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 Canadian generally accepted auditing standards. The external auditors have full and free access to management and the Committee.

Andrew Hider
Chief Executive Officer

Maria Perrella
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
ATS Automation Tooling Systems Inc.

We have audited the accompanying consolidated financial statements of **ATS Automation Tooling Systems Inc.**, which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, 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, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
May 16, 2018

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

As at	Note	March 31, 2018	March 31, 2017
ASSETS	14		
Current assets			
Cash and cash equivalents		$ 330,148	$ 286,697
Accounts receivable		213,006	166,069
Costs and earnings in excess of billings on contracts in progress	5	164,917	144,708
Inventories	5	58,509	47,981
Deposits, prepaids and other assets	6	22,510	16,119
		789,090	661,574
Non-current assets			
Property, plant and equipment	7	85,102	69,233
Other assets	8	–	13,291
Goodwill	9	459,159	423,250
Intangible assets	10	148,869	156,069
Deferred income tax assets	16	2,987	2,138
Investment tax credit receivable	16	57,012	49,015
		753,129	712,996
Total assets		$ 1,542,219	$ 1,374,570
LIABILITIES AND EQUITY			
Current liabilities			
Bank indebtedness	14	$ 2,668	$ 1,411
Accounts payable and accrued liabilities		246,384	183,839
Provisions	12	20,994	14,124
Billings in excess of costs and earnings on contracts in progress	5	95,912	96,490
Current portion of long-term debt	14	393	1,321
		366,351	297,185
Non-current liabilities			
Employee benefits	13	28,151	26,668
Long-term debt	14	315,129	325,947
Deferred income tax liabilities	16	42,907	38,761
Other long-term liabilities	11	30,908	–
		417,095	391,376
Total liabilities		$ 783,446	$ 688,561
Commitments and contingencies	14, 18		
EQUITY			
Share capital	15	$ 548,747	$ 543,317
Contributed surplus		12,535	12,871
Accumulated other comprehensive income		75,830	54,974
Retained earnings		121,369	74,599
Equity attributable to shareholders		758,481	685,761
Non-controlling interests		292	248
Total equity		758,773	686,009
Total liabilities and equity		$ 1,542,219	$ 1,374,570

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		2018		2017
Revenues					
Revenues from construction contracts		$	654,193	$	589,033
Sale of goods			79,979		78,776
Services rendered			380,758		343,095
Total revenues			1,114,930		1,010,904
Operating costs and expenses					
Cost of revenues			826,771		760,248
Selling, general and administrative			194,421		171,907
Stock-based compensation	17		8,276		6,814
Earnings from operations			85,462		71,935
Net finance costs	20		23,766		25,552
Income before income taxes			61,696		46,383
Income tax expense	16		14,487		11,356
Net income		$	47,209	$	35,027
Attributable to					
Shareholders		$	47,165	$	34,994
Non-controlling interests			44		33
		$	47,209	$	35,027
Earnings per share attributable to shareholders					
Basic and diluted	21	$	0.50	$	0.38

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars)

Years ended March 31	Note		2018		2017
Net income		$	47,209	$	35,027
Other comprehensive income (loss):					
Items to be reclassified subsequently to net income:					
Currency translation adjustment (net of income taxes of $nil)			24,414		(10,978)
Net unrealized gain (loss) on derivative financial instruments designated as cash flow hedges	11		2,357		(2,869)
Tax impact			(655)		751
Loss transferred to net income for derivatives designated as cash flow hedges	11		(1,673)		(287)
Tax impact			479		46
Cash flow hedge reserve adjustment	11		(5,420)		(11)
Tax impact			1,354		3
Items that will not be reclassified subsequently to net income:	13				
Actuarial losses on defined benefit pension plans			(534)		(569)
Tax impact			139		157)
Other comprehensive income (loss)			20,461		(13,757)
Comprehensive income		$	67,670	$	21,270
Attributable to					
Shareholders		$	67,626	$	21,237
Non-controlling interests			44		33
		$	67,670	$	21,270

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian dollars)

Year ended March 31, 2018

	Share capital	Contributed surplus	Retained earnings	Currency translation adjustments	Cash flow hedge reserve	Total accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, as at March 31, 2017	$ 543,317	$ 12,871	$ 74,599	$ 55,504	$ (530)	$ 54,974	$ 248	$ 686,009
Net income	–	–	47,165	–	–	–	44	47,209
Other comprehensive income (loss)	–	–	(395)	24,414	(3,558)	20,856	–	20,461
Total comprehensive income (loss)	–	–	46,770	24,414	(3,558)	20,856	44	67,670
Stock-based compensation	–	953	–	–	–	–	–	953
Exercise of stock options	5,430	(1,289)	–	–	–	–	–	4,141
Balance, as at March 31, 2018	$ 548,747	$ 12,535	$ 121,369	$ 79,918	$ (4,088)	$ 75,830	$ 292	$ 758,773

Year ended March 31, 2017

	Share capital	Contributed surplus	Retained earnings	Currency translation adjustments	Cash flow hedge reserve	Total accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, as at March 31, 2016	$ 528,184	$ 13,201	$ 40,634	$ 66,482	$ 1,837	$ 68,319	$ 215	$ 650,553
Net income	–	–	34,994	–	–	–	33	35,027
Other comprehensive loss	–	–	(412)	(10,978)	(2,367)	(13,345)	–	(13,757)
Total comprehensive income (loss)	–	–	34,582	(10,978)	(2,367)	(13,345)	33	21,270
Non-controlling interests	–	–	(617)	–	–	–	–	(617)
Stock-based compensation	–	2,361	–	–	–	–	–	2,361
Exercise of stock options	15,133	(2,691)	–	–	–	–	–	12,442
Balance, as at March 31, 2017	$ 543,317	$ 12,871	$ 74,599	$ 55,504	$ (530)	$ 54,974	$ 248	$ 686,009

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars)

Years ended March 31	Note		2018		2017
Operating activities					
Net income		$	47,209	$	35,027
Items not involving cash					
Depreciation of property, plant and equipment	7		10,352		10,492
Amortization of intangible assets	10		26,315		24,070
Deferred income taxes	16		866		1,900
Other items not involving cash			(4,778)		(7,427)
Stock-based compensation	17		8,276		6,814
Loss (gain) on disposal of property, plant and equipment			(1,593)		483
			86,647		71,359
Change in non-cash operating working capital			(26,961)		56,541
Cash flows provided by operating activities		$	59,686	$	127,900
Investing activities					
Acquisition of property, plant and equipment	7	$	(19,851)	$	(9,892)
Acquisition of intangible assets	10		(6,124)		(8,006)
Proceeds from disposal of property, plant and equipment			2,594		84
Cash flows used in investing activities		$	(23,381)	$	(17,814)
Financing activities					
Bank indebtedness		$	1,191	$	(964)
Repayment of long-term debt			(2,194)		(5,081)
Proceeds from long-term debt			195		701
Proceeds from exercise of stock options			4,141		12,442
Cash flows provided by financing activities		$	3,333	$	7,098
Effect of exchange rate changes on cash and cash equivalents			3,813		(521)
Increase in cash and cash equivalents			43,451		116,663
Cash and cash equivalents, beginning of year			286,697		170,034
Cash and cash equivalents, end of year		$	330,148	$	286,697
Supplemental information					
Cash income taxes paid		$	10,231	$	10,785
Cash interest paid		$	21,751	$	23,222

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. Corporate information

ATS Automation Tooling Systems Inc. and its subsidiaries (collectively, “ATS” or the “Company”) design and build custom-engineered turnkey automated manufacturing and test systems and provide pre-automation and post-automation services to their customers.

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, 2018 were authorized for issue by the Board of Directors (the “Board”) on May 16, 2018.

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 thousand, 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 on 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.

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 that is deemed to be an asset or liability will be recognized in accordance with IFRS 9 – *Financial Instruments* ("IFRS 9") 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 IFRS 9, 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) 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.

(c) 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.

(d) 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 income is reversed immediately in the period in which the assistance becomes repayable.

(e) 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 filings 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 and carryforward 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 existing at the acquisition date 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 and accrued liabilities on the consolidated statements of financial position.

(f) 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 or 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 on an annual basis or more frequently if required and adjusted prospectively, if appropriate.

(g) 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 costs and the reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance costs 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.

(h) 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 in which they occur.

(i) 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.

(j) 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 are 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 its carrying amount. The recoverable amount is the higher of an asset's fair value less costs 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 the expenditures reliably 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. 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.

(k) Financial instruments:

Recognition

Financial assets and financial liabilities are recognized on the consolidated statements of financial position when the Company becomes a party to the contractual provisions of the instrument.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: amortized cost, fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI"), or derivatives designated as a hedging instrument in an effective hedge. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are measured at amortized cost where the business model is to hold the financial asset to collect its contractual cash flows.

Financial liabilities are classified to be measured at amortized cost, derivatives designated as a hedging instrument in an effective hedge, or they are designated to be measured subsequently at FVTPL. For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company classifies and measures financial assets (excluding derivatives) on initial recognition as described below:

- Cash and cash equivalents and restricted cash are classified as and measured at amortized cost.
- Accounts receivable are classified as and measured at amortized cost using the effective interest rate method, less any impairment allowance. Accounts receivable are held within a hold-to-collect business model. The Company does not factor or sell any of its trade receivables.

Accounts payable and accrued liabilities, bank indebtedness, and long-term debt are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method.

Measurement

All financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial instruments classified as amortized costs are included with the carrying value of such instruments. Transaction costs directly attributable to the acquisition of financial instruments classified as FVTPL are recognized immediately in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amounts outstanding, are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at fair value at the end of subsequent accounting periods, with changes recognized in profit or loss or other comprehensive income (irrevocable election at the time of recognition). Designation at FVTOCI is not permitted if the equity investment is held for trading. The cumulative fair value gain or loss will not be reclassified to profit or loss on the disposal of the investments.

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.

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.

Impairment

The Company recognizes expected credit losses for trade receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

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. Trade receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward-looking macroeconomic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

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

(l) Derivative financial instruments and hedge accounting:

The Company may use derivative financial instruments such as forward foreign exchange contracts and cross-currency interest rate swaps to hedge its foreign currency risk. The Company designates certain derivative financial instruments as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations.

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. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. At the inception of the hedging relationship, the Company documents the economic relationship between the hedging instrument and the hedged item including whether the hedging instrument is expected to offset changes in cash flows of hedged items. At the inception of each hedging relationship, the Company documents its risk management objective, its strategy for undertaking various hedge transactions and how the Company will assess the hedging instrument's effectiveness in offsetting changes in fair value or cash flows of the hedged item attributable to the hedged risk. The 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 that meet the criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow reserve, while any ineffective portion is recognized immediately in the consolidated statements of income.

Amounts recognized in other comprehensive income and accumulated in equity are transferred to the consolidated statements of income when the hedged item is recognized in profit or loss. These earnings are included within the same line of the consolidated statements of income as the hedged item. 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 revenues or costs, and cross-currency interest rate swap contracts as hedges of its exposure to foreign-currency-denominated Senior Notes. The Company may use interest rate swap contracts 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 in other comprehensive income while any gains or losses related to the ineffective portion are recognized in the consolidated statements of income. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statements of income. The Company uses cross-currency interest rate swap contracts as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

(m) 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.

(n) 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. It 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, including impairment on inventories, are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

(o) 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 and specific known risks. 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 timeline. The people affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

Transition expenses

The Company recognizes transition expenses at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those expenses; and (b) when the Company recognizes costs for a transition that is within the scope of IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of transition benefits.

In the case of a voluntary departure, the Company can no longer withdraw an offer of transition expenses when either the employee accepts the offer, or when a restriction on the Company's ability to withdraw the offer exists. In the case of an involuntary departure, the Company can no longer withdraw an offer of transition benefits when it has communicated to the affected employees a plan of termination.

(p) 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 selling, general and administrative expenses in the consolidated statements of income.

The past service costs are recognized immediately in profit or loss 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. 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.

The accounting method for other long-term employee benefit plans is similar to the method used for defined benefit plans, except that all actuarial gains and losses are recognized immediately in the consolidated statements of income.

(q) Stock-based payments:

The Company operates both equity-settled and cash-settled stock-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 stock 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 stock 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 consolidated 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.

(r) Standards issued but not yet effective:

A number of new standards and amendments to standards have been issued but are not yet effective for the financial year ended March 31, 2018 and, accordingly, have not been applied in preparing these consolidated financial statements. This listing is of standards issued that the Company reasonably expects to be applicable at a future date.

(i) IFRS 15 – *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers* (“IFRS 15”), which establishes a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers. Under IFRS 15, revenues are recognized to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenues. The new revenue standard will supersede all current revenue recognition requirements under IFRS. The standard currently requires a full or modified retrospective application for annual periods beginning on or after January 1, 2018. The Company has substantially completed its assessment of IFRS 15. The Company does not expect the implementation of IFRS 15 to have a significant impact on its consolidated statements of income, and will incorporate the new disclosure requirements of IFRS 15 in its consolidated financial statements upon adoption on April 1, 2018.

(ii) IFRS 16 – *Leases*

In January 2016, the IASB issued IFRS 16 – *Leases* (“IFRS 16”), which requires lessees to recognize assets and liabilities for most leases. There are minimal changes to the existing accounting in IAS 17 – *Leases* from the perspective of lessors. The new standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted provided IFRS 15 has been adopted or is adopted at the same date. The Company does not anticipate early adoption and plans to adopt the standard for the annual period beginning on April 1, 2019. The Company is currently assessing the impact of adopting this new standard on its consolidated financial statements but expects that IFRS 16 will result in higher non-current assets and non-current liabilities on the consolidated statements of financial position.

4. Critical accounting estimates 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:

(a) Revenue recognition and contracts in progress:

Revenues from construction contracts are recognized on a percentage of completion basis as outlined in note 3(c) "Revenue recognition – Construction contracts." In applying the accounting policy on construction contracts, judgment is required in determining the expected profitability of the contract and the estimated costs to complete a contract. These factors 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 16, 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 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.

(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 17.

(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 9 and 10, 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.

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

(e) Employee benefits:

The cost of defined benefit pension plans, the cost of other long-term employee benefit 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 13.

5. Construction contracts and inventories

As at	March 31, 2018	March 31, 2017
Contracts in progress:		
Costs incurred	$ 1,139,038	$ 1,273,795
Estimated earnings	391,009	440,017
	1,530,047	1,713,812
Progress billings	(1,461,042)	(1,665,594)
	$ 69,005	$ 48,218
Disclosed as:		
Costs and earnings in excess of billings on contracts in progress	$ 164,917	$ 144,708
Billings in excess of costs and earnings on contracts in progress	(95,912)	(96,490)
	$ 69,005	$ 48,218

As at	March 31, 2018	March 31, 2017
Inventories are summarized as follows:		
Raw materials	$ 15,880	$ 11,597
Work in progress	40,858	34,616
Finished goods	1,771	1,768
	$ 58,509	$ 47,981

The amount charged to net income and included in cost of revenues for the write-down of inventories for valuation issues during the year ended March 31, 2018 was $428 (March 31, 2017 – $545). The amount of inventories carried at net realizable value as at March 31, 2018 was $1,336 (March 31, 2017 – $1,298).

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

6. Deposits, prepaids and other assets

As at	March 31, 2018	March 31, 2017
Prepaid assets	$ 9,399	$ 8,864
Restricted cash[(i)]	477	426
Supplier deposits	10,396	5,768
Forward foreign exchange contracts	2,213	1,051
Other assets	25	10
	$ 22,510	$ 16,119

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

7. Property, plant and equipment

	Land	Buildings and leaseholds	Production equipment	Other equipment	Total
Cost:					
Balance, at March 31, 2016	$ 16,619	$ 67,620	$ 14,175	$ 39,456	$ 137,870
Additions	–	2,247	713	6,932	9,892
Disposals	–	(334)	(696)	(3,003)	(4,033)
Exchange and other adjustments	(193)	(503)	(220)	(759)	(1,675)
Balance, at March 31, 2017	$ 16,426	$ 69,030	$ 13,972	$ 42,626	$ 142,054
Additions	–	3,406	2,043	14,402	19,851
Disposals	(257)	(3,663)	(1,351)	(2,691)	(7,962)
Exchange and other adjustments	5,242	3,066	953	2,563	11,824
Balance, at March 31, 2018	**$ 21,411**	**$ 71,839**	**$ 15,617**	**$ 56,900**	**$ 165,767**

	Land	Buildings and leaseholds	Production equipment	Other equipment	Total
Depreciation:					
Balance, at March 31, 2016	$ –	$ (34,388)	$ (10,386)	$ (22,036)	$ (66,810)
Depreciation expense	–	(3,150)	(1,027)	(6,315)	(10,492)
Disposals	–	139	573	2,754	3,466
Exchange and other adjustments	–	501	189	325	1,015
Balance, at March 31, 2017	$ –	$ (36,898)	$ (10,651)	$ (25,272)	$ (72,821)
Depreciation expense	–	(2,834)	(928)	(6,590)	(10,352)
Disposals	–	3,240	1,324	2,397	6,961
Exchange and other adjustments	–	(1,999)	(724)	(1,730)	(4,453)
Balance, at March 31, 2018	**$ –**	**$ (38,491)**	**$ (10,979)**	**$ (31,195)**	**$ (80,665)**
Net book value:					
At March 31, 2018	**$ 21,411**	**$ 33,348**	**$ 4,638**	**$ 25,705**	**$ 85,102**
At March 31, 2017	$ 16,426	$ 32,132	$ 3,321	$ 17,354	$ 69,233

Included in other equipment as at March 31, 2018 is $5,641 (March 31, 2017 – $197) of assets that are under construction and have not been depreciated.

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

8. Other assets

As at		March 31, 2018		March 31, 2017
Investment property	$	–	$	4,043
Cross-currency interest rate swap instrument(i)		–		9,248
	$	–	$	13,291

(i) The details of this instrument are presented in note 11.

Change in investment property		2018		2017
Balance, at April 1	$	4,043	$	4,211
Investment property reclassified to property, plant and equipment		(4,528)		–
Foreign exchange adjustment		485		(168)
Balance, at March 31	$	–	$	4,043

The investment property was a plot of vacant land that did not earn any rental income nor incur any direct operating expenses, including repairs and maintenance. During the year ended March 31, 2018, the investment property was reclassified to property, plant and equipment as the property is now being used for operations. The estimated fair value of the Company's investment property at March 31, 2017 approximated its carrying value, based on comparable market data for similar properties.

9. Goodwill

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

As at		March 31, 2018		March 31, 2017
Automation Systems	$	459,159	$	423,250

		2018		2017
Balance, at April 1	$	423,250	$	431,747
Foreign exchange		35,909		(8,497)
Balance, at March 31	$	459,159	$	423,250

The Company performed its annual impairment test of goodwill as at March 31, 2018. 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 income before income taxes, net finance costs, depreciation and amortization.

In determining a maintainable future EBITDA, the historical operating results for the five years ended March 31, 2018 were compared to the budgeted results for the year ending March 31, 2019, as presented to and approved by the Board. Non-recurring and unusual items have been adjusted in order to normalize past EBITDA. Management selected capitalization rates in the range of 8.33% to 10.00% 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.

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

10. Intangible assets

	Development projects	Computer software, licenses and other	Technology	Customer relationships	Brands	Total
Cost:						
Balance, at March 31, 2016	$ 13,490	$ 28,332	$ 23,328	$ 183,330	$ 13,284	$ 261,764
Additions	2,699	5,307	–	–	–	8,006
Disposals	–	(33)	–	–	–	(33)
Exchange and other adjustments	(346)	(429)	(796)	(6,372)	(530)	(8,473)
Balance, at March 31, 2017	$ 15,843	$ 33,177	$ 22,532	$ 176,958	$ 12,754	$ 261,264
Additions	3,619	2,505	–	–	–	6,124
Disposals	–	(316)	(3,272)	–	–	(3,588)
Exchange and other adjustments	870	1,991	2,312	16,383	1,528	23,084
Balance, at March 31, 2018	**$ 20,332**	**$ 37,357**	**$ 21,572**	**$ 193,341**	**$ 14,282**	**$ 286,884**

	Development projects	Computer software, licenses and other	Technology	Customer relationships	Brands	Total
Amortization:						
Balance, at March 31, 2016	$ (5,700)	$ (18,036)	$ (10,935)	$ (50,028)	$ –	$ (84,699)
Amortization	(611)	(3,492)	(2,535)	(17,432)	–	(24,070)
Disposals	–	33	–	–	–	33
Exchange and other adjustments	71	306	373	2,791	–	3,541
Balance, at March 31, 2017	$ (6,240)	$ (21,189)	$ (13,097)	$ (64,669)	$ –	$ (105,195)
Amortization	(1,925)	(3,824)	(3,039)	(17,527)	–	(26,315)
Disposals	–	311	3,272	–	–	3,583
Exchange and other adjustments	(324)	(1,296)	(1,402)	(7,066)	–	(10,088)
Balance, at March 31, 2018	**$ (8,489)**	**$ (25,998)**	**$ (14,266)**	**$ (89,262)**	**$ –**	**$ (138,015)**
Net book value:						
At March 31, 2018	**$ 11,843**	**$ 11,359**	**$ 7,306**	**$ 104,079**	**$ 14,282**	**$ 148,869**
At March 31, 2017	$ 9,603	$ 11,988	$ 9,435	$ 112,289	$ 12,754	$ 156,069

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

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

The Company performed its annual impairment test of indefinite-lived intangible assets as at March 31, 2018. The recoverable amount of the related CGU 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 that include EBIT less income taxes, depreciation and amortization and capital expenditures.

In determining future cash flows, the budgeted results for the year ending March 31, 2019, as presented to and approved by the Board, were extrapolated for a five-year period. Management used pre-tax discount rates in the range of 15% 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 impairment.

11. Financial instruments and risk management

(a) Summary of financial instruments

(i) Categories of financial instruments:

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

As at				March 31, 2018
	Fair value through profit or loss	Amortized cost	Fair value through other comprehensive income	Total carrying value
Financial assets:				
Cash and cash equivalents	$ –	$ 330,148	$ –	$ 330,148
Trade accounts receivable	–	195,329	–	195,329
Financial liabilities:				
Bank indebtedness	–	(2,668)	–	(2,668)
Trade accounts payable and accrued liabilities	–	(187,150)	–	(187,150)
Long-term debt	–	(315,522)	–	(315,522)
Derivative instruments:				
Held for trading derivatives that are not designated in hedge accounting relationships – loss[i]	(1,501)	–	–	(1,501)
Derivative instruments in designated hedge accounting relationships – loss[i]	–	–	(55)	(55)
Cross-currency interest rate swap – gain[ii]	–	–	(30,908)	(30,908)

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

(ii) The cross-currency interest rate swap instrument in a gain position is included in other assets on the consolidated statements of financial position. The cross-currency interest rate swap instrument in a loss position is included in other long-term liabilities on the consolidated statements of financial position.

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

As at				March 31, 2017
	Fair value through profit or loss	Amortized cost	Fair value through other comprehensive income	Total carrying value
Financial assets:				
Cash and cash equivalents	$ –	$ 286,697	$ –	$ 286,697
Trade accounts receivable	–	146,465	–	146,465
Financial liabilities:				
Bank indebtedness	–	(1,411)	–	(1,411)
Trade accounts payable and accrued liabilities	–	(140,707)	–	(140,707)
Long-term debt	–	(327,268)	–	(327,268)
Derivative instruments:				
Held for trading derivatives that are not designated in hedge accounting relationships – loss(i)	(966)	–	–	(966)
Derivative instruments in designated hedge accounting relationships – loss(i)	–	–	(740)	(740)
Cross-currency interest rate swap – gain(ii)	–	–	9,248	9,248

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

(ii) The cross-currency interest rate swap instrument in a gain position is included in other assets on the consolidated statements of financial position. The cross-currency interest rate swap instrument in a loss position is included in other long-term liabilities on the consolidated statements of financial position.

During the years ended March 31, 2018 and March 31, 2017, there were no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

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

(ii) Fair value measurements:

The following table summarizes the Company's financial instruments that are carried or disclosed at fair value and indicates the fair value hierarchy that reflects the significance of the inputs used in making the measurements:

As at					March 31, 2018
	Carrying value	Level 1	Level 2	Level 3	Fair value total
Measured at fair value:					
Held for trading derivatives that are not designated in hedge accounting relationships	$ (1,501)	$ –	$ (1,501)	$ –	$ (1,501)
Derivative instruments in designated hedge accounting relationships	(55)	–	(55)	–	(55)
Cross-currency interest rate swap	(30,908)	–	(30,908)	–	(30,908)
Disclosed at fair value:					
Bank indebtedness	(2,668)	–	(2,668)	–	(2,668)
Long-term debt	(315,522)	–	(315,522)	–	(315,222)

As at					March 31, 2017
	Carrying value	Level 1	Level 2	Level 3	Fair value total
Measured at fair value:					
Held for trading derivatives that are not designated in hedge accounting relationships	$ (966)	$ –	$ (966)	$ –	$ (966)
Derivative instruments in designated hedge accounting relationships	(740)	–	(740)	–	(740)
Cross-currency interest rate swap	9,248	–	9,248	–	9,248
Disclosed at fair value:					
Investment property	4,043	–	–	4,043	4,043
Bank indebtedness	(1,411)	–	(1,411)	–	(1,411)
Long-term debt	(327,268)	–	(327,268)	–	(327,268)

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. The fair value of the Company's derivative instruments is estimated using a discounted cash flow technique incorporating inputs that are observable in the market or can be derived from observable market data. The derivative contract counterparties are highly rated multinational financial institutions.

During the years ended March 31, 2018 and March 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements. During the year ended March 31, 2018, the investment property previously included in Level 3 fair value measurements was reclassified to property, plant and equipment, as described in note 8.

(b) Risks arising from financial instruments and risk management

The Company manages its market risk through the use of various financial derivative instruments. The Company uses these instruments to mitigate exposure to fluctuations in foreign exchange rates. The Company's strategy, policies and controls are designed to ensure that the risks it assumes comply with the Company's internal objectives and its risk tolerance. The Company does not enter into derivative financial agreements for speculative purposes. As such, any change in cash flows associated with derivative instruments is designed to be offset by changes in cash flows of the relevant risk being hedged.

When appropriate, the Company applies hedge accounting. Hedging does not guard against all risks and is not always effective. The Company may recognize financial losses as a result of volatility in the market values of these contracts. The fair values of these instruments represent the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The fair value of these derivatives is determined using valuation techniques such as discounted cash flow analysis. The valuation technique incorporates all factors that would be considered in setting a price, including the Company's own credit risk as well as the credit risk of the counterparty.

Foreign 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 that may have an impact on operating results and cash flows. The types of foreign exchange risk can be categorized as follows:

Translation exposure

Each foreign operation's assets and liabilities are translated from the subsidiary's functional currency into Canadian dollars using the exchange rates in effect at the consolidated statement of financial position date. 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 risks arising from the translation of assets and liabilities of foreign operations into the Company's functional currency are hedged 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, 2018 of approximately +/- $26,914 and $7,191, respectively (2017 +/- $26,190 and $9,562), and on income before income taxes for the year ended March 31, 2018 of approximately +/- $373 and $494, respectively (2017 +/- $121 and $84).

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.

Transaction exposure

The Company generates significant revenues in foreign currencies, which exceed the natural hedge provided by purchases of goods and services in those currencies. The Company's risk management objective is to reduce cash flow risk related to foreign-currency-denominated cash flows. In order to manage foreign currency exposure in subsidiaries that have transaction exposure in currencies other than the subsidiary's 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.

The Company's U.S.-dollar-denominated Senior Notes are translated into Canadian dollars at the foreign exchange rate in effect at the consolidated statement of financial position dates. As a result, the Company is exposed to foreign currency translation gains and losses. The Company uses cross-currency interest rate swaps as derivative financial instruments to hedge a portion of its foreign exchange risk related to the Senior Notes. The balance of the Senior Notes is designated as a hedge of the U.S.-dollar-denominated net investment in foreign operations.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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. The Company manages interest rate risk on a portfolio basis and seeks financing terms in individual arrangements that are most advantageous taking into account all relevant factors, including credit margin, term and basis. The risk management objective is to minimize the potential for changes in interest rates to cause adverse changes in cash flows to the Company. As at March 31, 2018, $2,668 or 1.0% (March 31, 2017 – $820 or 0.2%) 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 +/- $27 on income before income taxes for the year ended March 31, 2018 (March 31, 2017 +/- $8).

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 mainly of cash and cash equivalents, 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. Cash and cash equivalents are held by major financial institutions. 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 a portion of these balances being insured by a third party.

Trade receivables – aged by due date as at	March 31, 2018	March 31, 2017
Current	$ 161,791	$ 121,029
1–30 days	20,982	11,868
31–60 days	4,236	4,721
61–90 days	4,040	4,768
Over 90 days	7,158	5,838
Total	$ 198,207	$ 148,224

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

	2018	2017
Balance, at April 1	$ 1,759	$ 2,533
Provision for doubtful accounts	2,279	687
Amounts written off	(921)	(1,168)
Recoveries	(321)	(276)
Foreign exchange	82	(17)
Balance, at March 31	$ 2,878	$ 1,759

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. The Company reviews counterparty credit ratings on a regular basis and sets credit limits when deemed necessary.

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

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. The Company's process for managing liquidity risk includes ensuring, to the extent possible, that it will have sufficient liquidity to meet its liabilities when they become due. The Company requires authorizations for expenditures on projects and prepares annual capital expenditure budgets to assist with the management of capital. The Company's accounts payable primarily have contractual maturities of less than 90 days, and the contractual cash flows equal their carrying values.

Trade payables – aged by due date as at	March 31, 2018	March 31, 2017
0–30 days	$ 60,848	$ 47,768
31–60 days	11,274	8,663
61–90 days	3,203	1,959
Over 90 days	1,656	1,163
Total	$ 76,981	$ 59,553

As at March 31, 2018, the Company was holding cash and cash equivalents of $330,148 (March 31, 2017 – $286,697) and had unutilized lines of credit of $656,267 (March 31, 2017 – $639,050). The Company expects that continued cash flows from operations in fiscal 2019, 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.

The Company's long-term debt obligations and scheduled interest payments are presented in note 14.

(c) Hedge accounting and risk management contracts

Cash flow hedges – foreign currency risk of forecasted purchases and sales

The Company manages foreign exchange risk on its highly probable forecasted revenue and purchase transactions denominated in various foreign currencies. The Company has identified foreign exchange fluctuation risk as the hedged risk. To mitigate the risk, forward currency contracts are designated as the hedging instrument and are entered into to hedge a portion of the purchases and sales. The forward currency contracts limit the risk of variability in cash flows arising from foreign currency fluctuations. The Company has established a hedge ratio of 1:1 for all of its hedging relationships. The Company has identified counterparty credit risk as the only potential source of hedge ineffectiveness.

Cash flow hedges – foreign currency risk on foreign-currency-denominated Senior Notes

The Company uses cross-currency interest rate swaps as derivative financial instruments to hedge a portion of its foreign exchange risk related to its U.S.-dollar-denominated Senior Notes. On March 29, 2016, the Company entered into a cross-currency interest rate swap instrument to swap U.S. $150,000 into Canadian dollars. The Company will receive interest of 6.50% U.S. per annum and pay interest of 6.501% Canadian. The terms of the hedging relationship will end on June 15, 2023. The Company has established a hedge ratio of 1:1 for all of its hedging relationships. The Company has identified counterparty credit risk as the only potential source of hedge ineffectiveness.

During the years ended March 31, 2018 and March 31, 2017, there were no unrealized gains or losses recognized in selling, general and administrative expenses for the ineffective portion of cash flow hedges.

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

Hedge of Euro-denominated net investment in foreign operations

The Company manages foreign exchange risk on its Euro-denominated net investments. The Company uses a cross-currency interest rate swap as a derivative financial instrument to hedge a portion of the foreign exchange risk related to its Euro-denominated net investment. On March 29, 2016, the Company entered into a cross-currency interest rate swap instrument to swap 134,084 Euros into Canadian dollars. The Company will receive interest of 6.501% Canadian per annum and pay interest of 5.094% Euro. The terms of the hedging relationship will end on June 15, 2023. The Company has established a hedge ratio of 1:1 for all of its hedging relationships. The Company has identified counterparty credit risk as the only potential source of hedge ineffectiveness.

The following table summarizes the Company's outstanding cash flow hedge positions to buy and sell foreign currencies under forward foreign exchange contracts and cross-currency interest rate swaps:

As at								March 31, 2018
			Carrying amount		Hedging instrument	Hedged item	Cash flow hedge reserves	
Currency sold	Currency bought	Nominal amount (in CAD)	Assets	Liabilities	Changes in fair value used for calculating hedge ineffectiveness	Changes in fair value used for calculating hedge ineffectiveness	For continuing hedges	For discontinued hedges
Derivative hedging instruments(i)								
U.S. dollars	Canadian dollars	69,025	373	–	373	373	373	–
U.S. dollars	Euros	4,535	240	–	240	240	240	–
Euros	Canadian dollars	65,339	–	661	661	661	661	–
Euros	U.S. dollars	7,308	–	2	2	2	2	–
Canadian dollars	Euros	711	–	6	6	6	6	–
Cross-currency interest rate swap instruments(ii)								
U.S. dollars	Canadian dollars	193,455	–	5,380	5,420	5,420	5,380	–
Canadian dollars	Euros	213,006	–	25,528	34,736	34,736	25,528	–

As at								March 31, 2017
			Carrying amount		Hedging instrument	Hedged item	Cash flow hedge reserves	
Currency sold	Currency bought	Nominal amount (in CAD)	Assets	Liabilities	Changes in fair value used for calculating hedge ineffectiveness	Changes in fair value used for calculating hedge ineffectiveness	For continuing hedges	For discontinued hedges
Derivative hedging instruments(i)								
U.S. dollars	Canadian dollars	46,757	–	817	817	817	817	–
U.S. dollars	Euros	1,631	–	45	45	45	45	–
U.S. dollars	Turkish lira	321	6	–	6	6	6	–
Euros	U.S. dollars	5,618	65	–	65	65	65	–
Euros	Canadian dollars	5,803	55	–	55	55	55	–
British pounds	Canadian dollars	33	–	4	4	4	4	–
Cross-currency interest rate swap instruments(ii)								
U.S. dollars	Canadian dollars	199,500	40	–	40	40	40	–
Canadian dollars	Euros	190,239	9,208	–	9,208	9,208	9,208	–

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

(ii) The cross-currency interest rate swap instrument in a gain position is included in other assets on the consolidated statements of financial position. The cross-currency interest rate swap instrument in a loss position is included in other long-term liabilities on the consolidated statements of financial position.

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

As at March 31, 2018, the Company is holding the following forward foreign exchange contracts to hedge the exposure on its revenues and purchases:

As at											March 31, 2018
		Less than 3 months		3 to 6 months		6 to 9 months		9 to 12 months		1 to 2 years	
Currency sold	Currency bought	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate
Revenue hedges											
U.S. dollars	Canadian dollars	22,035	1.276	15,264	1.292	15,347	1.298	13,155	1.305	3,224	1.328
U.S. dollars	Euros	2,299	1.183	1,595	1.182	641	1.158	–	–	–	–
Euros	Canadian dollars	2,327	1.667	16,180	1.579	13,296	1.599	11,883	1.607	21,653	1.619
Purchase hedges											
Canadian dollars	Euros	601	1.575	110	1.607	–	–	–	–	–	–
Euros	U.S. dollars	3,336	1.237	1,827	1.246	2,145	1.255	–	–	–	–

As at											March 31, 2017
		Less than 3 months		3 to 6 months		6 to 9 months		9 to 12 months		1 to 2 years	
Currency sold	Currency bought	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate	Nominal amount	Average hedged rate
Revenue hedges											
U.S. dollars	Canadian dollars	16,459	1.282	18,500	1.303	16,652	1.326	3,857	1.312	–	–
U.S. dollars	Euros	1,100	1.102	157	1.128	374	1.096	–	–	–	–
U.S. dollars	Turkish lira	193	34.980	128	35.000	–	–	–	–	–	–
Euros	U.S. dollars	958	1.078	57	1.064	177	1.070	–	–	–	–
Purchase hedges											
U.S. dollars	Canadian dollars	7,898	1.309	812	1.308	–	–	–	–	–	–
Euros	Canadian dollars	5,803	1.408	–	–	–	–	–	–	–	–
Euros	U.S. dollars	1,703	1.060	1,703	1.065	1,703	1.071	1,703	1.078	–	–
British pounds	Canadian dollars	33	1.841	–	–	–	–	–	–	–	–

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

The following summarizes the Company's amounts included in other comprehensive income that relate to hedge accounting:

As at				March 31, 2018
Cash flow hedges	Change in the value of the hedging instrument recognized in OCI gain (loss)	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from the cash flow hedge reserve to profit or loss gain (loss)	Line item affected in profit or loss because of the reclassification
Foreign exchange risk:				
Revenue hedges	881	–	(1,205)	Revenues
Purchase hedges	(197)	–	468	Cost of revenues
Euro net investment hedge	(5,420)	–	–	Net finance costs

As at				March 31, 2017
Cash flow hedges	Change in the value of the hedging instrument recognized in OCI gain (loss)	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from the cash flow hedge reserve to profit or loss gain (loss)	Line item affected in profit or loss because of the reclassification
Foreign exchange risk:				
Revenue hedges	(3,300)	–	(413)	Revenues
Purchase hedges	144	–	126	Cost of revenues
Senior Notes hedge	3,130	–	–	Selling, general and administrative
Euro net investment hedge	10,445	–	–	Net finance costs

Instruments not subject to hedge accounting

As part of the Company's risk management strategy, forward contract derivative financial instruments are used to manage foreign currency exposure related to the translation of foreign currency net assets to the subsidiary's functional currency. As these instruments have not been designated as hedges, the change in fair value is recorded in selling, general and administrative expenses in the consolidated statements of income.

For the year ended March 31, 2018, the Company recorded risk management losses of $4,132 (gains of $4,970 for the year ended March 31, 2017) on foreign currency risk management forward contracts in the consolidated statements of income. Included in these amounts were unrealized gains of $957 (gains of $1,044 during the year ended March 31, 2017), representing the change in fair value. In addition, during the year ended March 31, 2018, the Company realized losses in foreign exchange of $5,089 (gains of $3,926 during the year ended March 31, 2017), which were settled.

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

12. Provisions

	Warranty	Restructuring	Executive transition expenses	Other	Total
Balance, at March 31, 2016	$ 8,219	$ 2,069	$ 4,976	$ 5,003	$ 20,267
Provisions made	4,662	2,337	–	6,371	13,370
Provisions reversed	(1,969)	–	–	–	(1,969)
Provisions used	(2,620)	(3,424)	(4,976)	(6,412)	(17,432)
Exchange adjustments	(117)	(4)	–	9	(112)
Balance, at March 31, 2017	$ 8,175	$ 978	$ –	$ 4,971	$ 14,124
Provisions made	5,543	11,212	–	8,923	25,678
Provisions reversed	(2,203)	–	–	–	(2,203)
Provisions used	(2,699)	(6,446)	–	(7,986)	(17,131)
Exchange adjustments	349	189	–	(12)	526
Balance, at March 31, 2018	**$ 9,165**	**$ 5,933**	**$ –**	**$ 5,896**	**$ 20,994**

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.

Other provisions

Other provisions are related to medical insurance expenses that have been incurred during the year but are not yet paid and other miscellaneous provisions.

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

13. Employee benefits

The Company operates pension plans for certain of its employees through defined contribution plans, defined benefit plans and other long-term employee benefit plans. The costs associated with defined contribution plans are expensed as incurred. The most recent actuarial valuations of the defined benefit plans and other long-term employee benefit plans were completed as at March 31, 2018. The next valuations are scheduled to be as at March 31, 2019.

The changes in the fair value of assets, the employee benefit obligation and the funded status were as follows:

As at	March 31, 2018	March 31, 2017
Accrued benefit obligations:		
Opening balance	$ 29,572	$ 30,739
Interest cost	744	742
Service cost	222	1,171
Assumption changes	464	(1,573)
Transfers and benefits paid	(1,322)	(797)
Foreign exchange	2,052	(710)
Accrued benefit obligations, ending balance	$ 31,732	$ 29,572
Plan assets:		
Opening balance	$ 2,904	$ 2,487
Interest income included in net interest expense	162	177
Company contributions	304	305
Foreign exchange	211	(65)
Plan assets, ending balance	$ 3,581	$ 2,904
Employee benefits liability	$ 28,151	$ 26,668

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

As at	March 31, 2018	March 31, 2017
Total actuarial losses recognized in OCI	$ (534)	$ (569)

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

As at	March 31, 2018	March 31, 2017
Discount rate	2.3%	2.5%
Rate of compensation increase	0.3%	1.3%

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

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate and life expectancy. The sensitivity analyses have been performed based on reasonably possible changes in the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

As at March 31, 2018, the following quantitative analysis shows changes to the significant actuarial assumptions and the corresponding impact on the accrued benefit obligations:

	Discount rate		Life expectancy	
	1% increase	1% decrease	Increase by 1 year	Decrease by 1 year
Accrued benefit obligations	$ (3,943)	$ 4,917	$ 1,076	$ (1,061)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation from one another as some of the assumptions may be correlated.

The weighted average allocations of plan assets were:

As at	March 31, 2018	March 31, 2017
Other	100.0%	100.0%

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

The net employee benefits expense included the following components:

Years ended	March 31, 2018	March 31, 2017
Defined benefit plans		
Service cost	$ 222	$ 1,171
Interest cost	744	742
	966	1,913
Defined contribution plans	3,170	3,282
Net employee benefits expense	$ 4,136	$ 5,195

The Company expects to contribute $304 to its defined benefit plans during the year ending March 31, 2019.

The cumulative actuarial losses, net of income taxes, recognized in retained earnings as at March 31, 2018 were $5,683 (March 31, 2017 – $5,288).

14. Bank indebtedness and long-term debt

On June 17, 2015, the Company completed a private placement of U.S. $250,000 aggregate principal amount of senior notes (the "Senior Notes"). Transaction fees of $7,200 were deferred and are being amortized over the term of the Senior Notes. The Senior Notes are unsecured, were issued at par, bear interest at a rate of 6.50% per annum and mature on June 15, 2023. ATS used the majority of net proceeds from the Senior Notes to repay amounts outstanding under its senior secured credit facility, with the balance to be used for general corporate purposes. The Company may redeem the Senior Notes, in whole at any time or in part from time to time, at specified redemption prices and subject to certain conditions required by the Senior Notes. If the Company experiences a change of control, the Company may be required to repurchase the Senior Notes, in whole or in part, at a purchase price equal to 101% of the aggregate principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date. The Senior Notes contain customary covenants that restrict, subject to certain exceptions and thresholds, some of the activities of the Company and its subsidiaries, including the Company's ability to dispose of assets, incur additional debt, pay dividends, create liens, make investments, and engage in specified transactions with affiliates. Subject to certain exceptions, the Senior Notes are guaranteed by each of the subsidiaries of the Company that is a borrower or has guaranteed obligations under the Credit Facility.

On March 29, 2016, the Company entered into a cross-currency interest rate swap instrument to swap U.S. $150,000 into Canadian dollars to hedge a portion of its foreign exchange risk related to its U.S.-dollar-denominated Senior Notes. The Company will receive interest of 6.50% U.S. per annum and pay interest of 6.501% Canadian. On March 29, 2016, the Company entered into a cross-currency interest rate swap instrument to swap 134,084 Euros into Canadian dollars to hedge a portion of the foreign exchange risk related to its Euro-denominated net investment. The Company will receive interest of 6.501% Canadian per annum and pay interest of 5.094% Euros. The terms of the hedging relationships will end on June 15, 2023. The details of this instrument are presented in note 11 to the consolidated financial statements.

On July 28, 2017, the Company amended its senior secured credit facility to extend the agreement by three years to mature on August 29, 2021 (the "Credit Facility"). The Credit Facility provides a committed revolving credit facility of $750,000. The Credit Facility is secured by (i) the Company's assets, including real estate; (ii) assets, including certain real estate, of certain of the Company's North American subsidiaries; and (iii) a pledge of shares of certain of the Company's non-North American subsidiaries. Certain of the Company's subsidiaries also provide guarantees under the Credit Facility. At March 31, 2018, the Company had utilized $108,541 under the Credit Facility, by way of letters of credit (March 31, 2017 – $115,034).

The Credit Facility is available in Canadian dollars by way of prime rate advances and/or bankers' acceptances, in U.S. dollars by way of base rate advances and/or LIBOR advances, in Swiss francs, Euros and British pounds sterling by way of LIBOR advances and by way of letters of credit for certain purposes in Canadian dollars, U.S. dollars and Euros. The interest rates applicable to the Credit Facility are determined based on a net debt-to-EBITDA ratio as defined in the Credit Facility. 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 a margin ranging from 0.45% to 2.00%. For bankers' acceptances and LIBOR advances, the interest rate is equal to the bankers' acceptance fee or LIBOR, respectively, plus a margin that varies from 1.45% to 3.00%. The Company pays a fee for usage of financial letters of credit that ranges from 1.45% to 3.00%, and a fee for usage of non-financial letters of credit that ranges from 0.97% to 2.00%. The Company pays a standby fee on the unadvanced portions of the amounts available for advance or draw-down under the Credit Facility at rates ranging from 0.29% to 0.68%.

The Credit Facility is subject to financial covenants including a net debt-to-EBITDA test and an interest coverage test. Under the terms of the Credit Facility, the Company is restricted from encumbering any assets with certain permitted exceptions. The Credit Facility also limits advances to subsidiaries and partially restricts the Company from repurchasing its common shares and paying dividends. At March 31, 2018, all of the covenants were met.

The Company has additional credit facilities available of $18,884 (2,399 Euros, $10,000 U.S., 50,000 Thai Baht and 1,677 Czech Koruna). The total amount outstanding on these facilities at March 31, 2018 was $3,407, of which $2,668 was classified as bank indebtedness (March 31, 2017 – $1,411) and $739 was classified as long-term debt (March 31, 2017 – $2,619). The interest rates applicable to the credit facilities range from 1.66% to 6.25% per annum. A portion of the long-term debt is secured by certain assets of the Company. The 50,000 Thai Baht credit facility is secured by letters of credit under the Credit Facility.

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

(i) Bank indebtedness

As at	March 31, 2018	March 31, 2017
Other facilities	$ 2,668	$ 1,411

(ii) Long-term debt

As at	March 31, 2018	March 31, 2017
Senior Notes	$ 322,425	$ 332,500
Other facilities	739	2,619
Issuance costs	(7,642)	(7,851)
	315,522	327,268
Less: current portion	393	1,321
	$ 315,129	$ 325,947

Scheduled principal repayments and interest payments on long-term debt as at March 31, 2018 are as follows:

	Principal	Interest
Less than one year	$ 393	$ 20,971
One – two years	325	20,963
Two – three years	21	20,958
Three – four years	–	20,958
Four – five years	–	20,958
Thereafter	322,425	10,479
	$ 323,164	$ 115,287

15. Share capital

Authorized share 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 period presented were as follows:

	Number of common shares	Share capital
Balance, at March 31, 2016	92,293,359	$ 528,184
Exercise of stock options	1,308,667	15,133
Balance, at March 31, 2017	93,602,026	$ 543,317
Exercise of stock options	399,666	5,430
Balance, at March 31, 2018	**94,001,692**	**$ 548,747**

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

16. Taxation

(i) Reconciliation of income taxes:

Income tax expense differs from the amounts that would be obtained by applying the combined Canadian basic federal and provincial income tax rate to income before income taxes. These differences result from the following items:

Years ended	March 31, 2018	March 31, 2017
Income before income taxes and non-controlling interest	$ 61,696	$ 46,383
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	$ 16,349	$ 12,291
Increase (decrease) in income taxes resulting from:		
Adjustments in respect to current income tax of previous periods	1,288	1,036
Non-taxable income net of non-deductible expenses	(3,181)	(5,591)
Recognition/use of previously unrecognized assets	939	3,866
Income taxed at different rates and statutory rate changes	(71)	89
Manufacturing and processing allowance and all other items	(837)	(335)
At the effective income tax rate of 23% (2017 – 24%)	$ 14,487	$ 11,356
Income tax expense reported in the consolidated statements of income:		
Current tax expense	$ 13,621	$ 9,456
Deferred tax expense	866	1,900
	$ 14,487	$ 11,356
Deferred tax related to items charged or credited directly to equity:		
Net gain on revaluation of cash flow hedges	$ 1,178	$ 800
Other items recognized through equity	(3,512)	1,739
Income tax charged directly to equity	$ (2,334)	$ 2,539

(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 comprise the following:

As at	March 31, 2018	March 31, 2017
Accounting income not currently taxable	$ (33,777)	$ (20,556)
Intangible assets	(30,827)	(32,282)
Investment tax credits taxable in future years when utilized	(11,903)	(9,845)
Loss available for offset against future taxable income	14,809	4,611
Property, plant and equipment	2,003	(1,576)
Scientific research and experimental development expenditures available for offset against future taxable income	16,010	13,821
Other	3,765	9,204
Net deferred income tax liability	$ (39,920)	$ (36,623)

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

Presented as:	March 31, 2018	March 31, 2017
Deferred income tax assets	$ 2,987	$ 2,138
Deferred income tax liabilities	(42,907)	(38,761)
Net deferred income tax liability	$ (39,920)	$ (36,623)

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

As at	March 31, 2018	March 31, 2017
Deductible temporary differences	$ 510	$ 451
Loss available for offset against future taxable income	57,876	60,972
	$ 58,386	$ 61,423

Loss carryforwards: As at March 31, 2018, the Company has the following net operating loss carryforwards that are scheduled to expire in the following years:

As at		March 31, 2018
Year of expiry	Non-Canadian	Canadian
2020–2024	$ 6,216	$ –
2025–2029	4,862	3,712
2030–2038	11,271	43,453
No expiry	11,567	–
	$ 33,916	$ 47,165

As at		March 31, 2017
Year of expiry	Non-Canadian	Canadian
2020–2024	$ 9,087	$ –
2025–2029	702	6,233
2030–2037	–	44,697
No expiry	17,292	–
	$ 27,081	$ 50,930

In addition, the Company has U.S. federal and state capital loss carryforwards of U.S. $13,456 (March 31, 2017 – U.S. $13,456) and Canadian capital loss carryforwards of $288,177 (March 31, 2017 – $289,345) that do not expire.

Investment tax credits: As at March 31, 2018, the Company has investment tax credits available to be applied against future taxes payable in Canada of approximately $49,632 and in foreign jurisdictions of approximately $13,514. The investment tax credits are scheduled to expire as follows:

Year of expiry	Gross ITC balance
2026–2029	$ 20,027
2030–2034	20,463
2035–2038	22,656
	$ 63,146

The benefit of $57,012 (March 31, 2017 – $49,015) of these investment tax credits has been recognized in the consolidated financial statements. Unrecognized investment tax credits are scheduled to expire between 2026 and 2038.

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

(iv) There are temporary differences of $86,425 associated with investments in subsidiaries for which no deferred income tax liability has been recognized.

(v) There are no income tax consequences attached to the payment of dividends in either 2018 or 2017 by the Company to its shareholders.

17. 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, 2018 and March 31, 2017, 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. Under the DSU Plan, each non-employee director may elect to receive all or a portion of 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 a five-day volume weighted 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. 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. As at March 31, 2018, the value of the outstanding liability related to the DSUs was $9,542 (2017 – $6,303). 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 that 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 granting of stock options to insiders that may be under the 1995 Plan.

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

Under the Company's 2006 Stock Option Plan (the "2006 Plan"), the shareholders have approved a maximum of 5,159,000 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 5,159,000 common shares.

As at March 31, 2018, there are a total of 2,740,774 common shares remaining for future stock option grants under both plans (March 31, 2017 – 2,684,674).

Years ended March 31		2018		2017
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Stock options outstanding, beginning of year	**2,274,724**	**$ 12.60**	3,433,866	$ 11.68
Granted	**300,625**	**12.77**	294,000	10.46
Exercised[i]	**(399,666)**	**10.36**	(1,308,667)	9.51
Forfeited	**(356,725)**	**14.58**	(144,475)	14.34
Stock options outstanding, end of year	**1,818,958**	**$ 12.73**	2,274,724	$ 12.60
Stock options exercisable, end of year, time-vested options	**738,250**	**$ 12.97**	959,163	$ 12.41
Stock options exercisable, end of year, performance-based options	**333,333**	**$ 11.60**	391,499	$ 11.44

(i) For the year ended March 31, 2018, the weighted average share price at the date of exercise was $15.36 (March 31, 2017 – $12.61).

As at March 31, 2018		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
$7.10–$10.00	118,000	1.01 years	$ 8.60	118,000	$ 8.60
$10.01–$12.50	478,167	3.58 years	10.54	302,667	10.58
$12.51–$14.50	792,791	4.19 years	13.17	438,416	13.37
$14.51–$15.83	430,000	4.23 years	15.83	212,500	15.83
$7.10–$15.83	1,818,958	3.83 years	$ 12.81	1,071,583	$ 12.54

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.

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

Years ended March 31		2018		2017
Weighted average risk-free interest rate		0.92%		0.90%
Dividend yield		0%		0%
Weighted average expected volatility		29%		30%
Weighted average expected life		4.75 years		4.75 years
Number of stock options granted:				
Time-vested		300,625		294,000
Weighted average exercise price per option	$	12.77	$	10.46
Weighted average value per option:				
Time-vested	$	3.37	$	2.88

Share Appreciation Rights

During the year ended March 31, 2018, the Company did not grant any share appreciation rights ("SARs") (none in the year ended March 31, 2017). The Company has recorded a liability of $83 as at March 31, 2018 (March 31, 2017 – $44) based on the fair value of the vested SARs. The market value of a common share of the Company as at March 31, 2018 was $17.69 (March 31, 2017 – $13.57). During the year ended March 31, 2018, no SARs vested (39,375 in the year ended March 31, 2017).

Restricted Share Unit Plan

During the year ended March 31, 2018, the Company granted 211,398 time-vesting restricted share units ("RSUs") (157,639 in the year ended March 31, 2017). 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, 2018, the Company granted 211,712 performance-based RSUs (128,785 in the year ended March 31, 2017). 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 is 1.3 years. The RSU 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, 2018, the value of the outstanding liability related to the RSU plan was $5,699 (March 31, 2017 – $2,722).

18. Commitments and contingencies

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

		Operating leases		Purchase obligations
Less than one year	$	10,148	$	113,181
One – two years		9,189		1,754
Two – three years		7,756		505
Three – four years		4,251		–
Four – five years		2,260		–
Due in over five years		927		–
	$	34,531	$	115,440

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 commitments for materials purchases.

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

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 letters of credit as security for advances received from customers pending delivery and contract performance. In addition, the Company provides letters of credit for post-retirement obligations and may provide letters of credit as security on equipment under lease and on order. As at March 31, 2018, the total value of outstanding letters of credit was approximately $137,148 (March 31, 2017 – $136,021).

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.

19. Segmented disclosure

The Company's operations are reported as one operating segment, Automation Systems, which plans, allocates resources, builds capabilities and implements best practices on a global basis.

Geographic segmentation of revenues is determined based on revenues by customer location. 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, 2018
	Property, plant and equipment	Intangible assets
Canada	$ 30,148	$ 10,147
United States	15,701	19,018
Germany	33,748	118,961
China	1,215	53
Malaysia	1,669	72
Other Europe	1,657	496
Other	964	122
Total Company	$ 85,102	$ 148,869

As at		March 31, 2017
	Property, plant and equipment	Intangible assets
Canada	$ 22,866	$ 10,454
United States	16,287	22,942
Germany	25,671	121,918
China	944	45
Malaysia	1,773	101
Other Europe	1,160	471
Other	532	138
Total Company	$ 69,233	$ 156,069

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

Revenues from external customers for the years ended	March 31, 2018	March 31, 2017
Canada	$ 60,988	$ 34,261
United States	436,197	315,769
Germany	194,726	196,777
China	72,568	70,202
Malaysia	30,204	120,915
Other Europe	215,798	209,734
Other	104,449	63,246
Total Company	$ 1,114,930	$ 1,010,904

For the year ended March 31, 2018, the Company did not have revenues from any single customer that amounted to 10% or more of total consolidated revenues. For the year ended March 31, 2017, the Company had revenues from one customer that were 13.9% of its total revenues.

20. Net finance costs

Years ended	March 31, 2018	March 31, 2017
Interest expense	$ 25,689	$ 26,208
Interest income	(1,923)	(656)
	$ 23,766	$ 25,552

21. Earnings per share

Years ended	March 31, 2018	March 31, 2017
Weighted average number of common shares outstanding	93,734,117	92,571,163
Dilutive effect of stock option conversion	301,083	235,946
Diluted weighted average number of common shares outstanding	94,035,200	92,807,109

For the year ended March 31, 2018, stock options to purchase 725,000 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 (1,602,641 common shares were excluded for the year ended March 31, 2017).

22. 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 income before income taxes, less net finance costs, depreciation and amortization. For the years ended March 31, 2018 and March 31, 2017, the Company operated with a ratio 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.

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

The capital management criteria can be illustrated as follows:

As at	March 31, 2018	March 31, 2017
Equity excluding accumulated other comprehensive income	$ 682,943	$ 631,035
Long-term debt	315,522	327,268
Bank indebtedness	2,668	1,411
Cash and cash equivalents	(330,148)	(286,697)
Capital under management	$ 670,985	$ 673,017
Debt-to-equity ratio	0.47:1	0.52:1

23. Related party disclosure

On April 1, 2014, the Company entered into an agreement with a shareholder, Mason Capital Management, LLC ("Mason Capital"), pursuant to which Mason Capital agreed to provide ATS with ongoing strategic and capital markets advisory services for an annual fee of U.S. $500. As part of the agreement, a member of the Company's Board of Directors who is associated with Mason Capital has waived any fees to which he may have otherwise been entitled for serving as a member of the Board or as a member of any committee of the Board.

The remuneration of 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, 2018	March 31, 2017
Short-term employee benefits	$ 5,550	$ 2,294
Fees	642	657
Stock-based compensation	4,669	(707)
Post-employment benefits	57	980
Other long-term benefits(i)	–	2,910
Total remuneration	$ 10,918	$ 6,134

(i) In March 2017, Andrew Hider was appointed as Chief Executive Officer of ATS. In connection with Mr. Hider's appointment, and as an inducement to join ATS, the Company paid Mr. Hider a share purchase allowance ("SP Allowance") in the amount of $2,910. The after-tax proceeds of the SP Allowance were used to purchase shares of the Company in the public market ("Purchased ATS Shares") and are subject to certain minimum shareholding requirements. The Purchased ATS Shares are subject to forfeiture if Mr. Hider's employment is terminated for cause or through resignation within two years of his commencement date, or 50% forfeited if such termination takes place after two years and before three years from his commencement date.

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