ATS AUTOMATION TOOLING SYSTEMS INC.

Annual Audited Consolidated Financial Statements

For the year ended March 31, 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation and presentation of the Company's consolidated financial statements is the responsibility of management. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated financial statements and other information in Management's Discussion and Analysis and the Annual Report include amounts that are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Financial information presented elsewhere in Management's Discussion and Analysis and the Annual Report is consistent with that in the consolidated financial statements, except as described further in the "Non-IFRS Measures" section of Management's Discussion and Analysis.

Management maintains appropriate systems of internal accounting and administrative controls which are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards as further described in the "Controls and Procedures" section of Management's Discussion and Analysis.

Management's responsibilities for financial reporting are overseen by the Board of Directors (the "Board"), which is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit and Finance Committee (the "Committee").

The Committee is appointed by the Board and all of its members are independent directors. The Committee meets periodically with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the consolidated financial statements and the external auditors' report. The Committee has reported its findings to the Board which has approved the consolidated financial statements and Management's Discussion and Analysis for issuance to shareholders. The Committee also considers, for review by the Board and approval of shareholders, the engagement or reappointment of the external auditors.

The consolidated financial statements have been audited on behalf of shareholders by Ernst & Young LLP, the external auditors, in accordance with International Financial Reporting Standards. The external auditors have full and free access to management and the Committee.

M Perrella

Anthony Caputo
Chief Executive Officer

Maria Perrella
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Shareholders of ATS Automation Tooling Systems Inc.

We have audited the accompanying consolidated financial statements of ATS Automation Tooling Systems Inc**.**, which comprise the consolidated statements of financial position as at March 31, 2013 and 2012, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years ended March 31, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ATS Automation Tooling Systems Inc. as at March 31, 2013 and 2012, and the results of its financial performance and its cash flows for the years ended March 31, 2013 and 2012 in accordance with International Financial Reporting Standards.

Ernst + Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada,
May 22, 2013.

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

As at	Note	March 31 2013	March 31 2012
ASSETS			
Current assets			
Cash and cash equivalents		$ 105,453	$ 96,229
Accounts receivable		99,696	90,151
Costs and earnings in excess of billings on contracts in progress	7	122,842	112,486
Inventories	7	10,669	10,278
Deposits, prepaids and other assets	8	11,738	12,474
		350,398	321,618
Assets associated with discontinued operations	6	14,950	35,746
		365,348	357,364
Non-current assets			
Property, plant and equipment	9	79,269	78,880
Investment property	10	3,712	3,792
Goodwill	12	58,542	58,320
Intangible assets	11	27,615	28,641
Deferred income tax assets	18	13,154	15,544
Investment tax credit receivable	18	27,699	26,087
Portfolio investments	13	4,969	—
		214,960	211,264
Total assets		$ 580,308	$ 568,628
LIABILITIES AND EQUITY			
Current liabilities			
Bank indebtedness	16	$ ––	$ 434
Accounts payable and accrued liabilities		102,828	113,133
Provisions	14	9,096	9,696
Billings in excess of costs and earnings on contracts in progress	7	48,135	44,016
Current portion of long-term debt	16	257	263
		160,316	167,542
Liabilities associated with discontinued operations	6	8,112	9,969
		168,428	177,511
Non-current liabilities			
Employee benefits	15	10,581	6,340
Long-term debt	16	918	2,262
Deferred income tax liability	18	1,777	1,063
		13,276	9,665
Total liabilities		$ 181,704	$ 187,176
EQUITY			
Share capital	17	$ 486,734	$ 483,099
Contributed surplus		19,317	17,868
Accumulated other comprehensive loss		(123)	(383)
Retained deficit		(107,407)	(119,210)
Equity attributable to shareholders		398,521	381,374
Non-controlling interests		83	78
Total equity		398,604	381,452
Total liabilities and equity		$ 580,308	$ 568,628

On behalf of the Board:

ND Arnold

David McAusland
Director

Neil D. Arnold
Director

See accompanying notes to the consolidated financial statements

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

Years ended March 31	Note		2013		2012
Revenues					
Revenues from construction contracts		$	**538,150**	$	544,052
Sale of goods			**24,407**		22,019
Services rendered			**28,541**		29,291
Total revenues			**591,098**		595,362
Operating costs and expenses					
Cost of revenues			**441,182**		438,728
Selling, general and administrative			**89,485**		94,516
Stock-based compensation	19		**3,786**		4,857
Gain on sale of land and building			**––**		(2,989)
Earnings from operations			**56,645**		60,250
Net finance costs	23		**2,013**		1,565
Income from continuing operations before income taxes			**54,632**		58,685
Income tax expense	18		**13,558**		14,670
Income from continuing operations			**41,074**		44,015
Loss from discontinued operations, net of tax	6		**(25,991)**		(103,521)
Net income (loss)		**$**	**15,083**	$	(59,506)
Attributable to					
Shareholders		**$**	**15,031**	$	(59,588)
Non-controlling interests			**52**		82
		$	**15,083**	$	(59,506)
Earnings (loss) per share attributable to shareholders	24				
Basic – from continuing operations		**$**	**0.47**	$	0.51
Basic – from discontinued operations	6		**(0.30)**		(1.19)
		$	**0.17**	$	(0.68)
Earnings (loss) per share attributable to shareholders	24				
Diluted – from continuing operations		**$**	**0.46**	$	0.51
Diluted – from discontinued operations	6		**(0.29)**		(1.19)
		$	**0.17**	$	(0.68)

See accompanying notes to the consolidated financial statements

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

Years ended March 31		**2013**		2012
Net income (loss)	**$**	**15,083**	$	(59,506)
Other comprehensive income (loss):				
Currency translation adjustment (net of income taxes of $nil)		**536**		911
Deconsolidation of subsidiaries currency translation adjustment (net of income taxes of $nil)		**––**		1,227
Net unrealized gain on available-for-sale financial assets		**321**		—
Tax impact		**(82)**		—
Net unrealized loss on derivative financial instruments designated as cash flow hedges		**(576)**		(2,005)
Tax impact		**179**		536
Loss (gain) transferred to net income for derivatives designated as cash flow hedges		**(79)**		478
Tax impact		**(39)**		(112)
Actuarial losses on defined benefit pension plans		**(3,397)**		(284)
Tax impact		**187**		82
Net gain on hedges of net investments in foreign operations (net of income taxes of $nil)		**––**		70
Other comprehensive income (loss)		**(2,950)**		903
Comprehensive income (loss)	**$**	**12,133**	$	(58,603)
Attributable to				
Shareholders	**$**	**12,081**	$	(58,685)
Non-controlling interests		**52**		82
	$	**12,133**	$	(58,603)

See accompanying notes to the consolidated financial statements

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

Year ended March 31, 2013

	Share capital	Contributed surplus	Retained earnings (deficit)	Currency translation adjustments	Available-for-sale financial assets	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	**––**	**––**	**15,031**	**––**	**––**	**––**	**––**	**52**	**15,083**
Other comprehensive income (loss)	**––**	**––**	**(3,210)**	**536**	**239**	**(515)**	**260**	**––**	**(2,950)**
Total comprehensive income (loss)	**––**	**––**	**11,821**	**536**	**239**	**(515)**	**260**	**52**	**12,133**
Non-controlling interest	**––**	**––**	**(18)**	**––**	**––**	**––**	**––**	**(47)**	**(65)**
Stock-based compensation	**––**	**2,560**	**––**	**––**	**––**	**––**	**––**	**––**	**2,560**
Exercise of stock options	**3,635**	**(1,111)**	**––**	**––**	**––**	**––**	**––**	**––**	**2,524**
Balance, at March 31, 2013	**$ 486,734**	**$ 19,317**	**$ (107,407)**	**$ (23)**	**$ 239**	**$ (339)**	**$ (123)**	**$ 83**	**$ 398,604**

Year ended March 31, 2012

	Share capital	Contributed surplus	Retained earnings (deficit)	Currency translation adjustments	Available-for-sale financial assets	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)	—	—	(59,588)	—	—	—	—	82	(59,506)
Other comprehensive income (loss)	—	—	(202)	2,208	—	(1,103)	1,105	—	903
Total comprehensive income (loss)	—	—	(59,790)	2,208	—	(1,103)	1,105	82	(58,603)
Non-controlling interest	—	—	239	—	—	—	—	220	459
Stock-based compensation	—	3,951	—	—	—	—	—	—	3,951
Exercise of stock options	1,191	(381)	—	—	—	—	—	—	810
Balance, at March 31, 2012	$ 483,099	$ 17,868	$ (119,210)	$ (559)	$ —	$ 176	$ (383)	$ 78	$ 381,452

See accompanying notes to the interim consolidated financial statements

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

Years ended March 31	**Note**	**2013**	2012
Operating activities:			
Income from continuing operations		**$ 41,074**	$ 44,015
Items not involving cash			
Depreciation of property, plant and equipment		**6,861**	6,632
Amortization of intangible assets		**5,376**	5,330
Deferred income taxes	18	**2,663**	2,982
Other items not involving cash		**(142)**	(4,533)
Stock-based compensation	19	**3,786**	4,857
Loss (gain) on disposal of property, plant and equipment		**77**	(2,989)
Gain on sale of portfolio investment		––	(96)
		$ 59,695	$ 56,198
Change in non-cash operating working capital		**(26,034)**	(38,396)
Cash flows used in operating activities of discontinued operations	6	**(6,987)**	(43,830)
Cash flows provided by (used in) operating activities		**$ 26,674**	$ (26,028)
Investing activities:			
Acquisition of property, plant and equipment		**$ (7,747)**	$ (4,806)
Acquisition of intangible assets		**(4,750)**	(2,708)
Acquisition of portfolio investments		**(4,648)**	—
Proceeds from disposal of property, plant and equipment		**23**	8,003
Proceeds on sale of portfolio investments		––	2,054
Cash flows used in investing activities of discontinued operations	6	**(111)**	(6,057)
Cash flows used in investing activities		**$ (17,233)**	$ (3,514)
Financing activities:			
Restricted cash	8	**$ (993)**	$ 7,438
Bank indebtedness		**(403)**	(3,659)
Decrease in long-term debt		**(1,282)**	(479)
Issuance of common shares		**2,524**	810
Cash flows used in financing activities of discontinued operations	6	––	(3,857)
Cash flows provided by (used in) financing activities		**$ (154)**	$ 253
Effect of exchange rate changes on cash and cash equivalents		**(109)**	1,713
Increase (decrease) in cash and cash equivalents		**9,178**	(27,576)
Cash and cash equivalents, beginning of period		**96,692**	124,268
Cash and cash equivalents, end of period		**$ 105,870**	$ 96,692
Attributable to			
Cash and cash equivalents – continuing operations		**$ 105,453**	$ 96,229
Cash and cash equivalents – associated with discontinued operations		**417**	463
		$ 105,870	$ 96,692
Supplemental information			
Cash income taxes paid by continuing operations		**$ 3,927**	$ 5,929
Cash interest paid by continuing operations		**$ 1,002**	$ 545
Cash interest paid by discontinued operations		**$ ––**	$ 958

See accompanying notes to the consolidated financial statements

1. CORPORATE INFORMATION

ATS Automation Tooling Systems Inc. and its subsidiaries (collectively "ATS" or the "Company") operate in two segments: Automation Systems ("ASG") and 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 has been 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 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 consolidated statements of financial position and as discontinued operations in the consolidated statements of income. See note 6 to the consolidated financial statements. As a result, ATS' continuing operations are reported as one operating segment, ASG. See note 21 to the 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 consolidated financial statements of the Company for the year ended March 31, 2013 were authorized for issue by the Board of Directors on May 22, 2013.

2. BASIS OF PREPARATION

These 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 consolidated financial information is presented in Canadian dollars and has been rounded to the nearest thousands, except where otherwise stated.

Statement of compliance
These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of consolidation
These consolidated financial statements include the accounts of the Company and its subsidiaries as well as its pro rata share of the assets, liabilities, revenue, expenses, profit and cash flows of its joint ventures. 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 consolidated statements of income and within equity in the 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations and goodwill: Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS policy.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquiree at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGU") or groups of CGUs based on the level at which management monitors it. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

(b) Interest in joint ventures: The Company has interests in jointly controlled entities, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the individual entity. The Company accounts for its share of the joint ventures by using the proportionate consolidation method. Under this method, the Company recognizes its proportionate share of the joint venture's assets, liabilities, revenues and expenses in the consolidated financial statements. The financial statements of the joint ventures are prepared for the same reporting period as the parent Company.

(c) Foreign currency: Functional currency is the currency of the primary economic environment in which the reporting entity operates and is normally the currency in which the entity generates and uses cash. Each entity in the Company determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Company's functional and presentation currency is the Canadian dollar.

Transactions
Foreign currency transactions are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date. All differences are recorded in the consolidated statements of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Translation
The assets and liabilities of foreign operations are translated into Canadian dollars at period end exchange rates and their revenue and expense items are translated at exchange rates prevailing at the date of the transactions. The resulting exchange differences are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statements of income.

(d) Revenue recognition: Revenues are recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenues can be reliably measured. Revenues are measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duties. The following specific recognition criteria must be met before revenues are recognized:

Sale of goods
Revenues from the sale of goods are recognized when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on the delivery of goods or transfer of title to the customer.

Rendering of services
Revenues from services rendered are recognized when the stage of completion can be measured reliably. Service revenues include maintenance contracts, extended warranty, and other services provided. Stage of completion of the contract is determined as follows:

- Revenues from time and material contracts are recognized at the contractual rates as labour hours are delivered and direct expenses are incurred.

- Revenues from long-term service contracts are recognized on a percentage of completion basis over the term of the contracts, unless there is a pattern of recognition that more accurately represents the stage of completion.

Construction contracts
Revenues from construction contracts are recognized using the percentage of completion method. The degree of completion is determined based on costs incurred, excluding costs that are not representative of progress to completion, as a percentage of total costs anticipated for each contract. Incentive awards, claims or penalty provisions are recognized when such amounts are likely to occur and can reasonably be estimated. When the outcome of a construction contract cannot be estimated reliably, contract revenues are recognized only to the extent of contract costs incurred that are likely to be recoverable. A complete provision is made for losses on contracts in progress when such losses first become known.

Revisions in cost and profit estimates, which can be significant, are reflected in the accounting period in which the relevant facts become known.

(e) Investment tax credits and government grants: Investment tax credits are accounted for as a reduction in the cost of the related asset or expense where there is reasonable assurance that such credits will be realized. Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is deducted from the cost that it is intended to compensate. When the grant relates to an asset, it is deducted from the cost of the related asset. If a grant becomes repayable, the inception to date impact of the assistance previously recognized in earnings is reversed immediately in the period that the assistance becomes repayable.

(f) Taxes:

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income. Current income tax related to items recognized directly in equity is recognized in equity and not in the consolidated statements of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that all or part of the deferred income tax asset will be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable the benefit will be recovered.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax related to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Income tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Revenues, expenses and assets are recognized net of the amount of sales tax, except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

(g) Non-current assets classified as assets associated with discontinued operations and discontinued operations: Non-current assets classified as assets associated with discontinued operations are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as associated with discontinued operations if their carrying amounts will be de-recognized principally through a sale transaction rather than recovered through continuing use. This condition is regarded as being met only when the transaction is highly probable and the assets are available for immediate sale in their present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed transaction within one year from the date of classification. In the consolidated statement of income of the reporting period, and of the comparable period, revenues and expenses from discontinued operations are reported separately from revenues and expenses from continuing operations, down to the level of net loss after income taxes.

Property, plant and equipment and intangible assets once classified as associated with discontinued operations are not depreciated or amortized.

(h) Property, plant and equipment: Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, ATS derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	25 to 40 years
Production equipment	3 to 10 years
Other equipment	3 to 10 years

Leasehold improvements are amortized over the shorter of the term of the related lease or their remaining useful life on a straight-line basis.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or eventual disposition. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of income when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(i) Leases: The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases, which transfer to ATS substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are apportioned between finance charges and the reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the consolidated statements of income.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that ATS will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Leases where ATS does not assume substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term.

(j) Borrowing costs: Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

(k) Investment property: Investment properties, which are properties held to earn rental income and/or capital appreciation, are measured at acquisition cost less straight-line depreciation and impairment losses. The depreciation policy for investment property is consistent with the policy for owner-occupied property.

(l) Intangible assets: Acquired intangible assets are primarily software, patents, customer relationships, brands, technologies, and licenses. Intangible assets acquired separately are initially recorded at fair market value and subsequently at cost less accumulated amortization and impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives, ranging from 3 to 20 years, on a straight-line basis. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and is treated as a change in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives, primarily brands, are not amortized. The Company assesses the indefinite life at each reporting date to determine if there is an indication that an intangible asset may be impaired. If any indication exists, or when annual impairment testing for the intangible asset is required, the Company estimates the recoverable amount at the CGU level to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An asset is impaired when the recoverable amount is less than their carrying amount. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. Impairment losses relating to intangible assets are evaluated for potential reversals when events or changes in circumstances warrant such consideration.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of income when the asset is derecognized.

Research and development expenditures
Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset only when the following conditions are demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of revenues. In the event that a product program for which costs have been deferred is modified or cancelled, the Company will assess the recoverability of the deferred costs and if considered unrecoverable, will expense the costs in the period the assessment is made.

(m) Financial instruments:

Financial assets
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. ATS determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus directly attributable transaction costs.

ATS' financial assets include cash and cash equivalents, accounts receivable, investments in equities included in portfolio investments, and derivative financial instruments.

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in selling, general and administrative expenses in the consolidated statements of income.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate method amortization is included in net finance costs in the consolidated statements of income. The losses arising from impairment are recognized in the consolidated statements of income in net finance costs.

Available-for-sale financial assets
Available-for-sale financial assets include equity securities, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the consolidated statements of income and removed from other comprehensive income.

Derecognition
A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Company has transferred substantially all the risks and rewards of the asset, or ATS has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets
ATS assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For available-for-sale financial assets, the Company assesses at each reporting date whether there is objective evidence that an asset or a group of assets is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statements of income — is removed from other comprehensive income and recognized in the consolidated statements of income. Impairment losses on equity investments are not reversed through the statements of consolidated income; increases in their fair value after impairments are recognized directly in other comprehensive income.

Financial liabilities
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities, bank indebtedness, long-term debt, and derivative financial instruments.

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of income.

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of income.

Fair value of financial instruments
The Company primarily applies the market approach for recurring fair value measurements. Three levels of inputs may be used to measure fair value:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices included in Level 1 that are observable or can be corroborated by observable market data
Level 3 – unobservable inputs that are supported by no market activity

(n) Derivative financial instruments and hedge accounting: The Company may use derivative financial instruments such as forward foreign exchange contracts and interest rate swaps to hedge its foreign currency risk and interest rate risk, respectively. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recorded directly in the consolidated statements of income, except for the effective portion of cash flow hedges and hedges of net investments, which are recognized in other comprehensive income.

The Company designates certain derivative financial instruments as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. The application of hedge accounting enables the recording of gains, losses, revenues and expenses from hedging items in the same period as those related to the hedged item. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess and measure the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine whether they have actually been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income, while any ineffective portion is recognized immediately in the consolidated statements of income.

Amounts recognized as other comprehensive income are transferred to the consolidated statements of income when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized in other comprehensive income are transferred at the initial carrying amount of the non-financial asset or liability.

If the forecasted transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity is transferred to the consolidated statements of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecasted transaction or firm commitment affects profit or loss.

The Company uses forward foreign exchange contracts as hedges of its exposure to foreign currency risk on anticipated revenue and firm commitments. The Company may use interest rate swap contracts with approved financial institutions to reduce its exposure to floating interest rates.

Hedges of net investments
Hedges of net investments in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument related to the effective portion of the hedge are recognized as other comprehensive income while any gains or losses related to the ineffective portion are recognized in the consolidated statements of income. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statements of income.

The Company uses forward foreign exchange contracts as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

(o) Inventories: Inventories are stated at the lower of cost and net realizable value on a first-in, first-out basis. The cost of raw materials includes purchase cost and costs incurred in bringing each product to its present location and condition. The cost of work in progress and finished goods includes cost of raw materials, labour and related manufacturing overhead, excluding borrowing costs, based on normal operating capacity. Cost of inventories includes the transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchase of raw materials. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(p) Impairment of non-financial assets: The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

(q) Provisions: Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions
Provisions for warranty-related costs are recognized when the product is sold or the service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Restructuring provisions
Restructuring provisions are only recognized when general recognition criteria for provisions are fulfilled. Additionally, the Company needs to have in place a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and the appropriate time-line. The people affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

(r) Employee benefits: The Company operates pension plans in accordance with the applicable laws and regulations in the respective countries in which the Company conducts business. The pension benefits are provided through defined benefit and defined contribution plans. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income.

The past service costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognized immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate as explained in note 4), less past service costs and actuarial gains and losses not yet recognized and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value is based on market price information and in the case of quoted securities it is the published bid price. The value of any defined benefit asset recognized is restricted to the sum of any past service costs and actuarial gains and losses not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

(s) Share-based payments: The Company operates both equity-settled and cash-settled share-based compensation plans under which the entity receives services from employees as consideration for equity instruments (options) of the Company or cash payments.

For equity-settled plans namely the Employee Share Purchase Plan and the Stock Option Plan, the fair value determined at the grant date is expensed on a proportionate basis consistent with the vesting features of each grant and incorporates an estimate of the number of equity instruments that will ultimately vest. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest based on the non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in the consolidated statements of income with a corresponding adjustment to equity. The proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premiums when the options are exercised.

For cash-settled plans namely the Deferred Stock Unit Plan and the Share Appreciation Rights, the expense is determined based on the fair value of the liability incurred at each award date and at each subsequent statement of financial position date until the award is settled. The fair value of the liability is measured by applying quoted market prices. Changes in fair value are recognized in the consolidated statements of income in stock-based compensation expense.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The following are the critical judgments, estimates and assumptions that have been made in applying the Company's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

ESTIMATES

(a) Revenue recognition and contracts in progress: Revenues on construction contracts are recognized on a percentage of completion basis as outlined in note 3(d) "Construction contracts". In applying the accounting policy on construction contracts, judgment is required in determining the estimated costs to complete a contract. These cost estimates are reviewed at each reporting period and by their nature may give rise to income volatility.

(b) Income taxes: Deferred income tax assets, disclosed in note 18, are recognized to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

If the assessment of the Company's ability to utilize the deferred tax asset changes, the Company would be required to recognize more or fewer of the deferred tax assets which would increase or decrease income tax expense in the period in which this is determined. The Company establishes provisions based on reasonable estimates for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous taxation audits and differing interpretations of tax regulations by the taxable entity and the respective tax authority. These provisions for uncertain tax positions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all the relevant factors. The Company reviews the adequacy of these provisions at each quarter. However, it is possible that at some future date an additional liability could result from audits by the taxation authorities. Where the final tax outcome of these matters is different from the amount initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(c) Stock-based payment transactions: The Company measures the cost of transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for stock-based payment transactions requires the determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the future forfeiture rate, the expected life of the share option, weighted average risk-free interest rate, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for stock-based payment transactions are disclosed in note 19 to the consolidated financial statements.

(d) Impairment of non-financial assets: Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. As disclosed in note 12 to the consolidated financial statements, the calculations involve significant estimates and assumptions. Items estimated include cash flows, discount rates and assumptions on revenue growth rates. These estimates could affect the Company's future results if the current estimates of future performance and fair values change.

(e) Provisions: As described in note 3(q) to the consolidated financial statements, the Company records a provision when an obligation exists, an outflow of economic resources required to settle the obligation is probable and a reliable estimate can be made of the amount of the obligation. The Company records a provision based on the best estimate of the required economic outflow to settle the present obligation at the balance sheet date. While management believes these estimates are reasonable, differences in actual results or changes in estimates could have a material impact on the obligations and expenses reported by the Company.

(f) Pensions: The cost of defined benefit pension plans and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

Further details about the assumptions used are provided in note 15.

JUDGMENTS

(a) Discontinued operations: In fiscal 2011, the Company's Board of Directors approved a plan designed to implement the separation of Solar from ATS. Ontario Solar is currently presented as assets and liabilities classified as associated with discontinued operations in the consolidated statements of financial position and as discontinued operations in the consolidated statements of income. The Company is conducting a formal sale process for the Ontario Solar business. Net assets associated with discontinued operations should not be carried at amounts that exceed estimated fair value less costs to effect the sale. In this regard, management believes that the net assets of Ontario Solar are carried in these financial statements at amounts that do not exceed their estimated fair values.

5. FUTURE ACCOUNTING CHANGES

As of April 1, 2013 with the exception of IFRS 9, which is effective for fiscal periods beginning on or after January 1, 2015, the Company will be required to adopt the following standards and amendments as issued by the IASB, which are not expected to have a material impact on the Company's consolidated financial statements.

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. 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 replaces 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 11 – Joint Arrangements

This standard will replace IAS 31, Interest in Joint Ventures. The new standard applies 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 12 – Disclosure of Interests 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. The new disclosures require information that will assist financial statement users to evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries and joint arrangements.

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.

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 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 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.

6. DISCONTINUED OPERATIONS

The Board of Directors of ATS have approved a plan designed to implement the separation of Solar from ATS. During the year ended March 31, 2013, 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 calendar 2013. OSPV will retain 25% ownership of the projects until the projects reach commercial operation, which is expected to happen in calendar 2014. Net proceeds to the Company are expected to be approximately $20 million, which is expected to be paid based on the projects achieving certain development milestones.

The Company has signed a definitive agreement to sell the Ontario Solar manufacturing assets and inventory. Delivery of the assets is expected to occur in the second quarter of fiscal 2014. Net proceeds to the Company are expected to be approximately $6 million with the final one-third expected to be paid in the third quarter of fiscal 2014. The Company expects to incur restructuring charges of $2 million to complete its obligations related to the sale and wind-down of the business.

Regarding the remaining three ground-mount solar projects, the Company has signed a non-binding memorandum of understanding which sets the major commercial terms for the sale of the projects. The Company is working to conclude a definitive agreement for the sale of those projects.

Regarding PWF, 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 agreement to purchase PWF was finalized in July 2012.

Years ended	**March 31 2013**	March 31 2012
Revenues	**$ 3,698**	$ 116,228
Operating costs and expenses	**29,827**	214,721
Loss from discontinued operations	**(26,129)**	(98,493)
Net finance costs	**15**	704
Loss from discontinued operations before income taxes	**(26,144)**	(99,197)
Income tax expense (recovery)	**(153)**	4,324
Loss from discontinued operations, net of tax	**$ (25,991)**	$ (103,521)
Loss per share		
Basic - from discontinued operations	**$ (0.30)**	$ (1.19)
Diluted - from discontinued operations	**$ (0.29)**	$ (1.19)

Included in the year ended March 31, 2013 loss from discontinued operations was $4,855 of non-cash charges related to the write-down of inventory to its net realizable value, following declines in average market selling prices due to uncertainty in the Ontario market as a result of regulatory delays and $15,125 of non-cash property, plant and equipment impairment charges to write down assets to their expected recoverable amounts following the Company's change of plans to pursue separate sales of the manufacturing operations and the ground-mount solar projects.

Included in the year ended March 31, 2012 loss from discontinued operations was $24,125 of non-cash charges related to the write-down of inventory to its net realizable value, following declines in market selling prices due to changes in European feed-in tarrifs and excess module supply in the European solar industry, $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), a non-cash charge of $8,824 related to silicon deposits which the Company does not expect to utilize, a non-cash charges of $3,073 for receivables that are not expected to be recovered, non-cash fixed asset and goodwill impairment charges of $5,522 to write down assets to their expected recoverable amounts, and non-cash charges of $4,383 for the write-off of deferred tax assets as the Company no longer expects to realize the benefit of those deferred tax assets.

Also included in the year ended March 31, 2012 consolidated statement of comprehensive loss was a non-cash charge of $1,227 related to currency translation adjustments for the deconsolidated subsidiaries now realized in the consolidated statement of income.

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

As at	**March 31 2013**	March 31 2012
Assets		
Cash and cash equivalents	**$ 417**	$ 463
Accounts receivable	**3,140**	8,006
Inventories	**5,712**	7,655
Deposits and prepaid assets	**2,943**	2,813
Property, plant and equipment	**––**	14,783
Other assets	**2,738**	2,026
Assets associated with discontinued operations	**$ 14,950**	$ 35,746
Liabilities		
Accounts payable and accrued liabilities	**$ 8,044**	$ 8,458
Provisions	**68**	1,511
Liabilities associated with discontinued operations	**$ 8,112**	$ 9,969
Net assets directly associated with discontinued operations	**$ 6,838**	$ 25,777

7. CONSTRUCTION CONTRACTS AND INVENTORIES

As at	**March 31 2013**	March 31 2012
Contracts in progress:		
Costs incurred	**$ 695,084**	$ 518,733
Estimated earnings	**106,296**	114,566
	801,380	633,299
Progress billings	**(726,673)**	(564,829)
	$ 74,707	$ 68,470
Disclosed as:		
Costs and earnings in excess of billings on contracts in progress	**$ 122,842**	$ 112,486
Billings in excess of costs and earnings on contracts in progress	**(48,135)**	(44,016)
	$ 74,707	$ 68,470

As at	**March 31 2013**	March 31 2012
Inventories are summarized as follows:		
Raw materials	**$ 5,935**	$ 5,045
Work in process	**4,651**	4,976
Finished goods	**83**	257
	$ 10,669	$ 10,278

The amount charged to net income and included in cost of revenues for the write-down of inventory for valuation issues during the year ended March 31, 2013 was $186 (March 31, 2012 – $753). The amount recognized in net income and included in cost of revenues for the reversal of previous inventory write-downs due to rising prices during the year ended March 31, 2013 was $nil (March 31, 2012 – $ nil). The amount of inventories carried at net realizable value as at March 31, 2013 was $37 (March 31, 2012 – $61).

8. DEPOSITS, PREPAIDS AND OTHER ASSETS

As at	**March 31 2013**	March 31 2012
Prepaid assets	**$ 3,817**	$ 3,939
Restricted cash [(i)]	**1,519**	413
Supplier deposits	**6,160**	6,592
Forward foreign exchange contracts	**220**	500
Other assets – current	**22**	1,030
	$ 11,738	$ 12,474

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

9. PROPERTY, PLANT AND EQUIPMENT

	Land	**Buildings and leaseholds**	**Production equipment**	**Other equipment**	**Total**
Cost:					
Balance, at March 31, 2011	$ 21,315	$ 93,139	$ 12,722	$ 26,625	$ 153,801
Additions	—	581	413	3,812	4,806
Disposals	(1,148)	(5,709)	(390)	(5,230)	(12,477)
Exchange and other adjustments	(21)	1,075	290	(975)	369
Balance, at March 31, 2012	$ 20,146	$ 89,086	$ 13,035	$ 24,232	$ 146,499
Additions	—	2,435	795	4,517	7,747
Disposals	—	(899)	(441)	(3,458)	(4,798)
Exchange and other adjustments	(108)	(191)	(178)	(250)	(727)
Balance, at March 31, 2013	**$ 20,038**	**$ 90,431**	**$ 13,211**	**$ 25,041**	**$ 148,721**
Depreciation and impairment:					
Balance, at March 31, 2011	$ —	$ (39,133)	$ (8,355)	$ (19,896)	$ (67,384)
Depreciation expense	—	(3,450)	(1,012)	(2,170)	(6,632)
Disposals	—	1,948	343	5,102	7,393
Exchange and other adjustments	—	(239)	(1,127)	370	(996)
Balance, March 31, 2012	$ —	$ (40,874)	$ (10,151)	$ (16,594)	$ (67,619)
Depreciation expense	—	(3,467)	(964)	(2,430)	(6,861)
Disposals	—	810	438	3,450	4,698
Exchange and other adjustments	—	157	142	31	330
Balance, at March 31, 2013	**$ ––**	**$ (43,374)**	**$ (10,535)**	**$ (15,543)**	**$ (69,452)**
Net book value:					
At March 31, 2013	**$ 20,038**	**$ 47,057**	**$ 2,676**	**$ 9,498**	**$ 79,269**
At March 31, 2012	$ 20,146	$ 48,212	$ 2,884	$ 7,638	$ 78,880

Included in other equipment as at March 31, 2013 is $10 (March 31, 2012 - $284) of assets which are under construction and have not been depreciated.

Subsequent to March 31, 2013, the Company conditionally sold a vacant ASG building. As at March 31, 2013, the net book value of the facility is $7,700, which the Company expects to recover from the proceeds of the sale. The sale is expected to close in the third quarter of fiscal 2014.

10. INVESTMENT PROPERTY

	2013	2012
Opening	**$ 3,792**	$ 3,917
Foreign exchange adjustment	**(80)**	(125)
Balance, at March 31	**$ 3,712**	$ 3,792

The estimated fair value of the Company's investment property at March 31, 2013 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.

11. INTANGIBLE ASSETS

	Development projects	**Computer software, licenses and other**	**Technology**	**Customer relationships**	**Brands**	**Total**
Cost:						
Balance, at March 31, 2011	$ 2,959	$ 12,957	$ 10,092	$ 15,525	$ 4,669	$ 46,202
Additions	—	2,708	—	—	—	2,708
Disposals	—	(731)	—	—	—	(731)
Exchange and other adjustments	—	640	(278)	(383)	(131)	(152)
Balance, at March 31, 2012	$ 2,959	$ 15,574	$ 9,814	$ 15,142	$ 4,538	$ 48,027
Additions	803	3,947	—	—	—	4,750
Disposals	—	(1,707)	—	—	—	(1,707)
Exchange and other Adjustments	33	(102)	(144)	(198)	(125)	(536)
Balance, at March 31, 2013	**$ 3,795**	**$ 17,712**	**$ 9,670**	**$ 14,944**	**$ 4,413**	**$ 50,534**

	Development projects	**Computer software, licenses and other**	**Technology**	**Customer relationships**	**Brands**	**Total**
Amortization:						
Balance, at March 31, 2011	$ (2,403)	$ (9,847)	$ (917)	$ (1,899)	$ —	$ (15,066)
Amortization	(329)	(1,173)	(1,118)	(2,710)	—	(5,330)
Disposals	—	731	—	—	—	731
Exchange and other Adjustments	—	118	54	107	—	279
Balance, at March 31, 2012	$ (2,732)	$ (10,171)	$ (1,981)	$ (4,502)	$ —	$ (19,386)
Amortization	(402)	(1,276)	(1,086)	(2,612)	—	(5,376)
Disposals	—	1,707	—	—	—	1,707
Exchange and other adjustments	—	78	27	31	—	136
Balance, at March 31, 2013	**$ (3,134)**	**$ (9,662)**	**$ (3,040)**	**$ (7,083)**	**$ ––**	**$ (22,919)**
Net book value:						
At March 31, 2013	**$ 661**	**$ 8,050**	**$ 6,630**	**$ 7,861**	**$ 4,413**	**$ 27,615**
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.

12. GOODWILL

The carrying amount of goodwill acquired through business combinations has been allocated to a group of cash-generating units ("CGU"), which combines to form a single operating segment being Automation Systems Group, as follows:

As at	**March 31 2013**	March 31 2012
Automation Systems Group	**$ 58,542**	$ 58,320

	2013	2012
Balance at April 1	**$ 58,320**	$ 58,447
Acquisition – ATW	**––**	(164)
Foreign exchange	**222**	37
Balance at March 31	**$ 58,542**	$ 58,320

The Company performed the annual impairment test of goodwill as at March 31, 2013. The recoverable amount of the group of CGU's is determined based on fair value less costs to sell using a capitalized EBITDA approach. This approach requires management to estimate maintainable future EBITDA and capitalize this amount by rates of return which incorporate the specific risks and opportunities facing the business. EBITDA includes net income from continuing operations less income taxes, net finance charges, depreciation and amortization.

In determining a maintainable future EBITDA, the historical operating results for the five years ended March 31, 2013 were compared to the budgeted results for the year ending March 31, 2014, as presented to and approved by the Board of Directors. Non-recurring and unusual items have been adjusted in order to normalize past EBITDA. Management selected capitalization rates in the range of 8.3% to 14.3% for the calculation of the reasonable range of capitalized EBITDA. As a result of the analysis, management did not identify impairment for this group of CGU's.

Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the group of CGU's.

13. FINANCIAL INSTRUMENTS

(i) Categories of financial assets and liabilities:

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

Fair value through profit or loss	**March 31 2013**	March 31 2012
Derivatives classified as held-for-trading[(i)] – loss	**$ (354)**	$ (277)
Derivatives designated as effective hedges – measured at fair value		
Derivatives designated as cash flow hedges[(i)] – gain (loss)	**$ (464)**	$ 165

Loans, borrowings and receivables		
Cash and cash equivalents	**$ 105,453**	$ 96,229
Accounts receivable	**85,587**	80,073
Bank indebtedness	**––**	(434)
	$ 191,040	$ 175,868
Available-for-sale		
Portfolio investments	**$ 4,969**	$ —
Other financial liabilities		
Accounts payable and accrued liabilities	**$ 89,562**	$ 103,010
Current portion of long-term debt	**257**	263
Long-term debt	**918**	2,262
	$ 90,737	$ 105,535

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

(ii) Fair value measurements:

The following table presents information about the Company's assets and liabilities measured at fair value on a recurring basis as at March 31, 2013 and March 31, 2012 and indicates the fair value hierarchy of the valuation techniques used to determine such fair value:

As at					**March 31 2013**
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Fair Value Total**
Derivatives classified as held for trading	**$ (354)**	**$ ––**	**$ (354)**	**$ ––**	**$ (354)**
Derivatives designated as cash flow hedges	**(464)**	**––**	**(464)**	**––**	**(464)**
Portfolio investment	**4,969**	**4,969**	**––**	**––**	**4,969**

As at					March 31 2012
	Carrying Value	Level 1	Level 2	Level 3	Fair Value Total
Bank indebtedness	$ (434)	$ (434)	$ —	$ —	$ (434)
Derivatives classified as held for trading	(277)	—	(277)	—	(277)
Derivatives designated as cash flow hedges	165	—	165	—	165

The estimated fair values of cash and cash equivalents, accounts receivable, bank indebtedness, accounts payable and accrued liabilities approximate their respective carrying values due to the short period to maturity. The estimated fair value of long-term debt approximates the carrying value due to interest rates approximating current market values. Derivative financial instruments are carried at fair value determined by reference to quoted bid or asking prices, as appropriate, in active markets at period-end dates. The derivative contract counterparties are highly rated multinational financial institutions.

During the year ended March 31, 2013 and March 31, 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

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 consolidated statements of income. During the year ended March 31, 2013, the fair value of derivative financial assets classified as held-for-trading and included in deposits, prepaid and other assets increased by $13 (decreased by $357 year ended March 31, 2012) and the fair value of derivative financial liabilities classified as held-for-trading and included in accounts payable and accrued liabilities decreased by $90 during the year ended March 31, 2013 (increased by $1,737 during the year ended March 31, 2012).

Cash flow hedges

During the year ended March 31, 2013 there was no unrealized gain or loss recognized in selling, general and administrative expenses for the ineffective portion of cash flow hedges (unrealized gain of $nil during the year ended March 31, 2012). After-tax unrealized gains of $339 and after-tax unrealized loss of $nil are included in accumulated other comprehensive income at March 31, 2013 and are expected to be reclassified to income over the next 12 months when the revenue and purchases are recorded (after-tax unrealized gains of $176 and unrealized losses of $1 at March 31, 2012).

The following table summarizes the Company's commitments to buy and sell foreign currencies under forward foreign exchange contracts as at March 31, 2013:

Currency sold	**Currency bought**	**Notional amount sold**	**Weighted average rate**
U.S. dollars	Canadian dollars	50,850	1.0061
U.S. dollars	Euros	6,556	0.7626
U.S dollars	Singapore dollars	1,800	1.2338
U.S dollars	Malaysian ringgits	1,665	2.9497
Euros	Swiss francs	4,638	1.2201
Euros	Canadian dollars	1,494	1.3134
Euros	U.S. dollars	1,848	1.2935
Canadian dollars	Euros	1,033	0.7667
Canadian dollars	Japanese yen	584	91.860
Canadian dollars	Singapore dollars	90	1.2151
Canadian dollars	Swiss francs	704	0.9320
Canadian dollars	U.S. dollars	8,174	0.9788
Chinese Renminbi	Canadian dollars	1,000	0.1320
Swiss francs	Canadian dollars	1,313	1.0877
Great British pound	Canadian dollars	55	1.5568
Singapore dollars	Canadian dollars	23	0.8197
Malaysian ringgits	U.S. dollars	250	0.3216

(iii) Risks arising from financial instruments and risk management

The Company is exposed to financial risks that may potentially impact its operating results including market risks (foreign exchange rate, interest rate and other market price risks); credit risk; and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to mitigate exposure to fluctuations in foreign exchange rates. The Company does not enter into derivative financial agreements for speculative purposes.

Currency risk

The Company transacts business in multiple currencies, the most significant of which are the Canadian dollar, the U.S. dollar, and the Euro. As a result, the Company has foreign currency exposure with respect to items denominated in foreign currencies. The types of foreign exchange risk can be categorized as follows:

Translation exposure
Assets and liabilities are translated into Canadian dollars using the exchange rates in effect at the balance sheet dates. Unrealized translation gains and losses are deferred and included in accumulated other comprehensive income. The cumulative currency translation adjustments are recognized in income when there has been a reduction in the net investment in the foreign operations.

Foreign currency based earnings are translated into Canadian dollars each period at prevailing rates. As a result, fluctuations in the value of the Canadian dollar relative to these other currencies will impact reported net income. Foreign currency risks arising from the translation of assets and liabilities of foreign operations into the Company's functional currency are generally not hedged; however, the Company may decide to hedge this risk under certain circumstances. The Company has assessed the net foreign currency exposure of operations relative to their own functional currency. A fluctuation of +/- 5% in the Euro and US dollar, provided as an indicative range in a volatile currency environment, would, everything else being equal, have an effect on accumulated other comprehensive income for the year ended March 31, 2013 of approximately +/- $6,291 and $10,328 respectively (2012 +/- $2,188 and $6,497) and on income from continuing operations before income taxes for the year ended March 31, 2013 of approximately +/- $140 and $1,161 respectively (2012 +/- $1,705 and $1,709).

Transaction exposure
The Company generates significant revenues in 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 this net foreign currency exposure in subsidiaries which do not have the U.S. dollar as the functional currency, the Company enters into forward foreign exchange contracts. The timing and amount of these forward foreign exchange contracts are estimated based on existing customer contracts on hand or anticipated, current conditions in the Company's markets and the Company's past experience. As such, there is not a material transaction exposure.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of accounts receivable and derivative financial instruments. The carrying values of these assets represent management's assessment of the associated maximum exposure to such credit risk. 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.

Trade receivables – aged by due date as at	**March 31 2013**	March 31 2012
Current	**$ 64,781**	$ 59,278
1 – 30 days	**7,714**	14,236
31 – 60 days	**4,384**	2,988
61 – 90 days	**305**	1,362
Over 90 days	**10,541**	6,261
Total	**$ 87,725**	$ 84,125

The movement in the Company's allowance for doubtful accounts for the years ended March 31 was as follows:

	2013	2012
Balance at April 1	**$ 4,665**	$ 3,054
Provisions and revisions	**(1,246)**	1,471
Foreign exchange	**(14)**	140
Balance at March 31	**$ 3,405**	$ 4,665

The Company minimizes credit risk associated with derivative financial instruments by only entering into derivative transactions with highly rated, multinational financial institutions, in order to reduce the risk of counterparty default.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. As at March 31, 2013, the Company was holding cash and cash equivalents of $105,453 and had unutilized lines of credit of $199,426. During the year ended March 31, 2013, the Company established a new Senior Secured Credit Facility (the "Credit Agreement") which replaced the former primary credit facility, as described in note 16 to the consolidated financial statements. The Company expects that continued cash flows from operations in fiscal 2014, together with cash and cash equivalents on hand and available credit facilities, will be more than sufficient to fund its requirements for investments in working capital, property, plant and equipment and strategic investments including some potential acquisitions.

The Company's accounts payable primarily have contractual maturities of less than 90 days and the contractual cash flows equal their carrying value. The Company's long-term debt obligations and scheduled interest payments are presented in note 16 to the consolidated financial statements.

Interest rate risk

In relation to its debt financing, the Company is exposed to changes in interest rates, which may impact the Company's borrowing costs. Floating rate debt exposes the Company to fluctuations in short-term interest rates. As at March 31, 2013, $121 or 10% (March 31, 2012 – $436 or 15%) of the Company's total debt is subject to movements in floating interest rates. A +/- 1% change in interest rates in effect for the fiscal year would, all things being equal, have an impact of +/- $1 on income from operations before income taxes for the year ended March 31, 2013 (March 31, 2012 – $4).

14. PROVISIONS

	Warranty	Restructuring	Other	Total
Balance, at March 31, 2011	$ 6,266	$ 1,982	$ 916	$ 9,164
Provisions made	6,665	31	3,971	10,667
Provisions reversed	(2,655)	(205)	(75)	(2,935)
Provisions used	(2,133)	(1,303)	(3,806)	(7,242)
Exchange adjustments	12	25	5	42
Balance, at March 31, 2012	$ 8,155	$ 530	$ 1,011	$ 9,696
Provisions made during the period	4,990	—	4,561	9,551
Provisions reversed during the period	(3,205)	(299)	(213)	(3,717)
Provisions used during the period	(1,800)	(110)	(4,527)	(6,437)
Exchange adjustments	12	(4)	(5)	3
Balance, at March 31, 2013	**$ 8,152**	**$ 117**	**$ 827**	**$ 9,096**

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.

15. EMPLOYEE BENEFITS

The Company operates pension plans for certain of its employees through defined contribution plans and defined benefit plans. The costs associated with defined contribution plans are expensed as incurred. The most recent actuarial valuations of the defined benefit plans were completed as at March 31, 2013. The next valuations are scheduled to be as at March 31, 2014. The changes in the fair value of assets, the employee benefit obligation, and the funded status:

As at	**March 31 2013**	March 31 2012
Accrued benefit obligations:		
Opening balance	**$ 14,716**	$ 12,961
Interest cost	**550**	549
Service cost	**1,305**	1,015
Assumption changes	**3,753**	446
Contributions	**322**	312
Transfers and benefits paid	**991**	(708)
Insurance premiums	**(203)**	(205)
Foreign exchange	**(318)**	346
Accrued benefit obligations, Ending balance	**$ 21,116**	$ 14,716
Plan assets:		
Opening balance	**$ 8,376**	$ 7,628
Expected return on plan assets	**268**	273
Net actuarial loss	**322**	150
Company contributions	**619**	603
Employee contributions	**322**	312
Transfers and benefits paid	**1,067**	(654)
Insurance premiums	**(203)**	(205)
Foreign exchange	**(236)**	269
Plan assets, Ending balance	**$ 10,535**	$ 8,376
Employee benefits liability	**$ 10,581**	$ 6,340

The significant weighted average annual actuarial assumptions used in measuring the accrued benefit obligation were:

	March 31 2013	March 31 2012
Discount Rate	**3.1%**	3.6%
Expected rate of return on plan assets	**0.8%**	1.0%
Rate of compensation increase	**2.3%**	2.1%

The weighted average allocations of plan assets were:

	March 31 2013	March 31 2012
Equity securities	—	9.9%
Debt securities	**44.1%**	49.3%
Real Estate	**23.2%**	18.4%
Other	**32.7%**	22.4%

No plan assets were directly invested in the Company’s securities.

The net employee benefits expense included the following components:

Years ended	**March 31 2013**	March 31 2012
Defined benefit plans		
Service cost	**$ 1,333**	$ 1,015
Interest cost	**572**	549
Expected return on plan assets	**(198)**	(191)
	1,707	1,373
Defined contribution plans	**2,224**	1,988
Net employee benefits expense	**$ 3,931**	$ 3,361

The Company expects to contribute $654 to its defined benefit plans during the year ended March 31, 2014.

The cumulative actuarial losses, net of income taxes, recognized in other comprehensive income as at March 31, 2013 was $3,534 (March 31, 2012 - $324).

16. BANK INDEBTEDNESS AND LONG-TERM DEBT

During the year ended March 31, 2013, the Company established a new Senior Secured Credit Facility (the “Credit Agreement”). The Credit Agreement provides a three year committed revolving credit facility of $250,000. The Credit Agreement, 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. At March 31, 2013, the company had utilized $53,103 under the Credit Agreement by way of letters of credit (March 31, 2012 - $46,960).

The Credit Agreement 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 Credit Agreement are determined based on a debt to EBITDA ratio. 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 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 Agreement 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 subsidiaries and partially restricts the Company from repurchasing its common shares and paying dividends.

The Company has additional credit facilities available of $11,846 (7,800 Euro, 33,000 Indian Rupees and 1,000 Swiss Francs). The total amount outstanding on these facilities is $2,214 (March 31, 2012 - $2,959), of which $nil is classified as bank indebtedness (March 31, 2012 - $434) and $2,214 is classified as long-term debt (March 31, 2012 - $2,525). The interest rates applicable to the credit facilities range from 1.9% to 14.0% 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 Credit Agreement.

(i) Bank indebtedness

As at	**March 31 2013**	March 31 2012
Other facilities	**$ —**	$ 434

(ii) Long-term debt

As at	**March 31 2013**	March 31 2012
Other facilities	**$ 2,214**	2,525
Issuance costs	**(1,039)**	—
	1,175	2,525
Less: current portion	**257**	263
	$ 918	$ 2,262

Scheduled principal repayments and interest payments on long-term debt from continuing operations as at March 31, 2013 are as follows:

	Principal	Interest
Less than one year	$ 257	$ 96
One – two years	264	84
Two – three years	272	83
Three – four years	247	72
Four – five years	248	69
Thereafter	926	134
	$ 2,214	$ 538

17. 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, 2011	87,289,155	$ 481,908
Exercise of stock options	150,600	1,191
Balance, at March 31, 2012	87,439,755	$ 483,099
Exercise of stock options	411,538	3,635
Balance, at March 31, 2013	**87,851,293**	**$ 486,734**

18. TAXATION

(i) 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:

Years ended	**March 31 2013**	March 31 2012
Income from continuing operations before income taxes and non-controlling interest	**$ 54,632**	$ 58,685
Combined Canadian basic federal and provincial income tax rate	**26.50%**	27.83%
Income tax expense based on combined Canadian basic federal and provincial income tax rate	**$ 14,477**	$ 16,332
Increase (decrease) in income taxes resulting from:		
Adjustments in respect to current income tax of previous periods	**(96)**	(383)
Non-taxable income net of non-deductible expenses	**(2,647)**	(2,337)
Income taxed at different rates and statutory rate changes	**2,161**	1,879
Manufacturing and processing allowance and all other items	**(337)**	(821)
At the effective income tax rate of 25% (2012 – 25%)	**$ 13,558**	$ 14,670

Income tax expense reported in the income statement:

Current tax expense	**$ 10,895**	$ 11,688
Deferred tax expense	**2,663**	2,982
	$ 13,558	$ 14,670

Deferred tax related to items charged or credited directly to equity during the year:

Net loss on revaluation of cash flow hedges	**$ (140)**	$ (424)
Other items recognized through equity	**(105)**	(82)
Income tax charged directly to equity	**$ (245)**	$ (506)

(ii) Components of deferred income tax assets and liabilities: Deferred income taxes are provided for the differences between accounting and tax basis of assets and liabilities. Deferred income tax assets and liabilities are comprised of the following:

As at	**March 31 2013**	March 31 2012
Accounting income not currently taxable	**$ (11,408)**	$ (11,925)
Investment tax credits taxable in future years when utilized	**(6,212)**	(5,704)
Loss available for offset against future taxable income	**554**	584
Property, plant and equipment	**1,119**	1,903
Scientific research and experimental development expenditures available for offset against future taxable income	**21,478**	23,202
Other	**5,846**	6,421
Net deferred income tax asset	**$ 11,377**	$ 14,481

Presented as:	**March 31 2013**	March 31 2012
Deferred income tax asset	**$ 13,154**	$ 15,544
Deferred income tax liability	**(1,777)**	(1,063)
Net deferred income tax asset	**$ 11,377**	$ 14,481

(iii) Unrecognized deferred income tax assets: Deferred tax assets have not been recognized in respect of the following items (gross amount):

As at	**March 31 2013**	March 31 2012
Deductible temporary differences	**$ 690**	$ 2,940
Loss available for offset against future taxable income	**69,867**	72,942
	$ 70,557	$ 75,882

Loss carryforwards: As at March 31, 2013, the Company has the following net operating loss carryforwards which are scheduled to expire in the following years:

Year of expiry	**Non-Canadian**	**Canadian**
2014 - 2018	**$ 2,877**	**$ 1,078**
2019 - 2023	**3,245**	—
2024 - 2028	**5,874**	**6,887**
2029 - 2033	**1,053**	**2,233**
No expiry	**75,317**	—
	$ 88,366	**$ 10,198**

In addition, the Company has USA Federal and State capital loss carryforwards of US$13,456 (March 31, 2012 – US$13,423) and Canadian capital loss carryforwards of $293,337 (March 31, 2012 – $294,999) which do not expire.

Investment Tax Credits: As at March 31, 2013, the Company has investment tax credits ("ITC") available to be applied against future taxes payable in Canada of approximately $38,981 and in foreign jurisdictions of approximately $2,843. The investment tax credits are scheduled to expire as follows:

Year of expiry	**Gross ITC balance**
2014 - 2018	$ 801
2019 - 2023	597
2024 - 2028	20,692
2029 - 2033	19,578
No expiry	156
	$ 41,824

The benefit of $27,699 (March 31, 2012 – $26,087) of these investment tax credits have been recognized in the consolidated financial statements. Unrecognized investment tax credits are scheduled to expire between 2028 and 2030.

(iv) The Company has determined that as of the reporting date, undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

(v) There are temporary differences of $4,028 associated with investments in subsidiaries for which no deferred tax liability has been recognized.

(vi) There are no income tax consequences attached to the payment of dividends in either 2013 or 2012 by the Company to its shareholders.

19. STOCK-BASED COMPENSATION

Employee Share Purchase Plan: Under the terms of the Company's Employee Share Purchase Plan, qualifying employees of the Company may set aside funds through payroll deductions for an amount up to a maximum of 10% of their base salary or $10,000 in any one calendar year. Subject to the member not making withdrawals from the plan, the Company makes contributions to the plan equal to 20% of a member's contribution to the plan during the year, up to a maximum of 1% of the member's salary or $2,000. Shares for the plan may be issued from treasury or purchased in the market as determined by the Company's Board of Directors. During the years ended March 31, 2013 and March 31, 2012, no shares were issued from treasury related to the plan.

Deferred Stock Unit Plan: The Company offers a Deferred Stock Unit Plan ("DSU Plan") for members of the Board of Directors. Under the DSU Plan, each non-employee director may elect to receive his or her annual compensation in the form of notional common shares of the Company called deferred stock units ("DSUs"). The issue and redemption prices of each DSU are based on an average trading price of the Company's common shares for the five trading days prior to issuance or redemption. Under the terms of the DSU Plan, directors are not entitled to convert DSUs into cash until retirement from the Board of Directors. The value of each DSU, when converted to cash, will be equal to the market value of a common share of the Company at the time the conversion takes place. At March 31, 2013, the value of the outstanding liability related to the DSUs was $3,099 (2012 – $2,081). The DSU liability is revalued quarterly based on the change in the Company's stock price. The change in the value of the DSU liability is included in the consolidated statements of income in the period of the change.

Stock Option Plan: The Company uses a stock option plan to attract and retain key employees, officers and directors. Under the Company's 1995 Stock Option plan (the "1995 Plan"), the shareholders have approved a maximum of 5,991,839 common shares for issuance, with the maximum reserved for issuance to any one person at 5% of the common shares outstanding at the time of the grant. Time vested stock options vest over four or five year periods. Performance-based stock options vest based on the Company's stock trading at or above a threshold for a specified number of minimum trading days in a fiscal quarter. For time vested stock options, the exercise price is the price of the Company's common shares on the Toronto Stock Exchange at closing for the day prior to the date of the grant. For performance-based stock options the exercise price is either the price of the Company's common shares on the Toronto Stock Exchange at closing for the day prior to the date of the grant or the five-day volume weighted average price of the Company's common shares on the Toronto Stock Exchange prior to the date of the grant. Stock options granted under the 1995 Plan may be exercised during periods not exceeding seven or ten years from the date of grant, subject to earlier termination upon the option holder ceasing to be a director, officer or employee of the Company. Stock options issued under the 1995 Plan are non-transferable. Any stock option granted which is cancelled or terminated for any reason prior to exercise is returned to the pool and becomes available for future stock option grants. In the event that the stock option would otherwise expire during a restricted trading period, the expiry date of the stock option is extended to the 10th business day following the date of expiry of such period. In addition, the 1995 Plan restricts the grant of stock options to insiders that may be under the 1995 Plan.

Under the Company's 2006 Stock Option plan (the "2006 Plan"), the shareholders have approved a maximum of 2,159,000 common shares for issuance. The terms of the 2006 Plan are identical to those of the 1995 plan, except that the maximum number of common shares to be issued pursuant to the issue of options under the 2006 Plan is 2,159,000 common shares.

As at March 31, 2013, there are a total of 1,608,719 (March 31, 2012 – 1,541,018) common shares remaining for future stock option grants under both plans.

Years ended March 31	**2013**			2012		
	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	**690,000**		**8.92**	275,000		6.96
Exercised [(i)]	**(411,538)**		**6.13**	(150,600)		5.38
Forfeited/cancelled	**(657,700)**		**9.72**	(198,487)		13.76
Stock options outstanding, end of period	**7,011,842**	**$**	**7.39**	7,391,080	$	7.38
Stock options exercisable, end of period, time vested options	**1,465,193**	**$**	**6.66**	1,469,244	$	7.64
Stock options exercisable, end of period, performance based options	**2,166,935**	**$**	**6.75**	2,047,448	$	6.85

(i) For the year ended March 31, 2013, the weighted average share price at the date of exercise was $9.24 (March 31, 2012 – $8.26).

As at March 31, 2013	**Stock options outstanding**				**Stock options exercisable**		
Range of Exercise prices	**Number outstanding**	**Weighted average remaining contractual life**		**Weighted average exercise price**	**Number exercisable**		**Weighted average exercise price**
$3.49 to 5.95	1,620,750	1.99 years	$	4.67	1,261,584	$	4.66
$5.96 to 7.59	2,556,250	3.35 years		6.90	1,207,501		6.99
$7.60 to 9.97	1,767,271	5.80 years		8.55	1,028,271		8.39
$9.98 to 18.61	1,067,571	6.54 years		10.81	134,772		10.72
$3.49 to 18.61	7,011,842	4.14 years	$	7.40	3,632,128	$	6.72

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

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.

Years ended March 31	**2013**	2012
Weighted average risk-free interest rate	**1.59%**	2.07%
Dividend yield	**0%**	0%
Weighted average expected volatility	**52%**	55%
Weighted average expected life	**4.75 years**	4.75 years
Number of stock options granted:		
Time vested	**690,000**	275,000
Weighted average exercise price per option	**$ 8.92**	$ 6.96
Weighted average value per option:		
Time vested	**$ 3.99**	$ 3.33

Share Appreciation Rights

During the year ended March 31, 2013 the Company granted 172,500 share appreciate rights ("SARs") (March 31, 2012 - $nil). 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.

Year ended March 31	**2013**
Weighted average risk-free interest rate	1.32%
Dividend yield	0%
Weighted average expected volatility	43%
Weighted average expected life	4.24 years
Weighted average exercise price per SAR	$ 8.87
Weighted average value per SAR	$ 3.98

The Company has recorded a liability of $206 as at March 31, 2013 (March 31, 2012 - $nil) based on the SARs fair value. The market value of a common share of the Company as at March 31, 2013 was $9.90. No SARs had vested as at March 31, 2013.

20. COMMITMENTS AND CONTINGENCIES

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

From continuing operations:

	Operating leases	Purchase obligations
Less than one year	$ 4,222	$ 42,586
One – two years	3,402	231
Two – three years	2,680	—
Three – four years	2,294	—
Four – five years	1,901	—
Due in over five years	4,933	—
	$ 19,432	$ 42,817

From discontinued operations:

	Purchase obligations
Less than one year	$ 140

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 March 31, 2013, the total value of outstanding bank guarantees available under credit facilities was approximately $68,319 (March 31, 2012 – $54,161) from continuing operations and was $3,700 (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 consolidated financial position.

21. SEGMENTED DISCLOSURE

Solar is currently classified as assets and liabilities associated with discontinued operations in the consolidated statements of financial position and as discontinued operations in the 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.

As at	**March 31, 2013**	
	Property, plant and equipment	**Intangible assets**
Canada	**$ 32,651**	**$ 7,194**
United States and Mexico	**20,291**	**2,299**
Europe	**22,898**	**18,005**
Asia – Pacific and other	**3,429**	**117**
Total Company	**$ 79,269**	**$ 27,615**

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 years ended March 31	**2013**	2012
Canada	**$ 14,233**	$ 31,554
United States and Mexico	**248,270**	289,738
Europe	**180,293**	149,470
Asia – Pacific and other	**148,302**	124,600
Total Company	**$ 591,098**	$ 595,362

For the year ended March 31, 2013 and March 31, 2012, the Company did not have revenues from any single customer which amounted to 10% or more of total consolidated revenues.

22. INTEREST IN JOINT VENTURES

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 consolidated financial statements. Ontario Solar PV Fields Inc. is currently presented as assets and liabilities associated with discontinued operations in the consolidated statements of financial position and as discontinued operations in the consolidated statements of income.

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

As at	**March 31 2013**	March 31 2012
Current assets	**$ 7,395**	$ 8,742
Current liabilities	**(2,666)**	(2,183)
Net assets	**$ 4,729**	$ 6,559

Years ended March 31	**2013**	2012
Net income (loss)	**$ (265)**	$ 548

23. NET FINANCE COSTS

Years ended	**March 31 2013**	March 31 2012
Interest expense	**$ 2,232**	$ 1,859
Interest income	**(219)**	(294)
	$ 2,013	$ 1,565

24. EARNINGS (LOSS) PER SHARE

Years ended	**March 31 2013**	March 31 2012
Weighted average number of common shares outstanding	**87,577,078**	87,310,019
Dilutive effect of stock option conversion	**1,205,933**	524,487
Diluted weighted average number of common shares outstanding	**88,783,011**	87,834,506

For the year ended March 31, 2013, stock options to purchase 2,741,572 common shares are excluded from the weighted average number of common shares in the calculation of diluted earnings per share as they are anti-dilutive (5,190,282 common shares were excluded for the year ended March 31, 2012).

25. CAPITAL MANAGEMENT:

The Company's capital management framework is designed to ensure the Company has adequate liquidity, financial resources and borrowing capacity to allow financial flexibility and to provide an adequate return to shareholders. The Company defines capital as the aggregate of equity (excluding accumulated other comprehensive income), bank indebtedness, long-term debt and cash and cash equivalents.

The Company monitors capital using the ratio of total debt to equity. Total debt includes bank indebtedness, and long-term debt as shown on the consolidated statements of financial position. Net debt consists of cash and cash equivalents less total debt. Equity includes all components of equity, less accumulated other comprehensive income. This is unchanged from the previous year. The Company also monitors an externally imposed covenant of debt to EBITDA of not greater than 3 to 1. EBITDA includes net income from continuing operations less income taxes, net finance charges, depreciation and amortization. For the years ended March 31, 2013 and March 31, 2012, the Company operated with a ratio well below the externally imposed covenant. The Company is prepared to increase the total debt to equity ratio and net debt to EBITDA ratio if appropriate opportunities arise.

The capital management criteria can be illustrated as follows:

As at	**March 31 2013**	March 31 2012
Equity excluding accumulated other comprehensive income	**$ 398,727**	$ 381,835
Long-term debt	**1,175**	2,525
Bank indebtedness	**—**	434
Cash and cash equivalents	**(105,453)**	(96,229)
Capital under management	**$ 294,449**	$ 288,565
Debt to equity ratio	**0.01:1**	0.01:1

26. RELATED PARTY DISCLOSURE

Transactions between each subsidiary and the subsidiaries and parent are eliminated on consolidation. The Company did not have any material related party transactions with entities outside the consolidated group in the years ended March 31, 2013 and March 31, 2012. The remuneration of the Board of Directors (the "Board") and key management personnel is determined by the Board on recommendation from the Human Resources Committee of the Board:

As at	**March 31 2013**	March 31 2012
Salaries and benefits	**$ 2,129**	$ 2,008
Other non-equity incentive compensation	**1,088**	3,619
Stock-based compensation	**1,370**	918
Post-retirement benefits	**882**	607
Total remuneration	**$ 5,469**	$ 7,152