ATS Automation Tooling Systems Inc.

Management's Discussion and Analysis

For the Quarter Ended July 1, 2012

TSX: ATA

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This Management's Discussion and Analysis ("MD&A") for the three months ended July 1, 2012 (first quarter of fiscal 2013) is as of August 13, 2012 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 first quarter of fiscal 2013 which 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 IFRS and MD&A of the Company for the year ended March 31, 2012 (fiscal 2012) and, accordingly, the purpose of this document is to provide a first quarter update to the information contained in the fiscal 2012 MD&A. Additional information is contained in the Company's filings with Canadian securities regulators, including its Annual Information Form, found on SEDAR at www.sedar.com and on the Company's website at www.atsautomation.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 month periods ending July 1, 2012 and July 3, 2011 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 month periods ending July 1, 2012 and July 3, 2011 is contained in the MD&A (see "ASG Order Backlog Continuity").

COMPANY PROFILE

The Company operates in two segments: Automation Systems Group ("ASG"), the Company's continuing operations, and Solar, which is classified as discontinued operations. 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, transportation, energy, consumer products and electronics. ATS also leverages its many years of experience and skills to fulfill the specialized automation product manufacturing requirements of customers. Through its Ontario solar business, ATS participates in the solar energy industry. ATS employs approximately 2,400 people at 20 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).

The Company has made significant progress in each phase, including the separation of solar assets (see "Discontinued Operations: Solar Separation and Outlook").

Accordingly, in June 2012, the ATS Board of Directors endorsed the Company's vision and mission statements, and approved the next phase of the Company's strategy: Grow, Expand and Scale. The strategy is designed to leverage the strong foundation of ATS's core automation business, continue the growth and development of ATS and create value for all stakeholders.

Vision

Deliver enabling manufacturing solutions to the world's market leaders.

Mission

We will achieve our mission by providing:

- Outstanding value to our customers;
- Superior financial returns to our shareholders; and
- A premier work environment.

Grow

To further the Company's organic growth, ASG will continue to target providing comprehensive, value-based programs and enterprise solutions for customers built on differentiating technological solutions, value of customer outcomes achieved and global capability.

Expand

The Company seeks to expand its offering of products and services to the market. The Company intends to build on its automation systems business to offer: engineering, including design, modelling and simulation, and program management; products, including contract manufacturing, automation and other manufacturing products; and services, including pre automation, post automation, training, life cycle material management, and other services. Although engineering, products and services are part of ATS's portfolio today, the Company has significant room to grow these offerings in the future.

Scale

The Company is also committed to growth through acquisition, and has an organizational structure, business processes and the experience to successfully integrate acquired companies. Acquisition opportunities are targeted and evaluated on their ability to bring ATS market or technology leadership, scale and/or an opportunity brought on by a weak economic environment. For each of ASG's markets, the Company has analyzed the capability value chain and made a grow, team or acquire decision. Financially, targets are reviewed on a number of criteria including their potential to add accretive earnings to current operations.

OVERVIEW – OPERATING RESULTS FROM CONTINUING OPERATIONS

Results from continuing operations comprise the results of ASG and corporate costs not directly attributable to Solar. The results of the Solar segment are reported as discontinued operations.

Effective from Q1 of fiscal 2013, the Company has changed the presentation of its revenues by industrial market to align with the organization of its sales and marketing group. Computer electronics has been combined with consumer products (formerly known as "Other"). Comparative revenue figures in this MD&A have been restated to reflect this change in presentation.

Consolidated Revenues from Continuing Operations
(In millions of dollars)

Revenues by market	**Three Months Ended July 1, 2012**	Three Months Ended July 3, 2011
Consumer products & electronics	**$ 19.4**	$ 16.9
Energy	**11.6**	25.0
Life sciences	**52.7**	44.5
Transportation	**68.5**	40.5
Total revenues from continuing operations	**$ 152.2**	$ 126.9

First quarter revenues were 20% higher than in the corresponding period a year ago as a result of increased Order Backlog entering the first quarter compared to a year ago, partially offset by a longer performance period on certain customer programs and timing of the assembly and build phase of larger programs.

By industrial market, the 15% increase in consumer products & electronics revenues reflected increased Order Backlog entering the first quarter compared to a year ago, consisting primarily of new Order Bookings in the consumer products market. Revenues generated in the energy market decreased 54% on lower Order Backlog entering the first quarter compared to a year ago, reflecting reduced activity primarily in the solar market. Revenues from life sciences increased 18% year over year due to higher Order Backlog entering the first quarter compared to a year ago. The 69% increase in transportation revenues compared to a year ago reflected higher Order Backlog entering the first quarter compared to a year ago, primarily on improved activity in the global automotive market.

Consolidated Operating Results
(In millions of dollars)

	Three Months Ended July 1, 2012	Three Months Ended July 3, 2011
Earnings from operations	**$ 15.2**	$ 10.5
Depreciation and amortization	**2.9**	3.1
EBITDA	**$ 18.1**	$ 13.6

Fiscal 2013 first quarter earnings from operations were $15.2 million (10% operating margin) compared to earnings from operations of $10.5 million (8% operating margin) in the first quarter of fiscal 2012. Increased earnings from operations in the first quarter of fiscal 2013 primarily reflected higher revenues earned during the period, partially offset by an increase in selling, general and administrative expenses in support of growth (see "Consolidated Results from Continuing Operations: Selling, general and administrative").

Depreciation and amortization expense was $2.9 million in the first quarter of fiscal 2013, generally consistent with $3.1 million expensed in the same period a year ago.

ASG Order Bookings
First quarter fiscal 2013 Order Bookings were $168 million, 7% higher than a year ago, reflecting improved Order Bookings in transportation resulting primarily from strength in the automotive markets on new product launches by automotive OEMs and tier 1 suppliers.

ASG Order Backlog Continuity
(In millions of dollars)

	Three Months Ended July 1, 2012	Three Months Ended July 3, 2011
Opening Order Backlog	**$ 382**	$ 296
Revenues	**(152)**	(127)
Order Bookings	**168**	157
Order Backlog adjustments[1]	**(1)**	2
Total	**$ 397**	$ 328

[1] Order Backlog adjustments include foreign exchange adjustments and cancellations.

ASG Order Backlog by Industry
(In millions of dollars)

	Three Months Ended July 1, 2012	Three Months Ended July 3, 2011
Consumer products & electronics	**$ 45**	$ 29
Energy	**17**	44
Life sciences	**148**	112
Transportation	**187**	143
Total	**$ 397**	$ 328

At July 1, 2012, ASG Order Backlog was $397 million, 21% higher than at July 3, 2011. This growth reflected increased Order Bookings due to the Company's revised approach to market, and improved market conditions, particularly in transportation and life sciences and a longer performance period for certain customer programs.

ASG Outlook

The general economic environment remains uncertain, particularly with respect to the European economy due to the Eurozone sovereign debt crisis. This has the potential to result in tighter credit markets which could negatively impact demand, particularly for the Company's European operations, and may cause volatility in Order Bookings. A prolonged or more significant downturn in the economy could negatively impact Order Bookings. Impacts on demand for the Company's products and services may lag behind global macroeconomic trends due to the strategic nature of the Company's programs to its customers and long lead times on projects.

Despite the uncertainty and volatility in the global economy, activity in the Company's front-end of the business is robust. The Company has seen strong activity in certain customer markets such as transportation and life sciences, although many customers remain cautious in their approach to capital investment. Customer activity in the solar energy market has slowed, with reductions in solar feed-in-tariffs in several markets negatively impacting demand for solar products and for additional solar manufacturing capacity.

The Company's sales funnel and proposal activity are strong. The Company's sales organization will continue to work to engage with customers on enterprise-type solutions. However, this approach to market may cause variability in Order Bookings from quarter to quarter and, as is already the case, lengthen the performance period and revenue recognition for certain customer programs. At the end of the first quarter of fiscal 2013, Order Backlog was at its highest level ever, which will partially mitigate the impact of volatile Order Bookings on revenues in the short term.

Management expects that the implementation of its strategic initiatives to improve business processes, leadership 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 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 and intends to apply additional resources to acquisition activities going forward. The Company's strong financial position provides a solid foundation to pursue organic growth and the flexibility to pursue its acquisition growth strategy.

CONSOLIDATED RESULTS FROM CONTINUING OPERATIONS

(In millions of dollars, except per share data)		Three Months Ended July 1, 2012		Three Months Ended July 3, 2011
Revenues	**$**	**152.2**	$	126.9
Cost of revenues		**112.1**		92.4
Selling, general and administrative		**24.0**		22.9
Stock-based compensation		**0.9**		1.1
Earnings from operations	**$**	**15.2**	$	10.5
Net finance costs	**$**	**0.2**	$	0.6
Provision for income taxes		**3.2**		3.7
Net income from continuing operations	**$**	**11.8**	$	6.2
Loss from discontinued operations, net of tax	**$**	**(2.0)**	$	(11.2)
Net income (loss)	**$**	**9.8**	$	(5.0)
Earnings (loss) per share				
Basic and diluted – from continuing operations	**$**	**0.13**	$	0.07
Basic and diluted – from discontinued operations	**$**	**(0.02)**	$	(0.13)
	$	**0.11**	$	(0.06)

Revenues. At $152.2 million, consolidated revenues from continuing operations for the first quarter of fiscal 2013 were 20% higher than for the corresponding period a year ago, which is a result of increased Order Backlog entering the first quarter compared to the corresponding period a year ago.

Cost of revenues. At $112.1 million, first quarter fiscal 2013 cost of revenues increased over the corresponding period a year ago by $19.7 million or 21% primarily on higher revenues. At 26%, gross margin in the first quarter of fiscal 2013 was relatively consistent with the 27% gross margin in the corresponding period a year ago.

Selling, general and administrative ("SG&A") expenses. SG&A expenses for the first quarter of fiscal 2013 of $24.0 million were $1.1 million or 5% higher than the $22.9 million in the corresponding period a year ago. Increased SG&A expenses reflect incremental spending on sales and marketing, professional fees and increased costs related to mergers and acquisitions.

Stock-based compensation cost. Stock-based compensation expense of $0.9 million in the first quarter of fiscal 2013 was generally comparable to the $1.1 million expensed in the corresponding period a year ago.

Earnings from operations. For the first quarter of fiscal 2013, consolidated earnings from operations were $15.2 million (operating margin of 10%), compared to earnings from operations of $10.5 million a year ago (operating margins of 8%). Higher earnings from operations in the first quarter of fiscal 2013 reflected higher revenues partially offset by increased SG&A costs.

Net finance costs. Net finance costs were $0.2 million in the first quarter of fiscal 2013 compared to $0.6 million a year ago. The decrease in net finance costs was mainly attributable to lower facility fees.

Provision for income taxes. The Company's fiscal 2013 first quarter effective income tax rate of 21% differed from the combined Canadian basic federal and provincial income tax rate of 26% primarily as a result of income earned in certain jurisdictions with lower tax rates and where utilization of unrecognized deferred tax assets resulted in lower income tax expense for accounting purposes.

Net income from continuing operations. Fiscal 2013 first quarter net income from continuing operations was $11.8 million (13 cents per share basic and diluted) compared to net income from continuing operations of $6.2 million (7 cents per share basic and diluted) for the first quarter of fiscal 2012.

Reconciliation of EBITDA to IFRS Measures

(In millions of dollars)

		Three Months Ended July 1, 2012		Three Months Ended July 3, 2011
EBITDA	**$**	**18.1**	$	13.6
Less: depreciation and amortization expense		**2.9**		3.1
Earnings from operations	**$**	**15.2**	$	10.5
Less: net finance costs		**0.2**		0.6
Provision for income taxes		**3.2**		3.7
Net income from continuing operations	**$**	**11.8**	$	6.2

DISCONTINUED OPERATIONS: SOLAR

(In millions of dollars)

		Three Months Ended July 1, 2012		Three Months Ended July 3, 2011
Total revenues	**$**	**0.6**	$	62.9
Loss from discontinued operations		**(2.0)**		(11.2)
Loss from discontinued operations, net of tax		**(2.0)**		(11.2)

Revenues

Solar revenues in the first quarter of fiscal 2013 included those of Ontario Solar only as a result of the de-consolidation of Photowatt International S.A.S. ("Photowatt France" or "PWF") during fiscal 2012 (see "Solar Separation and Outlook"). Fiscal 2013 first quarter revenues of $0.6 million were 99% lower than in the first quarter of fiscal 2012 reflecting the de-consolidation of PWF and decreased market activity in Ontario Solar due primarily to regulatory delays in project approvals.

Loss from Discontinued Operations
Ontario Solar recorded a $2.0 million loss in the first quarter of fiscal 2013 on lower than planned revenues combined with higher fixed costs. The first quarter loss in fiscal 2012 was $11.2 million, $0.5 million of which related to Ontario Solar. PWF's operating loss of $10.7 million a year ago included $6.0 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 changes in European feed-in tariffs ("FIT") and excess module supply in the European solar industry.

Loss from Discontinued Operations, Net of Tax
Solar's first quarter loss from operations, net of tax, was $2.0 million compared to a loss from operations, net of tax of $11.2 million in the corresponding period a year ago.

Solar Separation and Outlook
During the year ended March 31, 2011, the Company's Board of Directors approved a plan designed to implement the separation of Solar 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 the Ontario solar business ("Ontario Solar").

Regarding Ontario Solar, ATS is conducting a formal sale process to divest the business. The Company has received a number of non-binding indicative offers for the Ontario Solar business and is working with the interested parties to conclude a transaction.

The Ontario provincial government recently completed its scheduled review of the Ontario FIT program and is implementing the recommendations of the review. Key changes going forward are expected to streamline the regulatory approvals process, decrease FIT rates by 10% to 32% depending on the size and location of the installation and in addition, the government has committed to review FIT rates annually.

Ontario Solar PV Fields ("OSPV"), in which Ontario Solar holds a 50% interest, has secured conditional FIT contracts totalling approximately 64 MWs related to large-scale ground-mount solar projects. OSPV is in the process of seeking approvals necessary to begin construction on the projects. In the short term, OSPV expects to have a definitive agreement in place for financing and ultimate third-party project ownership.

During the first quarter of fiscal 2012, Ontario Solar signed two customer agreements for the manufacture and supply of customer-branded modules. The first agreement contemplates the supply of 24 MWs over fiscal 2012 and 2013. To date, there have been minimal deliveries under this agreement, and there are currently no additional deliveries forecasted.

The second agreement contemplates the supply of 160 MWs over four years and allows for the potential to increase volumes by an additional 160 MWs over the term of the agreement. Under this agreement, Ontario Solar will recognize revenue for module manufacturing services and module materials other than solar cells, which will be provided by the customer. To date, there have been no deliveries under this agreement, however Ontario Solar has received an initial order for 5 MWs which is expected to be delivered in the third quarter of fiscal 2013.

Ontario Solar has also signed agreements with developers who have secured conditional FIT contracts for a number of projects. Ontario Solar expects to provide modules and other related services to these projects.

As reported previously, discussions with parties in regards to a sale of PWF concluded without producing an acceptable transaction. The deterioration of economic conditions and the solar market in Europe in fiscal 2012, increased Asian competition and lower demand for solar products (particularly in France) severely impacted PWF. Consequently, the Company concluded that the spinoff alternative was not viable. Other options in relation to PWF were also exhausted, and given the aforementioned conditions, PWF's filing for bankruptcy became necessary. On November 8, 2011, a hearing was held at which time the French bankruptcy court placed PWF into a "recovery" proceeding ("redressement judiciaire") under the supervision of a court appointed trustee.

The Company concluded that it ceased to have the ability to exert control over PWF as of the Bankruptcy Date. Accordingly, the Company's investment in PWF was deconsolidated from the Company's consolidated financial statements beginning on the Bankruptcy Date. Management reduced the carrying value of the Company's equity investment in PWF to zero. The results of PWF up to the Bankruptcy date are included in the consolidated statements of income and presented as discontinued operations. On February 27, 2012, a subsidiary of the EDF group, the French electricity utility, was selected by the French bankruptcy court to purchase the assets of PWF, and the entire workforce of PWF was subsequently transferred to the purchaser or offered to be transferred within the purchaser's group. Effective March 1, 2012, the purchaser assumed control over the operations of PWF. The confirmation of a new operator for the PWF business concluded ATS's operating support of PWF. The agreement to purchase PWF was finalized in July 2012.

Although a new operator has assumed the entire operations of the PWF assets and all employees have been (or were offered to be) transferred to this new operator or within its group, the judicial liquidation process could take several years to complete. In light of the current situation, management does not expect to incur any additional expenses as a result of the bankruptcy, however, until all matters are resolved under the bankruptcy process, additional provisions may be required. The Company will record any such provision if and when it becomes known and the Company determines that the obligation will result in a probable outflow of economic resources and, the Company is able to measure the obligation with sufficient reliability.

LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES

(In millions of dollars, except ratios)

As at	**July 1, 2012**	March 31, 2012
Cash and cash equivalents	**$ 84.0**	$ 96.2
Debt-to-equity ratio	**0.01:1**	0.01:1

For the three months ended	**July 1, 2012**	July 3, 2011
Cash flows used in operating activities from continuing operations	**$ (2.0)**	$ (25.6)

At July 3, 2012, the Company had cash and cash equivalents of $84.0 million compared to $96.2 million at March 31, 2012. The Company's total debt-to-total-equity ratio, excluding accumulated other comprehensive income, at July 1, 2012 was 0.01:1. At July 1, 2012, the Company had $28.6 million of unutilized credit available under existing credit facilities and another $8.6 million available under letter of credit facilities.

In the first quarter of fiscal 2013, cash flows used in operating activities from continuing operations were $2.0 million ($25.6 million used in operating activities from continuing operations in fiscal 2012). The decrease in cash flows used in operating activities from continuing operations related primarily to the timing of investments in non-cash working capital in large customer programs.

In the first quarter of fiscal 2013, the Company's investment in non-cash working capital increased by $18.7 million from March 31, 2012. Accounts receivable increased 30% or $27.4 million, due to timing of billings on certain customer contracts. Net contracts in progress decreased by 27% or $18.7 million compared to March 31, 2012. The Company actively manages its accounts receivable and net contracts in progress balances through billing terms on long-term contracts and by focusing on collection efforts. Inventories increased year over year by 6% or $0.6 million. Deposits and prepaid assets increased by 29% or $3.6 million due primarily to an increase in prepaid assets due to timing of payments, an increase in restricted cash used to secure letters of credit and an increase in other deposits used to secure material for upcoming projects. Accounts payable and accrued liabilities decreased 7% primarily due to timing of purchases.

Capital expenditures totalled $1.1 million in the first quarter of fiscal 2013 and primarily related to computer hardware and equipment improvements.

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 September 30, 2012.

At July 1, 2012, the Company had issued letters of credit in the amount of $39.8 million under the operating credit facility (March 31, 2012 - $17.0 million) and $30.0 million under the letter of credit facility (March 31, 2012 - $30.0 million). 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 2.40%. For bankers' acceptances and LIBOR advances, the interest rate is equal to the bankers' acceptance fee or the LIBOR, respectively, plus 1.90% to 3.40%.

Under the Credit Agreement, the Company pays a fee for usage of letters of credit 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 0.850%.

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 limits advances to subsidiaries and partially restricts the Company from repurchasing its common shares, paying dividends and from acquiring and disposing of certain assets.

The Company has additional credit facilities available of $9.5 million (6.1 million Euro, 33.0 million Indian Rupees and 1.0 million Swiss francs). The total amount outstanding on these facilities is $2.6 million (March 31, 2012 - $3.0 million), of which $0.2 million is classified as bank indebtedness (March 31, 2012 - $0.4 million) and $2.4 million is classified as long-term debt (March 31, 2012 - $2.5 million). The interest rates applicable to these additional credit facilities range from 2.8% to 13.5% per annum. A portion of the long-term debt is secured by certain assets of the Company. The 1.0 million Swiss Francs and the 33.0 million Indian Rupees credit facilities are secured by letters of credit under the primary credit facility.

The Company expects to continue increasing its investment in working capital to support its growing Order 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 some potential acquisitions. Significant acquisitions could result in additional debt or equity financing requirements. The Company expects to use moderate leverage to support its growth strategy and is currently in discussions with lenders to replace the Credit Agreement with a new primary credit facility. The Company is targeting to increase the size of the current facility and provide for additional management flexibility.

Contractual Obligations
(In millions of dollars)

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	$ 3.5	$ 42.1
Due in one to five years	7.4	0.2
Due in over five years	3.6	—
	$ 14.5	$ 42.3

From discontinued operations:

	Purchase Obligations
Due within one year	$ 0.5

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

In accordance with industry practice, the Company is liable to customers 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 provides bank guarantees for post-retirement obligations and may provide bank guarantees as security on equipment under lease and on order. At July 1, 2012, the total value of outstanding bank guarantees under credit facilities was approximately $94.3 million (March 31, 2012 – $57.4 million) from continuing operations and was $nil (March 31, 2012 – $nil) from discontinued operations.

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations to the Company. The Company minimizes this risk by limiting counterparties to major financial institutions and monitoring their creditworthiness. The Company's credit exposure to forward foreign exchange contracts is the current replacement value of contracts that are in a gain position. For further information related to the Company's use of derivative financial instruments refer to note 11 of the interim consolidated financial statements. The Company is also exposed to credit risk from its customers. Substantially all of the Company's trade accounts receivable are due from customers in a variety of industries and, as such, are subject to normal credit risks from their respective industries. The Company regularly monitors customers for changes in credit risk. The Company does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Company's client base being primarily large, multinational customers and through insurance purchased by the Company.

During the first quarter of fiscal 2013, 68,000 stock options were exercised. As of August 13, 2012 the total number of shares outstanding was 87,510,855 and there were 7,545,580 stock options outstanding to acquire common shares of the Company.

RELATED-PARTY TRANSACTIONS

There were no significant related-party transactions in the first quarter of fiscal 2013.

FOREIGN EXCHANGE

The Company is exposed to foreign exchange risk as a result of transactions in currencies other than its functional currency of the Canadian dollar. Weakening in the value of the Canadian dollar relative to the U.S. dollar had a positive impact on translation of the Company's revenues in the first quarter of fiscal 2013 compared to the corresponding period of fiscal 2012.

The Company's Canadian operations generate significant revenues in major foreign currencies, primarily U.S. dollars, which exceed the natural hedge provided by purchases of goods and services in those currencies. In order to manage a portion of this net foreign currency exposure, the Company has entered into forward foreign exchange contracts. The timing and amount of these forward foreign exchange contract requirements are estimated based on existing customer contracts on hand or anticipated, current conditions in the Company's markets and the Company's past experience. Certain of the Company's foreign subsidiaries will also enter into forward foreign exchange contracts to hedge identified balance sheet, revenue and purchase exposures. 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 11 to the interim consolidated financial statements for details on the derivative financial instruments outstanding at July 1, 2012.

In addition, from time to time, the Company enters forward foreign exchange contracts to manage the foreign exchange risk arising from certain inter-company loans and net investments in certain self-sustaining subsidiaries.

The Company uses hedging as a risk management tool, not to speculate.

Period average exchange rates in CDN$

	Three months ended		
	July 1, 2012	July 3, 2011	% change
U.S. Dollar	**1.0117**	0.9690	4.4%
Euro	**1.2949**	1.3941	-7.1%

CONSOLIDATED QUARTERLY RESULTS

Results have been reclassified to present Solar as discontinued operations.

(In millions of dollars, except per share amounts)	**Q1 2013**	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Revenues from continuing operations	**$ 152.2**	$ 173.5	$ 149.1	$ 145.9	$ 126.9	$ 148.4	$ 120.8	$ 114.3
Earnings from operations	**$ 15.2**	$ 16.1	$ 20.4	$ 13.3	$ 10.5	$ 14.2	$ 6.1	$ 6.6
Income from continuing operations	**$ 11.8**	$ 10.9	$ 17.6	$ 9.3	$ 6.2	$ 14.4	$ 3.0	$ 4.8
Loss from discontinued operations, net of tax	**$ (2.0)**	$ (7.9)	$ (8.0)	$ (76.4)	$ (11.2)	$ (93.9)	$ (16.1)	$ (2.9)
Net income (loss)	**$ 9.8**	$ 3.0	$ 9.6	$ (67.1)	$ (5.0)	$ (79.5)	$ (13.1)	$ 1.9
Basic and diluted earnings per share from continuing operations	**$ 0.13**	$ 0.13	$ 0.20	$ 0.11	$ 0.07	$ 0.17	$ 0.03	$ 0.05
Basic and diluted loss per share from discontinued operations	**$ (0.02)**	$ (0.09)	$ (0.09)	$ (0.87)	$ (0.13)	$ (1.08)	$ (0.18)	$ (0.04)
Basic and diluted earnings (loss) per share	**$ 0.11**	$ 0.04	$ 0.11	$ (0.76)	$ (0.06)	$ (0.91)	$ (0.15)	$ 0.01
ASG Order Bookings	**$ 168.0**	$ 187.0	$ 179.0	$ 165.0	$ 157.0	$ 206.0	$ 133.0	$ 105.0
ASG Order Backlog	**$ 397.0**	$ 382.0	$ 376.0	$ 363.0	$ 328.0	$ 296.0	$ 215.0	$ 208.0

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.

CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS & ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make estimates, judgements 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. Uncertainty about these estimates, judgements and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company based its assumptions on information available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the estimates as they occur. There have been no material changes to the critical accounting estimates as described in the Company's fiscal 2012 MD&A.

ACCOUNTING STANDARDS CHANGES

IFRS 7 – Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

Effective April 1, 2012, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") amendment to IFRS 7 "Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements." The amendment requires additional disclosures for financial assets that have been transferred, but not derecognized. In addition, the amendment requires disclosures for continuing involvement in derecognized assets. The adoption of these amendments did not have a material impact on the financial position, cash flows or earnings of the Company.

Future Accounting Standards 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 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, 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. The Company 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. 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 19 – Employee Benefits
The amendment eliminates the option to defer the recognition of gains and losses, known as the 'corridor method', requires re-measurements to be presented in other comprehensive income, and enhances the disclosure requirements for defined benefit plans. The standard also requires that the discount rate used to determine the defined benefit obligation should also be used to calculate the expected return on plan assets by introducing a net interest approach, which replaces the expected return on plan assets and interest costs on the defined benefit obligation, with a single net interest component determined by multiplying the net defined benefit liability or asset by the discount rate used to determine the defined benefit obligation. 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.

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 three months ended July 1, 2012, 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.

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 next phase of the Company's strategy: grow, expand, and scale; potential impact of general economic environment, including impact on credit markets and order bookings; the sales organization's approach to market and expected impact on order bookings; management's expectations in relation to the impact of strategic initiatives on ATS operations; the Company's efforts to expand organically and through acquisition; management's intention to apply additional resources to acquisition activities; separation of solar business; sale process for Ontario Solar; the Company's work towards concluding a transaction for the sale of the Ontario Solar business; expected impact of FIT program changes; OSPV securing conditional FIT approvals totalling approximately 64 MWs related to ground mount solar projects; OSPV seeking required approvals; OSPV expectation to have a definitive agreement in place for financing and ultimate third-party ownership of certain projects; two customer agreements signed by Ontario Solar in first quarter of 2012; Ontario Solar agreements with developers who have secured conditional FIT approvals; management's expectation not to incur additional expenses as a result of PWF bankruptcy; Company's expectation to continue to increase its investment in working capital; 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; discussions with lenders to replace the current credit facility; foreign exchange hedging; and accounting standards changes. The risks and uncertainties that may affect forward-looking statements include, among others: impact of the global economy and the Eurozone sovereign debt crisis; general market performance including capital market conditions and availability and cost of credit; performance of the market sectors that ATS serves; 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 are delayed, not completed, or do not have intended positive impact; that the sale process for Ontario Solar 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 solar separation; the financial attractiveness of, and demand for, the solar projects being developed by Ontario Solar; that OSPV 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; labour disruptions; that expenditures associated with the PWF bankruptcy exceed current expectations; that one or both of the customer agreements signed by Ontario Solar is terminated or impaired as a result of a cancellation or material change in the FIT program in Ontario, and, as a result contemplated amounts to be supplied are not supplied with resulting impacts on revenue and profitability; the success of developers with whom Ontario Solar has signed agreements in ultimately developing the projects; that one or more customers, or other persons with which the Company has contracted, experience insolvency or bankruptcy with resulting delays, 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 become 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.