ATS AUTOMATION TOOLING SYSTEMS INC.

Interim Consolidated Financial Statements

For the period ended October 2, 2011

(Unaudited)

(Condensed)

ATS AUTOMATION TOOLING SYSTEMS INC.
Interim Consolidated Statements of Financial Position
(in thousands of Canadian dollars - unaudited)

As at	Note	October 2 2011	March 31 2011
ASSETS			
Current assets			
Cash and cash equivalents		**$ 63,494**	$ 117,119
Accounts receivable		**87,121**	72,045
Costs and earnings in excess of billings on contracts in progress	7	**99,741**	57,399
Inventories	7	**10,558**	12,043
Deposits and prepaid assets	8	**18,893**	18,677
		279,807	277,283
Assets associated with discontinued operations	6	**155,912**	216,913
		435,719	494,196
Non-current assets			
Property, plant and equipment	9	**87,659**	86,417
Investment property	10	**4,002**	3,917
Goodwill		**61,981**	58,447
Intangible assets	11	**29,477**	31,136
Deferred income tax assets		**16,896**	16,839
Investment tax credit receivable		**22,817**	20,749
Portfolio investments	12	**—**	1,958
		222,832	219,463
Total assets		**$ 658,551**	$ 713,659
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank indebtedness	14	**$ 558**	$ 4,274
Accounts payable and accrued liabilities	12	**95,644**	93,115
Provisions	13	**7,970**	9,002
Billings in excess of costs and earnings on contracts in progress	7	**44,377**	29,015
Current portion of long-term debt	14	**191**	259
		148,740	135,665
Liabilities associated with discontinued operations	6	**127,025**	134,342
		275,765	270,007
Non-current liabilities			
Provisions	13	**54**	162
Employee benefits		**6,101**	5,333
Long-term debt	14	**3,300**	3,322
Deferred income tax liabilities		**393**	—
		9,848	8,817
Total liabilities		**$ 285,613**	$ 278,824
Shareholders' equity			
Share capital	15	**$ 482,007**	$ 481,908
Contributed surplus		**16,025**	14,298
Accumulated other comprehensive income (loss)		**6,882**	(1,488)
Retained deficit		**(131,829)**	(59,659)
Equity attributable to shareholders		**373,085**	435,059
Non-controlling interests		**(147)**	(224)
Total shareholders' equity		**372,938**	434,835
Total liabilities and shareholders' equity		**$ 658,551**	$ 713,659

See accompanying notes to the interim consolidated financial statements

ATS AUTOMATION TOOLING SYSTEMS INC.
Interim Consolidated Statements of Income (Loss)
(in thousands of Canadian dollars, except per share amounts - unaudited)

		Three months ended		Six months ended	
	Note	**October 2 2011**	September 26 2010	**October 2 2011**	September 26 2010
Revenues					
Revenues from construction contracts		**$ 134,028**	$ 100,262	**$ 249,106**	$ 191,424
Sale of goods		**5,522**	8,604	**11,357**	14,545
Services rendered		**6,384**	5,386	**12,346**	10,120
Total revenues		**145,934**	114,252	**272,809**	216,089
Operating costs and expenses					
Cost of revenues	7	**109,058**	86,809	**201,396**	163,697
Selling, general and administrative		**22,995**	19,926	**45,869**	35,831
Stock-based compensation	17	**620**	887	**1,756**	1,439
Earnings from operations		**13,261**	6,630	**23,788**	15,122
Net finance costs	21	**144**	315	**745**	469
Income from continuing operations before income taxes		**13,117**	6,315	**23,043**	14,653
Income tax expense	16	**3,825**	1,537	**7,543**	4,272
Income from continuing operations		**9,292**	4,778	**15,500**	10,381
Loss from discontinued operations, net of tax	6	**(76,371)**	(2,913)	**(87,593)**	(3,305)
Net income (loss)		**$ (67,079)**	$ 1,865	**$ (72,093)**	$ 7,076
Attributable to					
Shareholders		**$ (67,154)**	$ 1,998	**$ (72,170)**	$ 7,209
Non-controlling interests		**75**	(133)	**77**	(133)
		$ (67,079)	$ 1,865	**$ (72,093)**	$ 7,076
Earnings (loss) per share	22				
Basic and diluted - from continuing operations		**$ 0.11**	$ 0.05	**$ 0.18**	$ 0.12
Basic and diluted - from discontinued operations	6	**(0.87)**	(0.04)	**(1.00)**	(0.04)
		$ (0.76)	$ 0.01	**$ (0.82)**	$ 0.08

See accompanying notes to the interim consolidated financial statements

ATS AUTOMATION TOOLING SYSTEMS INC.
Interim Consolidated Statements of Comprehensive Loss
(in thousands of dollars - unaudited)

	Three months ended		Six Months Ended	
	October 2 2011	September 26 2010	**October 2 2011**	September 26 2010
Net income (loss)	**$ (67,079)**	$ 1,865	**$ (72,093)**	$ 7,076
Other comprehensive income (loss):				
Currency translation adjustment	**10,155**	11,554	**11,372**	4,697
Net unrealized gain on available for sale financial assets	**—**	279	**—**	807
Net unrealized gain (loss) on derivative financial instruments designated as cash flow hedges	**(2,991)**	551	**(2,773)**	(44)
Tax impact of net unrealized gain (loss) on derivative financial instruments designated as cash flow hedges	**716**	(120)	**669**	95
Gain transferred to net income (loss) for derivatives designated as cash flow hedges	**(781)**	(475)	**(1,507)**	(1,605)
Tax impact of gain transferred to net income (loss) for derivatives designated as cash flow hedges	**195**	132	**388**	489
Net gains on hedges of net investments in foreign operations	**63**	623	**221**	117
Other comprehensive income	**7,357**	12,544	**8,370**	4,556
Comprehensive income (loss)	**$ (59,722)**	$ 14,409	**$ (63,723)**	$ 11,632
Attributable to				
Shareholders	**$ (59,797)**	$ 14,542	**$ (63,800)**	$ 11,765
Non-controlling interests	**75**	(133)	**77**	(133)
	$ (59,722)	$ 14,409	**$ (63,723)**	$ 11,632

See accompanying notes to the interim consolidated financial statements

ATS AUTOMATION TOOLING SYSTEMS INC.
Interim Consolidated Statements of Changes in Shareholders' Equity
(in thousands of Canadian dollars - unaudited)

Six months ended October 2, 2011

	Share capital	Contributed surplus	Retained deficit	Foreign currency translation adjustments	Cash flow hedges	Available for sale financial assets	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total shareholders' equity
Balance, at March 31, 2011	**$ 481,908**	**$ 14,298**	**$ (59,659)**	**$ (2,767)**	**$ 1,279**	**$ —**	**$ (1,488)**	**$ (224)**	**$ 434,835**
Net loss	**—**	**—**	**(72,170)**	**—**	**—**	**—**	**—**	**—**	**(72,170)**
Other comprehensive income (loss)	**—**	**—**	**—**	**11,593**	**(3,223)**	**—**	**8,370**	**—**	**8,370**
Non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**77**	**77**
Stock-based compensation	**—**	**1,756**	**—**	**—**	**—**	**—**	**—**	**—**	**1,756**
Exercise of stock options	**99**	**(29)**	**—**	**—**	**—**	**—**	**—**	**—**	**70**
Balance, at October 2, 2011	**$ 482,007**	**$ 16,025**	**$ (131,829)**	**$ 8,826**	**$ (1,944)**	**$ —**	**$ 6,882**	**$ (147)**	**$ 372,938**

Six months ended September 26, 2010

	Share capital	Contributed surplus	Retained earnings	Foreign currency translation adjustments	Cash flow hedges	Available for sale financial assets	Total accumulated other comprehensive income	Non-controlling interests	Total shareholders' equity
Balance, at April 1, 2010	$ 481,848	$ 11,749	$ 25,682	$ —	$ 2,061	$ —	$ 2,061	$ —	$ 521,340
Net income	—	—	7,209	—	—	—	—	—	7,209
Other comprehensive income (loss)	—	—	—	4,814	(1,065)	807	4,556	—	4,556
Non-controlling interests	—	—	—	—	—	—	—	(133)	(133)
Stock-based compensation	—	1,327	—	—	—	—	—	—	1,327
Exercise of stock options	16	(5)	—	—	—	—	—	—	11
Balance, at September 26, 2010	$ 481,864	$ 13,071	$ 32,891	$ 4,814	$ 996	$ 807	$ 6,617	$ (133)	$ 534,310

See accompanying notes to the interim consolidated financial statements

ATS AUTOMATION TOOLING SYSTEMS INC.
Interim Consolidated Statements of Cash Flows
(in thousands of Canadian dollars - unaudited)

	Note	Three months ended		Six months ended	
		October 2 2011	September 26 2010	**October 2 2011**	September 26 2010
Operating activities:					
Income from continuing operations		**$ 9,292**	$ 4,778	**$ 15,500**	$ 10,381
Items not involving cash					
Depreciation of property, plant and equipment		**1,608**	1,767	**3,424**	3,259
Amortization of intangible assets		**1,300**	1,118	**2,591**	1,756
Deferred income taxes		**800**	1,419	**1,929**	2,911
Other items not involving cash		**(2,010)**	11	**(2,164)**	(97)
Stock-based compensation	17	**620**	887	**1,756**	1,439
Gain on disposal of property, plant and equipment		**(38)**	(21)	**(45)**	(245)
		$ 11,572	$ 9,959	**$ 22,991**	$ 19,404
Change in non-cash operating working capital		**(6,748)**	2,553	**(43,791)**	(6,197)
Cash flows provided by (used in) operating activities of discontinued operations	6	**(14,596)**	(2,722)	**(26,469)**	1,803
Cash flows provided by (used in) operating activities		**$ (9,772)**	$ 9,790	**$ (47,269)**	$ 15,010
Investing activities:					
Acquisition of property, plant and equipment		**$ (772)**	$ (849)	**$ (2,424)**	$ (6,194)
Acquisition of intangible assets		**(432)**	(267)	**(850)**	(330)
Business acquisition	5	**—**	—	**—**	(47,977)
Proceeds from disposal of property, plant and equipment		**3**	298	**516**	796
Proceeds on sale of portfolio investments		**—**	—	**2,054**	—
Cash flows used in investing activities of discontinued operations	6	**(3,237)**	(3,187)	**(5,104)**	(12,525)
Cash flows used in investing activities		**$ (4,438)**	$ (4,005)	**$ (5,808)**	$ (66,230)
Financing activities:					
Restricted cash	8	**1,612**	(1,630)	**2,913**	(3,106)
Bank indebtedness	14	**(6,015)**	(4,996)	**(3,585)**	(5,218)
Repayment of long-term debt	14	**(91)**	(59)	**(132)**	(59)
Issuance of common shares	17	**51**	8	**70**	11
Cash flows used in financing activities of discontinued operations	6	**(3,813)**	(3,942)	**(881)**	(4,853)
Cash flows used in financing activities		**$ (8,256)**	$ (10,619)	**$ (1,615)**	$ (13,225)
Effect of exchange rate changes on cash and cash equivalents		**2,645**	894	**2,779**	1,171
Decrease in cash and cash equivalents		**(19,821)**	(3,940)	**(51,913)**	(63,274)
Cash and cash equivalents, beginning of period		**92,176**	152,452	**124,268**	211,786
Cash and cash equivalents, end of period		**$ 72,355**	$ 148,512	**$ 72,355**	$ 148,512
Attributable to					
Cash and cash equivalents – continuing operations		**$ 63,494**	$ 148,512	**$ 63,494**	$ 148,512
Cash and cash equivalents – held for distribution to owners		**8,861**	—	**8,861**	—
		$ 72,355	$ 148,512	**$ 72,355**	$ 148,512
Supplemental information					
Cash income taxes paid by continuing operations		**$ 1,303**	$ 360	**$ 1,749**	$ 721
Cash interest paid by continuing operations		**$ 58**	$ 324	**$ 135**	$ 375
Cash interest paid by discontinued operations		**$ 323**	$ 180	**$ 816**	$ 538

See accompanying notes to the interim consolidated financial statements

1. CORPORATE INFORMATION

ATS Automation Tooling Systems Inc. and its subsidiaries (collectively "ATS" or the "Company") operate in two segments: Automation Systems ("ASG") and Photowatt. The ASG segment produces custom-engineered turn-key automated manufacturing and test systems. The Photowatt segment is a turn-key solar project developer and integrated manufacturer of photovoltaic products. During the year ended March 31, 2011, the Board of Directors of ATS approved a plan designed to implement the separation of Photowatt from ATS via a spinoff of the Company's combined solar businesses or a sale of Photowatt France ("PWF") and/or Photowatt Ontario ("PWO"). Subsequent to October 2, 2011, the Company concluded discussions with parties in regards to a sale of PWF without producing an acceptable transaction. The Company also re-examined the spinoff alternative and concluded it was not viable. Consequently, the Board of Directors of ATS approved a plan to facilitate the Company's subsidiary, Photowatt International S.A.S. (PWF), to file for judicial bankruptcy protection in France. On November 8, 2011, the French bankruptcy court placed PWF into a "recovery" proceeding ("redressement judiciaire") under the supervision of a court appointed trustee. The Company has concurrently initiated a formal sale process for the PWO business. See note 6 to the interim consolidated financial statements. As of October 2, 2011, Photowatt is presented as assets and liabilities associated with discontinued operations in the interim consolidated statements of financial position and as discontinued operations in the interim consolidated statements of income (loss). As a result, ATS' continuing operations are reported as one operating segment, ASG. See note 19 to the interim consolidated financial statements.

The Company is listed on the Toronto Stock Exchange and is incorporated and domiciled in Ontario, Canada. The address of its registered office is 730 Fountain Street North, Cambridge, Ontario, Canada.

The interim consolidated financial statements of the Company for the six months ended October 2, 2011 were authorized for issue by the Audit Committee of the Board of Directors on November 8, 2011.

2. BASIS OF PREPARATION

These interim consolidated financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss or other comprehensive income. Certain figures for the previous period have been reclassified to conform to the current period's interim consolidated financial statement presentation. All interim consolidated financial information is presented in Canadian dollars and has been rounded to the nearest thousand, except where otherwise stated.

Statement of compliance
These interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, have been omitted or condensed.

The Company's interim consolidated financial statements for the three months ended June 27, 2011 contain certain incremental annual IFRS disclosures not included in the annual consolidated financial statements for the year ended March 31, 2011 prepared in accordance with previous Canadian GAAP. Accordingly these interim consolidated financial statements for the six months ended October 2, 2011 should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2011 prepared in accordance with previous Canadian GAAP as well as the interim consolidated financial statements for the three months ended June 27, 2011.

Basis of consolidation
These interim consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are those entities where the Company directly or indirectly owns the majority of the voting power or can otherwise control the activities. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Non-controlling interests in the equity and results of the Company's subsidiaries are presented separately in the interim consolidated statements of income (loss) and within shareholders' equity in the interim consolidated statements of financial position.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. All material intercompany balances, transactions, revenues and expenses and profits or losses, including dividends resulting from intercompany transactions, have been eliminated on consolidation.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, have not changed from those disclosed in the Company's first quarter 2012 unaudited interim consolidated financial statements . The Company based its assumptions and estimates on parameters available when the interim consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4. FUTURE ACCOUNTING CHANGES

Standards issued but not yet effective or amended up to the date of issuance of the Company's interim consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

IFRS 7 – Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements
The amendment requires additional disclosures for financial assets that have been transferred, but not derecognized, to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures for continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment becomes effective for fiscal periods beginning on or after July 1, 2011. The amendment affects disclosure only and has no impact on the Company's financial position or results of operations.

IFRS 9 – Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for fiscal periods beginning on or after January 1, 2013. The IASB has issued an Exposure Draft to change the mandatory effective date to January 1, 2015. In subsequent phases, the

IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an impact on the classification and measurement of financial assets, but will potentially have no impact on classification and measurement of financial liabilities. ATS will quantify the impact in conjunction with the other phases when issued.

IFRS 10 – Consolidated Financial Statements
This standard will replace portions of IAS 27, Consolidated and Separate Financial Statements and interpretation SIC-12, Consolidated - Special Purpose Entities. This standard incorporates a single model for consolidating all entities that are controlled and revises the definition of when an investor controls an investee to be when it is exposed, or has rights, to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee. Along with control, the new standard also focuses on the concept of power, both of which will include a use of judgment and a continuous reassessment as facts and circumstances change. IFRS 10 is effective for fiscal periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 10 on its financial position and results of operations.

IFRS 11 – Joint Arrangements
This standard will replace IAS 31, Interest in Joint Ventures. The new standard will apply to the accounting for interest in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor on classifying a joint arrangement as either a joint operation or a joint venture. IFRS 11 is effective for fiscal periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 11 on its financial position and results of operations.

IFRS 12 – Disclosure of Interest in Other Entities
The new standard includes disclosure requirements for subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. IFRS 12 is effective for fiscal periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 12 on its financial position and results of operations.

IFRS 13 – Fair Value Measurement
The new standard creates a single source of guidance for fair value measurement, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for fiscal periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 13 on its financial position and results of operations .

IAS 1 – Presentation of Financial Statements
The amendment requires financial statements to group together items within other comprehensive income that may be reclassified to the profit or loss section of the interim consolidated statements of income (loss). The amendment reaffirms existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. The amendment requires tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items (without changing the option to present items of other comprehensive income either before tax or net of tax). IAS 1 is effective for fiscal periods beginning on or after July 1, 2012, with early adoption permitted. The Company is assessing the impact of IAS 1 on its financial position and results of operations.

IAS 12 – Income Taxes — Recovery of Underlying Assets
The amendment clarifies the determination of deferred taxes in investment properties measured at fair value. The amendment introduces a rebuttable presumption that deferred taxes on investment properties measured using the fair value model in IAS 40 should be determined on the basis that their carrying amount will be recovered through sale. Furthermore, it introduces the requirement to calculate deferred

tax on non-depreciable assets that are measured using the revaluation model in IAS 16 to always be measured on the sale basis of the asset. The amendment becomes effective for fiscal periods beginning on or after January 1, 2012. The Company is assessing the impact of IAS 12 on its financial position and results of operations.

IAS 19 – Employee Benefits
The amendment eliminates the option to defer the recognition of gains and losses, known as the 'corridor method', requires remeasurements to be presented in other comprehensive income, and enhances the disclosure requirements for defined benefit plans. The amendment becomes effective for fiscal periods beginning on or after January 1, 2013. The Company is assessing the impact of IAS 19 on its financial position and results of operations .

5. ACQUISITIONS

(a) Sortimat: On June 1, 2010, the Company completed its acquisition of 100% of Sortimat Group ("Sortimat"). Sortimat is a manufacturer of assembly systems for the life sciences market and is headquartered in Germany with locations in Chicago and a small subsidiary in India. Sortimat has been integrated with the Company's existing ASG segment. The Sortimat acquisition aligns with ATS' strategy of expanding its position in the global automation market and enhancing growth opportunities, particularly in strategic markets such as life sciences.

The total cash consideration for Sortimat is $49,450 (38,474 Euro). This amount excludes potential future payments of up to $8,495 (6,610 Euro), which are payable subject to the achievement of milestones related to operating performance and specific management services to be provided over two years from the acquisition date. The milestones related to operating performance are not expected to be achieved and have therefore not been accrued. The amounts payable related to the specific management services are recognized as they are earned through the interim consolidated statements of income (loss). During the three and six months ended October 2, 2011, the Company recognized in selling, general and administrative expenses $463 and $928 respectively related to specific management services (three and six months ended September 26, 2010 – $446 and $587 respectively). Acquisition-related costs, primarily for advisory services, of $1,463 were expensed as incurred during the six months ended September 26, 2010.

Cash used in the investment is determined as follows:

Cash consideration	$ 49,450
Less cash acquired	(1,473)
	$ 47,977

The consideration was allocated to the underlying assets acquired and liabilities assumed based upon their fair values at the date of acquisition. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets. The Company determined the fair values of the acquired assets and liabilities assumed based on discounted cash flows, market information, independent valuations and management's estimates. The allocation of the purchase price at fair value is as follows:

Purchase price allocation	
Cash	$ 1,473
Current assets	18,419
Property, plant and equipment	9,100
Other long-term assets	385
Intangible assets with a definite life	
Technology	9,640
Customer relationships	12,981
Other	767
Intangible assets with an indefinite life	
Brands	4,370
Current liabilities	(27,834)
Long-term debt	(3,590)
Net identifiable assets	25,711
Non-controlling interest	55
Residual purchase price allocated to goodwill	23,684
	$ 49,450

Non-cash working capital includes accounts receivable of $8,372, representing gross contractual amounts receivable of $9,169 less management's best estimate of the contractual cash flows not expected to be collected of $797.

The primary factors that contributed to a purchase price that resulted in the recognition of goodwill are: the existing Sortimat business; the acquired workforce; significant experience and products in advanced system development, manufacturing, handling and feeder technologies; time-to-market benefits of acquiring an established organization in key international markets such as Europe, Asia and the United States; and the combined strategic value to the Company's growth plan. A portion of the goodwill is deductible for tax purposes.

The consideration of the purchase price along with transaction costs were funded from existing cash on hand. This acquisition was accounted for as a business combination with the Company as the acquirer of Sortimat. The non-controlling interest was calculated as the proportionate share in the recognized amounts of the acquiree's identifiable net assets. The purchase method of accounting was used and the earnings have been consolidated from the acquisition date, June 1, 2010.

(b) Assembly & Test Worldwide ("ATW"): On January 5, 2011, the Company completed its acquisition of the majority of Assembly & Test Worldwide, Inc.'s U.S.-based and German automation and test systems businesses (collectively "ATW"). ATW is a manufacturer of assembly and test systems with capability in the transportation, life sciences and energy markets.

The total cash consideration for ATW pending post-closing adjustments is $17,285 ($17,377 US). Acquisition-related costs, primarily for advisory services, of $1,109 were expensed as incurred for the year ended March 31, 2011.

Cash used in the investment is determined as follows:

Cash consideration	$ 17,285
Less cash acquired	(1,432)
	$ 15,853

The consideration was allocated to the underlying assets acquired and liabilities assumed based upon their fair values at the date of acquisition. The Company determined the fair values based on discounted cash flows, market information, independent valuations and management's estimates. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets. Final valuations of certain items are not yet complete due to the inherent complexity associated with valuations. Therefore, the purchase price allocation is preliminary and subject to adjustment over the course of fiscal 2012 on completion of the valuation process and analysis of resulting tax effects.

The preliminary allocation of the purchase price at fair value is as follows:

Purchase price allocation	
Cash	$ 1,432
Current assets	28,673
Property, plant and equipment	990
Intangible assets with a definite life	
Customer relationships	1,100
Other	74
Current liabilities	(21,223)
Defined benefit pension obligation	(426)
Net identifiable assets	10,620
Non-controlling interest	(61)
Residual purchase price allocated to goodwill	6,726
	$ 17,285

Non-cash working capital includes accounts receivable of $13,677, representing gross contractual amounts receivable of $13,826 less management's best estimate of the contractual cash flows not expected to be collected of $149.

The primary factors that contributed to a purchase price that resulted in the recognition of goodwill are: the existing ATW business; the acquired workforce; significant experience and products in the automation and test systems businesses; time-to-market benefits of acquiring an established organization in key international markets such as the United States and Europe; and the combined strategic value to the Company's growth plan. A portion of the goodwill is expected to be deductible for tax purposes.

The consideration of the purchase price along with transaction costs were funded from existing cash on hand. This acquisition was accounted for as a business combination with the Company as the acquirer of ATW. The purchase method of accounting was used and the earnings have been consolidated from the acquisition date, January 5, 2011.

6. DISCONTINUED OPERATIONS

During the year ended March 31, 2011, the Company's Board of Directors approved a plan designed to implement the separation of Photowatt from ATS via a dual-track process involving either a spinoff of the Company's combined solar businesses or a sale of PWF and/or PWO. Subsequent to the end of the second quarter of fiscal 2012, the Company concluded discussions with parties in regards to a sale of PWF without producing an acceptable transaction. The deterioration of economic conditions and the solar market in Europe, and in particular increased Asian competition and lower demand for solar products in France, have severely impacted PWF. Subsequent to October 2, 2011, the Company re-examined the spinoff alternative and concluded it was not viable. Consequently, the Board of Directors of ATS, approved a plan to facilitate the Company's subsidiary, Photowatt International S.A.S. (PWF), to file for judicial bankruptcy protection in France. On November 8, 2011, the French bankruptcy court placed PWF into a "recovery" proceeding ("redressement judiciaire") under the supervision of a court appointed trustee. The objective of such a recovery process is to explore opportunities for PWF's operations in an effort to preserve jobs and maximize value. In order to support PWF and its employees, ATS expects to provide funding for three months during the recovery proceeding.

The Company has concurrently initiated a formal sale process for the PWO business.

	Three months ended		**Six months ended**	
	October 2 2011	September 26 2010	**October 2 2011**	September 26 2010
Revenues	**$ 33,861**	$ 45,108	**$ 96,745**	$ 93,895
Operating costs and expenses	**105,155**	47,676	**179,213**	96,551
Loss from discontinued operations	**(71,294)**	(2,568)	**(82,468)**	(2,656)
Net finance costs	**231**	307	**576**	657
Loss from discontinued operations before income taxes	**(71,525)**	(2,875)	**(83,044)**	(3,313)
Income tax expense (recovery)	**4,846**	38	**4,549**	(8)
Loss from discontinued operations, net of tax	**$ (76,371)**	$ (2,913)	**$ (87,593)**	$ (3,305)
Loss per share				
Basic and diluted - from discontinued operations	**$ (0.87)**	$ (0.04)	**$ (1.00)**	$ (0.04)

Included in the three and six months ended October 2, 2011 loss from discontinued operations was $18,137 and $24,125 respectively of non-cash charges related to the write-down of inventory to its net realizable value, following declines in market average selling prices due to changes in European feed-in tariffs and excess module supply in the European solar industry.

Included in the three and six months ended October 2, 2011 loss from discontinued operations was $24,070 (17,475 Euro) of charges related to the termination of certain silicon and wafer supply contracts as the contractual prices were in excess of current spot market levels including non-cash asset impairment charges of $19,938 (14,475 Euro). Also included in the three and six months ended October 2, 2011 is a non-cash charge of $8,824 related to silicon deposits which the Company does not expect to utilize.

Included in the three and six months ended October 2, 2011, is non-cash charges of $3,073 for receivables that are not expected to be recovered.

Included in the three and six months ended October 2, 2011, is non-cash fixed asset and goodwill impairment charges of $4,288 and $5,522 respectively to write down assets to their expected recoverable amounts.

Included in the three and six months ended October 2, 2011 is non-cash charges of $4,383 for the write-off of deferred tax assets as the Company no longer expects to realize the benefit of those deferred tax assets.

The major classes of assets and liabilities of Photowatt classified as associated with discontinued operations are as follows:

	Note	**October 2 2011**	March 31 2011
Assets			
Cash and cash equivalents		**$ 8,861**	$ 7,149
Accounts receivable		**37,774**	36,732
Costs and earnings in excess of billings on contracts in progress		**3,070**	7,964
Inventories	7	**67,459**	83,114
Deposits and prepaid assets	8	**9,215**	14,607
Property, plant and equipment		**23,086**	22,995
Intangible assets		**3,656**	3,169
Deferred income taxes		**—**	4,509
Goodwill		**—**	5,149
Other assets and silicon deposits		**2,791**	31,525
Assets associated with discontinued operations		**$ 155,912**	$ 216,913
Liabilities			
Bank indebtedness	14	**$ 1,104**	$ 548
Accounts payable and accrued liabilities		**54,507**	56,181
Provisions		**16,409**	19,330
Billings in excess of costs and earnings on contracts in progress		**5,528**	8,496
Long-term debt	14	**25,603**	27,634
Obligations under finance leases	14	**22,802**	21,227
Defined benefit plan		**1,072**	926
Liabilities associated with discontinued operations		**$ 127,025**	$ 134,342
Net assets directly associated with disposal group		**$ 28,887**	$ 82,571

7. CONSTRUCTION CONTRACTS AND INVENTORIES

	October 2 2011	March 31 2011
Contracts in progress:		
Costs incurred	**$ 596,731**	$ 505,987
Reclassified as associated with discontinued operations	**(146,532)**	(94,590)
	$ 450,199	$ 411,397
Estimated earnings	**$ 130,911**	$ 116,231
Reclassified as associated with discontinued operations	**(30,280)**	(21,216)
	$ 100,631	$ 95,015
Progress billings	**$(674,736)**	$ (594,366)
Reclassified as associated with discontinued operations	**179,270**	116,338
	$(495,466)	$ (478,028)
Total	**$ 52,906**	$ 27,852
Reclassified as associated with discontinued operations	**2,458**	532
Continuing operations	**$ 55,364**	$ 28,384
Disclosed as:		
Costs and earnings in excess of billings on contracts in progress	**$ 99,741**	$ 57,399
Billings in excess of costs and earnings on contracts in progress	**(44,377)**	(29,015)
	$ 55,364	$ 28,384

	October 2 2011	March 31 2011
Inventories are summarized as follows:		
Raw materials	**$ 32,477**	$ 45,118
Reclassified as associated with discontinued operations	**(26,618)**	(38,307)
	$ 5,859	$ 6,811
Work in process	**$ 17,563**	$ 20,480
Reclassified as associated with discontinued operations	**(13,052)**	(15,846)
	$ 4,511	$ 4,634
Finished goods	**$ 27,977**	$ 29,559
Reclassified as associated with discontinued operations	**(27,789)**	(28,961)
	$ 188	$ 598
Total	**$ 78,017**	$ 95,157
Reclassified as associated with discontinued operations note 6	**(67,459)**	(83,114)
	$ 10,558	$ 12,043

From continuing operations:
The amount charged to net income and included in cost of revenues for the write-down of inventory for valuation issues during the three and six months ended October 2, 2011 was $385 and $558 respectively (three and six months ended September 26, 2010 – $720 and $1,237 respectively). The amount recognized in net income and included in cost of revenues for the reversal of previous inventory write-downs due to rising prices during the three and six months ended October 2, 2011 was $nil and $nil respectively (three and six months ended September 26, 2010 – $17 and $86 respectively). The amount of inventories carried at net realizable value as at October 2, 2011 was $1,290 (March 31, 2011 – $206).

From discontinued operations:
The amount charged to net income and included in discontinued operations for the write-down of inventory for valuation issues during the three and six months ended October 2, 2011 was $18,137 and $24,125 respectively (three and six months ended September 26, 2010 – $nil and $24 respectively). The amount recognized in net income and included in discontinued operations for the reversal of previous inventory write-downs due to rising prices during the three and six months ended October 2, 2011 was $nil and $nil (three and six months ended September 26, 2010 –$nil and $nil respectively). The amount of inventories carried at net realizable value as at October 2, 2011 was $57,548 (March 31, 2011 – $74,950).

8. DEPOSITS AND PREPAID ASSETS

	October 2 2011	March 31 2010
Prepaid assets	**$ 7,103**	$ 4,777
Reclassified as associated with discontinued operations	**(2,100)**	(2,168)
	$ 5,003	$ 2,609
Restricted cash [(i)]	**$ 5,356**	$ 8,211
Reclassified as associated with discontinued operations	—	—
	$ 5,356	$ 8,211
Silicon and other deposits [(ii)]	**$ 14,620**	$ 17,834
Reclassified as associated with discontinued operations	**(7,095)**	(12,372)
	$ 7,525	$ 5,462
Forward contracts and other	**$ 1,029**	$ 2,462
Reclassified as associated with discontinued operations	**(20)**	(67)
	$ 1,009	$ 2,395
Total	**$ 28,108**	$ 33,284
Reclassified as associated with discontinued operations note 6	**(9,215)**	(14,607)
	$ 18,893	$ 18,677

(i) Restricted cash primarily consists of cash collateralized to secure letters of credit.

(ii) Silicon deposits consist of deposits made on silicon supply contracts which are expected to be utilized against silicon purchases within the next fiscal year. See note 18 to the interim consolidated financial statements for additional information.

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and leaseholds	Production equipment	Other equipment	Total
Cost:					
Balance, at March 31, 2011	$ 21,315	$ 93,139	$ 12,722	$ 26,625	$ 153,801
Additions	—	244	346	2,077	2,667
Disposals	(209)	(849)	(108)	(532)	(1,698)
Exchange adjustments	710	3,173	684	1,071	5,638
Balance, at October 2, 2011	**$ 21,816**	**$ 95,707**	**$ 13,644**	**$ 29,241**	**$ 160,408**
Depreciation and impairment:					
Balance, at March 31, 2011	$ —	$ (39,133)	$ (8,355)	$ (19,896)	$ (67,384)
Depreciation expense	—	(1,804)	(1,567)	(1,107)	(4,478)
Disposals	—	522	107	512	1,141
Exchange adjustments	—	(1,338)	(579)	(111)	(2,028)
Balance, at October 2, 2011	**$ —**	**$ (41,753)**	**$ (10,394)**	**$ (20,602)**	**$ (72,749)**
Net book value:					
At October 2, 2011	**$ 21,816**	**$ 53,954**	**$ 3,250**	**$ 8,639**	**$ 87,659**
At March 31, 2011	$ 21,315	$ 54,006	$ 4,367	$ 6,729	$ 86,417

Included in other equipment as at October 2, 2011 is $1,704 (March 31, 2011 - $726) of assets which are under construction and have not been amortized.

10. INVESTMENT PROPERTY

	October 2 2011	March 31 2011
Balance, beginning of period	**$ 3,917**	$ 3,910
Foreign exchange adjustment	**85**	7
Balance, end of period	**$ 4,002**	$ 3,917

The estimated fair value of the Company's investment property at October 2, 2011 approximates its carrying value, based on comparable market data for similar properties. The investment property is a plot of vacant land which does not earn any rental income nor incurs any direct operating expenses, including repairs and maintenance.

11. INTANGIBLE ASSETS

	Development projects	Computer software, licenses and other	Technology	Customer relationships	Brands	Total
Cost:						
Balance, at March 31, 2011	$ 2,959	$ 12,957	$ 10,092	$ 15,525	$ 4,669	$ 46,202
Additions	—	850	—	—	—	850
Disposals	—	(144)	—	—	—	(144)
Acquisition of a subsidiary	—	—	—	(600)	—	(600)
Exchange adjustments	—	241	189	403	153	986
Balance, at October 2, 2011	**$ 2,959**	**$ 13,904**	**$ 10,281**	**$ 15,328**	**$ 4,822**	**$ 47,294**

	Development projects	Computer software, licenses and other	Technology	Customer relationships	Brands	Total
Amortization:						
Balance, at March 31, 2011	$ (2,403)	$ (9,847)	$ (917)	$ (1,899)	$ —	$ (15,066)
Amortization	(164)	(556)	(559)	(1,311)	—	(2,590)
Disposals	—	144	—	—	—	144
Exchange adjustments	—	(201)	(35)	(69)	—	(305)
Balance, at October 2, 2011	**$ (2,567)**	**$ (10,460)**	**$ (1,511)**	**$ (3,279)**	**$ —**	**$ (17,817)**
Net book value:						
At October 2, 2011	**$ 392**	**$ 3,444**	**$ 8,770**	**$ 12,049**	**$ 4,822**	**$ 29,477**
At March 31, 2011	$ 556	$ 3,110	$ 9,175	$ 13,626	$ 4,669	$ 31,136

Research and development costs that are not eligible for capitalization have been expensed and are recognized in selling, general and administrative expenses.

12. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial instruments are classified into the following categories:

	October 2 2011	March 31 2011
Fair value through profit or loss		
Bank indebtedness	**$ 558**	$ 4,274
Derivatives designated as held-for-trading[(i)] – loss	**1,653**	1,657
	$ 2,211	$ 5,931
Fair value through other comprehensive income		
Derivatives designated as cash flow hedges – gain (loss)	**$ (2,562)**	$ 1,718
Loans and receivables		
Cash and cash equivalents	**$ 63,494**	$ 117,119
Accounts receivable	**79,627**	67,216
	$ 143,121	$ 184,335
Available-for-sale		
Portfolio investments	**$ —**	$ 1,958

Other financial liabilities		
Accounts payable and accrued liabilities	**$ 83,875**	$ 89,552
Current portion of long-term debt	**191**	259
Long-term debt	**3,300**	3,322
	$ 87,366	$ 93,133

(i) Derivative financial instruments in a gain position are included in deposits and prepaid assets on the interim consolidated statements of financial position while derivative financial instruments in a loss position are included in accounts payable and accrued liabilities.

The estimated fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, bank indebtedness and long-term debt approximate their respective carrying values.

Derivative financial instruments
The Company uses forward foreign exchange contracts to manage foreign currency exposure. Forward foreign exchange contracts that are not designated in hedging relationships are classified as held-for-trading, with changes in fair value recognized in selling, general and administrative expenses in the interim consolidated statements of income (loss). During the three and six months ended October 2, 2011, the fair value of derivative financial assets classified as held-for-trading and included in deposits and prepaid assets increased by $19 and decreased by $111 respectively (decreased by $1,224 and $1,849 respectively during the three and six months ended September 26, 2010) and the fair value of derivative financial liabilities classified as held-for-trading and included in accounts payable and accrued liabilities increased by $1,085 and decreased by $115 during the three and six months ended October 2, 2011 respectively (increased by $1,990 and $2,345 respectively during the three and six months ended September 26, 2010).

Cash flow hedges
During the three and six months ended October 2, 2011 there was no unrealized gain or loss recognized in selling, general and administrative expenses for the ineffective portion of cash flow hedges (unrealized gain of $5 and $5 respectively during the three and six months ended September 26, 2010). After-tax unrealized losses of $1,878 and $66 are included in accumulated other comprehensive income at October 2, 2011 and are expected to be reclassified to income over the next 12 months when the revenue and purchases are recorded (unrealized gains of $969 and $27 at September 26, 2010).

13. PROVISIONS

Total	**Warranty**	**Restructuring**	**Other**	**Total**
Balance, at March 31, 2011	$ 6,266	$ 1,982	$ 916	$ 9,164
Provisions made	1,928	—	2,160	4,088
Provisions reversed	(1,031)	(205)	—	(1,236)
Provisions used	(1,149)	(981)	(2,078)	(4,208)
Exchange adjustments	144	56	16	216
Balance, at October 2, 2011	**$ 6,158**	**$ 852**	**$ 1,014**	**$ 8,024**

Disclosed as:

	October 2 2011	March 31 2011
Current	**$ 7,970**	$ 9,002
Non-current	**54**	162
	$ 8,024	$ 9,164

Warranty provisions
Warranty provisions are related to sales of products and are based on experience reflecting statistical trends of warranty costs.

Restructuring
Restructuring charges are recognized in the period incurred and when the criteria for provisions are fulfilled. Termination benefits are recognized as a liability and an expense when the Company is demonstrably committed through a formal restructuring plan.

14. BANK INDEBTEDNESS, OBLIGATIONS UNDER FINANCE LEASES AND LONG-TERM DEBT

The Company's primary credit facility (the "Credit Agreement") provides total credit facilities of up to $95,000, comprised of an operating credit facility of $65,000 and a letter of credit facility of up to $30,000 for certain purposes. The operating credit facility is subject to restrictions regarding the extent to which the outstanding funds advanced under the facility can be used to fund certain subsidiaries of the Company. The Credit Agreement, which is secured by the assets, including real estate, of the Company's North American legal entities and a pledge of shares and guarantees from certain of the Company's legal entities, is repayable in full on April 30, 2012.

The operating credit facility is available in Canadian dollars by way of prime rate advances, letters of credit for certain purposes and/or bankers' acceptances and in U.S. dollars by way of base rate advances and/or LIBOR advances. The interest rates applicable to the operating credit facility are determined based on certain financial ratios. For prime rate advances and base rate advances, the interest rate is equal to the bank's prime rate or the bank's U.S. dollar base rate in Canada, respectively, plus 0.90% to 1.90% until October 1, 2011 and 0.90% to 2.40% thereafter. For bankers' acceptances and LIBOR advances, the interest rate is equal to the bankers' acceptance fee or the LIBOR, respectively, plus 1.90% to 2.90% until October 1, 2011 and 1.90% to 3.40% thereafter.

Under the Credit Agreement, the Company pays a fee for usage of the $30,000 letter of credit facility which ranges from 0.80% to 1.90%.

Under the Credit Agreement, the Company pays a standby fee on the unadvanced portions of the amounts available for advance or draw-down under the credit facilities at rates ranging from 0.475% to 0.725% until October 1, 2011, and 0.475% to 0.850% thereafter.

The Credit Agreement is subject to debt leverage tests, a current ratio test and an interest coverage test. Under the terms of the Credit Agreement, the Company is restricted from encumbering any assets with certain permitted exceptions. The Credit Agreement also partially restricts the Company from repurchasing its common shares, paying dividends and from acquiring and disposing of certain assets. Subsequent to October 2, 2011, the Company obtained necessary waivers from its lender regarding various covenants and restrictions with respect to PWF's filing for judicial bankruptcy protection in France (see note 6 to the interim consolidated financial statements)

As at October 2, 2011, the Company had issued letters of credit in the amount of $10,918 under the primary credit facility (March 31, 2011 - $5,619) and $17,729 under the letter of credit facility (March 31, 2011 - $nil).

The Company has additional credit facilities available of $12,202 (6,358 Euro, 45,351 Indian Rupees and 2,000 Swiss Francs). The total amount outstanding on these facilities is $4,049 (March 31, 2011 - $7,855), of which $558 is classified as bank indebtedness and $3,491 is classified as long-term debt. The interest rates applicable to the credit facilities range from 0.0% to 8.5% per annum. A portion of the long-term debt is secured by certain assets of the Company and the 2,000 Swiss Francs credit facility is secured by a letter of credit under the primary credit facility.

As at October 2, 2011, the Company's subsidiary, Photowatt International S.A.S., has credit facilities including finance lease obligations, of $37,347 (March 31, 2011 - $40,668) outstanding, of which $1,104 is classified as bank indebtedness (March 31, 2011 - $548), $17,114 is classified as long-term debt (March 31, 2011 - $19,326) and $19,129 is classified as obligations under finance leases (March 31, 2011 - $20,794). The interest rates applicable to the credit facilities range from Euribor plus 0.5% to Euribor plus 3.35% and 4.9% per annum. Certain of the credit facilities are secured by certain assets of Photowatt International S.A.S. and a commitment to restrict payments to the Company and are subject to debt leverage tests. The credit facility classified as long-term debt requires annual payments of $5,266 (3,750 Euro) and expires on October 15, 2014. The credit facilities which are classified as bank indebtedness are subject to either annual renewal or 60 day notification. Subsequent to October 2, 2011, Photowatt International S.A.S violated certain covenants with its filing for and subsequent placement into judicial bankruptcy protection (see note 6).

The PV Alliance joint venture has additional credit facilities as described in note 20. The Photowatt International S.A.S. and PV Alliance bank indebtedness, obligations under finance leases and long-term debt amounts have been classified as associated with discontinued operations at March 31, 2011.

(i) Bank indebtedness

	October 2 2011	March 31 2011
Photowatt International S.A.S.	**$ 1,104**	$ 548
Other facilities	**558**	4,274
Reclassified as associated with discontinued operations	**(1,104)**	(548)
	$ 558	$ 4,274

(ii) Long-term debt

	October 2 2011	March 31 2011
PV Alliance	**$ 8,489**	$ 8,308
Photowatt International S.A.S.	**17,114**	19,326
Other facilities	**3,491**	3,581
Reclassified as associated with discontinued operations	**(25,603)**	(27,634)
	3,491	3,581
Less: current portion	**191**	259
	$ 3,300	$ 3,322

Scheduled principal repayments and interest payments on long-term debt from continuing operations as at October 2, 2011 are as follows:

	Principal	Interest
2013	$ 191	$ 85
2014	274	115
2015	285	104
2016	294	92
2017	302	90
Thereafter	2,145	296
	$ 3,491	$ 782

Scheduled principal repayments and interest payments on long-term debt from discontinued operations as at October 2, 2011 are as follows:

	Principal	Interest
2013	$ 10,847	$ 1,600
2014	6,321	525
2015	5,730	273
2016	1,446	111
2017	138	264
Thereafter	1,121	77
	$ 25,603	$ 2,850

(iii) Obligations under finance leases

The Company has entered into finance lease agreements to lease production equipment for the Photowatt segment. The following balances are classified as associated with discontinued operations as at October 2, 2011 and March 31, 2011:

	October 2 2011	March 31 2011
Future minimum lease payments	**$ 24,581**	$ 22,638
Less: interest charges	**1,779**	1,411
Present value of minimum lease payments	**22,802**	21,227
Less: current portion	**5,953**	5,050
	$ 16,849	$ 16,177

	Lease payments	Interest
2013	$ 5,953	$ 768
2014	6,181	553
2015	6,024	330
2016	4,217	117
2017	427	11
	$ 22,802	$ 1,779

The finance lease agreements do not contain renewal terms, purchase options or escalation clauses. Certain of the finance leases are secured by certain assets of Photowatt International S.A.S. and PV Alliance and a commitment to restrict payments to the Company and debt leverage tests. The Company is in compliance with these covenants and restrictions.

Interest of $198 and $315 (three and six months ended September 26, 2010 – $86 and $228 respectively) relating to obligations under finance leases has been included in discontinued operations for the three and six months ended October 2, 2011. The interest rates applicable to the obligations under finance leases range from Euribor plus 1.38% to Euribor plus 1.9% and 4.9% per annum.

15. SHARE CAPITAL

The changes in the common shares issued and outstanding during the periods presented were as follows:

	Number of common shares	Share capital
Balance, at March 31, 2011	87,289,155	$ 481,908
Exercise of stock options	14,300	99
Balance, at October 2, 2011	**87,303,455**	**$ 482,007**

16. TAXATION

Reconciliation of income taxes: Income tax expense differs from the amounts which would be obtained by applying the combined Canadian basic federal and provincial income tax rate to income from continuing operations before income taxes. These differences result from the following items:

	Three months ended		Six months ended	
	October 2 2011	September 26 2010	**October 2 2011**	September 26 2010
Income from continuing operations before income taxes	**$ 13,117**	$ 6,315	**$ 23,043**	$ 14,653
Combined Canadian basic federal and provincial income tax rate	**27.83%**	30.17%	**27.83%**	30.17%
Income tax expense based on combined Canadian basic federal and provincial income tax rate	**3,651**	1,906	**6,413**	4,421
Increase (decrease) in income taxes resulting from:				
Reversal of a deferred tax asset	**—**	815	—	(280)
Permanent differences, unrecognized assets and rate changes	**439**	(494)	**1,415**	842
Manufacturing and processing allowance and all other items	**(265)**	(690)	**(285)**	(711)
	$ 3,825	$ 1,537	**$ 7,543**	$ 4,272
Income tax expense reported in the interim consolidated statements of income (loss):				
Current	**$ 3,025**	$ 118	**$ 5,614**	$ 1,361
Deferred	**800**	1,419	**1,929**	2,911
	$ 3,825	$ 1,537	**$ 7,543**	$ 4,272
Income tax recovery reported in equity or goodwill:				
Net gain (loss) on revaluation of cash flow hedges	**$ (1,017)**	$ 792	**$ (1,189)**	$ 344
Other items recognized through equity	**(360)**	—	**(404)**	—
Recognition of deferred tax asset upon acquisition	**—**	—	**—**	(951)
	$ (1,377)	$ 792	**$ (1,593)**	$ (607)

17. STOCK-BASED COMPENSATION

In the calculation of the stock-based compensation expense in the interim consolidated statements of income (loss), the fair values of the Company's stock option grants were estimated using the Black-Scholes option pricing model for time vesting stock options and binomial option pricing models for performance based stock options.

During the six months ended October 2, 2011 the Company granted 200,000 time vesting stock options (325,000 in the six months ended September 26, 2010). The stock options granted vest over four years and expire on the seventh anniversary from the date of issue. During the three and six month periods ended October 2, 2011 and September 26, 2010, no performance based options were granted. Performance based stock options vest based on the Company's stock trading at or above certain thresholds for a specified number of minimum trading days. The performance based stock options expire on the seventh anniversary after the date that the options vest. During the three and six month periods ended October 2, 2011 and September 26, 2010, no performance based options vested.

For the six months ended		**October 2 2011**		September 26 2010
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
Stock options outstanding, beginning of period	**7,465,167**	**$ 7.52**	6,368,674	$ 7.89
Granted	**200,000**	**7.10**	325,000	6.34
Exercised	**(14,300)**	**4.91**	(2,900)	3.83
Forfeited/cancelled	**(120,082)**	**16.25**	(115,549)	19.67
Stock options outstanding, end of period	**7,530,785**	**$ 7.37**	6,575,225	$ 7.61
Stock options exercisable, end of period, time vested options	**1,310,460**	**$ 7.82**	1,063,431	$ 9.41
Stock options exercisable, end of period, performance based options	**991,448**	**$ 6.14**	991,448	$ 6.14

The fair values of the Company's stock options issued during the periods presented were estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

For the six months ended	**October 2 2011**	September 26 2010
Weighted average risk-free interest rate	**2.25%**	2.28%
Dividend yield	**0%**	0%
Weighted average expected volatility	**56%**	58%
Weighted average expected life	**4.75 years**	4.75 years
Number of stock options granted:		
Time vested	**200,000**	325,000
Weighted average exercise price per option	**$ 7.10**	$ 6.34
Weighted average value per option:		
Time vested	**$ 3.43**	$ 3.16

The Deferred Stock Unit Plan (“DSU Plan”) liability is revalued quarterly based on the change in the Company’s stock price. The change in the value of the DSU Plan liability is included in operating results in the period of change. At October 2, 2011, the value of the outstanding liability related to the DSU Plan was $1,263 (March 31, 2011 - $1,239).

18. COMMITMENTS AND CONTINGENCIES

The minimum operating lease payments related primarily to facilities and equipment, purchase obligations and other obligations are as follows:

From continuing operations:

	Operating leases	Purchase obligations
Due within one year	$ 2,931	$ 53,875
Due in one to five years	5,494	993
Due in over five years	3,951	—
	$ 12,376	$ 54,868

From discontinued operations:

	Operating leases	Purchase obligations
Due within one year	$ 2,217	$ 28,474
Due in one to five years	8,017	28,826
Due in over five years	319	12,302
	$ 10,553	$ 69,602

The Company’s off-balance sheet arrangements consist of purchase obligations, various operating lease financing arrangements related primarily to facilities and equipment, and derivative financial instruments which have been entered into in the normal course of business.

The Company’s purchase obligations consist of silicon supply commitments and other materials purchase commitments. The major silicon supply commitments are take-or-pay arrangements with fixed price commitments.

During the three months ended October 2, 2011, the Company reached agreements to terminate certain of its silicon and wafer supply contracts. The supply of silicon and wafers represented by these agreements was not required to meet current and planned manufacturing capacities. The termination agreements eliminated commitments over the next 6 years to purchase approximately 180 million Euro of silicon and wafers at contractual prices in excess of current spot market levels.

In accordance with industry practice, the Company is liable to the customer for obligations relating to contract completion and timely delivery. In the normal conduct of its operations, the Company may provide bank guarantees as security for advances received from customers pending delivery and contract performance. In addition, the Company may provide bank guarantees as security on equipment under lease and on order. At October 2, 2011, the total value of outstanding bank guarantees available under bank guarantee facilities was approximately $33,668 (March 31, 2011 – $26,297) from continuing operations and was approximately $6,038 (March 31, 2011 – $13,857) from discontinued operations.

In the normal course of operations, the Company is party to a number of lawsuits, claims and contingencies. Although it is possible that liabilities may be incurred in instances for which no accruals

have been made, the Company does not believe that the ultimate outcome of these matters will have a material impact on its consolidated financial position.

19. SEGMENTED DISCLOSURE

Photowatt is currently classified as assets and liabilities associated with discontinued operations in the interim consolidated statements of financial position and as discontinued operations in the interim consolidated statements of income (loss). As a result, ATS' continuing operations are reported as one operating segment, ASG.

Geographic segmentation of revenues is determined based on the customer's installation site. Non-current assets represent property, plant and equipment, goodwill and intangible assets that are attributable to individual geographic segments, based on location of the respective operations.

			October 2 2011
	Property, plant and equipment	**Goodwill**	**Intangible assets**
Canada	**$ 34,675**	**$ 5,213**	**$ 2,408**
United States and Mexico	**21,186**	**30,956**	**2,967**
Europe	**29,241**	**21,789**	**24,059**
Asia – Pacific and other	**2,557**	**4,023**	**43**
Total Company	**$ 87,659**	**$ 61,981**	**$ 29,477**

			March 31 2011
	Property, plant and equipment	Goodwill	Intangible assets
Canada	$ 34,805	$ 5,213	$ 2,194
United States and Mexico	19,840	27,961	3,602
Europe	29,266	21,326	25,302
Asia – Pacific and other	2,506	3,947	38
Total Company	$ 86,417	$ 58,447	$ 31,136

Revenues from external customers for the three months ended	**October 2 2011**	September 26 2010
Canada	**$ 6,252**	$ 4,248
United States and Mexico	**66,504**	48,256
Europe	**38,912**	32,488
Asia – Pacific and other	**34,266**	29,260
Total Company	**$ 145,934**	$ 114,252

Revenues from external customers for the six months ended	**October 2 2011**	September 26 2010
Canada	**$ 13,314**	$ 10,454
United States and Mexico	**120,005**	91,470
Europe	**72,016**	45,997
Asia – Pacific and other	**67,474**	68,168
Total Company	**$ 272,809**	$ 216,089

For the three and six months ended October 2, 2011 and September 26, 2010, the Company did not have revenues from any single customer which amounted to 10% or more of total consolidated revenues.

20. INTEREST IN JOINT VENTURES

During the year ended March 31, 2010, Photowatt Ontario Inc. entered into an agreement to establish Ontario Solar PV Fields Inc., a joint venture. In fiscal 2008, Photowatt International S.A.S. entered into an agreement to establish the PV Alliance, a joint venture.

These are jointly-controlled enterprises and accordingly, the Company proportionately consolidated its 50% and 40% share of assets, liabilities, revenues and expenses of Ontario Solar PV Fields Inc. and the PV Alliance, respectively, in the interim consolidated financial statements. Ontario Solar PV Fields Inc. and the PV Alliance are currently presented as assets and liabilities associated with discontinued operations the interim consolidated statements of financial position and as discontinued operations in the interim consolidated statements of income (loss).

The following is a summary of the Company's proportionate share of the joint ventures:

As at	**October 2 2011**	March 31 2011
Current assets	**$ 7,642**	$ 6,761
Property, plant and equipment	**7,979**	7,778
Intangible assets	**3,365**	2,924
Current liabilities	**(6,679)**	(6,515)
Current portion of long-term debt	**(5,649)**	(4,914)
Current portion of obligations under finance leases	**(816)**	—
Long-term debt	**(2,840)**	(3,394)
Long-term portion of obligations under finance leases	**(2,857)**	—
Net assets	**$ 145**	$ 2,640

	Three months ended		**Six months ended**	
	October 2 2011	September 26 2010	**October 2 2011**	September 26 2010
Statements of income (loss)				
Net income (loss)	**$ 340**	(185)	**$ 169**	$ (65)

The PV Alliance has loans from a shareholder totalling 12,305 Euro at October 2, 2011 (March 31, 2011 – 12,305 Euro). The portion of the shareholder loans relating to ATS is 4,921 Euro (March 31, 2011 – 4,921 Euro). The loans are repayable over five years, guaranteed by the signing of a pledge agreement and bear interest at the maximum fiscally deductible rate.

During the year ended March 31, 2010, the PV Alliance established a credit facility totalling 20,038 Euro. The portion of the credit facility relating to ATS is 8,015 Euro. The total amount outstanding on the facility is 1,124 Euro at October 2, 2011 (March 31, 2011 – 1,124 Euro). The credit facility bears interest of 6.19% per annum and is received when the program to develop solar cell technology meets certain cell efficiency targets.

The PV Alliance maintains an operating lease for a portion of the Photowatt International S.A.S. building used by PV Alliance which results in annual lease payments proportionately totalling 83 Euro. The contract with the lessee expires in 2018 with an option to terminate the lease in 2016. The lease contains an option to extend the lease for an additional nine years.

During the year ended March 31, 2010, the PV Alliance entered into an agreement under which the regional government of Rhộne-Alpes in France committed to providing the PV Alliance with funding of 15,000 Euro over a five-year period, conditional on certain employment levels being met in the region. During the three and six months ended October 2, 2011, the PV Alliance received government assistance of 137 and 274 Euro (three and six months ended September 26, 2010 – 192 and 384 Euro respectively) which has been included in operating income.

21. NET FINANCE COSTS

	Three months ended		Six months ended	
	October 2 2011	September 26 2010	**October 2 2011**	September 26 2010
Interest expense	**$ (390)**	$ (592)	**$ (1,139)**	$ (885)
Interest income	**246**	277	**394**	416
	$ (144)	$ (315)	**$ (745)**	$ (469)

22. EARNINGS (LOSS) PER SHARE

For the three months ended	**October 2 2011**	September 26 2010
Net income (loss) available to common shareholders	**$ (67,079)**	$ 1,865
Weighted average number of common shares outstanding	**87,298,559**	87,279,825
Dilutive effect of stock option conversion	**497,839**	284,593
Diluted weighted average number of common shares outstanding	**87,796,398**	87,564,418

For the six months ended	**October 2 2011**	September 26 2010
Net income (loss) available to common shareholders	**$ (72,093)**	$ 7,076
Weighted average number of common shares outstanding	**87,294,427**	87,279,241
Dilutive effect of stock option conversion	**496,044**	327,999
Diluted weighted average number of common shares outstanding	**87,790,471**	87,607,240

For the three and six months ended October 2, 2011, stock options to purchase 5,413,535 and 5,425,497 common shares respectively are excluded from the weighted average number of common shares in the calculation of diluted earnings per share as they are anti-dilutive (5,241,230 and 5,252,107 common shares respectively were excluded for the three and six months ended September 26, 2010).

23. TRANSITION TO IFRS

The Company's financial statements for the year ending March 31, 2012 will be the first annual financial statements that comply with IFRS and these annual financial statements will be prepared as described in note 2 to the interim consolidated financial statements, including the application of IFRS 1. IFRS 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement in those financial statements of compliance with IFRS.

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was April 1, 2010 (the "transition date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be March 31, 2011. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

There have been no changes to the elections or exemptions allowed under IFRS 1 as previously disclosed in the first quarter interim consolidated financial statements.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile shareholders' equity, net income, comprehensive income and cash flows for prior periods. The following represents the reconciliations from Canadian GAAP to IFRS for the respective periods noted for shareholders' equity, income and comprehensive income:

Reconciliation of Shareholders' Equity

As at	Note	September 26 2010
Shareholders' equity under Canadian GAAP		$ 543,709
Differences increasing (decreasing) reported Shareholders' equity:		
1. Employee benefits	A	(27)
2. Revenues	B	1,172
3. Income taxes	C	198
4. Depreciation and amortization	D	(3,602)
5. Deemed cost adjustment	E	(3,667)
6. Business combinations	F	(3,473)
Total shareholders' equity under IFRS		$ 534,310

Reconciliation of Net Income

	Note	Three months ended September 26 2010	Six months ended September 26 2010
Net income under Canadian GAAP		$ 3,251	$ 9,689
Differences in GAAP increasing (decreasing) reported income:			
1. Revenues	B	67	132
2. Income taxes	C	26	57
3. Depreciation and amortization	D	(94)	(242)
4. Deemed cost adjustment	E	(25)	—
5. Business combinations	F	(1,301)	(2,463)
6. Stock-based compensation	G	(59)	(97)
Net income under IFRS		$ 1,865	$ 7,076

Reconciliation of Comprehensive Income

	Note	Three months ended September 26 2010	Six months ended September 26 2010
Comprehensive income under Canadian GAAP		$ 15,950	$ 14,260
Differences in GAAP decreasing reported comprehensive income:			
Foreign currency cumulative translation adjustment	H	(155)	(15)
Change in net income		(1,386)	(2,613)
Comprehensive income under IFRS		$ 14,409	$ 11,632

A. ***Employee benefits:*** As stated in the section entitled, "IFRS exemption options," the Company elected to recognize all cumulative actuarial gains and losses that existed at the transition date in opening retained earnings for all of its employee benefit plans. Under Canadian GAAP, the employee benefit amounts were presented with accounts payable and accrued liabilities. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income.

B. ***Revenues:*** Construction contracts are specifically defined under IFRS and require percentage-of-completion revenue recognition. Additionally, service revenues are to be accounted for on a percentage-of-completion basis under IFRS. All revenue contracts have been analyzed to ensure that appropriate revenue recognition criterion has been applied. Revenues previously recognized using completed contract revenue recognition that are required to be recognized under percentage-of-completion accounting under IFRS have been adjusted along with the corresponding cost of sales and inventory impacts.

C. ***Income taxes:*** Income tax is recalculated based on differences between Canadian GAAP and IFRS. Income taxes and equity also includes an adjustment to tax effect the share issuance costs which should be reported in equity under IFRS but are reported in income under Canadian GAAP.

D. ***Depreciation and amortization:*** Under IFRS, the method of depreciation has been changed to the straight-line method for all assets. Additionally, assets have been separated into their component parts and each part is depreciated separately under IFRS.

E. ***Deemed cost adjustment:*** As stated in the section entitled, "IFRS exemption options," the Company has applied the one-time adjustment to record certain property, plant and equipment and certain investment property at their fair values at April 1, 2010. The carrying value of the property going forward is the fair value at the transition date.

F. ***Business combinations:*** Acquisition related costs directly attributable to a business combination may be capitalized to the cost of the acquisition as part of the purchase price allocation under Canadian GAAP. Under IFRS, with the exception of share issuance costs, these costs are to be expensed as incurred. Additionally, restructuring costs included in the purchase price allocation under Canadian GAAP are expensed under IFRS.

G. ***Stock-based compensation:*** Equity based awards are expensed on a graded vesting basis with each tranche of the grant considered a separate award with a different vesting date and a separate fair value. Under IFRS each grant is separately accounted for whereas under Canadian GAAP the total fair value of the grant is recognized in income and contributed surplus on a straight-line basis over the vesting period of the award. Under IFRS forfeitures are determined based on management's estimate of the number of awards expected to vest in the future. This estimate reduces the stock-based compensation expense and contributed surplus over the vesting period.

H. ***Cumulative translation adjustment:*** As stated in the section entitled, "IFRS exemption options," the Company has applied the one-time exemption to set the foreign currency cumulative translation adjustment to zero at April 1, 2010.

I. **Classification of Photowatt as "Discontinued Operations":** IFRS requires that an evaluation is made as to whether non-current assets (or a disposal group) should be classified as "held for sale" or as "held for distribution to owners" when specific criteria related to their sale or distribution are met. Canadian GAAP requires that non-current assets to be distributed to owners continue to be classified as held and used until disposed of. The Company has determined that under IFRS, the separation of Photowatt met the criteria of non-current assets associated with discontinued operations as of March 31, 2011 and therefore has reclassified this disposal group as "associated with discontinued operations" as of March 31, 2011 and reclassified Photowatt's operating results as "discontinued operations" for the current and comparative periods presented in the interim consolidated financial statements.

Interim consolidated statements of financial position restatements

1. ***Deferred taxes classification:*** All deferred tax assets and liabilities are classified as non-current under IFRS.

2. ***Provisions:*** Provisions are required to be separately stated from accounts payable and accrued liabilities under IFRS.

Interim consolidated statements of cash flows impact
There was no change to total cash flows from operating, investing, or financing activities under IFRS.