ATS AUTOMATION

**ATS AUTOMATION TOOLING SYSTEMS INC.**

**Interim Consolidated Financial Statements**

**For the period ended September 30, 2012**

**(Unaudited)**

**(Condensed)**

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

| As at | Note | September 30 2012 | March 31 2012 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **$ 104,825** | $ 96,229 |
| Accounts receivable | | **103,922** | 90,151 |
| Costs and earnings in excess of billings on contracts in progress | 5 | **102,612** | 112,486 |
| Inventories | 5 | **11,011** | 10,278 |
| Deposits, prepaids and other assets | 6 | **16,907** | 12,474 |
| | | **339,277** | 321,618 |
| Assets associated with discontinued operations | 4 | **35,352** | 35,746 |
| | | **374,629** | 357,364 |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | **77,505** | 78,880 |
| Investment property | 8 | **3,601** | 3,792 |
| Goodwill | | **56,929** | 58,320 |
| Intangible assets | 9 | **27,054** | 28,641 |
| Deferred income tax assets | | **13,444** | 15,544 |
| Investment tax credit receivable | | **27,640** | 26,087 |
| | | **206,173** | 211,264 |
| **Total assets** | | **$ 580,802** | $ 568,628 |
| **LIABILITIES AND EQUITY** | | | |
| **Current liabilities** | | | |
| Bank indebtedness | | **$ 55** | $ 434 |
| Accounts payable and accrued liabilities | | **89,605** | 113,133 |
| Provisions | 11 | **9,504** | 9,696 |
| Billings in excess of costs and earnings on contracts in progress | 5 | **68,960** | 44,016 |
| Current portion of long-term debt | 12 | **249** | 263 |
| | | **168,373** | 167,542 |
| Liabilities associated with discontinued operations | 4 | **7,588** | 9,969 |
| | | **175,961** | 177,511 |
| **Non-current liabilities** | | | |
| Employee benefits | | **7,269** | 6,340 |
| Long-term debt | 12 | **2,024** | 2,262 |
| Deferred income tax liability | | **2,033** | 1,063 |
| | | **11,326** | 9,665 |
| **Total liabilities** | | **$ 187,287** | $ 187,176 |
| **EQUITY** | | | |
| Share capital | 13 | **$ 484,751** | $ 483,099 |
| Contributed surplus | | **18,537** | 17,868 |
| Accumulated other comprehensive loss | | **(7,810)** | (383) |
| Retained deficit | | **(102,057)** | (119,210) |
| Equity attributable to shareholders | | **393,421** | 381,374 |
| Non-controlling interests | | **94** | 78 |
| **Total equity** | | **393,515** | 381,452 |
| **Total liabilities and equity** | | **$ 580,802** | $ 568,628 |

See accompanying notes to the interim consolidated financial statements

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

| | | Three months ended | | Six months ended | |
|---|---|---|---|---|---|
| | Note | **September 30 2012** | October 2 2011 | **September 30 2012** | October 2 2011 |
| **Revenues** | | | | | |
| Revenues from construction contracts | | **$ 128,088** | $ 134,028 | **$ 269,662** | $ 249,106 |
| Sale of goods | | **6,873** | 5,522 | **11,684** | 11,357 |
| Services rendered | | **6,484** | 6,384 | **12,308** | 12,346 |
| **Total revenues** | | **141,445** | 145,934 | **293,654** | 272,809 |
| Operating costs and expenses | | | | | |
| Cost of revenues | | **103,685** | 109,058 | **215,758** | 201,396 |
| Selling, general and administrative | | **23,347** | 22,995 | **47,355** | 45,869 |
| Stock-based compensation | 15 | **611** | 620 | **1,573** | 1,756 |
| **Earnings from operations** | | **13,802** | 13,261 | **28,968** | 23,788 |
| Net finance costs | 19 | **531** | 144 | **732** | 745 |
| **Income from continuing operations before income taxes** | | **13,271** | 13,117 | **28,236** | 23,043 |
| Income tax expense | 14 | **3,563** | 3,825 | **6,755** | 7,543 |
| **Income from continuing operations** | | **9,708** | 9,292 | **21,481** | 15,500 |
| Loss from discontinued operations, net of tax | 4 | **(1,752)** | (76,371) | **(3,763)** | (87,593) |
| **Net income (loss)** | | **$ 7,956** | (67,079) | **$ 17,718** | $ (72,093) |
| **Attributable to** | | | | | |
| Shareholders | | **$ 7,945** | $ (67,154) | **$ 17,702** | $ (72,170) |
| Non-controlling interests | | **11** | 75 | **16** | 77 |
| | | **$ 7,956** | (67,079) | **$ 17,718** | $ (72,093) |
| **Earnings (loss) per share attributable to shareholders** | 20 | | | | |
| Basic and diluted – from continuing operations | | **$ 0.11** | $ 0.11 | **$ 0.24** | $ 0.18 |
| Basic and diluted – from discontinued operations | 4 | **(0.02)** | (0.87) | **(0.04)** | (1.00) |
| | | **$ 0.09** | $ (0.76) | **$ 0.20** | $ (0.82) |

See accompanying notes to the interim consolidated financial statements

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

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | **September 30 2012** | October 2 2011 | **September 30 2012** | October 2 2011 |
| Net income (loss) | **$ 7,956** | $ (67,079) | **$ 17,718** | $ (72,093) |
| Other comprehensive income (loss): | | | | |
| Currency translation adjustment (net of income taxes of $nil) | **(7,442)** | 10,155 | **(7,738)** | 11,372 |
| Net unrealized gain (loss) on derivative financial instruments designated as cash flow hedges | **1,333** | (2,991) | **266** | (2,773) |
| Tax impact | **(290)** | 716 | **(38)** | 669 |
| Loss (gain) transferred to net income for derivatives designated as cash flow hedges | **310** | (781) | **133** | (1,507) |
| Tax impact | **(80)** | 195 | **(50)** | 388 |
| Actuarial losses on defined benefit pension plans | **––** | — | **(736)** | — |
| Tax impact | **––** | — | **187** | — |
| Net gain on hedges of net investments in foreign operations (net of income taxes of $nil) | **––** | 63 | **––** | 221 |
| **Other comprehensive income (loss)** | **(6,169)** | 7,357 | **(7,976)** | 8,370 |
| **Comprehensive income (loss)** | **$ 1,787** | $ (59,722) | **$ 9,742** | $ (63,723) |
| **Attributable to** | | | | |
| Shareholders | **$ 1,776** | $ (59,797) | **$ 9,726** | $ (63,800) |
| Non-controlling interests | **11** | 75 | **16** | 77 |
| | **$ 1,787** | $ (59,722) | **$ 9,742** | $ (63,723) |

See accompanying notes to the interim consolidated financial statements

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

**Six months ended September 30, 2012**

| | Share capital | Contributed surplus | Retained earnings (deficit) | Currency translation adjustments | Cash flow hedges | Total accumulated other comprehensive income | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance, at March 31, 2012** | **$ 483,099** | **$ 17,868** | **$ (119,210)** | **$ (559)** | **$ 176** | **$ (383)** | **$ 78** | **$ 381,452** |
| Net income | **––** | **––** | **17,702** | **––** | **––** | **––** | **16** | **17,718** |
| Other comprehensive income (loss) | **––** | **––** | **(549)** | **(7,738)** | **311** | **(7,427)** | **––** | **(7,976)** |
| Total comprehensive income (loss) | **––** | **––** | **17,153** | **(7,738)** | **311** | **(7,427)** | **16** | **9,742** |
| Stock-based compensation | **––** | **1,182** | **––** | **––** | **––** | **––** | **––** | **1,182** |
| Exercise of stock options | **1,652** | **(513)** | **––** | **––** | **––** | **––** | **––** | **1,139** |
| **Balance, at September 30, 2012** | **$ 484,751** | **$ 18,537** | **$ (102,057)** | **$ (8,297)** | **$ 487** | **$ (7,810)** | **$ 94** | **$ 393,515** |

Six months ended October 2, 2011

| | Share capital | Contributed surplus | Retained earnings (deficit) | Currency translation adjustments | Cash flow hedges | Total accumulated other comprehensive income | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| Balance, at March 31, 2011 | $ 481,908 | $ 14,298 | $ (59,659) | $ (2,767) | $ 1,279 | $ (1,488) | $ (224) | $ 434,835 |
| Net income (loss) | — | — | (72,170) | — | — | — | 77 | (72,093) |
| Other comprehensive income (loss) | — | — | — | 11,593 | (3,223) | 8,370 | — | 8,370 |
| Total comprehensive income (loss) | — | — | (72,170) | 11,593 | (3,223) | 8,370 | — | (63,723) |
| Stock-based compensation | — | 1,756 | — | — | — | — | — | 1,756 |
| Exercise of stock options | 99 | (29) | — | — | — | — | — | 70 |
| Balance, at October 2, 2011 | $ 482,007 | $ 16,025 | $ (131,829) | $ 8,826 | $ (1,944) | $ 6,882 | $ (147) | $ 372,938 |

See accompanying notes to the interim consolidated financial statements

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

| | Note | Three months ended September 30 2012 | Three months ended October 2 2011 | Six months ended September 30 2012 | Six months ended October 2 2011 |
|---|---|---|---|---|---|
| **Operating activities:** | | | | | |
| Income from continuing operations | | **$ 9,708** | $ 9,292 | **$ 21,481** | $ 15,500 |
| Items not involving cash | | | | | |
| Depreciation of property, plant and equipment | | **1,590** | 1,608 | **3,210** | 3,424 |
| Amortization of intangible assets | | **1,287** | 1,300 | **2,608** | 2,591 |
| Deferred income taxes | | **1,319** | 800 | **3,111** | 1,929 |
| Other items not involving cash | | **(480)** | (2,010) | **(1,213)** | (2,164) |
| Stock-based compensation | 15 | **611** | 620 | **1,573** | 1,756 |
| Gain on disposal of property, plant and equipment | | **7** | (38) | **––** | (45) |
| | | **$ 14,042** | $ 11,572 | **$ 30,770** | $ 22,991 |
| Change in non-cash operating working capital | | **13,751** | (6,748) | **(4,990)** | (43,791) |
| Cash flows used in operating activities of discontinued operations | 4 | **(1,694)** | (14,596) | **(4,774)** | (26,469) |
| **Cash flows provided by (used in) operating activities** | | **$ 26,099** | $ (9,772) | **$ 21,006** | $ (47,269) |
| **Investing activities:** | | | | | |
| Acquisition of property, plant and equipment | | **$ (2,319)** | $ (772) | **$ (3,411)** | $ (2,424) |
| Acquisition of intangible assets | | **(759)** | (432) | **(2,123)** | (850) |
| Proceeds from disposal of property, plant and equipment | | **––** | 3 | **7** | 516 |
| Proceeds on sale of portfolio investments | | **––** | — | **––** | 2,054 |
| Cash flows used in investing activities of discontinued operations | 4 | **(31)** | (3,237) | **(79)** | (5,104) |
| **Cash flows used in investing activities** | | **$ (3,109)** | $ (4,438) | **$ (5,606)** | $ (5,808) |
| **Financing activities:** | | | | | |
| Restricted cash | 6 | **(1,623)** | 1,612 | **(3,266)** | 2,913 |
| Bank indebtedness | | **(94)** | (6,015) | **(347)** | (3,585) |
| Repayment of long-term debt | | **(84)** | (91) | **(124)** | (132) |
| Issuance of common shares | | **803** | 51 | **1,139** | 70 |
| Cash flows provided by (used in) financing activities of discontinued operations | 4 | **(93)** | (3,813) | **(237)** | (881) |
| **Cash flows used in financing activities** | | **$ (1,091)** | $ (8,256) | **$ (2,835)** | $ (1,615) |
| Effect of exchange rate changes on cash and cash equivalents | | **(1,748)** | 2,645 | **(3,309)** | 2,779 |
| Increase (decrease) in cash and cash equivalents | | **20,151** | (19,821) | **9,256** | (51,913) |
| Cash and cash equivalents, beginning of period | | **85,797** | 92,176 | **96,692** | 124,268 |
| **Cash and cash equivalents, end of period** | | **$ 105,948** | $ 72,355 | **$ 105,948** | $ 72,355 |
| **Attributable to** | | | | | |
| Cash and cash equivalents – continuing operations | | **$ 104,825** | $ 63,494 | **$ 104,825** | $ 63,494 |
| Cash and cash equivalents – associated with discontinued operations | | **1,123** | 8,861 | **1,123** | 8,861 |
| | | **$ 105,948** | $ 72,355 | **$ 105,948** | $ 72,355 |
| **Supplemental information** | | | | | |
| Cash income taxes paid by continuing operations | | **$ 1,868** | $ 1,303 | **$ 2,107** | $ 1,749 |
| Cash interest paid by continuing operations | | **$ 206** | $ 58 | **$ 449** | $ 135 |
| Cash interest paid by discontinued operations | | **$ ––** | $ 323 | **$ ––** | $ 816 |

See accompanying notes to the interim consolidated financial statements

## 1. CORPORATE INFORMATION

ATS Automation Tooling Systems Inc. and its subsidiaries (collectively "ATS" or the "Company") operate in two segments: Automation Systems Group ("ASG") and Solar. The ASG segment produces custom-engineered turn-key automated manufacturing and test systems. The Solar segment is a turn-key solar project developer and manufacturer of photovoltaic products. During the year ended March 31, 2011, the Board of Directors of ATS approved a plan designed to implement the separation of Solar from ATS via a spinoff of the Company's combined solar businesses or a sale of Photowatt International S.A.S. ("Photowatt France" or "PWF") and/or the Ontario-based solar business ("Ontario Solar"). The Company determined a sale or the spinoff alternative was not viable. Consequently, the Board of Directors of ATS approved a plan to facilitate PWF to file for judicial bankruptcy protection in France. On November 8, 2011 (the "Bankruptcy Date"), 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 $nil. The results of PWF up to the Bankruptcy Date are presented as discontinued operations in the interim consolidated statements of income. During the year ended March 31, 2012, the Company initiated a formal sale process for the Ontario Solar business. Ontario Solar is presented as assets and liabilities associated with discontinued operations in the interim consolidated statements of financial position and as discontinued operations in the interim consolidated statements of income. See note 4 to the interim consolidated financial statements. As a result, ATS' continuing operations are reported as one operating segment, ASG. See note 17 to the interim consolidated financial statements.

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

The interim consolidated financial statements of the Company for the six months ended September 30, 2012 were authorized for issue by the Board of Directors on November 6, 2012.

## 2. BASIS OF PREPARATION

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

*Statement of compliance*
These interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended March 31, 2012.

The same accounting policies and methods of computation were followed in the preparation of these interim consolidated financial statements as were followed in the preparation of the audited consolidated financial statements for the year ended March 31, 2012.

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

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

## 3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Company's interim consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the end of the reporting period. However, uncertainty about these estimates, judgments 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 key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, have not changed from those disclosed in the Company's fiscal 2012 audited consolidated financial statements. The Company based its estimates, judgments and assumptions on parameters available when the interim consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the estimates when they occur.

(in thousands of Canadian dollars, except per share amounts - unaudited)

## 4. DISCONTINUED OPERATIONS

During the year ended March 31, 2011, the Board of Directors of ATS approved a plan designed to implement the separation of Solar from ATS. On November 8, 2011 (the "Bankruptcy Date"), the French bankruptcy court placed PWF into a "recovery" proceeding ("redressement judiciaire") under the supervision of a court appointed trustee. As a result of this, 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 $nil. 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. 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.

Subsequent to September 30, 2012, the Company's 50% owned joint venture, Ontario Solar PV Fields ("OSPV") signed a definitive agreement to sell four ground-mount solar projects, representing approximately 34 megawatts (MWs). The transaction is subject to a number of approvals and conditions, including the purchaser securing financing for the projects. The Company expects the transaction to close in early calendar 2013. OSPV will retain 25% ownership of the projects until the projects reach commercial operation, which is expected to happen in the second half of calendar 2013. Net proceeds to the Company are expected to be approximately $20 million, which is expected to be paid out through calendar 2013, based on the projects achieving certain development milestones. The Company is continuing work on the formal sales process to divest the remaining Ontario Solar assets and operations.

| | **Three months ended** | | **Six months ended** | |
|---|---|---|---|---|
| | **September 30 2012** | October 2 2011 | **September 30 2012** | October 2 2011 |
| Revenues | **$ 564** | $ 33,861 | **$ 1,163** | $ 96,745 |
| Operating costs and expenses | **2,313** | 105,155 | **4,918** | 179,213 |
| **Loss from discontinued operations** | **(1,749)** | (71,294) | **(3,755)** | (82,468) |
| Net finance costs | **3** | 231 | **8** | 576 |
| Loss from discontinued operations before income taxes | **(1,752)** | (71,525) | **(3,763)** | (83,044) |
| Income tax expense | **––** | 4,846 | **––** | 4,549 |
| **Loss from discontinued operations, net of tax** | **$ (1,752)** | $ (76,371) | **$ (3,763)** | $ (87,593) |
| **Loss per share** | | | | |
| Basic and diluted - from discontinued operations | **$ (0.02)** | $ (0.87) | **$ (0.04)** | $ (1.00) |

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

(in thousands of Canadian dollars, except per share amounts - unaudited)

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

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

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

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

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

| As at | **Note** | **September 30 2012** | March 31 2012 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | | **$ 1,123** | $ 463 |
| Accounts receivable | | **3,028** | 8,006 |
| Inventories | 5 | **10,625** | 7,655 |
| Deposits and prepaid assets | 6 | **3,438** | 2,813 |
| Property, plant and equipment | | **14,875** | 14,783 |
| Other assets | | **2,263** | 2,026 |
| Assets associated with discontinued operations | | **$ 35,352** | $ 35,746 |
| | | | |
| **Liabilities** | | | |
| Accounts payable and accrued liabilities | | **6,661** | 8,458 |
| Provisions | | **927** | 1,511 |
| Liabilities associated with discontinued operations | | **$ 7,588** | $ 9,969 |
| **Net assets directly associated with discontinued operations** | | **$ 27,764** | $ 25,777 |

(in thousands of Canadian dollars, except per share amounts - unaudited)

## 5. CONSTRUCTION CONTRACTS AND INVENTORIES

| As at | **September 30 2012** | March 31 2012 |
|---|---|---|
| Contracts in progress: | | |
| Costs incurred | **$ 665,577** | $ 518,733 |
| Estimated earnings | **174,297** | 114,566 |
| | **839,874** | 633,299 |
| Progress billings | **(806,222)** | (564,829) |
| | **$ 33,652** | $ 68,470 |
| | | |
| Disclosed as: | | |
| Costs and earnings in excess of billings on contracts in progress | **$ 102,612** | $ 112,486 |
| Billings in excess of costs and earnings on contracts in progress | **(68,960)** | (44,016) |
| | **$ 33,652** | $ 68,470 |

| As at | | **September 30 2012** | March 31 2012 |
|---|---|---|---|
| Inventories are summarized as follows: | | | |
| Raw materials | | **$ 7,234** | $ 5,534 |
| Reclassified as associated with discontinued operations | | **(1,676)** | (489) |
| | | **$ 5,558** | $ 5,045 |
| Work in process | | **$ 9,384** | $ 10,890 |
| Reclassified as associated with discontinued operations | | **(4,311)** | (5,914) |
| | | **$ 5,073** | $ 4,976 |
| Finished goods | | **$ 5,018** | $ 1,509 |
| Reclassified as associated with discontinued operations | | **(4,638)** | (1,252) |
| | | **$ 380** | $ 257 |
| Total | | **$ 21,636** | $ 17,933 |
| Reclassified as associated with discontinued operations | note 4 | **(10,625)** | (7,655) |
| | | **$ 11,011** | $ 10,278 |

**From continuing operations:**
The amount charged to net income and included in cost of revenues for the write-down of inventory for valuation issues during the three and six months ended September 30, 2012 was $96 and $121 (three and six months ended October 2, 2011 – $385 and $558 respectively). The amount of inventories carried at net realizable value as at September 30, 2012 was $54 (March 31, 2012 – $61).

**From discontinued operations:**
The amount charged to net income and included in discontinued operations for the write-down of inventory for valuation issues during the three and six months ended September 30, 2012 was $nil and $nil respectively (three and six months October 2, 2011 – $18,137 and $24,125 respectively). The amount of inventories carried at net realizable value as at September 30, 2012 was $528 (March 31, 2012 – $489).

(in thousands of Canadian dollars, except per share amounts - unaudited)

## 6. DEPOSITS, PREPAIDS AND OTHER ASSETS

| As at | | September 30 2012 | March 31 2012 |
|---|---|---|---|
| Prepaid assets | | **$ 5,285** | $ 3,971 |
| Reclassified as associated with discontinued operations | | **(156)** | (32) |
| | | **$ 5,129** | $ 3,939 |
| Restricted cash [(i)] | | **$ 3,653** | $ 413 |
| Reclassified as associated with discontinued operations | | **––** | — |
| | | **$ 3,653** | $ 413 |
| Supplier deposits | | **$ 10,123** | $ 9,373 |
| Reclassified as associated with discontinued operations | | **(3,282)** | (2,781) |
| | | **$ 6,841** | $ 6,592 |
| Forward foreign exchange contracts | | **$ 1,055** | $ 500 |
| Reclassified as associated with discontinued operations | | **––** | — |
| | | **$ 1,055** | $ 500 |
| Other assets – current | | **$ 229** | $ 1,030 |
| Reclassified as associated with discontinued operations | | **––** | — |
| | | **$ 229** | $ 1,030 |
| Total deposits, prepaids and other assets | | **$ 20,345** | $ 15,287 |
| Reclassified as associated with discontinued operations | note 4 | **(3,438)** | (2,813) |
| | | **$ 16,907** | $ 12,474 |

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

(in thousands of Canadian dollars, except per share amounts - unaudited)

## 7. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings and leaseholds | Production equipment | Other equipment | Total |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| Balance, at March 31, 2012 | $ 20,146 | $ 89,086 | $ 13,035 | $ 24,232 | $ 146,499 |
| Additions | — | 566 | 226 | 2,619 | 3,411 |
| Disposals | — | — | (42) | (166) | (208) |
| Exchange and other adjustments | (497) | (1,809) | (554) | (490) | (3,350) |
| **Balance, at September 30, 2012** | **$ 19,649** | **$ 87,843** | **$ 12,665** | **$ 26,195** | **$ 146,352** |

| | Land | Buildings and leaseholds | Production equipment | Other equipment | Total |
|---|---|---|---|---|---|
| **Depreciation:** | | | | | |
| Balance, at March 31, 2012 | $ — | $ (40,874) | $ (10,151) | $ (16,594) | $ (67,619) |
| Depreciation expense | — | (1,641) | (435) | (1,134) | (3,210) |
| Disposals | — | — | 42 | 166 | 208 |
| Exchange and other adjustments | — | 947 | 462 | 365 | 1,774 |
| **Balance, at September 30, 2012** | **$ ––** | **$ (41,568)** | **$ (10,082)** | **$ (17,197)** | **$ (68,847)** |
| | | | | | |
| **Net book value:** | | | | | |
| **At September 30, 2012** | **$ 19,649** | **$ 46,275** | **$ 2,583** | **$ 8,998** | **$ 77,505** |
| At March 31, 2012 | $ 20,146 | $ 48,212 | $ 2,884 | $ 7,638 | $ 78,880 |

Included in other equipment as at September 30, 2012 is $725 (March 31, 2012 - $284) of assets which are under construction and have not been depreciated.

## 8. INVESTMENT PROPERTY

| | **2012** |
|---|---|
| Balance, at March 31, 2012 | $ 3,792 |
| Foreign exchange adjustment | (191) |
| Balance, at September 30, 2012 | **$ 3,601** |

The estimated fair value of the Company's investment property at September 30, 2012 and March 31, 2012 approximates its carrying value, based on comparable market data for similar properties. The investment property is a plot of vacant land which does not earn any rental income nor incurs any direct operating expenses, including repairs and maintenance.

(in thousands of Canadian dollars, except per share amounts - unaudited)

## 9. INTANGIBLE ASSETS

| | Development projects | Computer software, and licenses | Technology | Customer relationships | Brands | Total |
|---|---|---|---|---|---|---|
| **Cost:** | | | | | | |
| Balance, at March 31, 2012 | $ 2,959 | $ 15,574 | $ 9,814 | $ 15,142 | $ 4,538 | $ 48,027 |
| Additions | 603 | 1,520 | — | — | — | 2,123 |
| Exchange and other adjustments | — | (322) | (438) | (633) | (274) | (1,667) |
| **Balance, at September 30, 2012** | **$ 3,562** | **$ 16,772** | **$ 9,376** | **$ 14,509** | **$ 4,264** | **$ 48,483** |

| | Development projects | Computer software and licenses | Technology | Customer relationships | Brands | Total |
|---|---|---|---|---|---|---|
| **Amortization:** | | | | | | |
| Balance, at March 31, 2012 | $ (2,732) | $ (10,171) | $ (1,981) | $ (4,502) | $ — | $ (19,386) |
| Amortization | (164) | (617) | (550) | (1,092) | (185) | (2,608) |
| Exchange and other adjustments | — | 257 | 96 | 179 | 33 | 565 |
| **Balance, at September 30, 2012** | **$ (2,896)** | **$ (10,531)** | **$ (2,435)** | **$ (5,415)** | **$ (152)** | **$ (21,429)** |
| **Net book value:** | | | | | | |
| **At September 30, 2012** | **$ 666** | **$ 6,241** | **$ 6,941** | **$ 9,094** | **$ 4,112** | **$ 27,054** |
| At March 31, 2012 | $ 227 | $ 5,403 | $ 7,833 | $ 10,640 | $ 4,538 | $ 28,641 |

Research and development costs that are not eligible for capitalization have been expensed and are recognized in cost of revenues.

## 10. FINANCIAL INSTRUMENTS

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

| As at | | | | | **September 30, 2012** |
|---|---|---|---|---|---|
| | **Fair value through profit loss** | **Cash flow hedges** | **Loans and receivables** | **Other liabilities** | **Total carrying value** |
| Cash and cash equivalents | **$ ––** | **$ ––** | **$ 104,825** | **$ ––** | **$ 104,825** |
| Accounts receivable | **––** | **––** | **85,456** | **––** | **85,456** |
| Bank indebtedness | **––** | **––** | **––** | **(55)** | **(55)** |
| Accounts payable and accrued liabilities | **––** | **––** | **––** | **(74,583)** | **(74,583)** |
| Current portion of long term debt | **––** | **––** | **––** | **(249)** | **(249)** |
| Long term debt | **––** | **––** | **––** | **(2,024)** | **(2,024)** |
| Derivatives classified as held for trading – assets[(i)] | **146** | **––** | **––** | **––** | **146** |
| Derivatives designated as cash flow hedges – assets[(i)] | **––** | **590** | **––** | **––** | **590** |

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

(in thousands of Canadian dollars, except per share amounts - unaudited)

| As at | | | | | March 31, 2012 |
|---|---|---|---|---|---|
| | Fair value through profit loss | Cash flow hedges | Loans and receivables | Other liabilities | Total carrying value |
| Cash and cash equivalents | $ — | $ — | $ 96,229 | $ — | $ 96,229 |
| Accounts receivable | — | — | 80,073 | — | 80,073 |
| Bank indebtedness | — | — | — | (434) | (434) |
| Accounts payable and accrued liabilities | — | — | — | (103,010) | (103,010) |
| Current portion of long-term debt | — | — | — | (263) | (263) |
| Long-term debt | — | — | — | (2,262) | (2,262) |
| Derivatives classified as held for trading – liabilities(i) | (277) | — | — | — | (277) |
| Derivatives designated as cash flow hedges – assets(i) | — | 165 | — | — | 165 |

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

**Derivative financial instruments**

The Company uses forward foreign exchange contracts to manage foreign currency exposure. Forward foreign exchange contracts that are not designated in hedging relationships are classified as held-for-trading, with changes in fair value recognized in selling, general and administrative expenses in the interim consolidated statements of income. During the three and six months ended September 30, 2012, the fair value of derivative financial assets classified as held-for-trading and included in deposits, prepaid and other assets increased by $183 and $206 respectively (increased by $19 and decreased by $111 respectively during the three and six months ended October 2, 2011) and the fair value of derivative financial liabilities classified as held-for-trading and included in accounts payable and accrued liabilities decreased by $247 and $216 during the three and six months ended September 30, 2012 respectively (increased by $1,085 and decreased by $115 during the three and six months ended October 2, 2011).

**Cash flow hedges**

During the three and six months ended September 30, 2012 and the three and six months ended October 2, 2011 there was no unrealized gain or loss recognized in selling, general and administrative expenses for the ineffective portion of cash flow hedges. After-tax unrealized gains of $486 are included in accumulated other comprehensive income at September 30, 2012 and are expected to be reclassified to income over the next 12 months when the revenue and purchases are recorded (unrealized losses of $1,878 and $66 at October 2, 2011).

## 11. PROVISIONS

| | **Warranty** | **Restructuring** | **Other** | **Total** |
|---|---|---|---|---|
| Balance, at March 31, 2012 | $ 8,155 | $ 530 | $ 1,011 | $ 9,696 |
| Provisions made | 2,014 | — | 3,960 | 5,974 |
| Provisions reversed | (1,040) | — | (213) | (1,253) |
| Provisions used | (835) | (50) | (3,937) | (4,822) |
| Exchange adjustments | (80) | (7) | (4) | (91) |
| **Balance, at September 30, 2012** | **$ 8,214** | **$ 473** | **$ 817** | **$ 9,504** |

**Warranty provisions**

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

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

## 12. BANK INDEBTEDNESS AND LONG-TERM DEBT

The Company's primary credit facility provides total credit facilities of up to $95,000, comprised of an operating credit facility of $65,000 and a letter of credit facility of up to $30,000 for certain purposes. The operating credit facility is subject to restrictions regarding the extent to which the outstanding funds advanced under the facility can be used to fund certain subsidiaries of the Company. The primary credit facility, 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 November 30, 2012. At September 30, 2012, the Company had issued letters of credit in the amount of $35,770 under the operating credit facility (March 31, 2012 - $16,956) and $28,388 under the letter of credit facility (March 31, 2012 - $30,004). No other amounts have been drawn on the primary credit facility (March 31, 2012 - $nil).

Subsequent to September 30, 2012, the Company established a new Senior Secured Credit Facility (the "Credit Agreement") which replaced the former primary credit facility. The Credit Agreement provides a three year committed revolving credit facility of $250,000. The Credit Agreement, which is secured by the assets, excluding real estate, of certain of the Company's North American legal entities and a pledge of shares and guarantees from certain of the Company's legal entities.

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 0.50% to 1.50%. For bankers' acceptances and LIBOR advances, the interest rate is equal to the bankers' acceptance fee or the LIBOR, respectively, plus 1.50% to 2.50%. The Company pays a fee for usage of financial letters of credit which ranges from 1.70% to 2.70% and a fee for usage of non-financial letters of credit which ranges from 1.15% to 1.80%. 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 0.30% to 0.50%.

The Credit Agreement is subject to a debt to EBITDA 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 certain subsidiaries and partially restricts the Company from repurchasing its common shares and paying dividends.

The Company has additional credit facilities available of $9,113 (5,899 Euro, 33,000 Indian Rupees and 1,000 Swiss Francs). The total amount outstanding on these facilities is $2,328 (March 31, 2012 - $2,959), of which $55 is classified as bank indebtedness (March 31, 2012 - $434) and $2,273 is classified as long-term debt (March 31, 2012 - $2,525). The interest rates applicable to the credit facilities range from 2.8% to 13.0% per annum. A portion of the long-term debt is secured by certain assets of the Company. The 1,000 Swiss Francs and 33,000 Indian Rupees credit facilities are secured by letters of credit under the primary credit facility.

(in thousands of Canadian dollars, except per share amounts - unaudited)

**Long-term debt**

| As at | **September 30 2012** | March 31 2012 |
|---|---|---|
| Other facilities | **$ 2,273** | $ 2,525 |
| Less: current portion | **249** | 263 |
| | **$ 2,024** | $ 2,262 |

Scheduled principal repayments and interest payments on long-term debt from continuing operations as at September 30, 2012 are as follows:

| | Principal | Interest |
|---|---|---|
| Less than one year | $ 249 | $ 104 |
| One **–** two years | 257 | 93 |
| Two **–** three years | 264 | 81 |
| Three **–** four years | 259 | 80 |
| Four **–** five years | 240 | 70 |
| Thereafter | 1,004 | 145 |
| | $ 2,273 | $ 573 |

**13. SHARE CAPITAL**

Authorized capital of the Company consists of an unlimited number of common shares, without par value, for unlimited consideration. The changes in the common shares issued and outstanding during the periods presented were as follows:

| | **Number of common shares** | **Share capital** |
|---|---|---|
| Balance, at March 31, 2012 | 87,439,755 | $ 483,099 |
| Exercise of stock options | 192,062 | 1,652 |
| **Balance, at September 30, 2012** | **87,631,817** | **$ 484,751** |

(in thousands of Canadian dollars, except per share amounts - unaudited)

## 14. TAXATION

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

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | **September 30 2012** | October 2 2011 | **September 30 2012** | October 2 2011 |
| Income from continuing operations before income taxes and non-controlling interest | **$ 13,271** | $ 13,117 | **$ 28,236** | $ 23,043 |
| Combined Canadian basic federal and provincial income tax rate | **26.50%** | 27.83% | **26.50%** | 27.83% |
| Income tax expense based on combined Canadian basic federal and provincial income tax rate | **$ 3,517** | $ 3,651 | **$ 7,483** | $ 6,413 |
| Increase (decrease) in income taxes resulting from: | | | | |
| Adjustments in respect to current income tax of previous periods | **(4)** | 204 | **(33)** | 63 |
| Non-taxable income (loss) net of non-deductible expenses | **(685)** | (841) | **(1,360)** | (104) |
| Income taxed at different rates and statutory rate changes | **734** | 1,088 | **934** | 1,431 |
| Manufacturing and processing allowance | **9** | (130) | **(52)** | (167) |
| Other items | **(8)** | (147) | **(217)** | (93) |
| At the effective income tax rate of 24% (October 2, 2011 – 33%) | **$ 3,563** | $ 3,825 | **$ 6,755** | $ 7,543 |
| Income tax expense reported in the interim consolidated statements of income: | | | | |
| Current | **$ 2,244** | $ 3,025 | **$ 3,644** | $ 5,614 |
| Deferred | **1,319** | 800 | **3,111** | 1,929 |
| | **$ 3,563** | $ 3,825 | **$ 6,755** | $ 7,543 |
| Income tax expense (recovery) reported in equity or goodwill: | | | | |
| Net gain on revaluation of cash flow hedges | **$ 370** | $ (1,017) | **$ 88** | $ (1,189) |
| Other items recognized through equity | **33** | (360) | **(289)** | (404) |
| | **$ 403** | $ (1,377) | **$ (201)** | $ (1,593) |

## 15. STOCK-BASED COMPENSATION

### Stock Option Plan

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

(in thousands of Canadian dollars, except per share amounts - unaudited)

During the six months ended September 30, 2012 the Company granted 490,000 time vesting stock options (200,000 in the six months ended October 2, 2011). The stock options granted vest over four years and expire on the seventh anniversary from the date of issue. During the three and six month periods ended September 30, 2012 and October 2, 2011, no performance based stock options were granted. Performance based stock options vest based on the Company's stock trading at or above certain thresholds for a specified number of minimum trading days. The performance based stock options expire on the seventh anniversary after the date that the options vest. During the three and six month periods ended September 30, 2012 260,335 performance based stock options vested (nil in the three and six months ended October 2, 2011).

| For the six months ended | **September 30 2012** | | October 2 2011 | |
|---|---|---|---|---|
| | **Number of stock options** | **Weighted average exercise price** | Number of stock options | Weighted average exercise price |
| Stock options outstanding, beginning of period | **7,391,080** | **$ 7.38** | 7,465,167 | $ 7.52 |
| Granted | **490,000** | **8.85** | 200,000 | 7.10 |
| Exercised (i) | **(192,062)** | **5.93** | (14,300) | 4.91 |
| Forfeited/cancelled | **(372,900)** | **10.94** | (120,082) | 16.25 |
| Stock options outstanding, end of period | **7,316,118** | **$ 7.33** | 7,530,785 | $ 7.37 |
| Stock options exercisable, end of period, time vested options | **1,417,129** | **$ 6.80** | 1,310,460 | $ 7.82 |
| Stock options exercisable, end of period, performance based options | **2,247,624** | **$ 6.76** | 991,448 | $ 6.14 |

(i) For the six months ended September 30, 2012, the weighted average share price at the date of exercise was $8.79 (October 2, 2011 – $6.84).

The fair values of the Company's stock options issued during the periods presented were estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions. Expected stock price volatility was determined at the time of the grant by considering historical share price volatility. Expected stock option grant life was determined at the time of the grant by considering the average of the grant vesting period and the grant exercise period.

| For the six months ended | **September 30 2012** | October 2 2011 |
|---|---|---|
| Weighted average risk-free interest rate | **1.69%** | 2.25% |
| Dividend yield | **0%** | 0% |
| Weighted average expected volatility | **53%** | 56% |
| Weighted average expected life | **4.75 years** | 4.75 years |
| Number of stock options granted: | | |
| Time vested | **490,000** | 200,000 |
| Weighted average exercise price per option | **$ 8.85** | $ 7.10 |
| Weighted average value per option: | | |
| Time vested | **$ 4.07** | $ 3.43 |

(in thousands of Canadian dollars, except per share amounts - unaudited)

**Share Appreciation Rights**
During the three and six months ended September 30, 2012 the Company granted 172,500 stock appreciation rights ("SARs") (nil in the three and six months ended October 2, 2011). The SARs give the employee the right to receive a cash payment equal to the excess of the market value of a common share of the Company at the time of exercise over the exercise price of the rights. The SARs granted vest over four years and expire on the seventh anniversary from the date of issue.

The fair values of the Company's SARs are measured at each reporting date using the Black-Scholes option pricing model with the following weighted average assumptions. Expected stock price volatility was determined by considering historical share price volatility. The expected SARs grant life was determined by considering the average of the grant vesting period and the grant exercise period.

| | **September 30 2012** |
|---|---|
| Weighted average risk-free interest rate | 1.38% |
| Dividend yield | 0% |
| Weighted average expected volatility | 51% |
| Weighted average expected life | 4.67 years |
| Weighted average exercise price per SAR | $ 8.87 |
| Weighted average value per SAR | $ 3.89 |

The Company has recorded a liability of $42 as at September 30, 2012 (March 31, 2012 - $nil) based on the SARs fair value. The fair value of the SARs is measured at each reporting date using a Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted and the change in share price. The market value of a common share of the Company as at September 30, 2012 was $8.90. No SARs had vested as at September 30, 2012.

**Deferred Stock Unit Plan**
The Deferred Stock Unit Plan ("DSU Plan") liability is revalued quarterly based on the change in the Company's stock price. The change in the value of the DSU Plan liability is included in operating results in the period of change. At September 30, 2012, the value of the outstanding liability related to the DSU Plan was $2,430 (March 31, 2012 - $2,081).

(in thousands of Canadian dollars, except per share amounts - unaudited)

## 16. COMMITMENTS AND CONTINGENCIES

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

From continuing operations:

| | Operating leases | Purchase obligations |
|---|---|---|
| Less than one year | $ 3,650 | $ 39,461 |
| One – two years | 2,748 | 194 |
| Two – three years | 2,384 | 28 |
| Three – four years | 1,734 | — |
| Four – five years | 1,584 | — |
| Due in over five years | 3,212 | — |
| | $ 15,312 | $ 39,683 |

From discontinued operations:

| | Purchase obligations |
|---|---|
| Less than one year | $ 1,132 |

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 September 30, 2012, the total value of outstanding bank guarantees under credit facilities was approximately $86,301 (March 31, 2012– $54,161) from continuing operations and was $3,200 (March 31, 2012 – $3,200) from discontinued operations.

In the normal course of operations, the Company is party to a number of lawsuits, claims and contingencies. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company does not believe that the ultimate outcome of these matters will have a material impact on its interim consolidated financial position.

## 17. SEGMENTED DISCLOSURE

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

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

(in thousands of Canadian dollars, except per share amounts - unaudited)

| As at | **September 30, 2012** | |
|---|---|---|
| | **Property, plant and equipment** | **Intangible assets** |
| Canada | **$ 33,292** | **$ 5,720** |
| United States and Mexico | **19,542** | **2,590** |
| Europe | **21,910** | **18,693** |
| Asia – Pacific and other | **2,761** | **51** |
| Total Company | **$ 77,505** | **$ 27,054** |

| As at | March 31, 2012 | |
|---|---|---|
| | Property, plant and equipment | Intangible assets |
| Canada | $ 33,455 | $ 4,287 |
| United States and Mexico | 19,825 | 3,000 |
| Europe | 23,312 | 21,317 |
| Asia – Pacific and other | 2,288 | 37 |
| Total Company | $ 78,880 | $ 28,641 |

| Revenues from external customers for the three months ended | **September 30 2012** | October 2 2011 |
|---|---|---|
| Canada | **$ 3,159** | $ 6,252 |
| United States and Mexico | **55,685** | 66,504 |
| Europe | **44,410** | 38,912 |
| Asia – Pacific and other | **38,191** | 34,266 |
| Total Company | **$ 141,445** | $ 145,934 |

| Revenues from external customers for the six months ended | **September 30 2012** | October 2 2011 |
|---|---|---|
| Canada | **$ 8,225** | $ 13,314 |
| United States and Mexico | **124,378** | 120,005 |
| Europe | **84,450** | 72,016 |
| Asia – Pacific and other | **76,601** | 67,474 |
| Total Company | **$ 293,654** | $ 272,809 |

For the three and six months ended September 30, 2012 and October 2, 2011, the Company did not have revenues from any single customer which amounted to 10% or more of total consolidated revenues.

## 18. INTEREST IN JOINT VENTURES

During the year ended March 31, 2010, Ontario Solar entered into an agreement to establish Ontario Solar PV Fields Inc., a joint venture. Ontario Solar PV Fields Inc. is a jointly-controlled enterprise and accordingly, the Company proportionately consolidated its 50% share of assets, liabilities, revenues and expenses in the interim consolidated financial statements. Ontario Solar PV Fields Inc. is currently presented as assets and liabilities associated with discontinued operations in the interim consolidated statements of financial position and as discontinued operations in the interim consolidated statements of income.

(in thousands of Canadian dollars, except per share amounts - unaudited)

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

| As at | **September 30 2012** | March 31 2012 |
|---|---|---|
| Current assets | **$ 6,710** | $ 8,742 |
| Current liabilities | **(2,508)** | (2,183) |
| Net assets | **$ 4,202** | $ 6,559 |

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | **September 30 2012** | October 2 2011 | **September 30 2012** | October 2 2011 |
| **Interim consolidated statements of income** | | | | |
| Net income (loss) | **$ (9)** | $ 340 | **$ (10)** | $ 169 |

## 19. NET FINANCE COSTS

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | **September 30 2012** | October 2 2011 | **September 30 2012** | October 2 2011 |
| Interest expense | **$ 579** | $ 390 | **$ 933** | $ 1,139 |
| Interest income | **(48)** | (246) | **(201)** | (394) |
| | **$ 531** | $ 144 | **$ 732** | $ 745 |

## 20. EARNINGS (LOSS) PER SHARE

| For the three months ended | **September 30 2012** | October 2 2011 |
|---|---|---|
| Weighted average number of common shares outstanding | **87,538,325** | 87,298,559 |
| Dilutive effect of stock option conversion | **1,083,452** | 497,839 |
| Diluted weighted average number of common shares outstanding | **88,621,777** | 87,796,398 |

| For the six months ended | **September 30 2012** | October 2 2011 |
|---|---|---|
| Weighted average number of common shares outstanding | **87,495,782** | 87,294,427 |
| Dilutive effect of stock option conversion | **1,141,464** | 496,044 |
| Diluted weighted average number of common shares outstanding | **88,637,246** | 87,790,471 |

For the three and six months ended September 30, 2012, stock options to purchase 3,186,323 and 3,126,526 common shares respectively are excluded from the weighted average number of common shares in the calculation of diluted earnings per share as they are anti-dilutive (5,413,535 and 5,425,497 common shares respectively were excluded for the three and six months ended October 2, 2011).