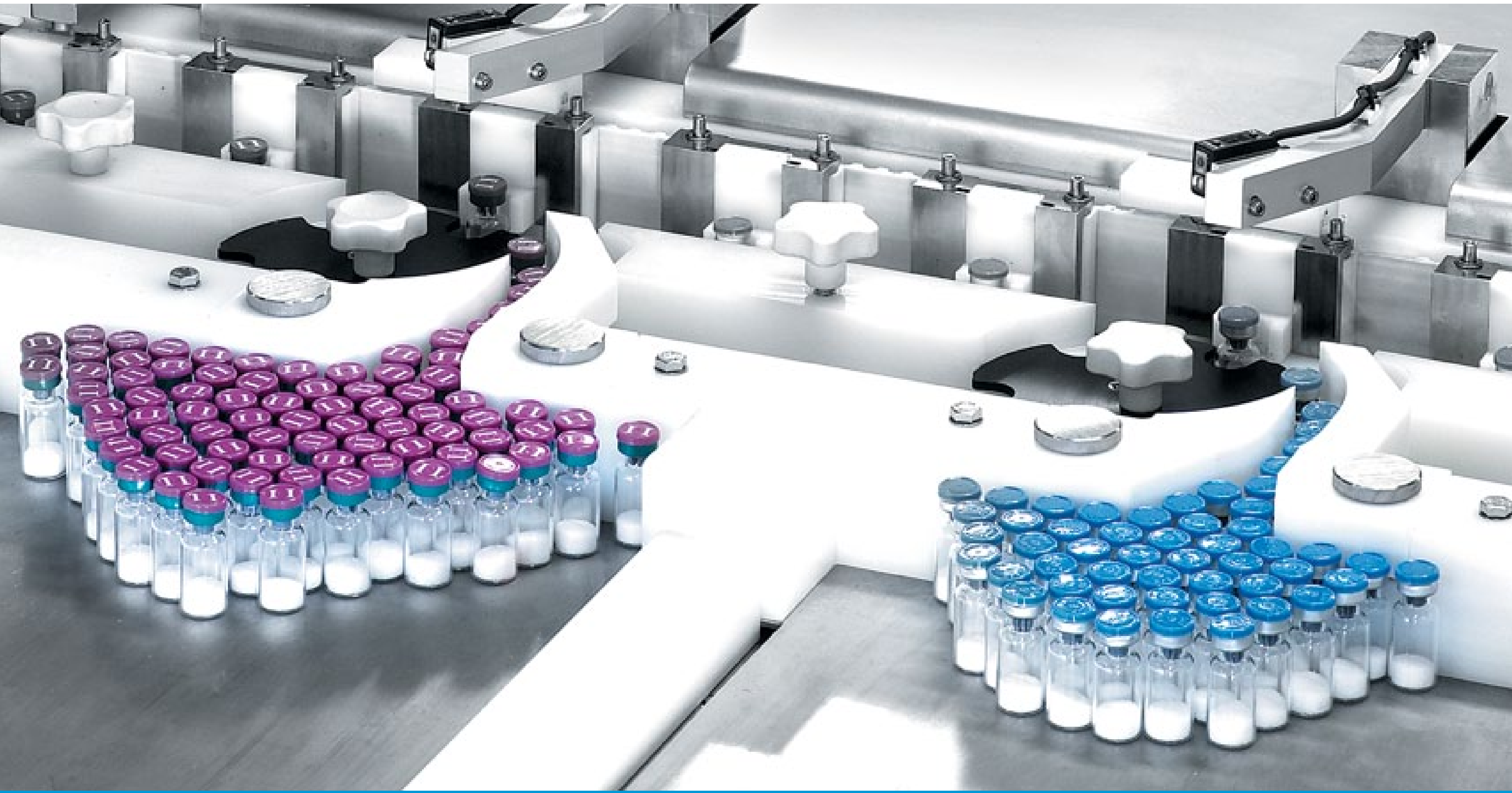
AUTOMATION

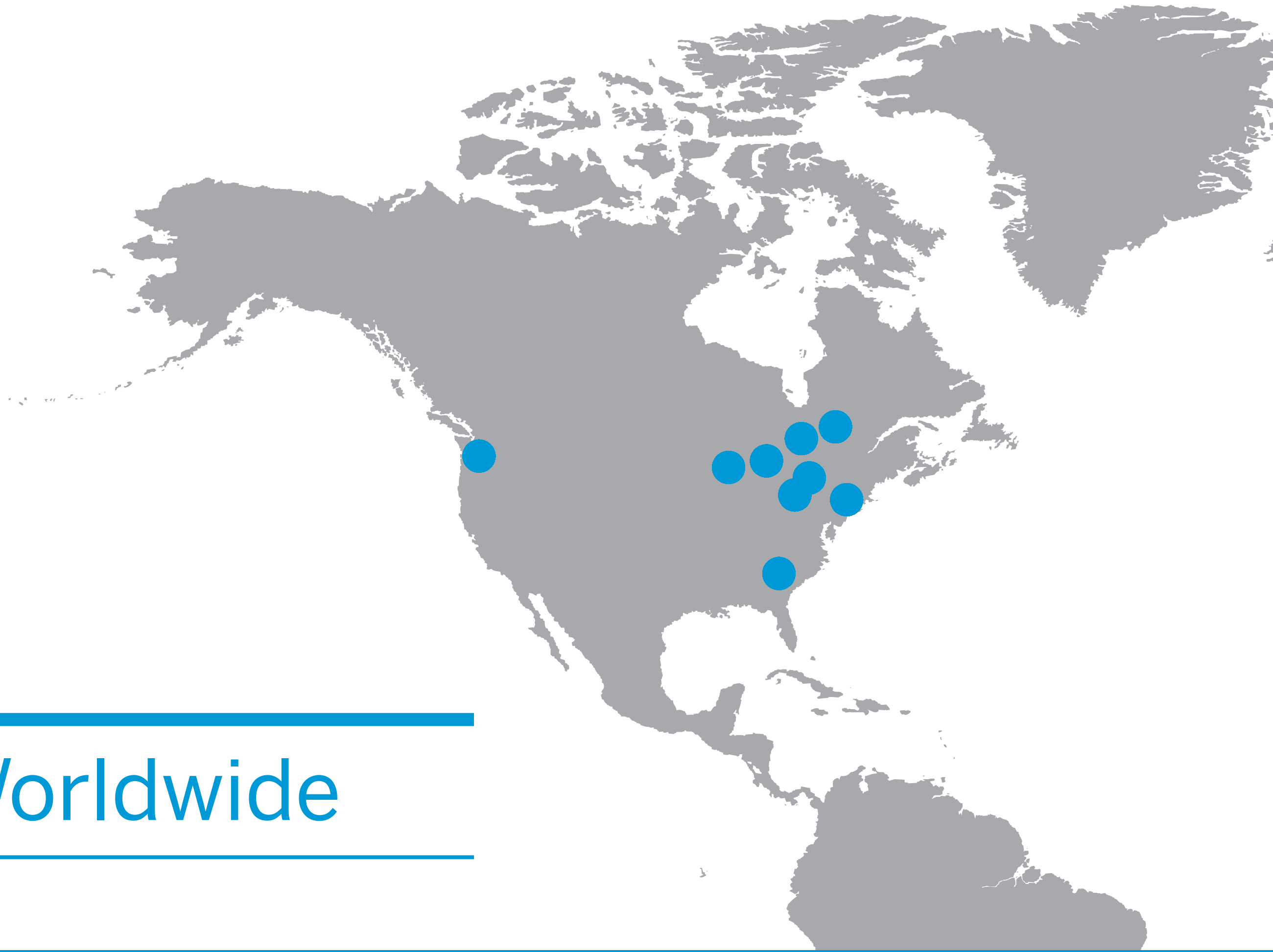
CREATING VALUE

ATS Automation Annual Report 2014



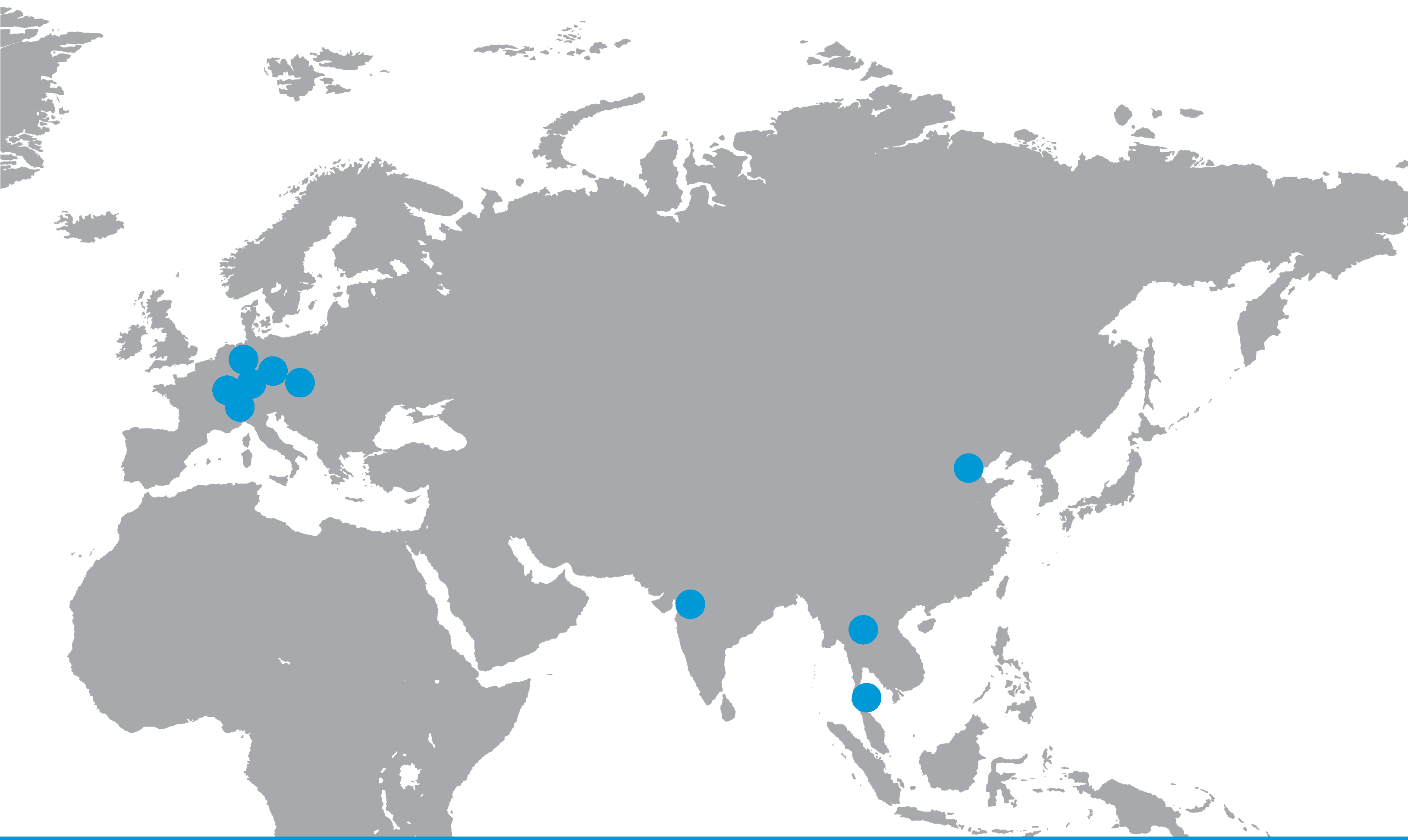
ATS's automation solutions enable customers to build leading products today and introduce innovations that will transform markets tomorrow.

ATS CREATES VALUE



ATS Worldwide

ATS leverages its competitive advantages, including a 35-year track record as a standard-setter in automation and its global resources, to win business across diverse markets and create value for customers and shareholders.



GLOBAL FOOTPRINT
23 facilities and support locations in key economic zones

EXPERIENCE
Successful completion of over 15,000 projects worldwide with cross-industry synergies

INNOVATION
A world leader in creating benchmark automation solutions across diverse sectors

SCALE
A knowledge base that includes 2,500 employees and a vast network of highly skilled partners and suppliers

RECOGNIZED BRANDS
Known worldwide under the brands ATS, sortimat, ATW and IWK as a trusted supplier

ADVANCED TECHNOLOGIES
Vision inspection, laser processing, robotics, dispensing, material handling, high performance tube filling and cartoning, and test and control systems for multiple applications

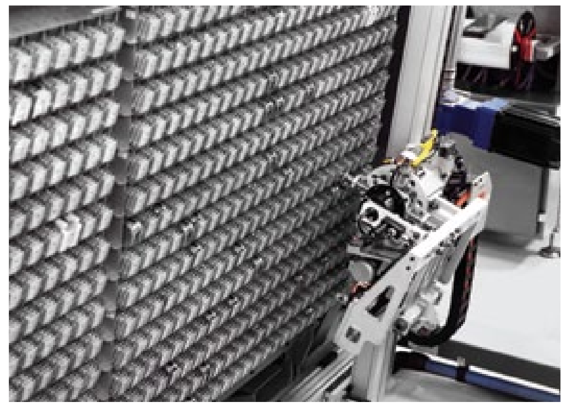
PRE AND POST AUTOMATION SUPPORT
Value-added planning, modelling, training, system audits, line relocation, life-cycle equipment management

TOTAL SOLUTIONS
Turnkey, factory-wide or single application capabilities

FINANCIAL STRENGTH
Positive financial results and a healthy balance sheet qualify ATS as a strong partner with a clear commitment to long-term customer relationships

Building excellence in **life sciences**

ATS delivers industry-leading expertise and good manufacturing practices to life science customers. With high-speed assembly technologies, high-performance dispensing, tube filling and cartoning machines, Quality Management Systems including vision inspection and integration know-how, ATS helps the world's leaders in life sciences to quickly, safely and cost effectively automate pharmaceutical and vaccine production, produce medical and diagnostic devices and launch innovative programs that improve public health everywhere.

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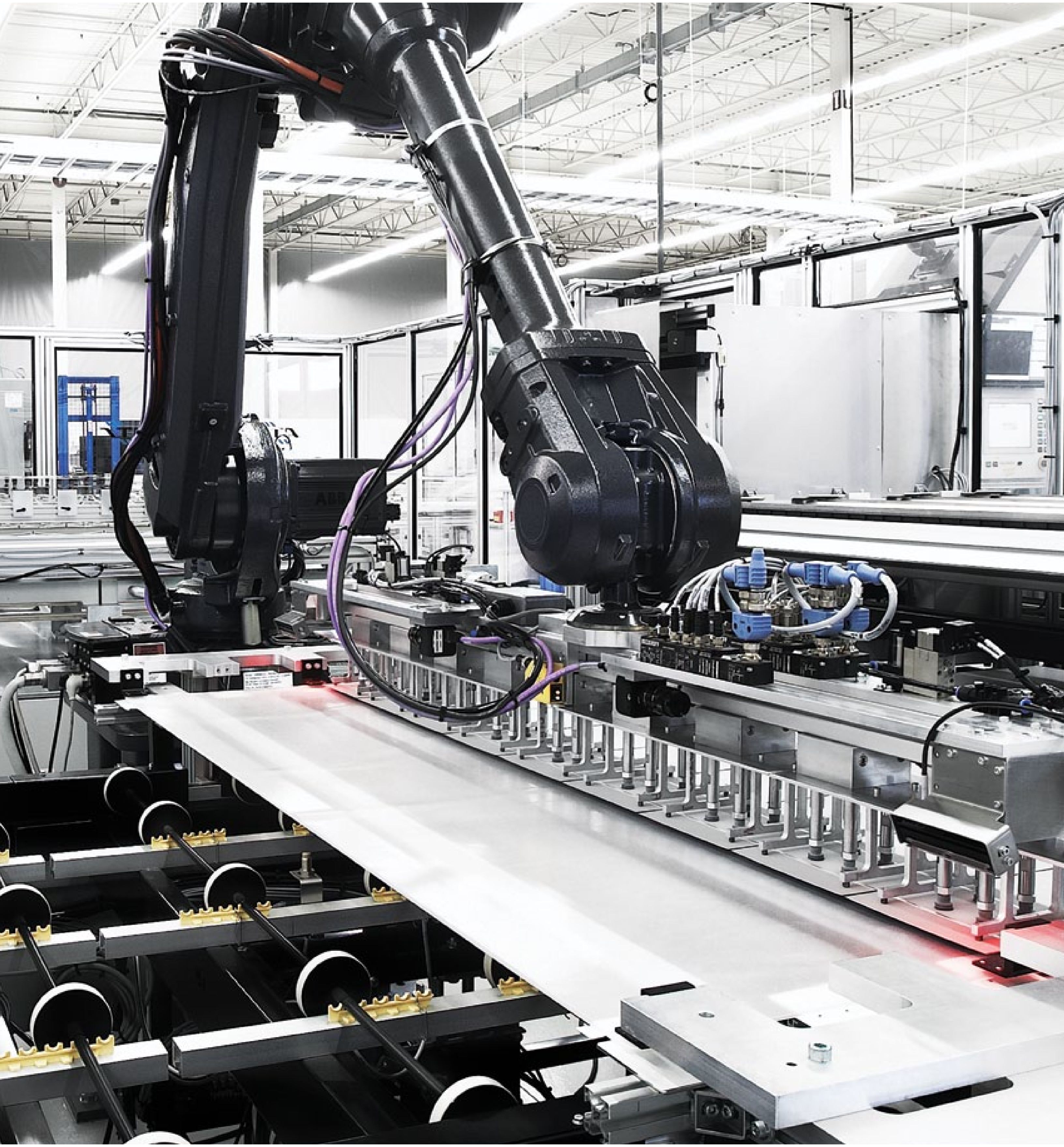
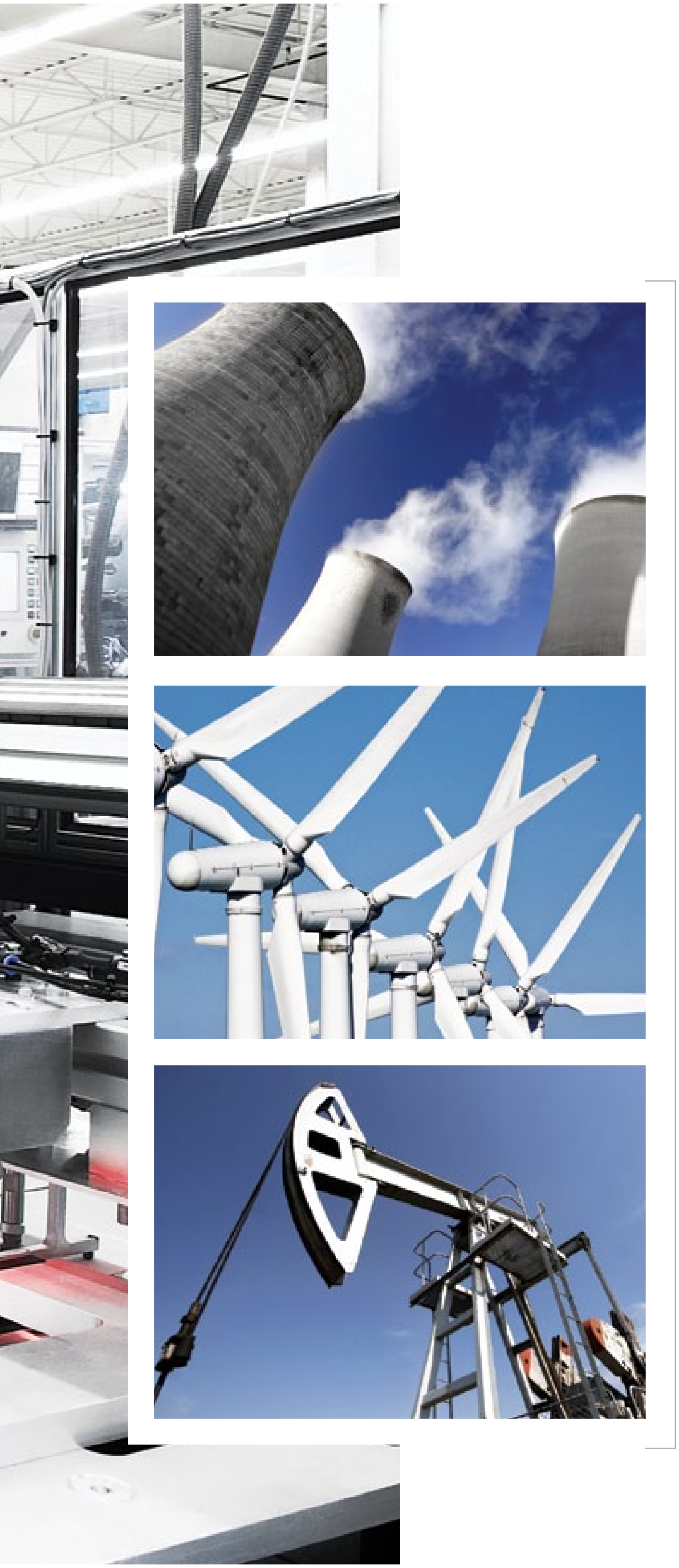


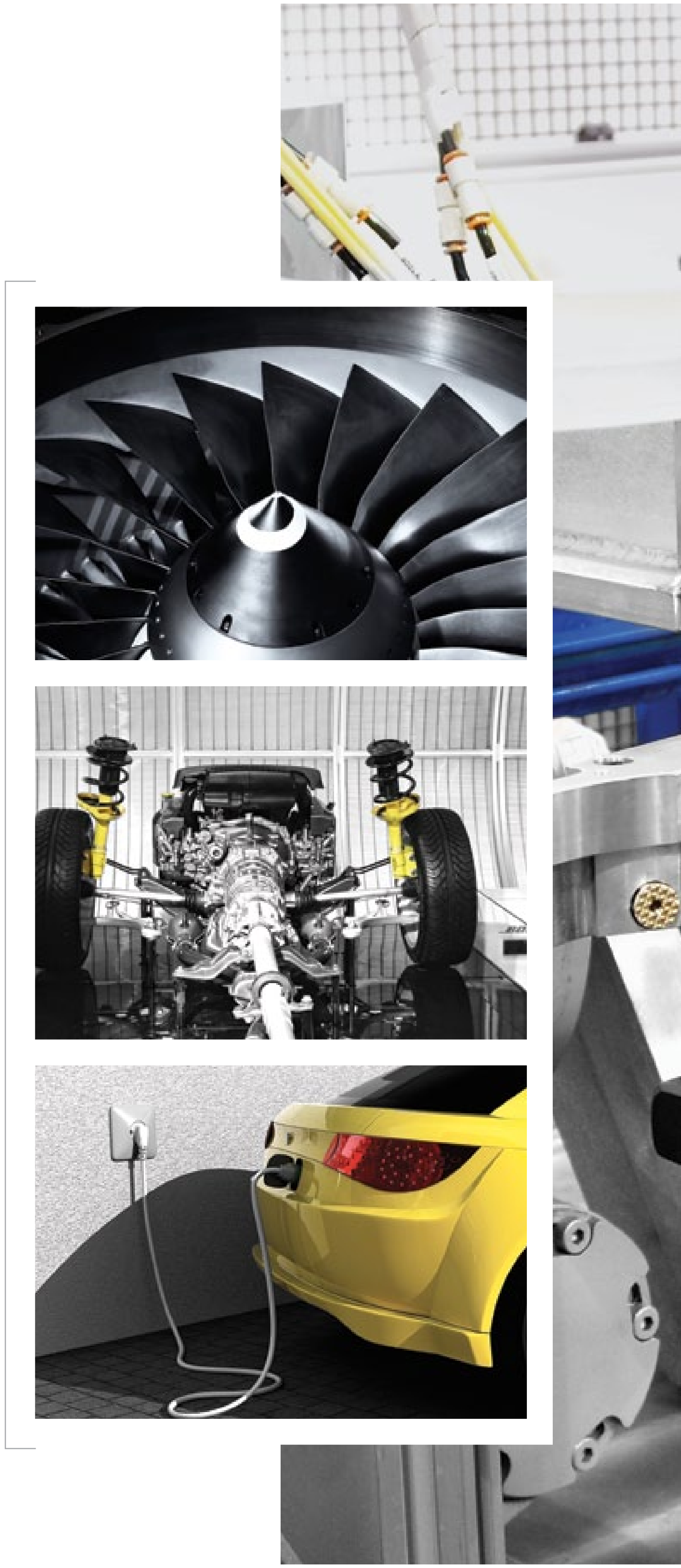


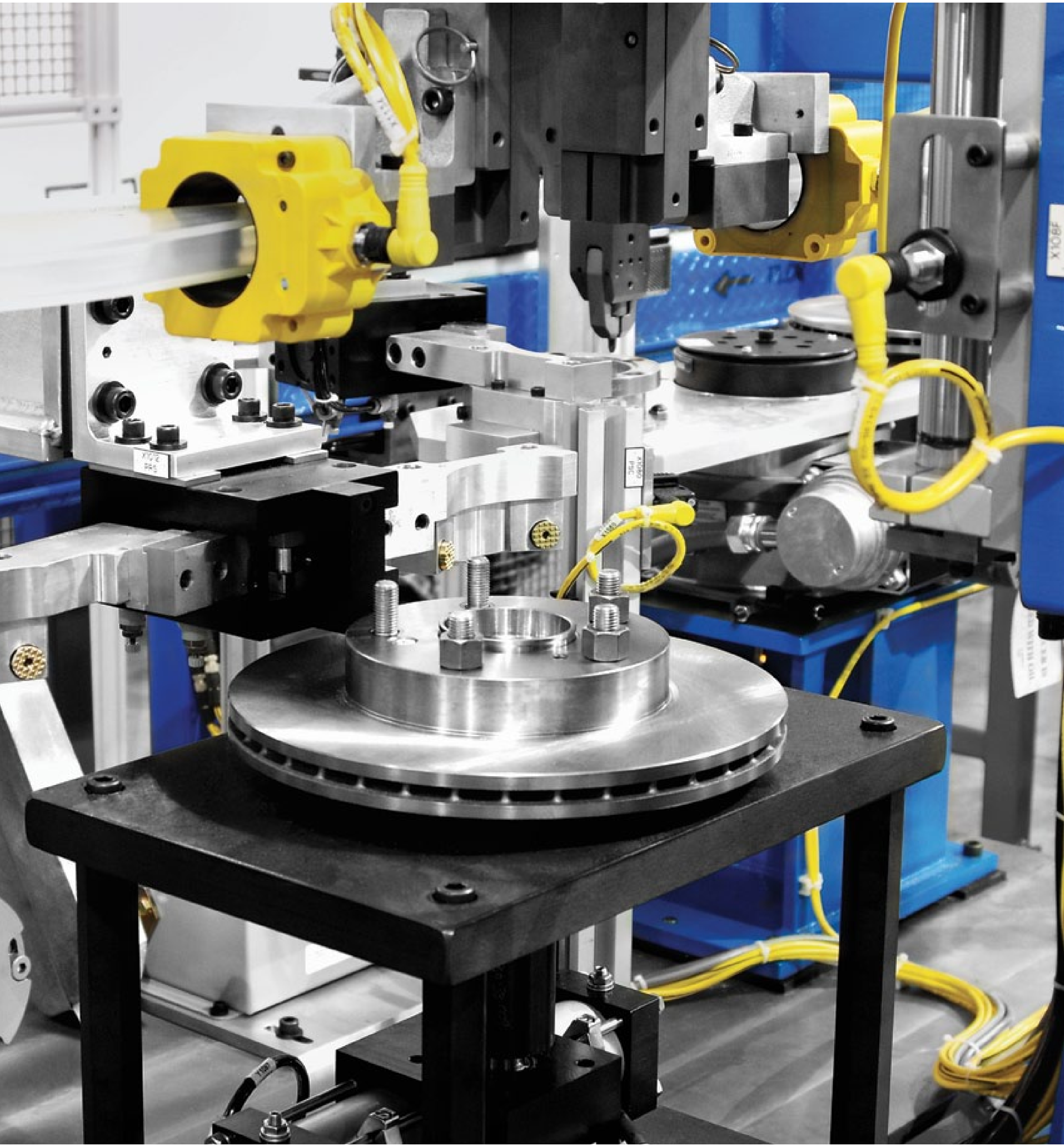
Fueling **energy** management

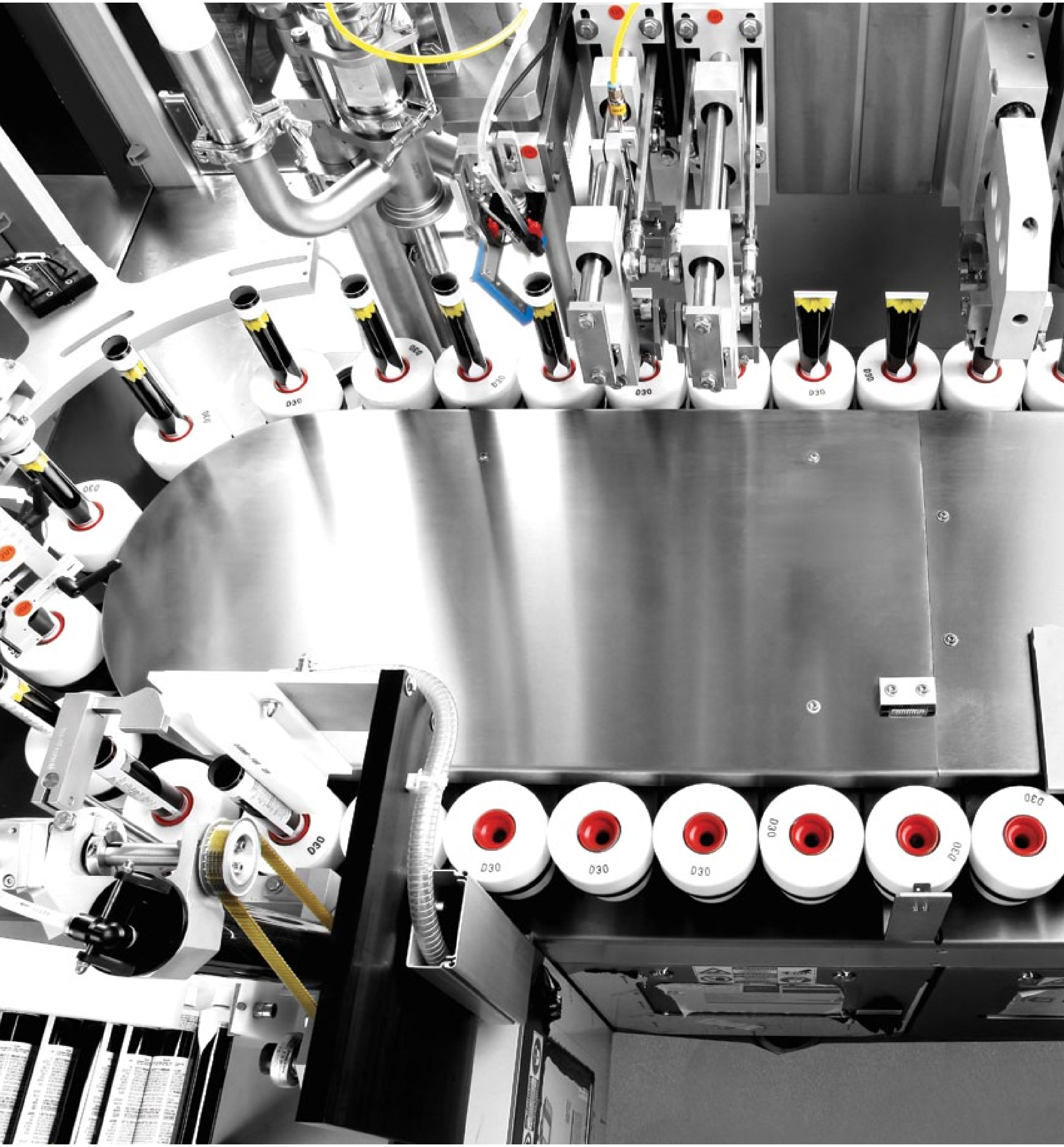
To help the world's energy producers meet the growing needs of society, ATS uses its expertise to deliver the high-performance systems that enable the creation and handling of fuel cells, batteries, smart grid and energy management components, nuclear fuel rods, fossil fuel harvesting and alternative energy equipment and technologies.

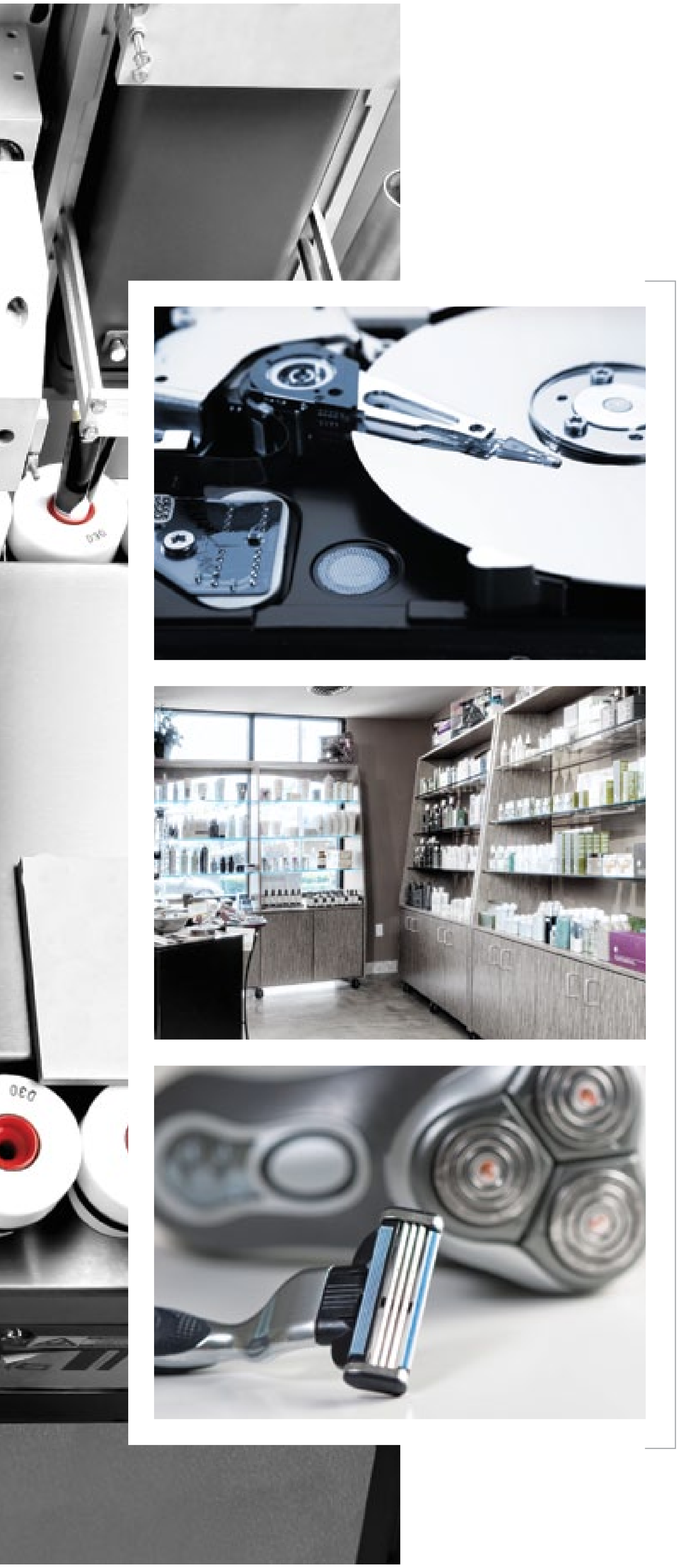
Driving innovations in **transportation**

ATS leverages its leading global capabilities to create value for aerospace, automotive and heavy equipment manufacturers. These customers look to ATS for automation solutions to help them quickly, accurately and cost effectively assemble steering, drive train and electronic components used in hybrid, electric and conventional cars, produce, inspect and test critical aerospace components and design and build laser-based processing systems for heavy machines.









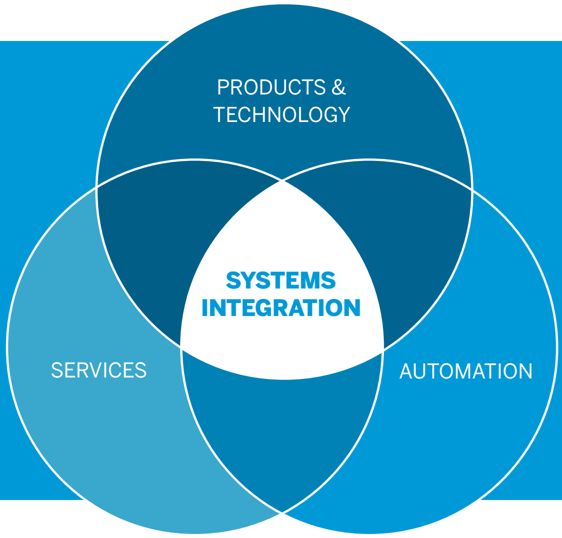
Delivering consistency to **consumers**

ATS creates value for the biggest names in consumer products, personal care and electronics. These makers of leading brands used by millions of consumers every day trust ATS to supply automated assembly, handling, tube filling, testing and cartoning systems that ensure consistent product quality, from the first unit of production to the last.

ATS **Value Creation** Strategy

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

ATS MISSION: We will achieve our mission by providing outstanding value to our customers; superior financial returns to our shareholders and a premier work environment.



EIGHT PRINCIPLES FOR CONTINUED SUCCESS:

/ Customer focused
/ Flawless delivery
/ A dedication to high quality
/ Fostering innovation through controlled risk
/ Continuous improvement
/ Human resources are our most valuable asset
/ A good corporate citizen
/ Ethical business practices

We employ three strategies to achieve our vision and mission:

1 Grow organically by providing comprehensive, value-based programs and enterprise solutions for customers.

2 Expand our offering of manufacturing products and services to our markets and customers.

3 Scale through targeted acquisitions to add capabilities and enhance growth opportunities in selected markets.

Letter to shareholders

Fellow shareholders,

Since our last annual report, ATS has continued to execute its value creation plan with good results. This plan was endorsed by the Board of Directors in June 2012 along with our vision of delivering "enabling manufacturing solutions to the world's market leaders." The plan followed upon the successful completion of earlier value creation steps taken to fix our core business and separate solar operations, which have been discontinued and largely monetized.

THE VALUE CREATION PLAN HAS THREE ELEMENTS:

GROW: providing value-based programs and enterprise solutions built on differentiated technical solutions and value-based outcomes.

EXPAND: building upon our capability in the areas of systems (design, modelling, simulation and program management), products (custom manufacturing, core process products) and services (pre and post automation, training, life-cycle material management and other value added services).

SCALE: leveraging our demonstrated ability to acquire and improve businesses targeted based on their ability to bring market or technology leadership, scale, or opportunity, whether in markets we currently serve, or in new segments that have attractive characteristics, such as high barriers to entry, time-critical requirements, negative consequences for non-delivery and onerous regulations.

We implemented this plan to broaden our strong foundation in automation, add new core capability to our best-in-class portfolio of technologies and services, increase our market share and allow ATS to generate outstanding value for our customers, superior financial returns to our shareholders and a premier work environment for our employees.

FISCAL 2014 HIGHLIGHTS

ATS substantially advanced its plan in the year. The September 30, 2013 acquisition of IWK, a leader in primary packaging (tube fillers) and secondary packaging (cartoners), aligned with ATS's stated strategy of scaling its leading position in the global automation market and enhancing growth opportunities in strategic customer segments and with technology leadership.

IWK brought us important new customers in the pharmaceutical and personal care industries and a strong management team and workforce. Its addition created significant cross selling and key account development opportunities and bolstered ATS's global service business.

After-market service is important as it builds strong connections with our customers across their capital equipment spending cycles and keeps ATS front of mind when new projects are contemplated.

Since acquisition, we have started to roll out IWK's service model and capability across ATS and created a centre of excellence for filling. We have also taken advantage of IWK's operations in Stutensee, Germany and Bangkok, Thailand, along with its sales and services centres in the U.S., Europe and Southeast Asia to consolidate and realign our divisions and global capacity.

Initial contributions from IWK along with organic growth allowed us to produce solid financial performance in fiscal 2014. Revenues of $683.4 million were 16% higher than the previous year. Operating earnings were $61.0 million, a 9% operating margin, reflecting improved program execution, cost control and supply chain management that together more than offset restructuring costs to rebalance global capacity.

Order Bookings were an annual record of $709 million and included a variety of value-based enterprise programs for market-leading customers that are indicative of our desired approach to market and make good use of our broad capabilities. Order Backlog of $474 million at year end was also at a record level. Moreover, the quality and duration of our backlog have improved, resulting in increased predictability, better program control and lower sensitivity to macro-economic forces. Consequently, ATS has a strong base of business to start fiscal 2015.

With over $70 million of cash net of debt, a $250 million credit line, and the ability to generate strong free cash flow, we have the financial capacity and flexibility to carry forward with our value creation plan.

SUMMARY

Strategically, we are on track to create a significant global company that delivers manufacturing solutions including machines, systems, enterprise solutions and service.

Our focus on growth and performance will continue, along with our efforts to position ATS as a trusted provider of mission critical solutions to life sciences, transportation, energy and consumer products markets.

Our strategy is clear, as is our plan of expanding our offerings organically and through acquisition. The three acquisitions made since 2010 have demonstrated our ability to select and integrate businesses that are accretive to ATS and to our global capabilities. Accordingly, we continue to apply significant resources to further our M&A efforts as part of our growth plan. The roll out of our service model will also continue to add to our potential for organic growth.

Today, we have over 2,500 dedicated employees around the world. With our significant global platform, ATS stands out in an industry characterized by a large number of small and medium-sized companies. It is not just size that distinguishes us: it is the quality of our workforce, the enduring nature of our customer relationships, many dating back decades, and our experience in building thousands of automation systems.

I am confident that our business strengths, our plan and the commitment we share to creating value will serve us well in the year ahead.

Finally, I would like to thank all of our stakeholders, including my colleagues, for giving us a very bright future. ATS operates in a knowledge-based industry, and we have some of the market's best and brightest people who are experienced and deeply engaged in creating value. I am proud to work with this dedicated and talented workforce and I look forward to our continued success together.

Anthony Caputo
Chief Executive Officer

Management's Discussion and Analysis

For the Year Ended March 31, 2014

This Management's Discussion and Analysis ("MD&A") for the year ended March 31, 2014 (fiscal 2014) is as of May 21, 2014 and provides information on the operating activities, performance and financial position of ATS Automation Tooling Systems Inc. ("ATS" or the "Company") and should be read in conjunction with the audited consolidated financial statements of the Company for fiscal 2014 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. Additional information is contained in the Company's filings with Canadian securities regulators, including its Annual Information Form, found on SEDAR at www.sedar.com and on the Company's website at www.atsautomation.com.

NOTICE TO READER: NON-IFRS MEASURES AND ADDITIONAL IFRS MEASURES: Throughout this document management uses certain non-IFRS measures to evaluate the performance of the Company. These terms do not have any standardized meaning prescribed within IFRS and therefore may not be comparable to similar measures presented by other companies. The terms "operating margin", "EBITDA", "EBITDA margin", "Order Bookings" and "Order Backlog" do not have any standardized meaning prescribed within IFRS and therefore may not be comparable to similar measures presented by other companies. In addition, management uses "earnings from operations" which is an additional IFRS measure to evaluate the performance of the Company. Earnings from operations is presented on the Company's consolidated statements of income as net income from continuing operations excluding income tax expense and net finance costs. Operating margin is an expression of the Company's earnings from operations as a percentage of revenues. EBITDA is defined as earnings from operations excluding depreciation and amortization (which includes amortization of intangible assets). EBITDA margin is an expression of the Company's EBITDA as a percentage of revenues. Order Bookings represent new orders for the supply of automation systems, services and products that management believes are firm. Order Backlog is the estimated unearned portion of revenues on customer contracts that are in process and have not been completed at the specified date. Earnings from operations and EBITDA are used by the Company to evaluate the performance of its operations. Management believes that earnings from operations is an important indicator in measuring the performance of the Company's operations on a pre-tax basis and without consideration as to how the Company finances its operations. Management believes that EBITDA is an important indicator of the Company's ability to generate operating cash flows to fund continued investment in its operations. Order Bookings provides an indication of the Company's ability to secure new orders for work during a specified period, while Order Backlog provides a measure of the value of Order Bookings that have not been completed at a specified point in time. Both Order Bookings and Order Backlog are indicators of future revenues the Company expects to generate based on contracts that management believes to be firm. Management believes that ATS shareholders and potential investors in ATS use these IFRS measures and non-IFRS financial measures in making investment decisions and measuring operational results. A reconciliation of earnings from operations and EBITDA to net income from continuing operations for the fiscal fourth quarters and years ending March 31, 2014 and March 31, 2013 is contained in this MD&A (see "Reconciliation of EBITDA to IFRS Measures"). EBITDA should not be construed as a substitute for net income determined in accordance with IFRS. A reconciliation of Order Bookings and Order Backlog to total Company revenues for the fiscal fourth quarters and years ending March 31, 2014 and March 31, 2013 is contained in the MD&A (see "Order Backlog Continuity").

COMPANY PROFILE: ATS Automation Tooling Systems Inc. provides innovative, custom designed, built and installed manufacturing solutions to many of the world's most successful companies. Founded in 1978, ATS uses its industry-leading knowledge and global capabilities to serve the sophisticated automation systems' needs of multinational customers in industries such as life sciences, transportation, energy, consumer products and electronics. ATS also leverages its many years of experience and skills to fulfill the specialized automation product manufacturing requirements of customers. ATS employs approximately 2,500 people at 23 manufacturing facilities in Canada, the United States, Europe, Southeast Asia and China. The Company's Solar segment is classified as discontinued operations.

Value Creation Strategy

TO DRIVE VALUE CREATION, THE COMPANY IMPLEMENTED A THREE-PHASE STRATEGIC PLAN:

1. fix the business (improve the existing operations, gain operating control of the business and earn credibility);
2. separate the businesses (create a standalone automation business, monetize non-core assets and strengthen the balance sheet); and
3. grow (both organically and through acquisition).

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

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

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

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

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

Business Acquisition – IWK

On September 30, 2013, the Company completed its acquisition of IWK Verpackungstechnik GmbH and OYSTAR IWK USA, Inc. (collectively "IWK"). IWK is a leader in technology driven high-performance tube filling and cartoning machinery for the pharmaceutical and personal care industries. The acquisition of IWK aligns with ATS' strategy of scaling its leading position in the global automation market and enhancing growth opportunities, particularly in strategic customer segments and with technology leadership. IWK brought new relationships with key pharmaceutical and personal care customers and added core capability in primary packaging (tube fillers) and secondary packaging (cartoners), which management expects can be leveraged into other markets ATS currently serves. IWK also allows ATS to consider future acquisition possibilities that would be a strategic fit with IWK and provide the Company with deep capabilities across several core elements of the customer value chain.

In calendar 2012, IWK had revenues of approximately 82 million Euro and EBITDA of approximately 11 million Euro. Sales to customers in the pharmaceutical and personal care sectors evenly accounted for over 90% of IWK worldwide revenues. New equipment systems and standard automation each accounted for approximately 30% of total revenues, and services accounted for the remaining 40% of total revenues. European and North American markets each represented approximately a third of IWK revenues, Asia 25%, and the balance was earned primarily in South America.

The Company is integrating IWK into ATS where it will serve as the filling centre of excellence (primary and secondary packaging) for the Company. IWK brings a strong and experienced management team that will continue to drive the business.

Cash consideration paid for IWK in the third quarter of fiscal 2014 was $137.4 million (99.0 million Euro), which is net of $9.9 million of cash acquired. In addition, the Company incurred $3.2 million of transaction costs related to the acquisition. The cash consideration of the purchase price, along with transaction costs, were primarily funded with existing cash on hand and proceeds from long-term debt of $40.0 million, which has subsequently been repaid. This acquisition has been accounted for as a business combination with the Company as the acquirer of IWK. The purchase method of accounting has been used and the earnings of IWK are consolidated beginning from the acquisition date, September 30, 2013. For additional information on the acquisition of IWK, refer to note 5 of the consolidated financial statements.

Automation Systems Group

BUSINESS OVERVIEW

ATS's Automation Systems Group ("ASG") is an industry-leading automation solutions provider to some of the world's largest multinational companies. ASG has expertise in custom automation, repeat automation, automation products and value-added services.

ASG categorizes its market into four industry groups: life sciences, consumer and electronics, transportation, and energy. Contract values for individual automation systems are often in excess of $1.0 million, with some contracts for Enterprise-type programs well in excess of $10 million. Given the custom nature of customer projects, contract durations vary greatly, with typical durations ranging from six to 12 months, with some larger contracts extending up to 18 to 24 months.

With broad and in-depth knowledge across multiple industries and technical fields, ASG is able to deliver single source solutions to customers that can lower their production costs, accelerate delivery of their products, and improve quality control. ASG's relationships with customers can begin with planning and feasibility studies. In situations where the customer is seeking in-depth analysis before committing to a program, ASG conducts an analysis to verify the economics and feasibility of different types of automation, sets objectives for factors such as line speed and yield, assesses production processes for manufacturability and calculates the total cost of ownership.

When a contract for an automation solution is received, ASG often provides a number of services, including engineering design, prototyping, process verification, specification writing, software development, automation simulation, equipment design and build, third-party equipment qualification, procurement and integration, automation system installation, product line start up, documentation, customer training and after-installation support, maintenance and service. Following the installation of custom automation, ASG may supply duplicate or "repeat" automation systems to customers that leverage engineering design completed in the original customer program. For customers seeking complex equipment replication, ASG provides value engineering, supply chain management, integration and manufacturing capabilities and other automation products and solutions.

COMPETITIVE STRENGTHS

Management believes ASG has the following competitive strengths:

GLOBAL PRESENCE, SIZE AND CRITICAL MASS: ASG's global presence and scale provides an advantage in serving multinational customers because the markets in which the Company operates are primarily populated by competitors with narrow geographic and/or industrial market reach. ASG has manufacturing operations in Canada, the United States, Germany, Switzerland, China, Malaysia, Thailand and India. Management believes that ASG's scale and locations provide it with competitive advantages in winning large, multinational customer programs that have become increasingly common in the industry.

TECHNICAL SKILLS, CAPABILITIES AND EXPERIENCE: Automation manufacturing is a knowledge-based business. ATS has designed, manufactured, assembled and serviced over 15,000 automation systems worldwide since 1978 and has an extensive knowledge base and accumulated design experience. Management believes ASG's broad experience in many different industry sectors, with many diverse technologies, along with its talented workforce and ability to provide custom automation, repeat automation, automation products and value-added services, positions the Company well to serve complex multinational customer programs in a variety of industry sectors.

PRODUCT AND TECHNOLOGY PORTFOLIO: Through its history of bringing thousands of unique automation projects to market, ATS and its subsidiaries, including Sortimat, ATW and IWK, have developed an extensive product and technology portfolio, including manufacturing vision technologies, numerous material handling and feeder technologies, high-accuracy and high precision laser processing technologies, and high performance tube filling and cartoning. Management believes this extensive product and technology portfolio gives the Company an advantage in developing unique and leading solutions for customers and maintaining cost competitiveness.

TRUSTED CUSTOMER RELATIONSHIPS: ASG serves some of the world's largest multinational companies. Most of ASG's customers are repeat customers and many have long-standing relationships with ATS, often spanning more than a decade. Management estimates that approximately 90% of ASG Order Bookings in fiscal 2014 were earned from repeat customers.

RECOGNIZED BRANDS: Management believes ATS is well known within the global automation industry due to its long history of innovation and broad scope of operations. In addition, ATS' subsidiaries include strong brands in: Sortimat, which specializes in the life sciences market; ATW, which specializes in the transportation market; and IWK which specializes in the packaging market. Management believes that ATS' brand names and global reputation improve sales prospecting, allowing the Company to be considered for a wide variety of customer programs.

TOTAL-SOLUTIONS CAPABILITIES: Management believes the Company gains competitive advantages because ASG provides total turn-key solutions in automation. This allows customers to single source their most complex projects to ATS rather than rely on multiple equipment builders. In addition, ASG can provide customers with other value-added services including pre-automation consulting, total cost of ownership studies, life cycle material management, post-automation service, training and support.

Overview

Operating Results from Continuing Operations

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

CONSOLIDATED REVENUES FROM CONTINUING OPERATIONS *(In millions of dollars)*

Revenues by market	Q4 2014	Q4 2013	Fiscal 2014	Fiscal 2013
Consumer products & electronics	$ 34.8	$ 11.0	$ 91.6	$ 54.2
Energy	15.9	8.2	46.6	35.7
Life sciences	81.2	61.7	288.7	224.4
Transportation	68.8	72.3	256.5	276.8
Total revenues from continuing operations	$ 200.7	$ 153.2	$ 683.4	$ 591.1

Revenues by installation location	Q4 2014	Q4 2013	Fiscal 2014	Fiscal 2013
North America	$ 107.2	$ 60.3	$ 328.5	$ 262.5
Europe	55.3	51.9	192.4	180.3
Asia/Other	38.2	41.0	162.5	148.3
Total revenues from continuing operations	$ 200.7	$ 153.2	$ 683.4	$ 591.1

FOURTH QUARTER: Fourth quarter revenues were 31% higher than in the corresponding period a year ago primarily reflecting $29.6 million of revenues earned by IWK. Excluding IWK, fourth quarter revenues were $171.1 million, a 12% increase over the corresponding period a year ago. Foreign exchange rate changes positively impacted the translation of revenues earned by foreign-based ASG subsidiaries compared to the corresponding period a year ago, primarily reflecting the weakening of the Canadian dollar relative to the Euro and U.S. dollar.

By industrial market, fourth quarter revenues from consumer products & electronics increased by 216%, primarily on revenues from IWK and higher revenues earned in the consumer products market. Revenues generated in the energy market increased 94% compared to the corresponding period a year ago, primarily on higher Order Backlog entering the fourth quarter due largely to increased activity in nuclear energy. Revenues generated in the life sciences market increased 32% compared to the corresponding period a year ago, primarily on revenues from IWK. Transportation revenues decreased 5% compared to a year ago primarily due to lower Order Backlog in the fourth quarter compared to a year ago.

FULL YEAR: Fiscal 2014 revenues were 16% higher than the corresponding period a year ago. Higher fiscal 2014 revenues reflected $59.3 million of revenues earned by IWK in the third and fourth quarters of fiscal 2014, foreign exchange rate changes which positively impacted the translation of revenues earned by foreign-based ASG subsidiaries compared to fiscal 2013, primarily reflecting the weakening of the Canadian dollar relative to the Euro and the U.S. dollar, and increased Order Backlog entering the fiscal year compared to a year ago.

By industrial market, revenues from consumer products & electronics and life sciences markets increased 69% and 29% respectively compared to fiscal 2013, primarily on revenues earned by IWK and higher Order Backlog in life sciences entering the fiscal year compared to a year ago. Revenues generated in the energy market increased 31% on increased activity primarily in nuclear energy. Revenues from the Transportation market decreased 7% compared to a year ago primarily due to lower Order Bookings.

CONSOLIDATED OPERATING RESULTS *(In millions of dollars)*

	Q4 2014	Q4 2013	Fiscal 2014	Fiscal 2013
Earnings from operations	$ 17.2	$ 14.0	$ 61.0	$ 56.6
Depreciation and amortization	6.3	3.3	18.4	12.2
EBITDA	$ 23.5	$ 17.3	$ 79.4	$ 68.8

FOURTH QUARTER: Fiscal 2014 fourth quarter earnings from operations were $17.2 million (9% operating margin) compared to $14.0 million (9% operating margin) in the fourth quarter of fiscal 2013. Fourth quarter fiscal 2014 earnings from operations included restructuring charges of $1.0 million to improve the Company's cost structure including closing its Singapore manufacturing facility. Adjusted for restructuring charges, fourth quarter fiscal 2014 earnings from operations were $18.2 million (9% operating margin).

Higher earnings from operations primarily reflected higher revenues, better program execution, and the inclusion of IWK, partially offset by an accrual for a legal settlement, higher stock-based compensation costs and increased depreciation and amortization expenses compared to the corresponding period a year ago. Depreciation and amortization expense was $6.3 million in the fourth quarter of fiscal 2014, compared to $3.3 million a year ago, primarily due to a $2.8 million increase in amortization as a result of the addition of identifiable intangible assets recorded on the acquisition of IWK in the third quarter of fiscal 2014.

EBITDA was $23.5 million (12% EBITDA margin) compared to $17.3 million (11% EBITDA margin) in the fourth quarter of fiscal 2013. Adjusted for restructuring charges, fourth quarter fiscal 2014 EBITDA was $24.5 million (12% EBITDA margin).

FULL YEAR: Earnings from operations were $61.0 million (9% operating margin) compared to $56.6 million (10% operating margin) a year ago. Excluding $6.1 million of restructuring charges incurred to re-balance global capacity and improve the Company's cost structure, $3.2 million of transaction costs related to the acquisition of IWK, and a one-time gain of $4.3 million from the successful recovery of costs related to programs acquired in a previous acquisition, fiscal 2014 earnings from operations were $66.0 million (10% operating margin).

Higher earnings from operations, adjusted for these items, primarily reflected revenue growth and the inclusion of IWK, partially offset by higher stock-based compensation costs and higher depreciation and amortization expenses compared to a year ago. Depreciation and amortization expense of $18.4 million in fiscal 2014 increased from $12.2 million a year ago, primarily due to a $5.2 million increase in amortization as a result of the addition of identifiable intangible assets recorded on the acquisition of IWK in the third quarter of fiscal 2014.

EBITDA was $79.4 million (12% EBITDA margin) compared to $68.8 million (12% EBITDA margin) in fiscal 2013. Fiscal 2014 EBITDA, adjusted for restructuring charges, IWK acquisition costs, and one-time gains, was $84.4 million (12% EBITDA margin).

ASG ORDER BOOKINGS BY QUARTER *(In millions of dollars)*

	Fiscal 2014	Fiscal 2013
Q1	$ 165	$ 168
Q2	110	112
Q3	237	173
Q4	197	170
Total Order Bookings	$ 709	$ 623

FOURTH QUARTER: Fourth quarter fiscal 2014 Order Bookings were $197 million, a 16% increase from the fourth quarter of fiscal 2013, which primarily reflected $26 million of Order Bookings generated by IWK. Excluding the impact of IWK, Order Bookings were $171 million, a 1% increase from the corresponding period a year ago. Foreign exchange rate changes also positively impacted the translation of Order Bookings from foreign-based ASG subsidiaries compared to the corresponding period a year ago.

FULL YEAR: Fiscal 2014 Order Bookings were $709 million, a 14% increase from fiscal 2013 Order Bookings of $623 million. Excluding the impact of IWK, Order Bookings were $635 million, a 2% increase from the previous fiscal year. Continued strength in consumer products and electronics, life sciences and energy was offset by lower activity in transportation. Foreign exchange rate changes also positively impacted the translation of Order Bookings from foreign-based ASG subsidiaries compared to fiscal 2013.

During the first quarter of fiscal 2014, milestone payments of 15 million Euro related to the Nigeria enterprise program were received resulting in total payments for this program to date of approximately 25 million Euro. The Company will record the balance of the Order Booking and Order Backlog if and when financial close is reached or additional milestone payments are received.

ORDER BACKLOG CONTINUITY *(In millions of dollars)*

	Q4 2014	Q4 2013	Fiscal 2014	Fiscal 2013
Opening Order Backlog	$ 467	$ 388	$ 398	$ 382
Revenues	(201)	(153)	(683)	(591)
Order Bookings	197	170	709	623
Order Backlog adjustments [1]	11	(7)	50	(16)
Total	$ 474	$ 398	$ 474	$ 398

(1) Order Backlog adjustments include foreign exchange adjustments, cancellations and for fiscal 2014, incremental Order Backlog of $45 million acquired with IWK.

ORDER BACKLOG BY INDUSTRY *(In millions of dollars)*

	Fiscal 2014	Fiscal 2013
Consumer products & electronics	$ 79	$ 23
Energy	55	13
Life sciences	170	162
Transportation	170	200
Total	$ 474	$ 398

At March 31, 2014, Order Backlog was $474 million, 19% higher than at March 31, 2013. Higher Order Backlog primarily reflected the addition of IWK's Order Backlog and higher Order Bookings in the energy and consumer products & electronics markets.

OUTLOOK

The general global economic environment has improved; however, uncertainty remains. In North America, the U.S. and Canadian economies have shown signs of improvement, but growth remains slow. Economic growth has slowed in China and other parts of Asia. In Europe, the economy has shown signs of stabilizing, but markets continue to be weak. This has the potential to negatively impact demand, particularly for the Company's European operations, and may cause volatility in Order Bookings. Overall, a prolonged or more significant downturn in an economy where the Company operates could negatively impact Order Bookings. Impacts on demand for the Company's products and services may lag behind global macroeconomic trends due to the strategic nature of the Company's programs to its customers and the long lead times on projects.

Many customers remain cautious in their approach to capital investment; however, activity in the life sciences and transportation markets remains strong. The Company has seen increased activity in energy markets such as nuclear and oil and gas; however, the solar energy market remains weak due to reductions in solar feed-in-tariffs. Activity in consumer products & electronics has improved and the addition of IWK provides the Company with an opportunity to increase its exposure to new customers in these markets and in life sciences.

The Company's sales organization will continue to work to engage with customers on enterprise-type solutions. The Company expects that this will provide ATS with more strategic relationships, increased predictability, better program control and less sensitivity to macroeconomic forces. This approach to market may cause variability in Order Bookings from quarter to quarter and, as is already the case, lengthen the performance period and revenue recognition for certain customer programs. The Company expects its Order Backlog of $474 million at the end of fiscal 2014 to mitigate the impact of volatile Order Bookings on revenues in the short term. Management expects that approximately 35% to 40% of its Order Backlog would typically be completed each quarter.

The addition of IWK provides core capabilities and customers that are new to ATS. This is expected to result in cross-selling opportunities and further key account development. ATS' approach to market will be rolled out within IWK to support its growth. Management expects to leverage IWK's established product development and after-market service capabilities across the ATS organization.

Regarding IWK, opportunities to increase profitability are being pursued through improved supply chain management, better leveraging of the Company's global footprint and deploying IWK's service model and capability to all of ATS. The addition of IWK also provides the Company with an opportunity to realign its operations and improve the global cost structure of its base business. In this regard, the Company is in the process of closing a manufacturing facility in Singapore. The Company will continue to service customers in the region from a sales and service office in Singapore and by way of neighbouring locations in Malaysia and Thailand. These actions, along with other changes implemented by the Company in the first quarter of fiscal 2014, have re-balanced global capacity and improved the Company's cost structure.

Management's disciplined focus on program management, cost reductions, standardization and quality puts ATS in a strong competitive position to capitalize on opportunities going forward and sustain performance in challenging market conditions. Management expects that the application of its ongoing efforts to improve its cost structure, business processes, leadership and supply chain management will continue to have a positive impact on ATS operations.

The Company is seeking to expand its position in the global automation market organically and through acquisition. The Company's strong financial position provides a solid foundation and the flexibility to pursue its growth strategy.

CONSOLIDATED RESULTS FROM CONTINUING OPERATIONS & SELECTED FOURTH QUARTER AND ANNUAL INFORMATION *(In millions of dollars, except per share data)*

	Q4 2014	Q4 2013	Fiscal 2014	Fiscal 2013	Fiscal 2012
Revenues	$ 200.7	$ 153.2	$ 683.4	$ 591.1	$ 595.4
Cost of revenues	146.6	116.4	501.7	441.2	438.7
Selling, general and administrative	35.0	21.5	113.3	89.5	94.5
Stock-based compensation	1.9	1.3	7.3	3.8	4.9
Gain on sale of land and building	—	—	—	—	(3.0)
Earnings from operations	$ 17.2	$ 14.0	$ 61.0[1]	$ 56.6	$ 60.3
Net finance costs	$ 1.0	$ 0.7	$ 3.0	$ 2.0	$ 1.6
Provision for income taxes	4.5	4.4	8.6	13.5	14.7
Net income from continuing operations	$ 11.7	$ 8.9	$ 49.4	$ 41.1	$ 44.0
Gain (loss) from discontinued operations, net of tax	$ (0.4)	$ (0.6)	$ 12.8	$ (26.0)	$ (103.5)
Net income (loss)	$ 11.3	$ 8.3	$ 62.2	$ 15.1	$ (59.5)
Earnings (loss) per share					
Basic from continuing operations	$ 0.13	$ 0.10	$ 0.56	$ 0.47	$ 0.51
Basic from discontinued operations	$ (0.01)	$ (0.01)	$ 0.14	$ (0.30)	$ (1.19)
	$ 0.12	$ 0.09	$ 0.70	$ 0.17	$ (0.68)
Diluted from continuing operations	$ 0.13	$ 0.09	$ 0.55	$ 0.46	$ 0.51
Diluted from discontinued operations	$ (0.01)	$ (0.00)	$ 0.14	$ (0.29)	$ (1.19)
	$ 0.12	$ 0.09	$ 0.69	$ 0.17	$ (0.68)
From continuing operations:					
Total assets			$ 765.1	$ 565.4	$ 532.9
Total cash and short-term investments			$ 76.5	$ 105.5	$ 96.2
Total bank debt			$ 6.0	$ 1.2	$ 3.0

(1) Rounding.

REVENUES: At $200.7 million, consolidated revenues from continuing operations for the fourth quarter of fiscal 2014 were $47.5 million or 31% higher than in the corresponding period a year ago. At $683.4 million, fiscal 2014 revenues were $92.3 million or 16% higher than for the same period a year ago, primarily on incremental IWK revenue. See "Overview – Operating Results from Continuing Operations."

COST OF REVENUES: At $146.6 million, fourth quarter fiscal 2014 cost of revenues increased over the corresponding period a year ago by $30.2 million or 26% primarily on higher revenues. Fiscal 2014 cost of revenues of $501.7 million increased by $60.5 million or 14%, primarily on higher revenues generated compared to a year ago.

At 27%, gross margin in the fourth quarter of fiscal 2014 increased 3% from the corresponding period a year ago. Higher fourth quarter gross margins reflected improved program execution, improvements in the cost structure of the Company's base business, and the inclusion of IWK. Fiscal 2014 gross margin of 27% increased 2% from fiscal 2013 due to the same factors, specifically: improved program execution, improvements in the cost structure of the Company's base business, and the inclusion of IWK for the third and fourth fiscal quarters of 2014.

SELLING, GENERAL AND ADMINISTRATIVE ("SG&A") EXPENSES: SG&A expenses for the fourth quarter of fiscal 2014 were $35.0 million. This included $1.0 million of restructuring charges incurred to re-balance global capacity and improve the Company's cost structure. Adjusted for these costs, SG&A expenses were $12.5 million or 58% higher than the $21.5 million incurred in the corresponding period last year. Higher SG&A costs primarily reflected the addition of IWK SG&A expenses, including $2.8 million of incremental amortization expenses related to the identifiable intangible assets recorded on the acquisition of IWK, foreign exchange rate changes which negatively impacted the translation of SG&A expenses, an accrual for a legal settlement, and higher employee performance incentives.

Fiscal 2014 SG&A expenses were $113.3 million, which included $6.1 million of restructuring charges, $3.2 million of professional fees related to the acquisition of IWK and a one-time gain of $4.3 million from the successful recovery of costs related to programs acquired in a previous acquisition. Adjusted for these costs, fiscal 2014 SG&A spending was $108.3 million, $18.8 million or 21% higher compared to the previous year. Higher SG&A costs primarily reflected the addition of IWK SG&A expenses, including $5.2 million of incremental amortization expenses related to the identifiable intangible assets recorded on the acquisition of IWK.

STOCK-BASED COMPENSATION COST: Stock-based compensation expense of $1.9 million in the fourth quarter of fiscal 2014 increased from $1.3 million in the corresponding period a year ago. Fiscal 2014 stock-based compensation expense increased to $7.3 million from $3.8 million a year earlier. The increase in stock-based compensation costs over both periods is due to the revaluation of deferred stock units, share appreciation rights and restricted share units.

EARNINGS FROM OPERATIONS: For the three and twelve month periods ended March 31, 2014 consolidated earnings from operations were $17.2 million and $61.0 million respectively (operating margin of 9% in both periods), compared to earnings from operations of $14.0 million and $56.6 million a year ago (operating margins of 9% and 10% respectively). See "Overview – Operating Results from Continuing Operations."

NET FINANCE COSTS: Net finance costs were $1.0 million in the fourth quarter of fiscal 2014, $0.3 million higher than a year ago. Fiscal 2014 finance costs were $3.0 million compared to $2.0 million in the corresponding period a year ago. The increase in net finance costs reflected increased usage of the Company's primary credit facility in both periods.

INCOME TAX PROVISION: For the three and twelve months ended March 31, 2014, the Company's effective income tax rate was 28% and 15% respectively. Based on changes made to the tax structure of the Company's businesses in Germany and the acquisition of IWK, the Company expects it will be able to utilize previously unrecognized deferred tax assets. Consequently, in fiscal 2014, the Company recorded net income tax recoveries and other adjustments of $8.3 million primarily related to the recognition of deferred income tax assets following the Company's change in assessment of its ability to utilize tax losses in its German-based operations, partially offset by certain provisions in other jurisdictions. Adjusted for these items which were recorded in the third fiscal quarter of 2014, the Company's effective income tax rate was 29% for fiscal 2014. The Company expects that with the recognition of these deferred tax assets, its effective tax rate will exceed the combined Canadian basic federal and provincial income tax rate of 27% going forward; however, cash taxes are expected to be lower than the effective tax rate for accounting purposes due to tax assets available primarily in Canada and Germany.

NET INCOME FROM CONTINUING OPERATIONS: Fiscal 2014 fourth quarter net income from continuing operations was $11.7 million (13 cents per share basic and diluted) compared to $8.9 million (10 cents per share basic and 9 cents per share diluted) for the fourth quarter of fiscal 2013. Net income from continuing operations for fiscal 2014 was $49.4 million (56 cents per share basic and 55 cents per share diluted) compared to $41.1 million (47 cents per share basic and 46 cents per share diluted) a year ago.

RECONCILIATION OF EBITDA TO IFRS MEASURES *(In millions of dollars)*

	Fiscal 2014	Fiscal 2013	Fiscal 2012
EBITDA	$ 79.4	$ 68.8	$ 72.3
Less: depreciation and amortization expense	18.4	12.2	12.0
Earnings from operations	$ 61.0	$ 56.6	$ 60.3
Less: net finance costs	3.0	2.0	1.6
Provision for income taxes	8.6	13.5	14.7
Net income from continuing operations	$ 49.4	$ 41.1	$ 44.0

	Q4 2014	Q4 2013
EBITDA	$ 23.5	$ 17.3
Less: depreciation and amortization expense	6.3	3.3
Earnings from operations	$ 17.2	$ 14.0
Less: net finance costs	1.0	0.7
Provision for income taxes	4.5	4.4
Net income from continuing operations	$ 11.7	$ 8.9

DISCONTINUED OPERATIONS: SOLAR *(In millions of dollars)*

	Q4 2014	Q4 2013	Fiscal 2014	Fiscal 2013
Total revenues	$ —	$ 1.6	$ 1.1	$ 3.7
Gain on sale	—	—	13.8	—
Income (loss) from discontinued operations	(0.4)	(0.7)	12.8	(26.1)
Income (loss) from discontinued operations, net of tax	(0.4)	(0.6)	12.8	(26.0)

FOURTH QUARTER:

Revenues: During the first quarter of fiscal 2014, the manufacturing assets were sold and the business wound up. Accordingly, fiscal 2014 fourth quarter revenues of $nil were $1.6 million lower than in the fourth quarter of fiscal 2013.

Income (loss) from Discontinued Operations: Ontario Solar recorded a loss of $0.4 million in the fourth quarter of fiscal 2014. The fourth quarter loss a year ago was $0.6 million.

FULL YEAR:

Revenues: Revenues for fiscal 2014 of $1.1 million were 70% lower than in the same period of fiscal 2013 reflecting the sale of manufacturing assets and business cessation.

Gain on sale: For fiscal 2014, the gain on sale of $13.8 million was comprised of gains of $10.8 million from the sale of 75% ownership interest in four ground-mount solar projects by Ontario Solar's 50% owned joint operation Ontario Solar PV Fields ("OSPV") and $3.0 million from the sale of Ontario Solar's manufacturing assets and inventory.

Income (loss) from Discontinued Operations: Ontario Solar recorded $12.8 million of income in fiscal 2014 compared to losses from operations of $26.0 million in the corresponding period a year ago.

SOLAR SEPARATION AND OUTLOOK: Subsequent to the end of fiscal 2014, OSPV completed the sale of its remaining three ground-mount solar projects. OSPV will retain 25% ownership of the projects until the projects reach commercial operation, which is expected to occur in early calendar 2015. Net proceeds to ATS are expected to be approximately $14.6 million, of which the Company received $12.0 million in the first quarter of fiscal 2015. Remaining proceeds are to be paid based on the projects achieving certain development milestones.

During the year ended March 31, 2014, OSPV sold four ground-mount solar projects, representing approximately 34 megawatts (MWs). OSPV will retain 25% ownership of the projects until they reach commercial operation, which is expected to occur in calendar 2014. Net proceeds to the Company are expected to be $21.4 million, of which the Company received net proceeds of $13.4 million during the first quarter of fiscal 2014 and $0.5 million during the year ended March 31, 2013. The remaining proceeds are expected to be received when the projects achieve commercial operation.

During the year ended March 31, 2014, the Company divested its Ontario Solar manufacturing assets and inventory. Net proceeds to the Company were $6.5 million.

Overall, management expects to record a gain on these divestitures as the sales are completed and proceeds realized. Subsequent to the settlement of outstanding liabilities, net proceeds from the divestiture of Ontario Solar will be re-allocated to ATS' core automation business to support growth.

SUMMARY OF INVESTMENTS, LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES

INVESTMENTS *(In millions of dollars)*

	Fiscal 2014	Fiscal 2013
Investments – increase (decrease)		
Non-cash operating working capital	$ 4.9	$ 26.0
Property, plant and equipment	4.3	7.7
Acquisition of intangible assets	6.8	4.8
Business acquisition, net of cash acquired	137.4	—
Proceeds from disposal of assets	(0.2)	—
Acquisition / (Proceeds from disposal) of portfolio investments	(5.2)	4.6
Investing activities of discontinued operations	(21.9)	0.1
Total net investments	$ 126.1	$ 43.2

In fiscal 2014, the Company's investment in non-cash working capital increased by $4.9 million compared to an increase of $26.0 million a year ago. Accounts receivable increased 18% or $18.1 million, driven by the increase in fiscal 2014 revenues and the acquisition of IWK. Net contracts in progress increased 16% or $12.2 million compared to March 31, 2013 due to the acquisition of IWK and timing of closing programs compared to fiscal 2013. The Company actively manages its accounts receivable and net contracts in progress balances through billing terms on long-term contracts, collection efforts and supplier payment terms. Inventories increased 127% or $13.5 million primarily due to the acquisition of IWK. Deposits and prepaid assets decreased 18% or $2.1 million compared to March 31, 2013 due to the timing of program execution compared to fiscal 2013. Accounts payable and accrued liabilities increased 34% or $35.5 million primarily due to the acquisition of IWK and timing of purchases.

Capital expenditures totalled $4.3 million for fiscal 2014, primarily related to computer hardware. Capital expenditures totalled $7.7 million in fiscal 2013, primarily related to facility improvements, computer hardware and equipment.

Intangible assets expenditures totalled $6.8 million in fiscal 2014 and primarily related to computer software. Intangible assets expenditures totalled $4.8 million in fiscal 2013, primarily related to software acquisitions.

During fiscal 2013, the Company acquired a portfolio investment for $4.6 million. The Company divested this investment in fiscal 2014 for proceeds of $5.2 million.

The Company performs impairment tests on its goodwill and intangible asset balances on an annual basis or as warranted by events or circumstances. The Company conducted its annual impairment assessment in the fourth quarter of fiscal 2014 and has determined there is no impairment of goodwill or intangible assets as of March 31, 2014 (fiscal 2013 – $nil).

All of the Company's investments involve risks and require that the Company make judgments and estimates regarding the likelihood of recovery of the respective costs. In the event management determines that any of the Company's investments have become permanently impaired or recovery is no longer reasonably assured, the value of the investment would be written down to its estimated net realizable value as a charge against earnings. Due to the magnitude of certain investments, such write-downs could be material.

LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES *(In millions of dollars, except ratios)*

As at	Fiscal 2014	Fiscal 2013
Cash and cash equivalents	$ 76.5	$ 105.5
Debt-to-equity ratio	0.01:1	0.01:1
Cash flows provided by operating activities from continuing operations	$ 70.0	$ 33.7

At March 31, 2014, the Company had cash and cash equivalents of $76.5 million in continuing operations compared to $105.5 million at March 31, 2013. The Company's total-debt-to-total-equity ratio, excluding accumulated other comprehensive income at March 31, 2014 was 0.01:1. At March 31, 2014, the Company had $179.3 million of unutilized credit available under existing credit facilities and another $11.1 million available under letter of credit facilities.

In fiscal 2014, cash flows provided by operating activities from continuing operations were $70.0 million ($33.7 million provided by operating activities from continuing operations in fiscal 2013). The increase in operating cash flows from continuing operations related primarily to higher income from continuing operations, the timing of investments in non-cash working capital in large customer programs and cash flows provided by the operating activities of IWK.

During fiscal 2013, the Company established a new Senior Secured Credit Facility (the "Credit Agreement"). The Credit Agreement provides a revolving credit facility of $250.0 million and expires on November 6, 2015. 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, 2014, the Company had utilized $72.6 million under the Credit Agreement, which was obtained by way of letters of credit (March 31, 2013 – $53.1 million). In the third quarter of fiscal 2014, the Company used proceeds from the facility to partially fund the purchase of IWK, which was subsequently repaid in the fourth quarter of fiscal 2014.

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 a fee for usage of non-financial letters of credit which ranges from 1.15% to 1.80%. The Company pays a standby fee on the unadvanced portions of the amounts available for advance or draw-down under the Credit 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 of $9.0 million (2.4 million Euro, 200 million Indian Rupees, 0.5 million Swiss Francs and 30 million Thai Baht). The total amount outstanding on these facilities is $6.7 million of which $0.9 million is classified as bank indebtedness (March 31, 2013 – $nil) and $5.8 million is classified as long-term debt (March 31, 2013 – $2.2 million). The interest rates applicable to the credit facilities range from 1.9% to 11.0% per annum. A portion of the long-term debt is secured by certain assets of the Company. The 0.5 million Swiss Francs and 200.0 million Indian Rupees credit facilities are secured by letters of credit under the Credit Agreement.

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

In the third quarter of fiscal 2014, the Company completed its acquisition of IWK. Total cash consideration paid for IWK was $137.4 million (99.0 million Euro), which is net of $9.9 million of cash acquired in the business. See "Value Creation Strategy: Business Acquisition – IWK."

CONTRACTUAL OBLIGATIONS *(In millions of dollars)*

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	$ 6.3	$ 59.3
One – two years	5.1	0.8
Two – three years	4.4	—
Three – four years	2.3	—
Four – five years	1.8	—
Due in over five years	3.8	—
	$ 23.7	$ 60.1

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, 2014, the total value of outstanding bank guarantees under credit facilities was approximately $95.3 million (March 31, 2013 – $68.3 million) from continuing operations and was $2.1 million (March 31, 2013 – $3.7 million) from discontinued operations.

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations to the Company. The Company minimizes this risk by limiting counterparties to major financial institutions and monitoring their creditworthiness. The Company's credit exposure to forward foreign exchange contracts is the current replacement value of contracts that are in a gain position. For further information related to the Company's use of derivative financial instruments refer to note 13 of the consolidated financial statements. The Company is also exposed to credit risk from its customers. Substantially all of the Company's trade accounts receivable are due from customers in a variety of industries and, as such, are subject to normal credit risks from their respective industries. The Company regularly monitors customers for changes in credit risk. The Company does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Company's client base being primarily large, multinational customers and through insurance purchased by the Company.

During fiscal 2014, 2,942,254 stock options were exercised. As of May 21, 2014 the total number of shares outstanding was 90,847,082 and there were 4,366,916 stock options outstanding to acquire common shares of the Company.

RELATED-PARTY TRANSACTIONS

There were no significant related-party transactions in fiscal 2014. See note 26 to the consolidated financial statements for further details on related-party disclosure.

FOREIGN EXCHANGE

The Company is exposed to foreign exchange risk as a result of transactions in currencies other than its functional currency of the Canadian dollar. Weakening in the value of the Canadian dollar relative to the U.S. dollar and the Euro had a positive impact on translation of the Company's revenues in fiscal 2014 compared to the corresponding period of fiscal 2013.

The Company's Canadian operations generate significant revenues in major foreign currencies, primarily U.S. dollars, which exceed the natural hedge provided by purchases of goods and services in those currencies. In order to manage a portion of this net foreign currency exposure, the Company has entered into forward foreign exchange contracts. The timing and amount of these forward foreign exchange contract requirements are estimated based on existing customer contracts on hand or anticipated, current conditions in the Company's markets and the Company's past experience. Certain of the Company's foreign subsidiaries will also enter into forward foreign exchange contracts to hedge identified balance sheet, revenue and purchase exposures. The Company's forward foreign exchange contract hedging program is intended to mitigate movements in currency rates primarily over a four to six month period. See note 13 to the consolidated financial statements for details on the derivative financial instruments outstanding at March 31, 2014.

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

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

PERIOD AVERAGE EXCHANGE RATES IN CDN$

	Year-end actual exchange rates			Period average exchange rates		
	March 31 2014	March 31 2013	% change	March 31 2014	March 31 2013	% change
U.S. Dollar	1.1055	1.0160	8.8 %	1.0538	1.0016	5.2 %
Euro	1.5230	1.3024	16.9 %	1.4137	1.2892	9.7 %

CONSOLIDATED QUARTERLY RESULTS *(In millions of dollars, except per share amounts)*

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenues from continuing operations	$ 200.7	$ 178.0	$ 154.6	$ 150.0	$ 153.2	$ 144.2	$ 141.1	$ 152.2
Earnings from operations	$ 17.2	$ 16.7	$ 14.4	$ 12.7	$ 14.0	$ 13.6	$ 13.8	$ 15.2
Income from continuing operations	$ 11.7	$ 18.8	$ 10.4	$ 8.6	$ 8.9	$ 10.7	$ 9.7	$ 11.8
Income (loss) from discontinued operations	$ (0.4)	$ (0.3)	$ 2.5	$ 11.0	$ (0.6)	$ (21.7)	$ (1.8)	$ (2.0)
Net income (loss)	$ 11.3	$ 18.5	$ 12.9	$ 19.6	$ 8.3	$ (11.0)	$ 7.9	$ 9.8
Basic earnings per share from continuing operations	$ 0.13	$ 0.21	$ 0.12	$ 0.10	$ 0.10	$ 0.12	$ 0.11	$ 0.13
Basic earnings (loss) per share from discontinued operations	$ (0.01)	$ (0.00)	$ 0.03	$ 0.12	$ (0.01)	$ (0.24)	$ (0.02)	$ (0.02)
Basic earnings (loss) per share	$ 0.12	$ 0.21	$ 0.15	$ 0.22	$ 0.09	$ (0.12)	$ 0.09	$ 0.11
Diluted earnings per share from continuing operations	$ 0.13	$ 0.21	$ 0.11	$ 0.10	$ 0.09	$ 0.12	$ 0.11	$ 0.13
Diluted earnings (loss) per share from discontinued operations	$ (0.01)	$ (0.00)	$ 0.03	$ 0.12	$ (0.00)	$ (0.24)	$ (0.02)	$ (0.02)
Diluted earnings (loss) per share	$ 0.12	$ 0.21	$ 0.14	$ 0.22	$ 0.09	$ (0.12)	$ 0.09	$ 0.11
Order Bookings	$ 197.0	$ 237.0	$ 110.0	$ 165.0	$ 170.0	$ 173.0	$ 112.0	$ 168.0
Order Backlog	$ 474.0	$ 467.0	$ 355.0	$ 415.0	$ 398.0	$ 388.0	$ 361.0	$ 397.0

Interim financial results are not necessarily indicative of annual or longer-term results because many of the individual markets served by the Company tend to be cyclical in nature. General economic trends, product life cycles and product changes may impact revenues and operating performance. ATS typically experiences some seasonality with its Order Bookings, revenues and earnings from operations due to summer plant shutdowns by its customers. Operating performance quarter to quarter may also be affected by the timing of revenue recognition on large programs in Order Backlog, which is impacted by such factors as customer delivery schedules, and the timing of third-party content.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS & ASSUMPTIONS

Notes 2 and 3 to the consolidated financial statements describe the basis of accounting and the Company's significant accounting policies.

REVENUE RECOGNITION AND CONTRACTS IN PROGRESS: The nature of ASG contracts requires the use of estimates to quote new business and most automation systems are typically sold on a fixed-price basis. Revenues on construction contracts and other long-term contracts are recognized on a percentage of completion basis as outlined in note 3(d) "Construction contracts" of the consolidated financial statements. 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. If the actual costs incurred by the Company to complete a contract are significantly higher than estimated, the Company's earnings may be negatively affected. The use of estimates involve risks, since the work to be performed requires varying degrees of technical uncertainty, including possible development work to meet the customer's specification, the extent of which is sometimes not determinable until after the project has been awarded. In the event the Company is unable to meet the defined performance specification for a contracted automation system, it may need to redesign and rebuild all or a portion of the system at its expense without an increase in the selling price. Certain contracts may have provisions that reduce the selling price if the Company fails to deliver or complete the contract by specified dates. These provisions may expose the Company to liabilities or adversely affect the Company's results of operations or financial position.

ASG's contracts may be terminated by customers in the event of a default by the Company or, in some cases, for the convenience of the customer. In the event of a termination for convenience, the Company typically negotiates a payment provision reflective of the progress achieved on the contract and/or the costs incurred to the termination date. If a contract is cancelled, Order Backlog is reduced and production utilization may be negatively impacted.

Complete provision, which can be significant, is made for losses on such contracts when such losses first become known. Revisions in estimates of costs and profits on contracts, which can also be significant, are recorded in the accounting period in which the relevant facts impacting the estimates become known.

A portion of ASG revenue is recognized when earned, which is generally at the time of shipment and transfer of title to the customer, provided collection is reasonably assured.

INCOME TAXES: Deferred income tax assets, disclosed in note 18 of the consolidated financial statements, 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 income 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 income tax asset changes, the Company would be required to recognize more or fewer of the deferred income 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.

STOCK-BASED PAYMENT TRANSACTIONS: The Company measures the cost of transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. 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 of the consolidated financial statements.

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. 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. As described in note 11 of the consolidated financial statements, goodwill is assessed for impairment on an annual basis. The Company performed its annual impairment test of goodwill as at March 31, 2014 and has determined there is no impairment (March 31, 2013 – $nil).

PROVISIONS: As described in note 3(q) of 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.

EMPLOYEE BENEFITS: 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 their 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 of the consolidated financial statements.

ACCOUNTING STANDARDS ADOPTED IN FISCAL 2014

Effective April 1, 2013, the Company applied the following new IFRS standards for the first time: IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosures of Interests in Other Entities. The adoption of these standards and amendments affected presentation and disclosures only, and had no impact on the financial statements of the Company.

IFRS 13 – FAIR VALUE MEASUREMENT: IFRS 13 defines fair value and provides guidance for measuring fair value and identifies the required disclosures pertaining to fair value measurement. The application of IFRS 13 has not materially impacted the fair value measurements of the Company. Additional disclosures, where required, are provided in the individual notes to the consolidated financial statements relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in note 13 to the consolidated financial statements.

IAS 1 – PRESENTATION OF FINANCIAL STATEMENTS: The IASB amended IAS 1 by revising how certain items are presented in other comprehensive income ("OCI"). Items within OCI that may be reclassified to the statements of income have been separated from items that will not. While this amendment has impacted presentation in the consolidated statements of comprehensive income, it did not impact the Company's consolidated income, comprehensive income or consolidated financial position.

IAS 19 – EMPLOYEE BENEFITS: Effective April 1, 2013, the Company adopted revisions to IAS 19 – Employee Benefits ("IAS 19R"). The amendments to IAS 19 introduce a net interest approach for defined benefit obligations by replacing 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. Also, unvested past service costs can no longer be deferred and recognized over future vesting periods. Instead, all past service costs are recognized at the earlier of when the amendment occurs and when the Company recognizes related restructuring or termination costs.

The change in accounting policy has been applied retrospectively. The adoption of IAS 19R had an immaterial impact on the financial statements of the Company.

IFRS 11 – JOINT ARRANGEMENTS: IFRS 11 replaces the previous guidance in IAS 31, Interests in Joint Ventures. IFRS 11 reduces the types of joint arrangements to two: joint ventures and joint operations. IFRS 11 requires equity accounting for interest in joint ventures, eliminating the existing policy choice of proportionate consolidation for jointly controlled entities in IAS 31. Accounting for joint operations will follow accounting similar to that for jointly controlled assets and jointly controlled operations under IAS 31. This standard became effective for annual periods beginning on or after January 1, 2013.

The Company's existing joint arrangement is classified as a joint operation under the new standard with no significant change in the accounting. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

IAS 36 – IMPAIRMENT OF ASSETS: Effective April 1, 2013, the Company adopted revisions to IAS 36 – *Impairment of Assets* ("IAS 36"). The amendments to IAS 36 reverse the unintended requirement in IFRS 13 – *Fair Value Measurement*, to disclose the recoverable amount of every CGU to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. These amendments are effective for annual periods beginning on or after January 1, 2014; however, the Company has adopted them early, starting April 1, 2013.

The adoption of IAS 36 did not have a material impact on the Company's consolidated financial statements.

CONTROLS AND PROCEDURES

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

DISCLOSURE CONTROLS AND PROCEDURES: An evaluation of the design of and operating effectiveness of the Company's disclosure controls and procedures was conducted as of March 31, 2014 under the supervision of the CEO and CFO as required by CSA National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings. The evaluation included documentation, review, enquiries and other procedures considered appropriate in the circumstances. Based on that evaluation, the CEO and the CFO have concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that information relating to the Company and its consolidated subsidiaries that is required to be disclosed in reports filed under provincial and territorial securities legislation is recorded, processed, summarized and reported to senior management, including the CEO and the CFO, so that appropriate decisions can be made by them regarding required disclosure within the time periods specified in the provincial and territorial securities legislation.

INTERNAL CONTROL OVER FINANCIAL REPORTING: CSA National Instrument 52-109 requires the CEO and CFO to certify that they are responsible for establishing and maintaining internal control over financial reporting for the Company, that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with the Company's GAAP.

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

The CEO and CFO have, using the framework and criteria established in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission, evaluated the design and operating effectiveness of the Company's internal controls over financial reporting and concluded that, as of March 31, 2014, internal controls over financial reporting were effective to provide reasonable assurance that information related to consolidated results and decisions to be made based on those results were appropriate.

During the year ended March 31, 2014, other than as noted below, there have been no changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

The Company acquired IWK on September 30, 2013. During the three months ended March 31, 2014, management completed its evaluation on the design and operating effectiveness of IWK's internal controls over financial reporting and concluded that, as of March 31, 2014, internal controls over financial reporting were effective to provide reasonable assurance that information related to consolidated results and decisions to be made based on those results were appropriate.

OTHER MAJOR CONSIDERATIONS AND RISK FACTORS

Any investment in ATS will be subject to risks inherent to ATS' business. The following risk factors are discussed in the Company's Annual Information Form, which may be found on SEDAR at www.sedar.com.

/ Market volatility;
/ Strategy execution risks;
/ Competition risk;
/ Automation systems pricing and revenue mix risk;
/ First-time program and production risks;
/ Pricing, quality, delivery and volume risk;
/ Product failure risks;
/ Availability of raw materials and other manufacturing inputs;
/ Customer risks;
/ New product market acceptance, obsolescence, and commercialization risk;
/ Liquidity and access to capital markets;
/ Expansion risks;
/ Availability of human resources and dependence on key personnel;
/ Intellectual property protection risks;
/ Risk of infringement of third parties' intellectual property rights;
/ Internal controls;
/ Income and other taxes and uncertain tax liabilities;
/ Variations in quarterly results;
/ Share price volatility;
/ Litigation;
/ Legislative compliance; and
/ Dependence on performance of subsidiaries.

NOTE TO READERS: FORWARD-LOOKING STATEMENTS

This annual report and management's discussion and analysis of financial conditions, and results of operations of ATS contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of ATS, or developments in ATS' business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements include all disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action. Forward-looking statements may also include, without limitation, any statement relating to future events, conditions or circumstances. ATS cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Forward-looking statements relate to, among other things: the next phase of the Company's strategy: grow, expand, and scale; IWK acquisition – leveraging of IWK into other markets, potential for future acquisitions that would be a strategic fit with IWK; competitive strengths; a Nigerian contract and timing of Order Booking and Order Backlog in relation thereto; potential impact of general economic environment, including impact on credit markets, customer markets, and Order Bookings, and the timing of those impacts; demand for Company's products potentially lagging global macroeconomic trends; activity in the market segments that the Company serves; opportunities resulting from the IWK acquisition; the sales organization's approach to market and expected impact on Order Bookings; impact of Order Backlog on volatility and time to complete Order Backlog; the implementation of changes to cost structure and the expected impact; management's expectations in relation to the impact of strategic initiatives on ATS operations; the Company's strategy to expand organically and through acquisition; Company's expectation with respect to deferred tax assets and effective tax rate and cash taxes; separation of solar business; expected timing of receipt of proceeds in relation to the sale of seven joint venture ground mount solar projects; expected gain on solar divestitures; Company's expectation to continue to increase its investment in working capital; expectation in relation to meeting funding requirements for investments; expectation to use moderate leverage to support growth strategy; foreign exchange hedging; and accounting standards changes.

The risks and uncertainties that may affect forward-looking statements include, among others: impact of the global economy; general market performance including capital market conditions and availability and cost of credit; performance of the market sectors that ATS serves; foreign currency and exchange risk; the relative strength of the Canadian dollar; impact of factors such as increased pricing pressure and possible margin compression; the regulatory and tax environment; failure or delays associated with the new customer programs; that leveraging and strategic initiatives in relation to the IWK acquisition are delayed, not completed, or do not have intended positive impact; that acquisitions that are a strategic fit with IWK are not identified or concluded; failure of the Nigerian project to achieve financial close, generate further milestone payments, or satisfy other conditions or meet expected timelines; potential for greater negative impact associated with any non-performance related to large enterprise programs; variations in the amount of Order Backlog completed in any given quarter; that strategic initiatives are delayed, not completed, or do not have intended positive impact; that restructuring charges exceed those currently contemplated; inability to successfully expand organically or through acquisition, due to an inability to grow expertise, personnel, and/or facilities at required rates or to identify, negotiate and conclude one or more acquisitions; or to raise, through debt or equity, or otherwise have available, required capital; that acquisitions made are not integrated as quickly or effectively as planned or expected; that the Company or its subsidiaries may have exposure to greater than anticipated income tax liabilities; that the solar joint venture ground mount projects are delayed in achieving commercial operation or cannot ultimately be developed, due to market, regulatory, transmission, local opposition, or other factors; labour disruptions; that one or more customers, or other entities with which the Company has contracted, experience insolvency or bankruptcy with resulting delays, costs or losses to the Company; political, labour or supplier disruptions; the development of superior or alternative technologies to those developed by ATS; the success of competitors with greater capital and resources in exploiting their technology; market risk for developing technologies; risks relating to legal proceedings to which ATS is or may become a party; exposure to product liability claims; risks associated with greater than anticipated tax liabilities or expenses; and other risks detailed from time to time in ATS's filings with Canadian provincial securities regulators. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and other than as required by applicable securities laws, ATS does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change.

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.

Anthony Caputo
Chief Executive Officer

M Perrella

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, 2014 and 2013, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, 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, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Toronto, Canada,
May 21, 2014

Chartered Accountants
Licensed Public Accountants

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(In thousands of Canadian dollars)*

As at	Note	March 31 2014	March 31 2013
ASSETS			
Current assets			
Cash and cash equivalents		$ 76,466	$ 105,453
Accounts receivable		117,821	99,696
Costs and earnings in excess of billings on contracts in progress	7	146,231	122,842
Inventories	7	24,186	10,669
Deposits, prepaids and other assets	8	9,630	11,738
		374,334	350,398
Assets associated with discontinued operations	6	13,265	14,950
		387,599	365,348
Non-current assets			
Property, plant and equipment	9	85,412	79,269
Investment property	10	4,341	3,712
Goodwill	11	151,731	58,542
Intangible assets	12	111,298	27,615
Deferred income tax assets	18	7,838	13,154
Investment tax credit receivable	18	30,165	27,699
Portfolio investments	13	—	4,969
		390,785	214,960
Total assets		$ 778,384	$ 580,308
LIABILITIES AND EQUITY			
Current liabilities			
Bank indebtedness	16	$ 913	$ —
Accounts payable and accrued liabilities		138,285	102,828
Provisions	14	10,412	9,096
Billings in excess of costs and earnings on contracts in progress	7	59,363	48,135
Current portion of long-term debt	16	3,815	257
		212,788	160,316
Liabilities associated with discontinued operations	6	6,774	8,112
		219,562	168,428
Non-current liabilities			
Employee benefits	15	23,213	10,581
Long-term debt	16	1,324	918
Deferred income tax liability	18	16,747	1,777
		41,284	13,276
Total liabilities		$ 260,846	$ 181,704
EQUITY			
Share capital	17	$ 510,725	$ 486,734
Contributed surplus		15,025	19,317
Accumulated other comprehensive income (loss)		35,970	(123)
Retained deficit		(44,311)	(107,407)
Equity attributable to shareholders		517,409	398,521
Non-controlling interests		129	83
Total equity		517,538	398,604
Total liabilities and equity		$ 778,384	$ 580,308

On behalf of the Board:

David McAusland, Director

Neil D. Arnold, Director

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME *(in thousands of Canadian dollars, except per share amounts)*

Years ended March 31	Note	2014	2013
Revenues			
Revenues from construction contracts		$ 597,143	$ 538,150
Sale of goods		42,973	24,407
Services rendered		43,245	28,541
Total revenues		683,361	591,098
Operating costs and expenses			
Cost of revenues		501,684	441,182
Selling, general and administrative		113,321	89,485
Stock-based compensation	19	7,323	3,786
Earnings from operations		61,033	56,645
Net finance costs	23	3,016	2,013
Income from continuing operations before income taxes		58,017	54,632
Income tax expense	18	8,600	13,558
Income from continuing operations		49,417	41,074
Income (loss) from discontinued operations, net of tax	6	12,802	(25,991)
Net income		$ 62,219	$ 15,083
Attributable to			
Shareholders		$ 62,173	$ 15,031
Non-controlling interests		46	52
		$ 62,219	$ 15,083
Earnings (loss) per share attributable to shareholders	24		
Basic – from continuing operations		$ 0.56	$ 0.47
Basic – from discontinued operations	6	0.14	(0.30)
		$ 0.70	$ 0.17
Earnings (loss) per share attributable to shareholders	24		
Diluted – from continuing operations		$ 0.55	$ 0.46
Diluted – from discontinued operations	6	0.14	(0.29)
		$ 0.69	$ 0.17

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME *(in thousands of Canadian dollars)*

Years ended March 31		2014		2013
Net income	$	62,219	$	15,083
Other comprehensive income (loss):				
Items to be reclassified subsequently to net income:				
Currency translation adjustment (net of income taxes of $nil)		36,639		536
Net unrealized gain on available-for-sale financial assets		285		321
Tax impact		82		(82)
Gain on available-for-sale financial assets transferred to net income		(606)		—
Tax impact		—		—
Net unrealized loss on derivative financial instruments designated as cash flow hedges		(2,478)		(576)
Tax impact		633		179
Loss (gain) transferred to net income for derivatives designated as cash flow hedges		2,081		(79)
Tax impact		(543)		(39)
Items that will not be reclassified subsequently to net income:				
Actuarial gains (losses) on defined benefit pension plans		894		(3,397)
Tax impact		29		187
Other comprehensive income (loss)		37,016		(2,950)
Comprehensive income	$	99,235	$	12,133
Attributable to				
Shareholders	$	99,189	$	12,081
Non-controlling interests		46		52
	$	99,235	$	12,133

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(in thousands of Canadian dollars)*

Year ended March 31, 2014

	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, 2013	$ 486,734	$ 19,317	$ (107,407)	$ (23)	$ 239	$ (339)	$ (123)	$ 83	$ 398,604
Net income	—	—	62,173	—	—	—	—	46	62,219
Other comprehensive income (loss)	—	—	923	36,639	(239)	(307)	36,093	—	37,016
Total comprehensive income (loss)	—	—	63,096	36,639	(239)	(307)	36,093	46	99,235
Stock-based compensation	—	2,082	—	—	—	—	—	—	2,082
Exercise of stock options	23,991	(6,374)	—	—	—	—	—	—	17,617
Balance, at March 31, 2014	$ 510,725	$ 15,025	$ (44,311)	$ 36,616	$ —	$ (646)	$ 35,970	$ 129	$ 517,538

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

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOW *(In thousands of Canadian dollars)*

Years ended March 31	Note		2014		2013
Operating activities:					
Income from continuing operations		$	49,417	$	41,074
Items not involving cash					
Depreciation of property, plant and equipment			7,245		6,861
Amortization of intangible assets			11,210		5,376
Deferred income taxes	18		(2,067)		2,663
Other items not involving cash			2,210		(142)
Stock-based compensation	19		7,323		3,786
Loss on disposal of property, plant and equipment			23		77
Gain on sale of portfolio investment			(606)		—
		$	74,755	$	59,695
Change in non-cash operating working capital			(4,862)		(26,034)
Cash flows used in operating activities of discontinued operations	6		(6,966)		(6,987)
Cash flows provided by operating activities		$	62,927	$	26,674
Investing activities:					
Acquisition of property, plant and equipment		$	(4,260)	$	(7,747)
Acquisition of intangible assets			(6,843)		(4,750)
Business acquisition, net of cash acquired			(137,408)		—
Acquisition of portfolio investments			—		(4,648)
Proceeds from disposal of property, plant and equipment			155		23
Proceeds on sale of portfolio investments			5,247		—
Cash flows provided by (used in) investing activities of discontinued operations	6		21,846		(111)
Cash flows used in investing activities		$	(121,263)	$	(17,233)
Financing activities:					
Restricted cash	8	$	1,009	$	(993)
Bank indebtedness			(29)		(403)
Repayment of long-term debt			(40,310)		(1,282)
Proceeds from long-term debt			43,236		—
Issuance of common shares			17,617		2,524
Cash flows provided by (used in) financing activities		$	21,523	$	(154)
Effect of exchange rate changes on cash and cash equivalents			9,557		(109)
Increase (decrease) in cash and cash equivalents			(27,256)		9,178
Cash and cash equivalents, beginning of period			105,870		96,692
Cash and cash equivalents, end of period		$	78,614	$	105,870
Attributable to:					
Cash and cash equivalents – continuing operations		$	76,466	$	105,453
Cash and cash equivalents – associated with discontinued operations			2,148		417
		$	78,614	$	105,870
Supplemental information:					
Cash income taxes paid by continuing operations		$	2,874	$	3,927
Cash interest paid by discontinued operations		$	2,141	$	1,002

See accompanying notes to the consolidated financial statements

Notes to 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. The Company has initiated a formal sale process for the Ontario-based 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, 2014 were authorized for issue by the Board of Directors on May 21, 2014.

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. 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. The Company's material subsidiaries are: Automation Tooling Systems Enterprises Inc. and ATS Automation Tooling Systems GmbH. The Company has a 100% voting and equity securities interest in each of these corporations. 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 ("CGUs") 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 fair values of the operation disposed of and the portion of the CGU retained.

(b) INTEREST IN JOINT ARRANGEMENTS: The Company has interests in joint operations, whereby the joint operators have a contractual arrangement that establishes joint control over the economic activities of the individual entity. The Company recognizes its share of the joint operation's assets, liabilities, revenues and expenses in the consolidated financial statements. The financial statements of the joint operations 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 subsidiary operates and is normally the currency in which the subsidiary generates and uses cash. Each subsidiary in the Company determines its own functional currency and items included in the consolidated financial statements of each subsidiary 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 dates of the initial transactions. 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 dates 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 met. 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 in which 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 also 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 bases 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 will be realized or the liability will be 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 operations, 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 operations, 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 also 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 accounts receivable or accounts payable in the consolidated statements of financial position.

(g) NON-CURRENT ASSETS CLASSIFIED AS ASSETS ASSOCIATED WITH 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 derecognized 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 statements 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 income 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 asset. 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 for 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 1 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 are accounted for by changing the amortization period or method, as appropriate, and are 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.
/ The Company's intention to complete and its ability to use or sell the intangible asset.
/ How the asset will generate future economic benefits.
/ The availability of resources to complete the intangible asset.
/ The ability to measure reliably the expenditures 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 other than financial assets at fair value through profit or loss 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 provisions for doubtful accounts. 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 selling, general and administrative expenses, 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 a debtor 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 indicates 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 or costs. 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 may use 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 pro-rated on length of service and management's best estimate assumptions to value its pensions using a measurement date of March 31. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur in other comprehensive income. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and is recognized in the selling, general and administrative expenses in the consolidated statements of income.

The past service costs are recognized immediately in net earnings as an expense.

The defined benefit asset or liability comprises the present value of the defined benefit obligation using the current interest rate at the reporting date on high quality fixed income investments with maturities that match the expected maturities of the obligation, 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) STOCK-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 are credited to share capital and share premiums when the options are exercised.

For cash-settled plans, namely the Deferred Stock Unit Plan, the Share Appreciation Rights and the Restricted Share Units, 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.

(t) STANDARDS ADOPTED IN FISCAL 2014: Certain new standards and amendments to standards that were adopted on April 1, 2013 are noted below.

(a) Effective April 1, 2013, the Company applied the following new IFRS standards for the first time: IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosures of Interests in Other Entities. The adoption of these standards and amendments affected presentation and disclosures only, and had no other impact on the financial statements of the Company.

(b) IFRS 13 – Fair Value Measurement: IFRS 13 defines fair value and provides guidance for measuring fair value and identifies the required disclosures pertaining to fair value measurement. The application of IFRS 13 has not materially impacted the fair value measurements of the Company. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. See note 13 for the Company's fair value hierarchy.

(c) IAS 1 – Presentation of Financial Statements: The IASB amended IAS 1 by revising how certain items are presented in other comprehensive income ("OCI"). Items within OCI that may be reclassified to the statements of income have been separated from items that will not. While this amendment has impacted presentation in the consolidated statements of comprehensive income, it did not impact the Company's consolidated income, comprehensive income or consolidated financial position.

(d) IAS 19 – Employee Benefits: Effective April 1, 2013, the Company adopted revisions to IAS 19 – *Employee Benefits* ("IAS 19R"). The amendments to IAS 19 introduce a net interest approach for defined benefit obligations by replacing 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. Also, unvested past service costs can no longer be deferred and recognized over future vesting periods. Instead, all past service costs are recognized at the earlier of when the amendment occurs and when the Company recognizes related restructuring or termination costs.

The change in accounting policy has been applied retrospectively.

The adoption of IAS 19R had an immaterial impact on the financial statements of the Company.

(e) IFRS 11 – Joint Arrangements: IFRS 11 replaces the previous guidance in IAS 31, Interests in Joint Ventures. IFRS 11 reduces the types of joint arrangements to two: joint ventures and joint operations. IFRS 11 requires equity accounting for interests in joint ventures, eliminating the existing policy choice of proportionate consolidation for jointly controlled entities in IAS 31. Accounting for joint operations will follow accounting similar to that for jointly controlled assets and jointly controlled operations under IAS 31. This standard became effective for annual periods beginning on or after January 1, 2013.

The Company's existing joint arrangement is classified as a joint operation under the new standard with no significant change in the accounting. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

(f) IAS 36 – Impairment of Assets: Effective April 1, 2013, the Company adopted revisions to IAS 36 – *Impairment of Assets* ("IAS 36"). The amendments to IAS 36 reverse the unintended requirement in IFRS 13 – *Fair Value Measurement*, to disclose the recoverable amount of every CGU to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. These amendments are effective for annual periods beginning on or after January 1, 2014; however, the Company has adopted them early, starting April 1, 2013.

The adoption of IAS 36 did not have a material impact on the Company's consolidated financial statements.

(u) STANDARDS ISSUED BUT NOT YET EFFECTIVE: A number of amendments to standards and a new interpretation have been issued but are not yet effective for the financial year ended March 31, 2014, and accordingly, have not been applied in preparing these consolidated financial statements.

(a) IFRIC 21 – Levies: In May 2013, the IFRS Interpretation Committee ("IFRIC"), with the approval by the IASB, issued IFRIC 21 – *Levies*. IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by government that is accounted for in accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, and is to be applied retrospectively.

The Company is currently assessing the impact of adopting this interpretation on its consolidated financial statements and does not expect any significant impact.

(b) IFRS 9 – Financial Instruments: In November 2013, the IASB issued a revised version of IFRS 9 – *Financial Instruments* which introduces a new chapter on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The revised standard permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within the consolidated statements of income. The amendments to IFRS 9 remove the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalization of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

The Company does not anticipate early adoption and plans to adopt the standard on its effective date, which the IASB has tentatively decided will be no earlier than January 1, 2018. The Company is in the process of reviewing the standard to determine the impact on its consolidated financial statements.

4 CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities, at the end of the reporting period. However, uncertainty about these estimates, judgments and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The Company based its estimates, judgments and assumptions 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 estimates 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 from 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 CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. As disclosed in notes 11 and 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) EMPLOYEE BENEFITS: 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.

(f) FAIR VALUE MEASUREMENT: Acquisitions that meet the definition of a business combination require the Company to recognize the assets acquired and liabilities assumed at their fair value on the date of the acquisition. The calculation of fair value of the assets and liabilities may require the use of estimates and assumptions, based on discounted cash flows, market information and using independent valuations and management's best estimates.

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 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. The Company is conducting a formal sale process for the Ontario Solar business (see note 6). 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 ACQUISITION OF IWK

On September 30, 2013, the Company completed its acquisition of 100% of the shares of IWK Verpackungstechnik GmbH and OYSTAR IWK USA, Inc. (collectively "IWK"). IWK is a leader in technology driven high performance tube filling and cartoning machinery for the pharmaceutical and personal care industries, and is headquartered in Stutensee, Germany with locations in New Jersey, U.S.A. and Bangkok, Thailand. IWK has been integrated with the Company's existing ASG segment. The IWK acquisition aligns with ATS's strategy of scaling its leading position in the global automation market and enhancing growth opportunities, particularly in strategic customer segments and with technology leadership. It is expected to provide the Company with deep capabilities across several core elements of the customer value chain and improve the Company's position in the Life Sciences and Consumer Products markets.

The total cash consideration for IWK was $147,312 (106,105 Euro). In addition, the Company incurred $3,166 of transaction costs related to the acquisition which were recognized in selling, general and administrative expenses.

Cash used in investing activities is determined as follows:

Cash consideration	$	147,312
Less cash acquired		(9,904)
	$	137,408

The purchase cost was allocated to the underlying assets acquired and liabilities assumed based upon the estimated fair value at the date of acquisition. The Company determined the fair values based on discounted cash flows, market information, and using independent valuations and management's best estimates.

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

Purchase price allocation		
Cash	$	9,904
Current assets		46,340
Property, plant and equipment		3,171
Intangible assets with a definite life		
Technology		11,107
Customer relationships		56,091
Other		2,827
Intangible assets with an indefinite life		
Brand		7,775
Current liabilities		(38,075)
Defined benefit pension obligation		(11,133)
Deferred income tax liability		(20,099)
Net identifiable assets		67,908
Residual purchase price allocated to goodwill		79,404
	$	147,312

Non-cash working capital includes accounts receivable of $21,260, representing gross contractual amounts receivable of $21,443 less management's best estimate of the contractual cash flows not expected to be collected of $183.

The primary factors that contributed to a residual purchase price that resulted in the recognition of goodwill are: the existing IWK business; the acquired workforce; core capability in primary packaging (tube fillers) and secondary packaging (cartoners); time-to-market benefits of acquiring an established organization in key international markets such as Europe, Asia and the United States; and the combined strategic value to the Company's growth plan. Approximately $5,200 and $4,300 of the amounts assigned to goodwill and intangibles respectively is expected to be deductible for tax purposes.

During the three months ended March 31, 2014, changes to the purchase price allocation resulted in a decrease in inventory of $112, a decrease in goodwill of $2,534, an increase in intangible assets of $4,165, a decrease in accounts payable and accrued liabilities of $4,037, an increase in billings in excess of costs and earnings on contracts in progress of $5,250 and an increase in deferred tax liabilities of $306.

The cash consideration of the purchase price along with transaction costs were primarily funded with existing cash on hand and proceeds from long-term debt of $40,000. This acquisition was accounted for as a business combination with the Company as the acquirer of IWK. The purchase method of accounting was used and the earnings have been consolidated from the acquisition date, September 30, 2013. IWK has contributed approximately $59,227 in revenue and $1,427 in net income to the fiscal 2014 results. If IWK had been acquired at the beginning of ATS' fiscal year (April 1, 2013), the Company estimates that revenues from continuing operations and net income from continuing operations of the combined IWK and ATS entity for the year ended March 31, 2014 would have been approximately $735,900 and $50,500 respectively.

6 DISCONTINUED OPERATIONS

The Board of Directors of ATS have approved a plan designed to implement the separation of Solar from ATS and the Company currently holds the related assets for sale. During the year ended March 31, 2014, the Company's 50% owned joint operation, Ontario Solar PV Fields ("OSPV"), sold four ground-mount solar projects. OSPV has retained 25% ownership of the projects until the projects reach commercial operation, which is expected to occur in calendar 2014. Net proceeds to the Company are expected to be $21.4 million, of which the Company has received net proceeds of $13.4 million during the year ended March 31, 2014 and $0.5 million during the year ended March 31, 2013. The remaining proceeds are expected to be received when the projects achieve commercial operation.

During the year ended March 31, 2014, the Company divested the Ontario Solar manufacturing assets and inventory. Net proceeds to the Company were $6.5 million.

Subsequent to March 31, 2014, the Company sold the three remaining ground-mount solar projects. OSPV has retained 25% ownership of the projects until the projects reach commercial operation, which is expected to occur in early calendar 2015. Net proceeds to the Company are expected to be $14.6 million, of which the Company has received net proceeds of $12.0 million subsequent to the year ended March 31, 2014. The remaining proceeds are expected to be received when the projects achieve commercial operation.

Years ended		March 31 2014		March 31 2013
Revenues	$	1,079	$	3,698
Gain on Sale		13,815		—
Operating costs and expenses		(2,088)		29,827
Income (loss) from discontinued operations		12,806		(26,129)
Net finance costs		4		15
Income (loss) from discontinued operations before income taxes		12,802		(26,144)
Income tax recovery		—		(153)
Income (loss) from discontinued operations, net of tax	$	12,802	$	(25,991)
Income (loss) per share				
Basic – from discontinued operations	$	0.14	$	(0.30)
Diluted – from discontinued operations	$	0.14	$	(0.29)

Included in the year ended March 31, 2014 is a non-cash recovery of $3,000 related to the reversal of a warranty provision which is no longer required.

Included in the loss from discontinued operations for the year ended March 31, 2013 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.

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

As at		March 31 2014		March 31 2013
Assets				
Cash and cash equivalents	$	2,148	$	417
Accounts receivable		31		3,140
Inventories		677		5,712
Deposits and prepaid assets		4,239		2,943
Other assets		6,170		2,738
Assets associated with discontinued operations	$	13,265	$	14,950
Liabilities				
Accounts payable and accrued liabilities	$	6,738	$	8,044
Provisions		36		68
Liabilities associated with discontinued operations	$	6,774	$	8,112
Net assets directly associated with disposal group	$	6,491	$	6,838

Notes to Consolidated Financial Statements (in thousands of Canadian dollars, except per share amounts)

7 CONSTRUCTION CONTRACTS AND INVENTORIES

As at		March 31 2014		March 31 2013
Contracts in progress:				
Costs incurred	$	870,970	$	695,084
Estimated earnings		258,694		106,296
	$	1,129,664	$	801,380
Progress billings		(1,042,796)		(726,673)
	$	86,868	$	74,707
Disclosed as:				
Costs and earnings in excess of billings on contracts in progress	$	146,231	$	122,842
Billings in excess of costs and earnings on contracts in progress		(59,363)		(48,135)
	$	86,868	$	74,707

As at		March 31 2014		March 31 2013
Inventories are summarized as follows:				
Raw materials	$	12,832	$	5,935
Work in process		10,358		4,651
Finished goods		996		83
	$	24,186	$	10,669

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, 2014 was $390 (March 31, 2013 – $186). The amount of inventories carried at net realizable value as at March 31, 2014 was $2,158 (March 31, 2013 – $37).

8 DEPOSITS, PREPAIDS AND OTHER ASSETS

As at		March 31 2014		March 31 2013
Prepaid assets	$	5,071	$	3,817
Restricted cash [i]		813		1,519
Supplier deposits		2,941		6,160
Forward foreign exchange contracts		796		220
Other assets		9		22
	$	9,630	$	11,738

(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, 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
Additions	—	576	696	2,988	4,260
Acquisition of a subsidiary	—	1,714	62	1,395	3,171
Disposals	—	(1)	(353)	(1,614)	(1,968)
Exchange and other adjustments	1,813	7,226	1,811	1,745	12,595
Balance, at March 31, 2014	$ 21,851	$ 99,946	$ 15,427	$ 29,555	$ 166,779

	Land	Buildings and leaseholds	Production equipment	Other equipment	Total
Depreciation:					
Balance, at March 31, 2012	$ —	$ (40,874)	$ (10,151)	$ (16,594)	$ (67,619)
Depreciation expense	—	(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)
Depreciation expense	—	(3,477)	(825)	(2,943)	(7,245)
Disposals	—	—	302	1,491	1,793
Exchange and other adjustments	—	(3,794)	(1,439)	(1,230)	(6,463)
Balance, at March 31, 2014	$ —	$ (50,645)	$ (12,497)	$ (18,225)	$ (81,367)
Net book value:					
At March 31, 2014	$ 21,851	$ 49,301	$ 2,930	$ 11,330	$ 85,412
At March 31, 2013	$ 20,038	$ 47,057	$ 2,676	$ 9,498	$ 79,269

Included in other equipment as at March 31, 2014 is $70 (March 31, 2013 – $10) of assets which are under construction and have not been depreciated.

10 INVESTMENT PROPERTY

	2014	2013
Opening	$ 3,712	$ 3,792
Foreign exchange adjustment	629	(80)
Balance, at March 31	$ 4,341	$ 3,712

The estimated fair value of the Company's investment property at March 31, 2014 and March 31, 2013 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 incur any direct operating expenses, including repairs and maintenance.

Notes to Consolidated Financial Statements (in thousands of Canadian dollars, except per share amounts)

11 GOODWILL

The carrying amount of goodwill acquired through business combinations has been allocated to a group of CGUs which combine to form a single operating segment being Automation Systems Group, as follows:

As at	March 31 2014	March 31 2013
Automation Systems Group	$ 151,731	$ 58,542

	2014	2013
Balance at April 1	$ 58,542	$ 58,320
Acquisition – IWK	79,404	—
Foreign exchange	13,785	222
Balance at March 31	$ 151,731	$ 58,542

The Company performed the annual impairment test of goodwill as at March 31, 2014. The recoverable amount of the group of CGUs 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, 2014 were compared to the budgeted results for the year ending March 31, 2015, 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 6.3% to 11.1% 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 CGUs.

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 CGUs.

12 INTANGIBLE ASSETS

		Development projects		Computer software, licenses and other		Technology		Customer relationships		Brands		Total
Cost:												
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
Additions		3,260		3,583		—		—		—		6,843
Disposals		—		(186)		—		—		—		(186)
Acquisition of a subsidiary		—		2,827		11,107		56,091		7,775		77,800
Exchange and other adjustments		63		1,511		2,585		7,666		1,504		13,329
Balance, at March 31, 2014	$	7,118	$	25,447	$	23,362	$	78,701	$	13,692	$	148,320

		Development projects		Computer software, licenses and other		Technology		Customer relationships		Brands		Total
Amortization:												
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)
Amortization		(249)		(2,963)		(1,839)		(6,159)		—		(11,210)
Disposals		—		180		—		—		—		180
Exchange and other adjustments		(15)		(1,077)		(590)		(1,391)		—		(3,073)
Balance, at March 31, 2014	$	(3,398)	$	(13,522)	$	(5,469)	$	(14,633)	$	—	$	(37,022)
Net book value:												
At March 31, 2014	$	3,720	$	11,925	$	17,893	$	64,068	$	13,692	$	111,298
At March 31, 2013	$	661	$	8,050	$	6,630	$	7,861	$	4,413	$	27,615

Included in development projects and in computer software, licenses and other intangibles as at March 31, 2014 is $1,719 and $4,663 respectively (March 31, 2013 – $1,072 and $3,554 respectively) of intangible assets which are in development and have not been depreciated. Research and development costs that are not eligible for capitalization have been expensed and are recognized in cost of revenues.

The Company performed the annual impairment test of indefinite lived intangible assets as at March 31, 2014. The intangible assets acquired during the year ended March 31, 2014 related to IWK were recorded at fair value based on discounted cash flows, market information, and using independent valuations and management's best estimates. The recoverable amount of the previously acquired intangible assets was estimated based on a value in use calculation using the present value of the future cash flows expected to be derived by the related subsidiaries. This approach requires management to estimate cash flows which include EBIT from continuing operations less income taxes, depreciation and amortization and capital expenditures.

In determining future cash flows, the budgeted results for the year ending March 31, 2015, as presented to and approved by the Board of Directors were extrapolated for a five-year period. Management used discount rates in the range of 12% to 20% to determine the present value of the future cash flows. As a result of the analysis, management did not identify an impairment of the intangible assets and any reasonable change in assumptions would not result in an impairment.

Notes to Consolidated Financial Statements (in thousands of Canadian dollars, except per share amounts)

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:

As at						March 31 2014
	Fair value through profit loss	Cash flow hedges	Loans, borrowings, and receivables	Available-for-sale	Other liabilities	Total carrying value
Cash and cash equivalents	$ —	$ —	$ 76,466	$ —	$ —	$ 76,466
Trade accounts receivable	—	—	104,678	—	—	104,678
Bank indebtedness	—	—	(913)	—	—	(913)
Trade accounts payable and accrued liabilities	—	—	—	—	(121,306)	(121,306)
Long-term debt	—	—	—	—	(5,139)	(5,139)
Derivatives classified as held for trading – gain [i]	535	—	—	—	—	535
Derivatives designated as cash flow hedges – loss [i]	—	(862)	—	—	—	(862)

As at						March 31 2013
	Fair value through profit loss	Cash flow hedges	Loans and receivables	Available-for-sale	Other liabilities	Total carrying value
Cash and cash equivalents	$ —	$ —	$ 105,453	$ —	$ —	$ 105,453
Trade accounts receivable	—	—	85,587	—	—	85,587
Portfolio investments	—	—	—	4,969	—	4,969
Trade accounts payable and accrued liabilities	—	—	—	—	(89,562)	(89,562)
Long-term debt	—	—	—	—	(1,175)	(1,175)
Derivatives classified as held for trading – loss [i]	(354)	—	—	—	—	(354)
Derivatives designated as cash flow hedges – loss [i]	—	(464)	—	—	—	(464)

(i) Derivative financial instruments in a gain position are included in deposits and prepaid assets on the consolidated statements of financial position and 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, 2014 and March 31, 2013 and indicates the fair value hierarchy of the valuation techniques used to determine such fair value:

As at					March 31 2014
	Carrying Value	Level 1	Level 2	Level 3	Fair Value Total
Measured at fair value:					
Derivatives classified as held for trading	$ 535	$ —	$ 535	$ —	$ 535
Derivatives designated as cash flow hedges	(862)	—	(862)	—	(862)
Investment property	4,341	—	—	4,341	4,341
Disclosed at fair value:					
Bank indebtedness	(913)	—	(913)	—	(913)
Long-term debt	(5,139)	—	(5,139)	—	(5,139)

As at					March 31 2013
	Carrying Value	Level 1	Level 2	Level 3	Fair Value Total
Measured at fair value:					
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
Investment property	3,712	—	—	3,712	3,712
Disclosed at fair value:					
Long-term debt	(1,175)	—	(1,175)	—	(1,175)

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 years ended March 31, 2014 and March 31, 2013, 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, 2014, the fair value of derivative financial assets classified as held-for-trading and included in deposits, prepaid and other assets increased by $564 (increased by $13 during the year ended March 31, 2013) and the fair value of derivative financial liabilities classified as held-for-trading and included in accounts payable and accrued liabilities decreased by $325 during the year ended March 31, 2014 (decreased by $90 during the year ended March 31, 2013).

Notes to Consolidated Financial Statements (in thousands of Canadian dollars, except per share amounts)

CASH FLOW HEDGES: During the year ended March 31, 2014 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, 2013). After-tax unrealized gains of $646 and after-tax unrealized loss of $nil are included in accumulated other comprehensive income at March 31, 2014 and are expected to be reclassified to income over the next 12 months when the revenue and purchases are recorded (unrealized gains of $339 and unrealized losses of $nil at March 31, 2013).

The following table summarizes the Company's commitments to buy and sell foreign currencies under forward foreign exchange contracts as at March 31, 2014:

Currency sold	Currency bought	Notional amount sold	Weighted average rate
U.S. dollars	Canadian dollars	53,775	1.0933
U.S. dollars	Euros	1,714	0.7272
U.S. dollars	Singapore dollars	700	1.2642
U.S. dollars	Malaysian ringgits	1,773	3.2661
Euros	Swiss francs	1,000	1.2225
Euros	Canadian dollars	29,034	1.5416
Euros	U.S. dollars	556	1.3662
Euros	Singapore dollars	55	1.7551
Canadian dollars	Euros	12,215	0.6557
Canadian dollars	Swedish krona	2,059	5.8458
Canadian dollars	Singapore dollars	1,013	1.1850
Canadian dollars	U.S. dollars	11,454	0.9008
Canadian dollars	Great British pounds	377	0.5495
Swiss francs	Canadian dollars	656	1.2470
Great British pounds	Canadian dollars	363	1.8434

(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 statement of financial position 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 U.S. 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, 2014 of approximately +/- $12,046 and $9,914 respectively (2013 +/- $6,291 and $10,328) and on income from continuing operations before income taxes for the year ended March 31, 2014 of approximately +/- $28 and $1,030 respectively (2013 +/- $140 and $1,161).

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 2014		March 31 2013
Current	$	80,729	$	66,048
1 – 30 days		9,894		7,714
31 – 60 days		3,954		4,384
61 – 90 days		1,293		305
Over 90 days		12,593		10,541
Total	$	108,463	$	88,992

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

		2014		2013
Balance at April 1	$	3,405	$	4,665
Provisions and revisions		512		(1,246)
Foreign exchange		(132)		(14)
Balance at March 31	$	3,785	$	3,405

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, 2014, the Company was holding cash and cash equivalents of $76,466 (March 31, 2013 – $105,453) and had unutilized lines of credit of $179,253 (March 31, 2013 – $199,426). During the year ended March 31, 2013, the Company established a new Senior Secured Credit Facility (the "Credit Agreement") as described in note 16 to the consolidated financial statements. The Company expects that continued cash flows from operations in fiscal 2015, 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, and that the Company's credit ratings provide reasonable access to capital markets to facilitate future debt issuance.

Notes to Consolidated Financial Statements (in thousands of Canadian dollars, except per share amounts)

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, 2014, $3,592 or 70% (March 31, 2013 – $121 or 10%) 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 +/- $36 on income from operations before income taxes for the year ended March 31, 2014 (March 31, 2013 – $1).

14 PROVISIONS

	Warranty	Restructuring	Other	Total
Balance, at March 31, 2012	$ 8,155	$ 530	$ 1,011	$ 9,696
Provisions made	4,990	—	4,561	9,551
Provisions reversed	(3,205)	(299)	(213)	(3,717)
Provisions used	(1,800)	(110)	(4,527)	(6,437)
Exchange adjustments	12	(4)	(5)	3
Balance, at March 31, 2013	$ 8,152	$ 117	$ 827	$ 9,096
Provisions made	5,080	6,118	7,070	18,268
Acquisition of a subsidiary	1,297	106	—	1,403
Provisions reversed	(5,170)	—	—	(5,170)
Provisions used	(3,106)	(4,652)	(6,099)	(13,857)
Exchange adjustments	579	46	47	672
Balance, at March 31, 2014	$ 6,832	$ 1,735	$ 1,845	$ 10,412

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.

⓯ 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, 2014. The next valuations are scheduled to be as at March 31, 2015. The changes in the fair value of assets, the employee benefit obligation, and the funded status were:

As at	March 31 2014	March 31 2013
Accrued benefit obligations:		
Opening balance	$ 21,116	$ 14,716
Acquisition of a subsidiary	11,110	—
Interest cost	760	550
Service cost	1,008	1,305
Assumption changes	(618)	3,753
Contributions	336	322
Transfers and benefits paid	(3,623)	991
Insurance premiums	(208)	(203)
Foreign exchange	3,490	(318)
Accrued benefit obligations, ending balance	$ 33,371	$ 21,116
Plan assets:		
Opening balance	$ 10,535	$ 8,376
Interest income included in net interest expense	256	268
Net actuarial loss	276	322
Company contributions	664	619
Employee contributions	336	322
Transfers and benefits paid	(3,246)	1,067
Insurance premiums	(208)	(203)
Foreign exchange	1,545	(236)
Plan assets, ending balance	$ 10,158	$ 10,535
Employee benefits liability	$ 23,213	$ 10,581

Amounts recognized in the consolidated statements of comprehensive income (before tax) were:

As at	2014	2013
Total actuarial gains (losses)	$ 618	$ (3,719)
Return on plan assets	276	322
Amounts recognized in OCI	$ 894	$ (3,397)

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

	March 31 2014	March 31 2013
Discount Rate	3.4%	3.1%
Expected rate of return on plan assets	1.8%	1.6%
Rate of compensation increase	2.5%	2.3%

Notes to Consolidated Financial Statements (in thousands of Canadian dollars, except per share amounts)

The weighted average allocations of plan assets were:

	March 31 2014	March 31 2013
Equity securities	11.0%	—
Debt securities	41.2%	44.1%
Real Estate	22.9%	23.2%
Other	24.9%	32.7%

The fair values of equity securities and debt securities plan assets are determined based on generally quoted market prices in active markets. The fair value of real estate plan assets are valued based on appraisals performed by a qualified external real estate appraiser.

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

The net employee benefits expense included the following components:

Years ended	March 31 2014	March 31 2013
Defined benefit plans		
Service cost	$ 1,008	$ 1,333
Interest cost	760	572
Expected return on plan assets	(171)	(198)
	1,597	1,707
Defined contribution plans	2,302	2,224
Net employee benefits expense	$ 3,899	$ 3,931

The Company expects to contribute $700 to its defined benefit plans during the year ended March 31, 2014.

The cumulative actuarial losses, net of income taxes, recognized as other comprehensive income as at March 31, 2014 was $4,457 (March 31, 2013 – $3,534).

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 committed revolving credit facility of $250,000 and expires on November 6, 2015. 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, 2014, the Company had utilized $72,633 under the Credit Agreement, which was obtained by way of letters of credit (March 31, 2013 – $53,103).

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 a fee for usage of non-financial letters of credit which ranges from 1.15% to 1.80%. The Company pays a standby fee on the unadvanced portions of the amounts available for advance or draw-down under the Credit 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 $8,977 (2,396 Euro, 200,000 Indian Rupees, 500 Swiss Francs and 30,000 Thai Baht). The total amount outstanding on these facilities is $6,687, of which $913 is classified as bank indebtedness (March 31, 2013 – $nil) and $5,774 is classified as long-term debt (March 31, 2013 – $2,214). The interest rates applicable to the credit facilities range from 1.85% to 11.00% per annum. A portion of the long-term debt is secured by certain assets of the Company. The 500 Swiss Francs and 200,000 Indian Rupees credit facilities are secured by letters of credit under the Credit Agreement.

(i) BANK INDEBTEDNESS

As at		March 31 2014		March 31 2013
Other facilities	$	913	$	—

(ii) LONG-TERM DEBT

As at		March 31 2014		March 31 2013
Other facilities	$	5,774	$	2,214
Issuance costs		(635)		(1,039)
		5,139		1,175
Less: current portion		3,815		257
	$	1,324	$	918

Scheduled principal repayments and interest payments on long-term debt from continuing operations as at March 31, 2014 are as follows:

		Principal		Interest
Less than one year	$	3,815	$	98
One – two years		328		97
Two – three years		292		84
Three – four years		300		80
Four – five years		315		71
Thereafter		724		86
	$	5,774	$	516

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, 2012	87,439,755	$	483,099
Exercise of stock options	411,538		3,635
Balance, at March 31, 2013	87,851,293	$	486,734
Exercise of stock options	2,942,254		23,991
Balance, at March 31, 2014	90,793,547	$	510,725

Notes to Consolidated Financial Statements (in thousands of Canadian dollars, except per share amounts)

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 2014		March 31 2013
Income from continuing operations before income taxes and non-controlling interest	$	58,017	$	54,632
Combined Canadian basic federal and provincial income tax rate		26.50%		26.50%
Income tax expense based on combined Canadian basic federal and provincial income tax rate	$	15,375	$	14,477
Increase (decrease) in income taxes resulting from:				
Adjustments in respect to current income tax of previous periods		(444)		(96)
Non-taxable income (loss) net of non-deductible expenses		795		(2,647)
Recognition/use of previously unrecognized assets		(8,767)		—
Income taxed at different rates and statutory rate changes		2,033		2,161
Manufacturing and processing allowance and all other items		(392)		(337)
At the effective income tax rate of 15% (2013 – 25%)	$	8,600	$	13,558

Income tax expense reported in the consolidated statements of income:

Current tax expense	$	10,667	$	10,895
Deferred tax expense		(2,067)		2,663
	$	8,600	$	13,558

Deferred tax related to items charged or credited directly to equity:

Net gain (loss) on revaluation of cash flow hedges	$	90	$	(140)
Other items recognized through equity		111		(105)
Income tax charged directly to equity	$	201	$	(245)

(ii) COMPONENTS OF DEFERRED INCOME TAX ASSETS AND LIABILITIES: Deferred income taxes are provided for the differences between accounting and tax bases of assets and liabilities. Deferred income tax assets and liabilities are comprised of the following:

As at		March 31 2014		March 31 2013
Accounting income not currently taxable	$	(25,799)	$	(11,408)
Investment tax credits taxable in future years when utilized		(7,074)		(6,212)
Loss available for offset against future taxable income		9,360		554
Property, plant and equipment		2,758		1,119
Scientific research and experimental development expenditures available for offset against future taxable income		22,902		21,478
Other		(11,056)		5,846
Net deferred income tax asset (liability)	$	(8,909)	$	11,377

Presented as:		March 31 2014		March 31 2013
Deferred income tax asset	$	7,838	$	13,154
Deferred income tax liability		(16,747)		(1,777)
Net deferred income tax asset (liability)	$	(8,909)	$	11,377

(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 2014		March 31 2013
Deductible temporary differences	$	1,360	$	690
Loss available for offset against future taxable income		56,477		69,867
	$	57,837	$	70,557

LOSS CARRYFORWARDS: As at March 31, 2014, the Company has the following net operating loss carryforwards which are scheduled to expire in the following years:

Year of expiry		Non-Canadian		Canadian
2015 – 2019	$	3,036	$	1,059
2020 – 2024		6,695		—
2025 – 2029		5,315		6,273
2030 – 2034		858		40,195
No expiry		39,214		—
	$	55,117	$	47,527

In addition, the Company has USA Federal and State capital loss carryforwards of US$13,456 (March 31, 2013 – US$13,456) and Canadian capital loss carryforwards of $268,345 (March 31, 2013 – $293,337) which do not expire.

INVESTMENT TAX CREDITS: As at March 31, 2014, the Company has investment tax credits ("ITC") available to be applied against future taxes payable in Canada of approximately $42,422 and in foreign jurisdictions of approximately $1,866. The investment tax credits are scheduled to expire as follows:

Year of expiry		Gross ITC balance
2015 – 2019	$	998
2020 – 2024		688
2025 – 2029		25,157
2030 – 2034		17,265
No expiry		180
	$	44,288

The benefit of $30,165 (March 31, 2013 – $27,699) 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 $4,868 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 2014 or 2013 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, 2014 and March 31, 2013, 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, 2014, the value of the outstanding liability related to the DSUs was $5,425 (2013 – $3,099). The DSU liability is revalued at each reporting date 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 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 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, 2014, there are a total of 877,474 (March 31, 2013 – 1,229,762) common shares remaining for future stock option grants under both plans.

Years ended March 31			2014			2013
	Number of stock options		Weighted average exercise price	Number of stock options		Weighted average exercise price
Stock options outstanding, beginning of period	7,011,842	$	7.39	7,391,080	$	7.38
Granted	596,000		11.50	690,000		8.92
Exercised [i]	(2,942,254)		5.99	(411,538)		6.13
Forfeited/cancelled	(243,712)		8.61	(657,700)		9.72
Stock options outstanding, end of period	4,421,876	$	8.81	7,011,842	$	7.39
Stock options exercisable, end of period, time vested options	1,145,210	$	6.88	1,465,193	$	6.66
Stock options exercisable, end of period, performance based options	1,964,416	$	9.49	2,166,935	$	6.75

(i) For the year ended March 31, 2014, the weighted average share price at the date of exercise was $13.41 (March 31, 2013 – $9.24).

As at March 31, 2014		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 6.92	963,500	3.48 years	$	6.40	692,500	$	6.25
$6.93 to 8.62	1,304,250	3.50 years		7.90	1,232,000		7.95
$8.63 to 10.51	822,334	5.34 years		9.30	423,334		9.53
$10.52 to 13.58	1,331,792	6.46 years		11.23	761,792		11.00
$3.49 to 13.58	4,421,876	4.73 years	$	8.81	3,109,626	$	8.53

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		2014		2013
Weighted average risk-free interest rate		1.51%		1.59%
Dividend yield		0%		0%
Weighted average expected volatility		42%		52%
Weighted average expected life		4.75 years		4.75 years
Number of stock options granted:				
Time vested		596,000		690,000
Weighted average exercise price per option	$	11.50	$	8.92
Weighted average value per option:				
Time vested	$	4.33	$	3.99

Notes to Consolidated Financial Statements (in thousands of Canadian dollars, except per share amounts)

SHARE APPRECIATION RIGHTS: During the year ended March 31, 2014 the Company granted 500,000 share appreciation rights ("SARs") (172,500 in the year ended March 31, 2013). 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 during the year ended March 31, 2014 vest over eighteen months. The SARs vest upon successful achievement of certain non-market performance criteria and expire twenty-one months from the date of issue. The Company's vested SARs are measured at each reporting date at their fair value.

The fair values of the Company's unvested 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 estimated grant vesting period and the grant expected life.

Years ended March 31	2014	2013
Weighted average risk-free interest rate	1.08%	1.32%
Dividend yield	0%	0%
Weighted average expected volatility	27%	43%
Weighted average expected life	1.37 years	4.24 years
Weighted average exercise price per SAR	$ 9.93	$ 8.87
Weighted average value per SAR	$ 4.76	$ 3.98

The Company has recorded a liability of $1,763 as at March 31, 2014 (March 31, 2013 – $206) based on the SARs fair value which includes both time based and performance based SARs. The market value of a common share of the Company as at March 31, 2014 was $14.35 (March 31, 2013 – $9.90). During the year ended March 31, 2014 43,125 SARs vested (nil in the year ended March 31, 2013).

RESTRICTED SHARE UNIT PLAN: During the year ended March 31, 2014 the Company granted 138,448 time vesting restricted share units ("RSUs") (nil in the year ended March 31, 2013). The RSUs give the employee the right to receive a cash payment equal to the market value of a common share of the Company. During the year ended March 31, 2014 the Company granted 86,000 performance-based RSUs (nil in the year ended March 31, 2013). The performance-based RSUs vest upon successful achievement of certain operational and share price targets. The performance-based RSUs give the employee the right to receive a cash payment based on the market value of a common share of the Company. The weighted average remaining vesting period for the time vesting RSUs and performance-based RSUs are 1.2 years and 1.4 years respectively. The RSUs liability is recognized quarterly based on the expired portion of the vesting period and the change in the Company's stock price. At March 31, 2014, the value of the outstanding liability related to the RSU plan was $1,148 (March 31, 2013 – $nil).

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	$ 6,293	$ 59,277
One – two years	5,113	835
Two – three years	4,460	—
Three – four years	2,326	—
Four – five years	1,764	—
Due in over five years	3,777	—
	$ 23,733	$ 60,112

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 raw 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, 2014, the total value of outstanding bank guarantees under credit facilities was approximately $95,250 (March 31, 2013 – $68,319) from continuing operations and was $2,125 (March 31, 2013 – $3,700) 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, the Company's 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 2014
	Property, plant and equipment	Intangible assets
Canada	$ 31,016	$ 9,774
United States	21,483	6,140
Germany	22,863	94,899
Other Europe	6,380	119
Asia – Pacific and other	3,670	366
Total Company	$ 85,412	$ 111,298

As at		March 31 2013
	Property, plant and equipment	Intangible assets
Canada	$ 32,651	$ 7,194
United States	20,291	2,299
Germany	17,172	17,911
Other Europe	5,726	94
Asia – Pacific and other	3,429	117
Total Company	$ 79,269	$ 27,615

Revenues from external customers for the years ended March 31	2014	2013
Canada	$ 34,753	$ 14,233
United States and Mexico	293,650	248,270
Germany	106,034	80,472
Other Europe	86,364	99,821
Asia – Pacific and other	162,560	148,302
Total Company	$ 683,361	$ 591,098

Notes to Consolidated Financial Statements (in thousands of Canadian dollars, except per share amounts)

For the years ended March 31, 2014 and March 31, 2013, the Company did not have revenues from any single customer which amounted to 10% or more of total consolidated revenues.

22 INTEREST IN JOINT OPERATIONS

During the year ended March 31, 2010, Ontario Solar entered into an agreement to establish Ontario Solar PV Fields Inc., a joint operation. Ontario Solar PV Fields Inc. is a joint arrangement with both parties involved having joint control with rights to the assets, and obligations for the liabilities, relating to the arrangement and accordingly, the Company recognizes 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 share of the joint operation:

As at	March 31 2014	March 31 2013
Current assets	$ 7,394	$ 7,395
Current liabilities	(6,479)	(2,666)
Net assets	915	4,729

Years ended March 31	2014	2013
Net income (loss)	$ 9,874	$ (265)

23 NET FINANCE COSTS

Years ended	March 31 2014	March 31 2013
Interest expense	$ 3,248	$ 2,232
Interest income	(232)	(219)
	$ 3,016	$ 2,013

24 EARNINGS (LOSS) PER SHARE

Years ended	March 31 2014	March 31 2013
Weighted average number of common shares outstanding	88,932,165	87,577,078
Dilutive effect of stock option conversion	1,151,962	1,205,933
Diluted weighted average number of common shares outstanding	90,084,127	88,783,011

For the year ended March 31, 2014, stock options to purchase 670,000 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 (2,741,572 common shares were excluded for the year ended March 31, 2013).

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, 2014 and March 31, 2013, 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 2014	March 31 2013
Equity excluding accumulated other comprehensive income	$ 481,568	$ 398,727
Long-term debt	5,139	1,175
Bank indebtedness	913	—
Cash and cash equivalents	(76,466)	(105,453)
Capital under management	$ 411,154	$ 294,449
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, 2014 and March 31, 2013. 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 2014	March 31 2013
Salaries and benefits	$ 2,435	$ 2,129
Other non-equity incentive compensation	2,111	1,088
Stock-based compensation	4,592	2,034
Post-retirement benefits	945	882
Total remuneration	$ 10,083	$ 6,133

Stock-based compensation represents the remuneration of the Board and key management personnel as reported in the consolidated statements of income stock-based compensation expense.

Shareholder Information

CORPORATE HEADQUARTERS

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STOCK EXCHANGE LISTING

Toronto Stock Exchange "ATA"

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1

WEBSITE

www.atsautomation.com

SHAREHOLDERS' ANNUAL MEETING

Thursday, August 14, 2014
10:00 a.m. Eastern
Holiday Inn & Conference Centre
Kitchener, Ontario

SENIOR MANAGEMENT – CORPORATE

Anthony Caputo
Chief Executive Officer

Maria Perrella
Chief Financial Officer

Dr. Nedim Cen
Chief Strategy Officer

Carl Galloway
Corporate Vice-President, Treasurer

Charles Gyles
Corporate Vice-President, Organizational Effectiveness

Ronald Keyser
Chief Information Officer

Stewart McCuaig
Corporate Vice-President, General Council

SENIOR MANAGEMENT – OPERATIONS

Helmut Hock
Senior Vice-President, ASG Transportation

Sandra Ketchen
Senior Vice-President, ASG Products

Eric Kiisel
Senior Vice-President, ASG Energy & Industry

Tom Kramer
Senior Vice-President, ASG Life Sciences

Board of Directors

NEIL D. ARNOLD (1, 3)

Mr. Arnold has over 35 years of experience in public company finance and general management. Most recently, he served as Executive Chairman of the Board of Directors of WHX Corp., a public holding company for primary industrial businesses. He also served as Group Finance Director of Lucas Varity, PLC, a public company providing components and systems to the global aerospace and automotive industries with revenues in excess of $7 billion. Prior to that Mr. Arnold was Chief Financial Officer of Varity Corporation (previously Massey-Ferguson Ltd.). He has served as a director of Lucas Varity, and WHX Corp. At present Mr. Arnold is a Director of Pembroke College Foundation of North America Inc. Mr. Arnold earned a B.A. in Engineering Science from Pembroke College, Oxford University and is a Fellow of the Chartered Institute of Management Accountants (UK).

ANTHONY CAPUTO

Mr. Caputo is the Chief Executive Officer of ATS Automation Tooling Systems Inc. As an experienced senior executive he brings a solid track record of over 25 years of delivering performance, growth and value creation in technology, manufacturing and service environments. Most recently Mr. Caputo served as Corporate Vice-President, President and COO of L-3 Communications, and prior to that he was the President and CEO of Spar Aerospace. Mr. Caputo holds a Bachelor of Technology in Engineering from Ryerson University and a Master of Science in Organizational Development from Pepperdine University.

MICHAEL E. MARTINO (2, 3)

Mr. Martino is a founder and principal of Mason Capital Management LLC. Mr. Martino began his investment career at Oppenheimer & Company where he was responsible for risk arbitrage research; he ended his tenure at Oppenheimer as Executive Director, Risk Arbitrage. He began his business career at GE Capital Corporation where he held positions in information systems and business analysis. He was formerly a director of Spar Aerospace Limited, a publicly-traded aerospace company. Mr. Martino graduated from Fairfield University with a degree in Political Science and earned a Masters in Business Administration in Finance and International Business from New York University's Stern School of Business.

DAVID L. MCAUSLAND (3)

Mr. McAusland, the Chairman of the Board of Directors, is a senior corporate strategist, advisor and lawyer who is a partner in the law firm McCarthy Tétrault. Previously, Mr. McAusland was Executive Vice-President, Corporate Development and Chief Legal Officer of Alcan Inc. where he provided leadership on its worldwide mergers, growth strategies, major transactions and capital investments. Mr. McAusland currently acts as director of Cogeco Inc./Cogeco Cable Inc., Cascades Inc., Khan Resources Inc., and Chairman of Montrusco Bolton Investments Inc. Mr. McAusland is also involved with several not-for-profit organizations: he is the Chairman of the Montreal General Hospital Foundation and Chairman of the National Circus School Foundation. Mr. McAusland received his B.C.L. in 1976 and his LL.B. in 1977, both from McGill University.

GORDON E. PRESHER (1, 2)

Mr. Presher is a uniquely qualified entrepreneur and technologist, possessing expertise and experience in both the automation technology and solar industries. He is the Co-Founder, Chairman and Chief Executive Officer of Solar Sentry Corp., a seed-stage developer of innovative monitoring equipment for the solar energy industry. Prior to Solar Sentry Mr. Presher was Chairman and Chief Executive Officer of Ormec Systems Corp., a factory automation firm specializing in precise motion control. He held this position in the automation controls and systems industry for twenty years. He began his career as an automation-controls engineer at Eastman Kodak Company, progressing to project leader on two key corporate automation projects. Mr. Presher holds a Bachelor of Science in Physics and Math from Houghton College, and a Bachelor of Science in Electrical Engineering from University of Rochester.

IVAN ROSS (1, 2)

Mr. Ross joined Mason Capital Management in 2011 where he is currently a research analyst. Mr. Ross has over 25 years of experience in the financial industry. From 1992 to 2011, he worked at Goldman Sachs and spent most of his time in the Investment Banking Division's Corporate Finance and New Products Department, which he ran for many years as a Partner of the firm (promoted to Partner in 2002). Mr. Ross began his career in 1986 as a tax lawyer at Skadden, Arps in New York where he advised and structured complex merger and financing transactions. He holds a BS in Economics from the Wharton School, University of Pennsylvania (1983), and a J.D. from New York University School of Law (1986), where he was a member of the Order of the Coif and the Annual Survey of American Law. Mr. Ross currently serves on the Board of Directors of Mimeo.com, a business to business print and document services business headquartered in New York. He also serves as a member of the Board of Overseers at each of the Jacobson Leadership Program in Law and Business at New York University School of Law, and the Katz Center for Advanced Judaic Studies at the University of Pennsylvania.

DARYL C.F. WILSON (2,3)

Mr. Wilson is the President, CEO and director of Hydrogenics Corporation, a Canadian public company and hydrogen technology provider. Prior to joining Hydrogenics he was VP Manufacturing and Operations with Royal Group Technologies and Zenon Environmental Inc. Preceding that he served on the senior management team of Toyota Motor Manufacturing Canada. Mr. Wilson has been National Chair of the Environmental Quality Committee of the CMA. Mr. Wilson holds an MBA in Operations Management/Management Science from McMaster University; a Bachelor of Science in Chemical Engineering from the University of Toronto; and has obtained a Chartered Director designation (C.Dir.).

(1) Member of Audit and Finance Committee.
(2) Member of Human Resources Committee.
(3) Member of the Corporate Governance and Nominating Committee.

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