Management’s Discussion and Analysis
This Management’s Discussion and Analysis (“MD&A”) for the three and six months ended October 2, 2011 (second quarter of fiscal 2012) is as of November 8, 2011 and provides information on the operating activities, performance and financial position of ATS Automation Tooling Systems Inc. (“ATS” or the “Company”) and should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the second quarter of fiscal 2012. The interim consolidated financial statements for the three and six months ended October 2, 2011 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are reported in Canadian dollars. The Company assumes that the reader of this MD&A has access to, and has read the audited consolidated financial statements prepared in accordance with Canadian GAAP and MD&A of the Company for the year ended March 31, 2011 (fiscal 2011) and, accordingly, the purpose of this document is to provide a second quarter update to the information contained in the fiscal 2011 MD&A. These documents and other information relating to the Company, including the Company’s fiscal 2011 audited consolidated financial statements, MD&A and annual information form may be found on SEDAR at www.sedar.com.

Notice to Reader: Non-IFRS 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 and amortization (which includes amortization of intangible assets). The term “margin” refers to an amount as a percentage of revenue. The terms “earnings (loss) from operations”, “operating earnings”, “margin”, “operating loss”, “operating results”, “operating margin”, “EBITDA”, “Order Bookings” and “Order Backlog” do not have any standardized meaning prescribed within IFRS and therefore may not be comparable to similar measures presented by other companies. Operating earnings and EBITDA are some of the measures the Company uses to evaluate the performance of its segments. Management believes that ATS shareholders and potential investors in ATS use non-IFRS financial measures such as operating earnings and EBITDA in making investment decisions and measuring operational results. A reconciliation of operating earnings and EBITDA to net income from continuing operations for the three and six month periods ending October 2, 2011 and September 26, 2010 is contained in this MD&A (See “Reconciliation of EBITDA to IFRS Measures”). EBITDA should not be construed as a substitute for net income determined in accordance with IFRS.

Order Bookings represent new orders for the supply of automation systems that management believes are firm. Order Backlog is the estimated unearned portion of ASG revenue on customer contracts that are in process and have not been completed at the specified date. A reconciliation of Order Bookings and Order Backlog to total Company revenues for the three and six month periods ending October 2, 2011 and September 26, 2010 is contained in the MD&A (See “ASG Order Backlog Continuity”). References to 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.
COMPANY PROFILE
The Company has two segments: Automation Systems Group (“ASG”), the Company’s continuing operations, and Photowatt Technologies (“Photowatt”), which is classified as discontinued operations and includes Photowatt France (“PWF”) and Photowatt Ontario (“PWO”). Through ASG, ATS provides innovative, custom designed, built and installed manufacturing solutions to many of the world's most successful companies. Founded in 1978, ATS uses its industry leading knowledge and global capabilities to serve the sophisticated automation systems' needs of multinational customers in industries such as life sciences, computer/electronics, energy, transportation and consumer products. It also leverages its many years of experience and skills to fulfill the specialized automation product manufacturing requirements of customers. Through Photowatt, ATS participates in the solar energy industry. ATS employs approximately 3,100 people at 21 manufacturing facilities in Canada, the United States, Europe, Southeast Asia and China.

Value Creation Strategy
To drive value creation, the Company implemented a three-phase strategic plan: (1) fix the business (improve the existing operations, gain operating control of the business and earn credibility); (2) separate the businesses (create a standalone ASG business, monetize non-core assets and strengthen the balance sheet); and (3) grow (both organically and through acquisition).

Photowatt Separation
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, discussions with parties in regards to a sale of PWF concluded without producing an acceptable transaction. As announced on November 4, 2011, 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. The Company re-examined the spinoff alternative and concluded it was not viable. Other options in relation to PWF have been exhausted and given the aforementioned conditions, PWF’s filing for bankruptcy became necessary. 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.

Growth
To further the Company’s growth strategy, ASG will continue to target providing value-based, complete automation program solutions for customers based on differentiating technological solutions, value of customer outcomes achieved and global capability. With respect to acquisitions, the Company has an organizational structure, business processes and the experience to successfully integrate companies into the group. Acquisition opportunities are targeted and evaluated based on their ability to bring ATS market or technology leadership, scale and/or an opportunity brought on by the
economic environment. Financially, targets are reviewed for their potential to add accretive earnings to current operations.

**Business Acquisitions**

In fiscal 2011 management completed two acquisitions:

**Sortimat Group**

On June 1, 2010, ATS completed its acquisition of 100% of Sortimat Group (“Sortimat”). Sortimat is a manufacturer of assembly systems for the life sciences market. Established in 1959, Sortimat has locations in Germany, Chicago and a small, subsidiary in India. Sortimat’s integration into the Company’s ASG segment is substantially complete.

The Sortimat acquisition aligned with ATS’ strategy of expanding its position in the global automation market and enhancing growth opportunities, particularly in strategic segments such as life sciences. The Company benefits from Sortimat’s products and significant experience in advanced system development, manufacturing, handling, and feeder technologies. This acquisition provided ATS with the scale required to further organize its marketing and divisions into a group focused on life sciences, with the objective to grow the Company’s exposure to this market segment and help customers differentiate themselves from their competitors. To integrate Sortimat and effect margin improvements, the Company deployed people to apply best practices, command and control, program management and to advance approach to market. The benefits of these integration initiatives are now being realized. Improvements in program management have led to the elimination of a significant number of RED programs (programs which are not delivered to specification, on time, or on budget). For additional information on the acquisition of Sortimat, refer to note 5 of the interim consolidated financial statements.

**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 segments.

The Company benefits from ATW’s significant experience, particularly in the transportation segment. The acquisition of ATW provided ATS with the scale required to further organize its marketing and divisions into a group within the Company’s ASG segment that is focused on transportation. Management expects the integration process to continue for a number of quarters. To date, management has substantially completed the consolidation of ATW’s Saginaw division into its Livonia and Dayton divisions. Additional incremental margin improvements are targeted through the application of best practices, command and control, program management and approach to market. For additional information on the acquisition of ATW, refer to note 5 of the interim consolidated financial statements.
OVERVIEW – OPERATING RESULTS FROM CONTINUING OPERATIONS

Results from continuing operations comprise the results of ASG and corporate costs not directly attributable to Photowatt. The results of Photowatt are reported as discontinued operations, with comparative periods reclassified as discontinued operations.

Consolidated Revenues from Continuing Operations
(In millions of dollars)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Revenues by market</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life sciences</td>
<td>$47.7</td>
<td>$50.9</td>
<td>$91.5</td>
<td>$90.7</td>
</tr>
<tr>
<td>Computer-electronics</td>
<td>6.2</td>
<td>8.8</td>
<td>13.3</td>
<td>22.8</td>
</tr>
<tr>
<td>Energy</td>
<td>18.4</td>
<td>29.9</td>
<td>43.4</td>
<td>65.1</td>
</tr>
<tr>
<td>Transportation</td>
<td>64.7</td>
<td>12.5</td>
<td>105.1</td>
<td>21.6</td>
</tr>
<tr>
<td>Other</td>
<td>8.9</td>
<td>12.2</td>
<td>19.5</td>
<td>15.9</td>
</tr>
<tr>
<td><strong>Total revenues from continuing operations</strong></td>
<td>$145.9</td>
<td>$114.3</td>
<td>$272.8</td>
<td>$216.1</td>
</tr>
</tbody>
</table>

Second Quarter

Second quarter revenues were 28% higher than the corresponding period a year ago as a result of increased Order Backlog entering the second quarter compared to a year ago and revenues earned by ATW.

By industrial market, revenues from life sciences decreased 6% year-over-year despite higher Order Backlog entering the second quarter compared to a year ago, due to longer performance periods on certain programs. The 30% decrease in computer-electronics revenues reflected lower activity compared to a year ago. Revenues generated in the energy market decreased 38% on lower Order Backlog entering the second quarter compared to a year ago, reflecting lower activity primarily in the solar energy market. The 418% increase in transportation revenues compared to a year ago primarily reflected higher Order Backlog entering the second quarter compared to a year ago and the inclusion of ATW. “Other” revenues decreased 27% year over year primarily due to decreased revenues in the consumer products market.

Quarter over quarter foreign exchange rate changes negatively impacted the translation of ASG revenues, reflecting the strengthening of the Canadian dollar relative to the U.S. dollar.

Year-to-date

Revenues for the six months ended October 2, 2011 were 26% higher than the corresponding period a year ago as a result of revenues from ATW, improved Order Bookings and increased Order Backlog entering the fiscal year compared to a year ago.

By industrial market, year-to-date revenues from life sciences, transportation, and “Other” markets increased 1%, 387% and 23% respectively compared to the same period a year ago. Revenues in computer-electronics and energy decreased 42% and 33% respectively compared to the same period a year ago.
Year over year foreign exchange rate changes negatively impacted the translation of ASG revenues, reflecting the strengthening of the Canadian dollar relative to the U.S. dollar.

**Consolidated Operating Results**  
(In millions of dollars)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Earnings from operations</td>
<td>$13.3</td>
<td>$6.6</td>
<td>$23.8</td>
<td>$15.1</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>2.9</td>
<td>2.9</td>
<td>6.0</td>
<td>5.0</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$16.2</td>
<td>$9.5</td>
<td>$29.8</td>
<td>$20.1</td>
</tr>
</tbody>
</table>

**Second Quarter**  
Fiscal 2012 second quarter earnings from operations were $13.3 million (9% operating margin) compared to earnings from operations of $6.6 million (6% operating margin) in the second quarter of fiscal 2011. Higher earnings from operations primarily reflect higher revenues earned during the period and improved operating margins at Sortimat. Increased earnings from operations on a year-over-year basis also reflected lower spending on professional fees related to acquisitions. Included in fiscal 2012 second quarter earnings from operations was a $1.0 million charge for bad debt related to a specific customer bankruptcy protection filing. Included in prior year second quarter earnings from operations was $1.0 million in restructuring charges.

Depreciation and amortization expense was $2.9 million in the second quarter of fiscal 2012, consistent with the corresponding period a year ago.

**Year-to-date**  
For the six months ended October 2, 2011, earnings from operations were $23.8 million (9% operating margin) compared to earnings from operations of $15.1 million (7% operating margin) in the corresponding period a year ago. Higher earnings from operations primarily reflected higher revenues earned during the period and improved operating margins at Sortimat. The increase on a year-over-year basis also reflected lower spending on professional fees related to acquisitions. Included in the first six months of fiscal 2012 earnings from operations was a $1.0 million charge for bad debt related to a specific customer bankruptcy protection filing. Included in prior year earnings from operations was $1.0 million in restructuring charges.

Depreciation and amortization expense was $6.0 million in the first six months of fiscal 2012 compared to $5.0 million in the same period a year ago. The increase in fiscal 2012 depreciation and amortization primarily related to a $0.9 million increase in amortization on the identifiable intangible assets recorded on the acquisitions of Sortimat and ATW.
ASG Order Bookings
ASG Order Bookings in the second quarter were $165 million, 57% higher than a year ago, reflecting improved Order Bookings in transportation following a general recovery in the automotive market and new product launches by OEMs and tier 1 suppliers. Improved Order Bookings also reflected additional activity in the life sciences market. Order Bookings in the first five weeks of the third quarter of fiscal 2012 were $47 million.

ASG Order Backlog Continuity
(In millions of dollars)

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Opening Order Backlog</td>
<td>$328</td>
<td>$215</td>
<td>$296</td>
<td>$209</td>
</tr>
<tr>
<td>Revenues</td>
<td>(146)</td>
<td>(114)</td>
<td>(273)</td>
<td>(216)</td>
</tr>
<tr>
<td>Order Bookings</td>
<td>165</td>
<td>105</td>
<td>322</td>
<td>190</td>
</tr>
<tr>
<td>Order Backlog adjustments¹</td>
<td>16</td>
<td>2</td>
<td>18</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$363</strong></td>
<td><strong>$208</strong></td>
<td><strong>$363</strong></td>
<td><strong>$208</strong></td>
</tr>
</tbody>
</table>

¹ Order Backlog adjustments include foreign exchange adjustments, cancellations and, for the six months ended September 26, 2010, incremental Order Backlog of $27 million acquired in connection with Sortimat.

ASG Order Backlog by Industry
(In millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>October 2, 2011</th>
<th>September 26, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life sciences</td>
<td>$113</td>
<td>$78</td>
</tr>
<tr>
<td>Computer-electronics</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Energy</td>
<td>43</td>
<td>48</td>
</tr>
<tr>
<td>Transportation</td>
<td>174</td>
<td>29</td>
</tr>
<tr>
<td>Other</td>
<td>21</td>
<td>39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$363</strong></td>
<td><strong>$208</strong></td>
</tr>
</tbody>
</table>

At October 2, 2011, ASG Order Backlog was $363 million, 75% higher than at September 26, 2010, reflecting improved Order Bookings during the last four quarters. This growth was due to improved market conditions, particularly in transportation and life sciences, the addition of Sortimat and ATW, and a longer performance period for certain programs in Order Backlog.

Outlook
The general economic environment, which negatively impacted the Company throughout fiscal 2010, has improved in the last four quarters. However, there remains uncertainty in the global economy. Management expects this may continue to cause volatility in Order Bookings. The Company has seen improvement in certain customer markets; however, many customers remain cautious in their approach to capital investment. Despite the uncertainty and volatility in the global economy, activity in the Company’s front-end of the business has remained strong. At the end of the second quarter of fiscal 2012, Order Backlog was at its highest level ever, which will partially negate the impact of volatile Order Bookings on revenues in the short term.
Management expects that the implementation of its strategic initiatives to improve leadership, business processes and supply chain management will continue to have a positive impact on ATS operations. Management’s disciplined focus on program management, cost reductions, standardization and quality put ATS in a strong competitive position to capitalize on opportunities going forward and sustain performance in difficult market conditions.

The integration of Sortimat is substantially complete. Initiatives to improve program management, eliminate RED programs, control costs and improve utilization, combined with improved Order Backlog, are expected to drive continued improvements in operating results.

The integration of ATW is well underway. The consolidation of ATW’s Saginaw division into divisions in Livonia and Dayton is substantially complete. Efforts to control and eliminate RED programs, reduce costs and integrate ATW into ATS’ sales and marketing, program management, and command and control processes are significantly advanced. The acquisition of ATW has increased ATS revenues; however, until ATW is fully integrated, operating margins are expected to be negatively impacted.

The Company’s strong financial position provides a solid foundation to pursue organic growth and the flexibility to pursue its acquisition growth strategy. The Company is actively seeking to expand its position in the global automation market organically and through acquisition. To further this objective, management will continue to review and pursue attractive opportunities.
CONSOLIDATED RESULTS FROM CONTINUING OPERATIONS
(In millions of dollars, except per share data)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$145.9</td>
<td>$114.3</td>
<td>$272.8</td>
<td>$216.1</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>109.0</td>
<td>86.8</td>
<td>201.4</td>
<td>163.7</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>23.0</td>
<td>19.9</td>
<td>45.9</td>
<td>35.8</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>0.6</td>
<td>1.0</td>
<td>1.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Earnings from operations</td>
<td>$13.3</td>
<td>6.6</td>
<td>$23.8</td>
<td>$15.1</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>$0.2</td>
<td>0.3</td>
<td>$0.8</td>
<td>0.5</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>3.8</td>
<td>1.5</td>
<td>7.5</td>
<td>4.2</td>
</tr>
<tr>
<td>Net income from continuing operations</td>
<td>$9.3</td>
<td>4.8</td>
<td>$15.5</td>
<td>$10.4</td>
</tr>
<tr>
<td>Loss from discontinued operations, net of tax</td>
<td>$(76.4)</td>
<td>(2.9)</td>
<td>$(87.6)</td>
<td>$(3.3)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$(67.1)</td>
<td>1.9</td>
<td>$(72.1)</td>
<td>7.1</td>
</tr>
</tbody>
</table>

Earnings per share
Basic and diluted – from continuing operations | $0.11 | $0.05 | $0.18 | $0.12
Basic and diluted – from discontinued operations | $(0.87) | $(0.04) | $(1.00) | $(0.04)

Revenues. At $145.9 million, consolidated revenues from continuing operations for the fiscal 2012 second quarter were 28% higher than for the corresponding period a year ago as a result of increased Order Backlog entering the second quarter compared to a year ago and revenues earned by ATW. Year-to-date revenues were $272.8 million or 26% higher than for the same period a year ago.

Cost of revenues. Fiscal 2012 second quarter cost of revenues increased by $22.2 million or 26% to $109.0 million. The increase in gross margin to 25% in the second quarter of fiscal 2012 from 24% a year ago reflects higher revenues and improved program management, partially offset by lower margins from acquired businesses. Year-to-date gross margin increased to 26% from 24% in the corresponding period a year ago.

Selling, general and administrative ("SG&A") expenses. SG&A expenses for the second quarter of fiscal 2012 increased 16% or $3.1 million to $23.0 million compared to the corresponding prior year period. Higher SG&A costs reflected incremental spending from acquired businesses. These increases were partially offset by lower professional fees on acquisition activities.

For the six months ended October 2, 2011, SG&A expenses increased 28% or $10.1 million to $45.9 million compared to the same period a year ago. Increased spending primarily reflected incremental SG&A expenses incurred from acquired businesses and incremental amortization related to identifiable intangible assets recorded on the
acquisition of Sortimat. These increases were partially offset by lower professional fees on acquisition activities.

**Stock-based compensation cost.** For the three month period ended October 2, 2011, stock-based compensation expense decreased to $0.6 million from $1.0 million a year earlier primarily reflecting additional expense from new stock grants offset by the revaluation of Deferred Stock Units. For the six month period ended October 2, 2011, stock-based compensation expense increased to $1.7 million from $1.5 million a year earlier primarily reflecting additional expense from new stock grants.

The expense associated with the Company’s performance-based stock options is recognized in income over the estimated assumed vesting period at the time the stock options are granted. The stock options vest upon the Company’s stock price trading at or above a stock price performance threshold for a specified minimum number of trading days. When the performance-based options vest, the Company is required to recognize all previously unrecognized expenses associated with the vested stock options in the period in which they vest. As at October 2, 2011, the following performance-based stock options were un-vested:

<table>
<thead>
<tr>
<th>Stock price performance threshold</th>
<th>Number of options outstanding</th>
<th>Grant date value per option</th>
<th>Weighted average remaining vesting period</th>
<th>Current year expense (in ’000s)</th>
<th>Remaining expense to recognize (in ’000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 8.50</td>
<td>889,333</td>
<td>1.41</td>
<td>1.2 years</td>
<td>$ 127</td>
<td>$ 287</td>
</tr>
<tr>
<td>9.49</td>
<td>41,667</td>
<td>1.66</td>
<td>3.2 years</td>
<td>6</td>
<td>38</td>
</tr>
<tr>
<td>10.41</td>
<td>266,667</td>
<td>2.11</td>
<td>1.0 years</td>
<td>62</td>
<td>115</td>
</tr>
<tr>
<td>10.50</td>
<td>889,333</td>
<td>1.41</td>
<td>2.0 years</td>
<td>108</td>
<td>427</td>
</tr>
<tr>
<td>11.08</td>
<td>218,667</td>
<td>2.77</td>
<td>0.4 years</td>
<td>76</td>
<td>60</td>
</tr>
<tr>
<td>12.41</td>
<td>266,666</td>
<td>2.11</td>
<td>1.9 years</td>
<td>51</td>
<td>191</td>
</tr>
<tr>
<td>13.08</td>
<td>218,666</td>
<td>2.77</td>
<td>1.3 years</td>
<td>62</td>
<td>162</td>
</tr>
</tbody>
</table>

**Earnings from operations.** For the three and six month periods ended October 2, 2011, consolidated earnings from operations were $13.3 million and $23.8 million respectively (operating margins of 9% in both periods), compared to earnings from operations of $6.6 and $15.1 million a year ago (operating margins of 6% and 7% respectively) reflecting higher revenues and improved gross margins, partially offset by higher SG&A expenses.

**Net finance costs.** Finance costs were $0.2 million in the second quarter of fiscal 2012 compared to $0.3 million a year ago. The decrease in net finance costs relates to lower average debt outstanding between the comparable periods. For the six months ended October 2, 2011, finance costs were $0.8 million compared to $0.5 million in the corresponding period last year, reflecting lower cash balances, credit amendment fees, and costs associated with the issuance of letters of credit.

**Provision for income taxes.** For the three and six months ended October 2, 2011, the Company’s effective income tax rates of 29% and 33%, respectively, differed from the combined Canadian basic federal and provincial income tax rate of 28% (three and six months ended September 26, 2010 – 30%) primarily as a result of losses incurred in Europe, the benefit of which was not recognized for financial statement reporting purposes.
**Net income from continuing operations.** Second quarter fiscal 2012 net income from continuing operations was $9.3 million (11 cents earnings per share basic and diluted) compared to net income from continuing operations of $4.8 million (5 cents earnings per share basic and diluted) for the second quarter of fiscal 2011. Net income from continuing operations in the six months ended October 2, 2011 was $15.5 million (18 cents per share basic and diluted) compared to net income from continuing operations of $10.4 million (12 cents per share basic and diluted) for the corresponding period a year ago.

**Reconciliation of EBITDA to IFRS measures**

(In millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended October 2, 2011</th>
<th>Three Months Ended September 26, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>$16.2</td>
<td>$9.5</td>
</tr>
<tr>
<td>Less: depreciation and amortization expense</td>
<td>$2.9</td>
<td>$2.9</td>
</tr>
<tr>
<td>Earnings from operations</td>
<td>$13.3</td>
<td>$6.6</td>
</tr>
<tr>
<td>Less: Net finance costs</td>
<td>$0.2</td>
<td>$0.3</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>3.8</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Net income from continuing operations</strong></td>
<td>$9.3</td>
<td>$4.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Six Months Ended October 2, 2011</th>
<th>Six Months Ended September 26, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>$29.8</td>
<td>$20.1</td>
</tr>
<tr>
<td>Less: depreciation and amortization expense</td>
<td>$6.0</td>
<td>$5.0</td>
</tr>
<tr>
<td>Earnings from operations</td>
<td>$23.8</td>
<td>$15.1</td>
</tr>
<tr>
<td>Less: Net finance costs</td>
<td>$0.8</td>
<td>$0.5</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>7.5</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Net income from continuing operations</strong></td>
<td>$15.5</td>
<td>$10.4</td>
</tr>
</tbody>
</table>

**FOREIGN EXCHANGE**

Strengthening in the value of the Canadian dollar relative to the U.S. dollar had a negative impact on translation of the Company’s revenues in the first and second quarters of fiscal 2012 compared to the same periods of fiscal 2011. ATS follows a transaction hedging program to help mitigate the impact of short-term foreign currency movements. This hedging activity consists primarily of forward foreign exchange contracts used to manage foreign currency exposure. Purchasing third-party goods and services in U.S. dollars by Canadian operations also acts as a partial offset to U.S. dollar exposure. The Company’s forward foreign exchange contract hedging program is intended to mitigate movements in currency rates primarily over a four-to-six month period. See note 12 to the interim consolidated financial statements for details on the derivative financial instruments outstanding at October 2, 2011.
Period Average Market Exchange Rates in CDN$

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>October 2, 2011</td>
<td>September 26, 2010</td>
</tr>
<tr>
<td>U.S. Dollar</td>
<td>0.9824</td>
<td>1.0403</td>
</tr>
<tr>
<td>Euro</td>
<td>1.3861</td>
<td>1.3381</td>
</tr>
</tbody>
</table>

DISCONTINUED OPERATIONS: PHOTOWATT
(In millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th>Six Months Ended</th>
<th></th>
<th>Six Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>October 2, 2011</td>
<td></td>
<td>September 26, 2010</td>
<td></td>
<td>October 2, 2011</td>
<td></td>
<td>September 26, 2010</td>
<td></td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$33.9</td>
<td>$45.1</td>
<td>$96.7</td>
<td>$93.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss from operations</td>
<td>(71.3)</td>
<td>(2.6)</td>
<td>(82.5)</td>
<td>(2.7)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss from discontinued operations, net of tax</td>
<td>(76.4)</td>
<td>(2.9)</td>
<td>(87.6)</td>
<td>(3.3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Second Quarter
Revenues
Photowatt’s fiscal 2012 second quarter revenues of $33.9 million were 25% lower than in the second quarter of fiscal 2011. Fiscal 2012 revenues included $4.8 million of revenues generated primarily from the sale of excess raw material inventory for approximately its net book value, compared to $12.2 million of such sales a year ago.

Excluding revenues from raw material sales, Photowatt’s second quarter revenues were 12% lower than the corresponding period a year ago. Total megawatts (“MWs”) sold in the second quarter were consistent with the prior year at 10.0 MWs, as lower volumes in PWF were offset by 3.1 MWs of sales in PWO. Lower PWF revenues primarily reflected lower average selling prices. Revenues from systems sales in the second quarter were flat at $20.3 million compared to $20.1 million in the corresponding period a year ago. Systems include modules, combined with installation kits, solar power system design and/or other value-added services.

Quarter-over-quarter foreign exchange rate changes positively impacted the translation of PWF revenues, reflecting the strengthening of the Euro relative to the Canadian dollar.

Loss from Operations
Photowatt’s fiscal 2012 second quarter loss from operations was $71.3 million compared to a loss from operations of $2.6 million a year ago. Included in fiscal 2012 second quarter operating loss were:

- $18.1 million 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 declining demand and excess module supply in the European solar industry;
- $24.1 million of charges related to the termination of certain silicon and wafer supply contracts, including non-cash asset impairment charges of $19.9 million;
- Non-cash charges of $8.8 million related to silicon deposits which the Company does not expect to utilize;
- $3.1 million of write-downs to receivables that are not expected to be recovered; and
- Non-cash fixed asset and goodwill impairment charges of $4.3 million and $5.5 million respectively to write down assets to their expected recoverable amounts.

Excluding the charges taken in the second fiscal quarter of 2012, the quarter-over-quarter decrease in operating results reflected lower average selling prices at PWF which were partially offset by lower direct manufacturing costs-per-watt. Second quarter fiscal 2012 operating results were also negatively impacted by higher spending on costs related to the separation of Photowatt.

**Loss from Operations, Net of Tax**
Photowatt’s second quarter loss from operations net of tax was $76.4 million compared to a loss from operations net of tax of $2.9 million in the corresponding period a year ago. Included in the fiscal 2012 second quarter loss from operations net of tax were:

- An operating loss of $71.3 million compared to an operating loss of $2.6 million in the corresponding period a year ago;
- Net finance charges of $0.2 million compared to net finance charges of $0.3 million in the corresponding period a year ago; and
- Income tax expenses of $4.9 million compared to income tax expenses of $0.1 million in the corresponding period a year ago. Included in fiscal 2012 income tax expenses was the write-off of deferred tax assets of $4.4 million as the Company no longer expects to realize the benefit of those deferred tax assets.

**Year-to-Date**

**Revenues**
Revenues for the six months ended October 2, 2011 of $96.7 million were 3% higher than in the second quarter of fiscal 2011. Fiscal 2012 revenues included $11.4 million of revenues generated primarily from the sale of excess raw material inventory for approximately its net book value, compared to $19.3 million of such sales a year ago.

Excluding revenues from raw material sales, Photowatt’s revenues for the first six months of fiscal 2012 were 14% higher than the corresponding period a year ago. Total megawatts (“MWs”) sold increased to 24.6 MWs from 21.4 MWs in the same period a year ago. Higher volumes were partially offset by lower average selling prices. Dampening the impact of lower module average selling prices was an increase in systems sales to $64.3 million from $46.3 million in the corresponding period a year ago. Systems include modules, combined with installation kits, solar power system design and/or other value-added services.

Year-over-year foreign exchange rate changes positively impacted the translation of PWF revenues, reflecting the strengthening of the Euro relative to the Canadian dollar.
Loss from Operations
Photowatt fiscal 2012 year-to-date loss from operations was $82.5 million compared to a loss from operations of $2.7 million a year ago. Included in fiscal 2012 operating loss were:

- $24.1 million 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 declining demand and excess module supply in the European solar industry;
- $24.1 million of charges related to the termination of certain silicon and wafer supply contracts, including non-cash asset impairment charges of $19.9 million;
- Non-cash charge of $8.8 million related to silicon deposits which the Company does not expect to utilize;
- $3.1 million of write-downs to receivables that are not expected to be recovered; and
- Non-cash fixed asset and goodwill impairment charges of $4.3 million and $5.5 million respectively to write down assets to their expected recoverable amounts.

Excluding the charges taken in the first six months of fiscal 2012, the decrease in operating results reflected lower average selling prices at PWF which were partially offset by the higher MWs sold, increased system sales, and lower direct manufacturing costs-per-watt. Fiscal 2012 operating results were also negatively impacted by higher spending on costs related to the separation of Photowatt.

Loss from Operations, Net of Tax
Photowatt’s fiscal 2012 loss from operations net of tax was $87.6 million compared to a loss from operations net of tax of $3.3 million in the corresponding period a year ago. Included in fiscal 2012 loss from operations net of tax were:

- An operating loss of $82.5 million compared to an operating loss of $2.7 million in the corresponding period a year ago;
- Net finance charges of $0.6 million compared to net finance charges of $0.7 million in the corresponding period a year ago; and
- Income tax expenses of $4.5 million compared to income tax expenses of $0.0 million in the corresponding period a year ago. Included in fiscal 2012 income tax expenses was the write-off of deferred tax assets of $4.4 million as the Company no longer expects to realize the benefit of those deferred tax assets.

Photowatt Outlook
On November 4, 2011, PWF filed an application with French bankruptcy courts for the opening of bankruptcy proceedings. On November 8, 2011, a hearing was held at which time the 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. During the recovery process, ATS expects to provide funding for a period of three months. ATS notes that the French bankruptcy process is different from the North American process and requires a more collaborative approach. There may be a number of matters that will require due consideration throughout the course of the process, and which could give rise to additional expenditures. The Company is engaged with experienced external advisors who have significant subject matter expertise to assist with this process.
ATS remains committed to the separation of its entire solar business from its core automation business. To complete this goal, ATS is advancing opportunities related to the other solar assets. These opportunities are expected to positively impact cash during the next six months. Specifically,

- ATS has initiated a formal sale process for PWO.
- ATS has received a non-binding letter of intent for the purchase of an ATS-owned building in France that formerly housed PWF module assembly.

Management expects that, if completed, the proceeds from these opportunities will offset the go-forward losses and cash outflows that will result from the bankruptcy process.

In the interim, the Ontario provincial government has launched its scheduled review of the Feed-In Tariff (“FIT”) Program. PWO intends to participate in the consultation process with the Ontario government.

PWO has secured conditional feed-in tariff approvals totalling approximately 64 MWs related to large-scale renewable energy applications made by a project development joint venture, Ontario Solar PV Fields (“OSPV”), in which PWO holds a 50% interest. OSPV will utilize a range of solar solutions including modules manufactured by PWO. OSPV is in the process of seeking necessary joint venture partner approvals and other requisite approvals. In the short term, OSPV expects to have a definitive agreement in place for financing and ultimate third-party project ownership. PWO will supply modules to OSPV and recognize revenues on 50% of those modules over the next two years. As OSPV generates revenue, through either connection to the Ontario power grid or through sale of the projects to third parties, PWO will recognize additional revenues up to its proportionate 50% interest at that time.

During the first quarter of fiscal 2012, PWO signed two customer agreements for the manufacture and supply of customer-branded modules. The first agreement is for the supply of a minimum of 24 MWs over fiscal 2012 and 2013 and allows for the potential to increase volumes by an additional 24 MWs over the term of the agreement. The second agreement is for the supply of a minimum of 160 MWs over four years, with shipments expected to begin in October 2011. The second agreement allows for the potential to increase volumes by an additional 160 MWs over the term of the agreement. Under the first agreement, PWO will recognize revenue on the full value of the modules manufactured. Under the second agreement, PWO will recognize revenue for module manufacturing services and module materials other than solar cells, which will be provided by the customer. Production from the Company’s 100 MW module manufacturing line is expected to ramp up to full capacity to meet demand in fiscal 2012. PWO has also signed agreements with developers who are in the process of securing conditional FIT approvals for a number of projects. PWO will provide modules and other related services to these projects.
LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES

Cash, Leverage and Cash Flow from Continuing Operations
(In millions of dollars, except ratios)

<table>
<thead>
<tr>
<th>As at</th>
<th>October 2, 2011</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period end cash and cash equivalents</td>
<td>$63.5</td>
<td>$117.1</td>
</tr>
<tr>
<td>Period end debt-to-equity ratio</td>
<td>0.01:1</td>
<td>0.02:1</td>
</tr>
</tbody>
</table>

For the three months ended

<table>
<thead>
<tr>
<th>October 2, 2011</th>
<th>September 26, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows provided by operating activities from continuing operations</td>
<td>$4.8</td>
</tr>
</tbody>
</table>

At October 2, 2011, the Company had cash and cash equivalents of $63.5 million compared to $117.1 million at March 31, 2011. The Company’s total debt-to-total-equity ratio at October 2, 2011 was 0.01:1. At October 2, 2011, the Company had $58.2 million of unutilized credit available under existing operating and long-term credit facilities and another $26.6 million available under letter of credit facilities.

In the three months ended October 2, 2011, cash flows provided by operating activities from continuing operations were $4.8 million ($12.5 million in the corresponding period a year ago). In the six months ended October 2, 2011, cash flows used in operating activities from continuing operations were $20.8 million ($13.2 million in the corresponding period a year ago). The increase in cash flows used in operating activities from continuing operations related primarily to the timing of investments in non-cash working capital in a number of large customer programs.

In the second quarter of fiscal 2012, the Company’s investment in non-cash working capital increased by $6.7 million. On a year-to-date basis, investment in non-cash working capital increased by $43.8 million. Accounts receivable increased 21% or $15.1 million, due to the timing of billings on certain customer contracts. Net contracts in progress increased by 95% or $26.9 million compared to March 31, 2011, reflecting longer billing milestones on certain programs. Inventories decreased year over year by 12% or $1.4 million. Deposits and prepaid assets increased by 1% or $0.2 million. Accounts payable and accrued liabilities increased 3% or $2.5 million since March 31, 2011, primarily due to the timing of purchases. Provisions decreased by $1.0 million or 11% since March 31, 2011.

Capital expenditures totalled $2.4 million for the first half of fiscal 2012 and primarily related to improvements and upgrades at existing facilities.

The Company’s primary credit facility (the “Credit Agreement”) provides total credit facilities of up to $95.0 million comprised of an operating credit facility of $65.0 million and a letter of credit facility of up to $30.0 million 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.

As at October 2, 2011, the Company had issued letters of credit in the amount of $10.9 million under the primary credit facility (March 31, 2011 - $5.6 million) and $17.7 million under the letter of credit facility (March 31, 2011 - $nil). No other amounts were drawn on the primary credit facility.

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% subsequently. 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% subsequently.

Under the Credit Agreement, the Company pays a fee for usage of the $30.0 million 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% subsequently.

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.

The Company has additional credit facilities available of $12.2 million (6.4 million Euro, 43.4 million Indian Rupees and 2.0 million Swiss francs). The total amount outstanding on these facilities is $4.0 million (March 31, 2011 - $7.9 million), of which $0.6 million is classified as bank indebtedness and $3.5 million 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 2.0 million Swiss Francs credit facility is secured by a letter of credit under the primary credit facility.

The Company expects to continue increasing its investment in working capital to support its growing backlog. The Company expects that continued cash flows from operations, together with cash and cash equivalents on hand and credit available under operating and long-term credit facilities, will be sufficient to fund its requirements for investments in working capital and capital assets, and to fund strategic investment plans.
including potential acquisitions. Significant acquisitions could result in additional debt or equity financing requirements.

During the first two quarters of fiscal 2012, 14,300 stock options were exercised. As of November 8, 2011 the total number of shares outstanding was 87,303,455.

**Discontinued Operations**

As at October 2, 2011, the Company’s subsidiary, PWF, has credit facilities including finance lease obligations, of $37.3 million (March 31, 2011 - $40.7 million) outstanding, of which $1.1 million is classified as bank indebtedness (March 31, 2011 - $0.5 million), $17.1 million is classified as long-term debt (March 31, 2011 - $19.3 million) and $19.1 million is classified as obligations under finance leases (March 31, 2011 - $20.8 million). 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 PWF, 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 $5.3 million (3.8 million 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 the end of the second quarter, PWF violated certain covenants with its filing for and subsequent placement into judicial bankruptcy protection.

The PV Alliance joint venture has additional credit facilities as described in note 20 to the interim consolidated financial statements. The PWF and PV Alliance bank indebtedness, obligations under finance leases and long-term debt amounts have been classified as “liabilities associated with discontinued operations” in the interim consolidated financial statements.
Contractual Obligations
(in thousands of dollars)

From continuing operations:

<table>
<thead>
<tr>
<th></th>
<th>Operating Leases</th>
<th>Purchase Obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within one year</td>
<td>$2,931</td>
<td>$53,875</td>
</tr>
<tr>
<td>Due in one to five years</td>
<td>5,494</td>
<td>993</td>
</tr>
<tr>
<td>Due in over five years</td>
<td>3,951</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>$12,376</td>
<td>$54,868</td>
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</tbody>
</table>

From discontinued operations:

<table>
<thead>
<tr>
<th></th>
<th>Operating Leases</th>
<th>Purchase Obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within one year</td>
<td>$2,217</td>
<td>$28,474</td>
</tr>
<tr>
<td>Due in one to five years</td>
<td>8,017</td>
<td>28,826</td>
</tr>
<tr>
<td>Due in over five years</td>
<td>319</td>
<td>12,302</td>
</tr>
<tr>
<td></td>
<td>$10,553</td>
<td>$69,602</td>
</tr>
</tbody>
</table>

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.

In the second quarter of fiscal 2012, PWF 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 six 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 $33.7 million (March 31, 2011 – $26.3 million) from continuing operations and was approximately $6.0 million (March 31, 2011 – $13.9 million) from discontinued operations.
CONSOLIDATED QUARTERLY RESULTS

Results for Q1 fiscal 2011 through to Q2 fiscal 2012 are reported based on IFRS. Results for Q3 fiscal 2010 and Q4 fiscal 2010 are reported based on Canadian GAAP. Results have been reclassified to present Photowatt as discontinued operations.

<table>
<thead>
<tr>
<th>($ in millions, except per share amounts)</th>
<th>IFRS Q2 2012</th>
<th>IFRS Q1 2012</th>
<th>IFRS Q4 2011</th>
<th>IFRS Q3 2011</th>
<th>IFRS Q2 2011</th>
<th>IFRS Q1 2011</th>
<th>CDN GAAP Q4 2010</th>
<th>CDN GAAP Q3 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from continuing operations</td>
<td>$ 145.9</td>
<td>$ 126.9</td>
<td>$ 148.4</td>
<td>$ 120.8</td>
<td>$ 114.3</td>
<td>$ 101.8</td>
<td>$ 90.1</td>
<td>$ 78.2</td>
</tr>
<tr>
<td>Earnings from operations</td>
<td>$ 13.3</td>
<td>$ 10.5</td>
<td>$ 14.2</td>
<td>$ 6.1</td>
<td>$ 6.6</td>
<td>$ 8.5</td>
<td>$ 16.2</td>
<td>$ 2.7</td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>$ 9.3</td>
<td>$ 6.2</td>
<td>$ 14.5</td>
<td>$ 3.0</td>
<td>$ 4.8</td>
<td>$ 5.6</td>
<td>$ 44.0</td>
<td>$ 1.8</td>
</tr>
<tr>
<td>Income (loss) from discontinued operations, net of tax</td>
<td>$ (76.4)</td>
<td>$ (11.2)</td>
<td>$ (93.9)</td>
<td>$ (16.1)</td>
<td>$ (2.9)</td>
<td>$ (0.4)</td>
<td>$ (41.9)</td>
<td>$ 1.9</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$ (67.1)</td>
<td>$ (5.0)</td>
<td>$ (79.4)</td>
<td>$ (13.1)</td>
<td>$ 1.9</td>
<td>$ 5.2</td>
<td>$ 2.1</td>
<td>$ 3.7</td>
</tr>
<tr>
<td>Basic and diluted earnings per share from continuing operations</td>
<td>$ 0.11</td>
<td>$ 0.07</td>
<td>$ 0.17</td>
<td>$ 0.03</td>
<td>$ 0.05</td>
<td>$ 0.06</td>
<td>$ 0.50</td>
<td>$ 0.02</td>
</tr>
<tr>
<td>Basic and diluted earnings (loss) per share from discontinued operations</td>
<td>$ (0.87)</td>
<td>$ (0.13)</td>
<td>$ (1.08)</td>
<td>$ (0.18)</td>
<td>$ (0.04)</td>
<td>$ (0.00)</td>
<td>$ (0.47)</td>
<td>$ 0.02</td>
</tr>
<tr>
<td>Basic and diluted earnings (loss) per share</td>
<td>$ (0.76)</td>
<td>$ (0.06)</td>
<td>$ (0.91)</td>
<td>$ (0.15)</td>
<td>$ 0.01</td>
<td>$ 0.06</td>
<td>$ 0.03</td>
<td>$ 0.04</td>
</tr>
<tr>
<td>ASG Order Bookings</td>
<td>$ 165.0</td>
<td>$ 157.0</td>
<td>$ 206.0</td>
<td>$ 133.0</td>
<td>$ 105.0</td>
<td>$ 85.0</td>
<td>$ 105.0</td>
<td>$ 92.0</td>
</tr>
<tr>
<td>ASG Order Backlog</td>
<td>$ 363.0</td>
<td>$ 328.0</td>
<td>$ 296.0</td>
<td>$ 215.0</td>
<td>$ 208.0</td>
<td>$ 215.0</td>
<td>$ 209.0</td>
<td>$ 203.0</td>
</tr>
</tbody>
</table>

Interim financial results are not necessarily indicative of annual or longer-term results because many of the individual markets served by the Company tend to be cyclical in nature. General economic trends, product life cycles and product changes may impact revenues and operating performance. ATS typically experiences some seasonality with its revenues and operating earnings due to summer plant shutdowns by its customers and the annual summer shutdown at PWF within its discontinued operations. In Photowatt, slower sales may occur in the fiscal fourth quarter, when the weather may impair the ability to install its products in certain geographical areas.
INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company adopted IFRS as issued by the International Accounting Standards Board (“IASB”) effective for its interim and annual financial statements beginning April 1, 2011 with a transition date of April 1, 2010. First quarter fiscal 2012 interim consolidated financial statements were the first financial statements of the Company to be presented on an IFRS basis. Comparative data for all periods subsequent to March 31, 2010 has been restated to be presented on an IFRS basis, including an opening balance sheet as at April 1, 2010.

The Company’s annual consolidated financial statements for the year ending March 31, 2012 will be the first annual financial statements that comply with IFRS and these annual consolidated 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 Transition Impact on Operating Results

The Company has assessed the effect of adoption of IFRS and the resulting changes in accounting policies based on IFRS standards expected to be in effect at March 31, 2012. Set out below are the key differences identified that had a material impact on the operating results of ATS in the comparative period, fiscal 2011.

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 planned 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.

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. As a result, under IFRS, the Company recorded additional expenses which reduced net income by $1.3 million and $2.5 million, respectively, for the three and six months ended September 26, 2010 compared to previously reported results under Canadian GAAP.

Revenue recognition

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
under IFRS. 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. As a result, under IFRS, the Company adjusted revenues and cost of sales recognized, which increased net income by $nil and $0.1 million, respectively, for the three and six months ended September 26, 2010 compared to previously reported results under Canadian GAAP.

Income taxes
Income tax is recalculated based on differences between Canadian GAAP and IFRS. Income taxes and equity also include 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. As a result, under IFRS, the Company recorded decreased income tax expenses, which increased net income by $0.1 million and $0.1 million for the three and six months ended September 26, 2010, compared to previously reported results under Canadian GAAP.

For a full description of all IFRS differences, refer to note 23 of the interim consolidated financial statements.

ACCOUNTING CHANGES
Standards issued but not yet effective or amended up to the date of issuance of the Company’s 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 measurements 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 results
of operations and financial position.

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 results of operations
and financial position.

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 results
of operations and financial position.

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 results of operations and financial position.

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 income
statement. 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 results of operations and financial position.
**IAS 12 – Income Taxes — Recovery of Underlying Assets**

The amendment clarified the determination of deferred tax 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 results of operations and financial position.

**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 results of operations and financial position.

**CONTROLS AND PROCEDURES**

The Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company. The control framework used in the design of disclosure controls and procedures and internal control over financial reporting is the internal control integrated framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management, including the CEO and CFO, does not expect that the Company’s disclosure controls or internal controls over financial reporting will prevent or detect all errors and all fraud or will be effective under all potential future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control systems objectives will be met.

During the six months ended October 2, 2011, other than as noted below, 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.

ATS acquired the Sortimat Group on June 1, 2010. Management has completed its review of the design of disclosure controls and internal controls over financial reporting and implemented certain improvements to the control structure.

ATS acquired the ATW group on January 5, 2011. Management has not yet completed its assessment of the design or operating effectiveness of ATW’s disclosure controls and procedures and the procedures and internal controls over financial reporting. The following summary of financial information pertains to the acquisition that was included in ATS’s interim consolidated financial statements for the period ended October 2, 2011.
<table>
<thead>
<tr>
<th>(millions of dollars)</th>
<th>ATW $</th>
<th>Current assets $</th>
<th>Non-current assets $</th>
<th>Current liabilities $</th>
<th>Non-current liabilities $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue $</td>
<td>25.5</td>
<td>39.2</td>
<td>9.3</td>
<td>26.6</td>
<td>2.4</td>
</tr>
<tr>
<td>Net income (loss) $</td>
<td>1.3</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

1 Results for the second fiscal quarter ended October 2, 2011
2 Balance sheet as at October 2, 2011

**Note to Readers: Forward-Looking Statements**

This management's discussion and analysis of financial conditions, and results of operations of ATS 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: the Company’s growth strategy, the targeting of acquisitions, the expectation that order backlog levels will partially negate the impact of volatile order bookings on revenues in the short term; management’s expectations in relation to impact of strategic initiatives on ATS operations; impact of management’s focus on program management, cost reductions, standardization and quality; anticipated impact of initiatives at Sortimat; anticipated impact on operating margins at ATW prior to full integration; the objective of a French bankruptcy recovery process; ATS’s intention to offer funding to PWF for three months during a recovery period; potential for additional expenditures to be incurred by ATS throughout the PWF bankruptcy process; separation of solar business; sale process for PWO; potential sale of the ATS-owned building in France; management expectation that, if completed, the proceeds from sale of other solar assets will offset the go-forward losses and cash outflows that will result from the bankruptcy process; PWO’s intention to participate in FIT consultation process with Ontario government; PWO securing conditional feed-in tariff approvals totalling approximately 64 MWs related to applications made by OSPV; OSPV joint venture and other approvals required; OSPV expectation to have a definitive agreement in place for financing and ultimate third-party ownership of certain projects; utilization by OSPV of a range of solar solutions including modules manufactured by PWO; revenue recognition in relation to OSPV projects; two customer agreements signed by PWO in first quarter and expected quantities to be supplied thereunder and revenue recognition applicable thereto; ramp up of PWO 100MW module manufacturing line; PWO agreements with developers in the process of securing conditional feed-in tariff approvals; expectation that PWO will provide modules and other related services to these projects; Company’s expectation to continue to increase its investment in working capital; foreign exchange hedging; expectation that continued cash flows from operations, together with cash and cash equivalents on hand and credit available under operating and long-term credit facilities, will be sufficient to fund requirements for investments; and accounting standards changes. The risks and uncertainties that may affect forward-looking statements include, among others: impact of the global economy; general market performance including capital market conditions and
availability and cost of credit; performance of the market sectors that ATS serves; conditions in
the solar market and the extent of market demand for solar products; the level of solar module
and system orders obtained by PWF; foreign currency and exchange risk; the relative strength of
the Canadian dollar; impact of factors such as increased pricing pressure and possible margin
compression; the regulatory and tax environment; inability to successfully expand organically or
through acquisition, due to an inability to grow expertise, personnel, and/or facilities at required
rates or to identify, negotiate and conclude one or more acquisitions; that strategic initiatives
within ASG and targeted initiatives at Sortimat and ATW do not have intended positive impact
and/or take longer than expected; that a bankruptcy recovery process fails to achieve the desired
results with respect to preservation of jobs and maximization of value due to lack of interested
parties or otherwise; that a sale process for PWO fails to generate an acceptable transaction due to
market, regulatory, or other factors; unexpected delays and issues, on the timing, form and
structure of the contemplated separation; the availability and possible reduction or elimination of
government subsidies and incentives for solar products in various jurisdictions, including France
and Ontario; the financial attractiveness of, and demand for, the solar projects being developed
by PWO; that OSVP is unable to reach a definitive agreement with an ultimate owner of the
projects or is delayed in that regard; ability to obtain necessary government and other
certifications and approvals for solar projects in a timely fashion; supplier, customer, employee,
government and media reaction to PWF bankruptcy proceedings; labour disruptions; that
expenditures associated with the PWF bankruptcy exceed current estimates and/or proceeds
from sale of other solar assets are less than currently expected; that the current LOI for the sale of
the ATS-owned building in France does not result in a definitive agreement; that one or both of
the customer agreements signed by PWO is terminated or impaired as a result of a cancellation or
material change in the FIT program in Ontario, and, as a result contemplated minimum amounts
to be supplied are not supplied with resulting impacts on revenue and profitability; the success of
developers with whom PWO has signed agreements in obtaining FIT contracts and ultimately
developing the projects; that one or more customers, or other persons with which the Company
has contracted, experience insolvency or bankruptcy with resulting costs or losses to the
Company; political, labour or supplier disruptions; the development of superior or alternative
technologies to those developed by ATS; the success of competitors with greater capital and
resources in exploiting their technology; market risk for developing technologies; risks relating to
legal proceedings to which ATS is or may becomes a party; exposure to product liability claims;
risks associated with greater than anticipated tax liabilities or expenses; 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 other than as required by applicable securities laws, ATS does not undertake any
obligation to update forward-looking statements should assumptions related to these plans,
estimates, projections, beliefs and opinions change.