis on four focused initiatives to strengthen ASG's performance; ASG's ability to improve its performance; ASG's ability to further develop its business and to improve the utilization of its global resources; increases in ASG revenues, higher factory utilization and improved results; ASG's strategy to penetrate the healthcare market; the slow-down in the solar energy industry in Europe; solar market conditions in Europe stabilizing; the success of ATS's strategy to overcome polysilicon shortages and higher polysilicon prices; use of a significant part of Photowatt France's manufacturing capacity in fiscal 2008 to produce refined metallurgical silicon products; Photowatt's strategy to optimize production processes including improving power conversion efficiency, reducing silicon usage per watt, and increasing labour efficiencies and reducing scrap rates; Photowatt's key initiatives including capacity expansion dependant on cost, ability to obtain supplies and adapting to changes in production processes; securing additional sources of high quality polysilicon and expanding capacity; Photowatt France's access to silicon material; Photowatt Technologies' prospects for the future; advancing collaborative development arrangements with EDF and the CEA and a joint venture with EDF to manufacture solar cells and modules; the continued growth of the solar industry; the impact of significant production cuts by the Big Three North American automakers on PCG; and the exit from PCG's remaining operations. The risks and uncertainties that may affect forward-looking statements include, among others: general market performance and restructuring within the North American automotive market; the receipt of all necessary approvals and advance tax ruling relating to the Spin Out; the state of the capital markets; foreign currency and exchange risk; strength of the Canadian dollar; performance of the market sectors that ATS serves; that some or all of the trends towards automation that ATS believes are attractive dissipate or do not result in increased demand for automation; risks associated with operating and servicing customers in a foreign country; that multinational companies withdraw from global manufacturing for business, political, economic or other reasons; unforeseen problems with the implementation of the ASG strategic initiatives or failure of those measures to bring about improved performance at ASG; the success of ongoing operational improvements at ASG; problems associated with the expansion of production capability and adoption of new production processes at Photowatt; managing the impact of supply shortages and higher prices for polysilicon; Photowatt's ability to improve efficiencies of its solar modules produced using lower grade polysilicon or refined metallurgical silicon; Photowatt's ability to secure additional long-term polysilicon supply contracts; the reduction in government incentives in Germany and its effect on Photowatt; inability to advance collaborative development arrangements focused on increasing power efficiencies of solar cells; political, labour or supplier disruptions in manufacturing and supply of silicon; the usual four week Photowatt France factory shutdown in the second fiscal quarter; the ability of ATS to exit the remaining PCG operations; and other risks detailed from time to time in ATS's filings with Canadian provincial securities regulators. 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.

August 14, 2007