

Magellan Aerospace Corporation
Fourth Quarter Report
December 31, 2004

Magellan Aerospace Corporation (the "Corporation" or "Magellan") is listed on the Toronto Stock Exchange under the symbol MAL. The Corporation is a diversified supplier of components to the aerospace industry. Through its network of facilities throughout North America and the United Kingdom, Magellan supplies leading aircraft manufacturers, airlines and defence agencies throughout the world.

Financial Results

On March 31, 2005, the Corporation released its financial results for the fourth quarter and the year ended December 31, 2004. The results are summarized as follows:

Expressed in thousands, except per share amounts	Three Months Ended December 31			Twelve Months Ended December 31		
	2004	2003	PERCENTAGE CHANGE	2004	2003	PERCENTAGE CHANGE
Revenues	\$ 137,270	\$ 137,092	0.1%	\$ 573,779	\$ 478,313	20.0%
Net Income (Loss)	\$ (4,838)	\$ 147	-	\$ (1,834)	\$ (14,241)	87.1%
Net Income (Loss) Per Share Before Extraordinary item	\$ (0.07)	\$ (0.07)	0.0%	\$ (0.09)	\$ (0.34)	73.5%
EBITDA	\$ 2,843	\$ 10,265	-72.3%	\$ 36,713	\$ 15,446	137.7%
EBITDA Per Share	\$ 0.03	\$ 0.14	-78.6%	\$ 0.45	\$ 0.23	95.7%
Net Income (Loss) Before Unusual and Extraordinary Item	\$ (1,216)	\$ (3,206)	62.1%	\$ 1,788	\$ 3,867	-53.8%
Net Income (Loss) Per Share Before Unusual and Extraordinary Item	\$ (0.01)	\$ (0.04)	75.0%	\$ 0.02	\$ 0.06	-66.7%
EBITDA Before Unusual and Extraordinary Item	\$ 8,459	\$ 10,265	-17.6%	\$ 42,329	\$ 48,719	-13.1%
EBITDA Per Share Before Unusual and Extraordinary Item	\$ 0.09	\$ 0.14	-35.7%	\$ 0.51	\$ 0.71	-28.2%

This quarterly statement contains certain forward-looking statements that reflect the current views and/or expectations of the Corporation with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions which may cause actual results to be materially different from those expressed or implied. The Corporation assumes no future obligation to update these forward-looking statements.

***The Corporation has included certain measures in this quarterly statement, including EBITDA, the terms for which are not defined under Canadian generally accepted accounting principles. The Corporation defines EBITDA as earnings before interest, taxes and depreciation and amortization. The Corporation has included these measures, including EBITDA, because it believes this information is used by certain investors to assess financial performance and EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed and how the results are taxed in various jurisdictions. Although the Corporation believes these measures are used by certain investors (and the Corporation has included them for this reason), these measures are unlikely to be comparable to similarly titled measures used by other companies.**

Management's Discussion and Analysis

Consolidated revenues for the fourth quarter of 2004 were \$137.3 million, an increase of \$0.2 million, or 0.1%, from the fourth quarter of 2003. Revenues are \$6.5 million lower in the fourth quarter of 2004 compared to the corresponding quarter in 2003 due to lower US dollar foreign exchange translation rates. After adjusting for the exchange rate impact, revenues reflect 4.9% year over year growth in the fourth quarter.

Gross profits of \$10.5 million (7.6% of revenues) were reported for the fourth quarter of 2004 compared to \$14.4 million (10.5% of revenues) during the same period in 2003. Margin percentage declined year over year due to the effect of lower foreign exchange rates for the Canadian dollar vs. the US dollar, a change in mix of products sold, and additional period costs to support anticipated increased demand expected to occur in 2005. The Corporation is focussed on improving the profitability levels and expects that gross profit, as a percentage of sales will improve in 2005.

Administrative and general expenses were \$8.2 million, or 6.0% of sales in the fourth quarter of 2004. Included in administrative and general expenses is a foreign exchange gain of \$0.6 million. Administrative and general expenses are \$2.4 million lower than the balance in the fourth quarter of 2003, which included costs for integration expenses associated with the purchase of Magellan's operations in the United Kingdom ("MALUK").

Interest expense was \$4.0 million in the fourth quarter of 2004 compared to \$4.0 million in the corresponding quarter in 2003. Higher borrowing rates in the fourth quarter of 2004 offset the impact of lower borrowing levels compared to the fourth quarter of 2003. The average effective interest rate on the Corporation's debt in the fourth quarter of 2004 was 6.70% compared to 5.62% in the fourth quarter of 2003. During the quarter, the Corporation sold a total \$78.2 million of accounts receivable to various third parties for a discount of \$0.6 million, which reflects an annual interest rate of 2.91%. This discount has been included in interest expense in the fourth quarter.

A provision for recovery of income taxes of \$2,415 was recorded in the fourth quarter of 2004. This reflects an effective income tax rate of 33.3% in the period. The effective tax rate differs from an expected tax rate of 35.5% because of lower income tax rates in the UK, offset by certain minimum taxes payable in Canada, as well certain non-deductible expenses.

During the fourth quarter of 2004 the Corporation recorded an additional charge of \$5.6 million relating to the shutdown of its Fleet Industries division due to additional costs of completing contractual obligations. The Corporation has also reached a labour agreement with its unionized employees at Fleet that will allow for an orderly closure in the second quarter of 2005.

During the fourth quarter of 2003, an extraordinary gain of \$3.4 million was recorded on the purchase of MALUK, as the net value of the assets acquired over the liabilities assumed was greater than the purchase price. This excess was first applied to reduce the cost of long term, non-monetary assets, and the balance is included in income as an extraordinary gain.

Liquidity and Capital Resources

In the quarter ended December 31, 2004, the Corporation generated \$24.9 million of cash from operations, compared to generating \$15.5 million in the fourth quarter of 2003. In 2004, \$34.9 million of cash was generated by operations.

Capital spending has been reduced to reflect current business conditions. During the quarter ended December 31, 2004, the Corporation invested \$5.4 million in new production equipment to modernize current facilities and to enhance its capabilities. Acquisitions of capital assets for 2004 total were \$16.9 million. Net acquisitions of capital assets for 2003 totalled \$11.1 million.

During the year, the Corporation completed a rights offering and issued 11,337,568 common shares for net proceeds of \$31.2 million. On December 21, 2003, the Corporation completed an offering of 12.0 million common shares for gross proceeds of \$30.6 million.

As income and EBITDA in the fourth quarter of 2004 were less than forecast, and as working capital has been required by the ramp-up in production due to higher demand for aerospace products, the Corporation required a waiver from its lenders to remain in compliance with the covenants in its operating and long-term credit facilities as at December 31, 2004. The Corporation has also reached an agreement to amend the March 31, 2005 covenants. The Corporation is in negotiations to replace both the operating and long-term credit agreements, and expects to complete this in the second quarter of 2005. See note 4, in the notes to interim consolidated financial statements.

Outlook

The commercial airline industry continues to struggle with high fuel prices, which is affecting profitability, especially in the United States. In spite of this, both Boeing and Airbus are indicating that aircraft delivery rates, especially in the single-aisle models, will grow over 2004 levels, due to demand in Europe, Asia and South America. This bodes well for Magellan, as Magellan has higher content in the single aisle models of both Boeing and Airbus, than the larger models.

New programs continue to generate opportunities for Magellan. Discussions are ongoing on contracts to manufacture components for both the Boeing 787 and the Airbus 350 models. Demand for business jets is also increasing. Orders for business jet engine components have increased significantly in the past six months.

The defense sector continues to be steady. Magellan is continuing to deliver prototype components for the JSF and while significant revenues on this aircraft are still a few years away, Magellan's participation in this program is a testament to our customer's confidence.

On behalf of the Board



N. Murray Edwards
Chairman
March 31, 2005



Richard A. Neill
President and Chief Executive Officer

**MAGELLAN AEROSPACE CORPORATION
 CONSOLIDATED STATEMENTS OF
 OPERATIONS AND RETAINED
 EARNINGS**
 (unaudited)

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

	Three months ended		Twelve months ended	
	December 31		December 31	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues	\$ 137,270	\$ 137,092	\$ 573,779	\$ 478,313
Cost of revenues	<u>126,775</u>	<u>122,724</u>	<u>514,819</u>	<u>420,036</u>
Gross profit	<u>10,495</u>	<u>14,368</u>	<u>58,960</u>	<u>58,277</u>
Administrative and general expenses	8,172	10,578	40,269	34,504
Research and development	—	210	127	210
Interest	3,960	4,004	15,531	12,703
Unusual item	<u>5,616</u>	<u>—</u>	<u>5,616</u>	<u>33,273</u>
	<u>17,748</u>	<u>14,792</u>	<u>61,543</u>	<u>80,690</u>
Income (loss) before income taxes	(7,253)	(424)	(2,583)	(22,413)
Income taxes - current	(886)	(180)	780	839
- future (recovery)	<u>(1,529)</u>	<u>2,962</u>	<u>(1,529)</u>	<u>(5,658)</u>
	<u>(2,415)</u>	<u>2,782</u>	<u>(749)</u>	<u>(4,819)</u>
Loss before extraordinary gain	(4,838)	(3,206)	(1,834)	(17,594)
Extraordinary gain	<u>—</u>	<u>3,353</u>	<u>—</u>	<u>3,353</u>
Net income (loss) for the period	<u>(4,838)</u>	<u>147</u>	<u>(1,834)</u>	<u>(14,241)</u>
Retained earnings, beginning of the period	121,630	124,261	122,853	142,762
Convertible debenture charges	<u>(1,687)</u>	<u>(1,555)</u>	<u>(5,914)</u>	<u>(5,668)</u>
Retained earnings, end of period	\$ <u>115,105</u>	\$ <u>122,853</u>	\$ <u>115,105</u>	\$ <u>122,853</u>
Loss per common share after extraordinary gain				
Basic	\$ <u>(0.07)</u>	\$ <u>(0.07)</u>	\$ <u>(0.09)</u>	\$ <u>(0.29)</u>
Diluted	\$ <u>(0.07)</u>	\$ <u>(0.07)</u>	\$ <u>(0.09)</u>	\$ <u>(0.29)</u>

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED BALANCE SHEETS
 (unaudited)

(expressed in thousands of dollars)

	December 31 <u>2004</u>	December 31 <u>2003</u>
ASSETS		
Current		
Cash	\$ 9,048	\$ 3,888
Accounts receivable	70,974	82,726
Inventories	269,735	273,632
Prepaid expenses and other	8,113	7,785
Future income tax asset	<u>7,104</u>	<u>5,101</u>
Total current assets	<u>364,974</u>	<u>373,132</u>
Capital assets	274,724	300,076
Other	41,254	42,414
Future income tax asset	<u>42,318</u>	<u>34,862</u>
	<u>\$ 723,270</u>	<u>\$ 750,484</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 68,028	\$ 71,808
Accounts payable and accrued charges	114,327	97,660
Current portion of long-term debt (note 5)	<u>48,335</u>	<u>24,558</u>
Total current liabilities	<u>230,690</u>	<u>194,026</u>
Long-term debt (note 5)	11,856	70,845
Future income tax liabilities	82,345	87,692
Other long-term liabilities	32,926	46,105
Shareholders' equity		
Capital stock (note 6)	213,962	182,733
Contributed surplus	234	--
Convertible debentures (note 2)	71,980	69,902
Retained earnings	115,105	122,853
Foreign exchange translation (note 9)	<u>(35,828)</u>	<u>(23,672)</u>
Total shareholders' equity	<u>365,453</u>	<u>351,816</u>
	<u>\$ 723,270</u>	<u>\$ 750,484</u>

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
 (unaudited)

(expressed in thousands of dollars)

	Three months ended		Twelve months ended	
	December 31		December 31	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
OPERATING ACTIVITIES				
Income (loss) for the period	\$ (4,838)	\$ 147	\$ (1,834)	\$ (14,241)
Add (deduct) items not affecting cash				
Depreciation and amortization	6,442	6,685	24,071	25,156
Gain on sale of assets	(416)	(117)	(2,026)	(319)
Unusual item (note 3)	5,616	--	5,616	33,273
Stock option charge	78	--	234	--
Future income taxes (recoveries)	(2,762)	2,962	(1,529)	(5,658)
Extraordinary gain	--	(3,353)	--	(3,353)
	<u>4,120</u>	<u>6,324</u>	<u>24,352</u>	<u>34,858</u>
Net change in non-cash working capital items relating to operating activities	<u>20,775</u>	<u>9,132</u>	<u>10,359</u>	<u>(17,210)</u>
Cash provided by operating activities	<u>24,895</u>	<u>15,456</u>	<u>34,891</u>	<u>17,648</u>
INVESTING ACTIVITIES				
Acquisitions	--	(14,102)	(10,440)	(14,102)
Purchase of capital assets	(5,404)	(5,665)	(16,936)	(12,997)
Disposal of capital assets	432	368	17,089	2,177
Extraordinary gain	--	3,353	--	3,353
Decrease (increase) in other assets	766	(2,028)	15	(2,875)
Cash used in investing activities	<u>(4,206)</u>	<u>(18,074)</u>	<u>(10,272)</u>	<u>(24,444)</u>
FINANCING ACTIVITIES				
(Decrease) increase in bank indebtedness	(13,796)	(11,641)	250	(12,140)
Repayment of long-term debt	(3,963)	(3,548)	(33,687)	(58,096)
Issue of convertible debentures	--	--	--	67,950
Interest on convertible debentures	(1,496)	(5,852)	(5,950)	(5,852)
Issue of common shares	44	29,585	31,229	29,701
Increase (decrease) in long-term liabilities	2,239	(3,194)	(11,402)	(13,096)
Cash provided by (used in) financing activities	<u>(16,972)</u>	<u>5,350</u>	<u>(19,560)</u>	<u>8,467</u>
Effect of exchange rate changes on cash	<u>(566)</u>	<u>(1,112)</u>	<u>101</u>	<u>(1,413)</u>
Increase in cash	3,151	1,620	5,160	258
Cash, beginning of period	<u>5,897</u>	<u>2,268</u>	<u>3,888</u>	<u>3,630</u>
Cash, end of period	<u>\$ 9,048</u>	<u>\$ 3,888</u>	<u>\$ 9,048</u>	<u>\$ 3,888</u>

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in thousands of dollars except share and per share data)

1. ACCOUNTING POLICIES**Basis of Presentation**

The accompanying unaudited consolidated financial statements have been prepared by the Corporation in accordance with accounting principles generally accepted in Canada on a basis consistent with those followed in the most recent audited consolidated financial statements. These unaudited consolidated financial statements do not include all the information and footnotes required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements and notes included in the Corporation's Annual Report for the year ended December 31, 2004.

2. CONVERTIBLE DEBENTURES

On January 7, 2003, the Corporation completed an offering of \$70,000 of 8.5 percent convertible unsecured subordinated debentures, due January 31, 2008. The debentures pay interest on a semi-annual basis on January 31 and July 31 in each year commencing July 31, 2003. The debentures are convertible, at any time prior to the maturity date, by holders into common shares of the Corporation, at a conversion price of \$4.50 per common share. The debentures are redeemable by the Corporation between January 31, 2006 and January 31, 2007 at a price equal to the principal amount, plus accrued and unpaid interest, if any, provided that the current market price is not less than 125 percent of the conversion price, and after January 31, 2007 and prior to the maturity date at a price equal to the principal amount, plus accrued and unpaid interest, if any. The debentures are unsecured obligations of the Corporation and are subordinated in right of payment to all of the Corporation's existing and future senior indebtedness.

The net proceeds of the offering of \$67,950 were applied as to \$33,975 towards the permanent reduction of the principal amount of the term bank loan, \$8,869 towards repayment of the other bank loans and the remaining amount of \$25,106 to pay down the Corporation's revolving lines of credit, but not as a permanent reduction thereof.

As the Corporation has the ability to pay both interest and principal in its common shares, the debentures are reflected as part of shareholders' equity. The debentures consist of the present value of both principal and interest, as well as the holder's conversion option. The holder's conversion option is valued using the residual value approach, and is being accreted to convertible debentures, through periodic charges against retained earnings. Convertible debenture charges consist of interest, net of income taxes and accretion of the holder's conversion option.

3. UNUSUAL ITEM

During 2003, the Corporation announced its decision to cease operations at its Fleet Industries plant in Fort Erie, Ontario. Management estimated the potential costs and losses resulting from this decision and recorded a charge to net loss in 2003 of \$33,273. During 2004, the Corporation reached final agreements on ending customer programs and as a result, recorded an additional charge of \$5,616, which is the estimated amount to reflect additional costs of completing contractual obligations. These amounts involve estimates; therefore, the ultimate amount of the charge could be materially different from the amounts recorded.

At December 31, 2004, a balance of \$23,730 remains as a liability. The Corporation expects to settle this liability over the next five years and accordingly, have included \$4,609 in accounts payable and accrued charges while the remaining \$19,121 is recorded in other long-term liabilities.

4. BANK INDEBTEDNESS

Bank indebtedness of \$68,028 [2003 - \$71,808] is payable on demand and bears interest at the bankers' acceptance or LIBOR rates, plus 1.75% to 4.50% [4.50% as at December 31, 2004]. Included in the amount outstanding at December 31, 2004 is US\$52,537 [2003 - US\$51,000]. The total amount of the operating line available to the Corporation is \$102,479. A fixed and floating charge debenture on certain of the Corporation's assets is pledged as collateral for the operating loans and the bank term loan. Subsequent to the year-end, the Corporation reached an agreement with its lenders under its operating and long-term credit facilities, to waive certain of its financial covenants as at December 31, 2004 and amend certain of its financial covenants as of March 31, 2005, and accordingly at December 31, 2004, the Corporation was in compliance with the amended agreement and related covenants. Subsequent to the year-end, the Corporation also received a waiver of the covenant prohibiting acquisitions of businesses in 2004. The Corporation is currently in negotiations to replace its operating and long-term credit facilities. In conjunction with these negotiations, the

Corporation has received an extension of its operating credit facility to May 13, 2005. Should the Corporation fail to comply with the amended covenants during 2005, and its lenders do not waive such covenant breach or amend the agreement and related financial covenants, the lenders could demand payment of the term bank loan [note 5] and any amounts drawn under the operating credit facility.

5. LONG-TERM DEBT

	2004	2003
	\$	\$
Term bank loan	46,316	83,217
Other non-bank loans	6,774	7,114
Obligations under capital leases	7,101	5,072
	60,191	95,402
Less current portion	48,335	24,558
	11,856	70,845

The term bank loan bears interest at bankers' acceptance or LIBOR rates, plus 1.75% to 4.50% [4.50% as at December 31, 2004], and has a maturity date of August 29, 2005. Included in the term bank loan is US\$36,129 [2003 - US\$55,045] [note 4].

6. CAPITAL STOCK

The authorized capital of the Corporation consists of an unlimited number of preference shares, issuable in series, and an unlimited number of common shares.

Common shares:

	Number of shares #	Stated capital \$
Outstanding at December 31, 2002	67,264,039	153,032
Issued for cash	12,000,000	29,505
Issued to employees and directors	73,089	196
Outstanding at December 31, 2003	79,337,128	182,733
Issued as part of Rights Offering	11,337,568	31,068
Issued to employees and directors	65,782	161
Outstanding at December 31, 2004	90,740,478	213,962

The reconciliation of the numerator and denominator for the calculation of basic and diluted income (loss) per share is as follows:

	Three months ended December 31,		Twelve months ended December 31,	
	2004	2003	2004	2003
Net income (loss)	\$ (4,838)	\$ 147	\$ (1,834)	\$ (14,241)
Less: Convertible debenture charges	(1,687)	(1,555)	(5,914)	(5,668)
Net income (loss) available to common shareholders	(6,525)	(1,408)	(7,748)	(19,909)
Extraordinary item	--	3,353	--	3,353
Net income (loss) available to common shareholders before extraordinary item	\$ (6,525)	\$ (4,761)	\$ (7,748)	\$ (23,262)
Weighted average shares outstanding	90,716,070	71,322,565	82,496,847	68,296,953
Net effect of dilutive stock options	—	—	—	—
Diluted weighted average shares outstanding	90,716,070	71,322,565	82,496,847	68,296,953
Income (loss) per share, before extraordinary item				
Basic	\$ (0.07)	\$ (0.07)	\$ (0.09)	\$ (0.34)
Fully Diluted	\$ (0.07)	\$ (0.07)	\$ (0.09)	\$ (0.34)

7. STOCK-BASED COMPENSATION PLAN

The Corporation has an incentive stock option plan, which provides for the granting of options for the benefit of employees and directors. The maximum number of options for common shares that remain to be granted under this plan is 2,794,203. Options are granted at an exercise price that will be the market price of the Corporation's common shares at the time of granting. Options normally have a life of five years with vesting of 20% at the end of the first, second, third, fourth and fifth years from the date of the grant. In addition, certain business unit income tests must be met in order for the option holder's entitlement to fully vest.

A summary of the plan and changes during each of 2004 and 2003 are as follows:

	2004		2003	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
	#	\$	#	\$
Outstanding, beginning of period	1,948,000	5.84	2,048,000	5.85
Granted	1,103,500	3.00	—	—
Forfeited	(495,000)	6.76	(100,000)	6.06
Outstanding, end of period	2,556,500	4.44	1,948,000	5.84

The following table summarizes information about options outstanding and exercisable:

Range of exercise prices	Options outstanding			Options exercisable	
	Number outstanding at December 31, 2004	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at December 31, 2004	Weighted average exercise price
\$			\$		\$
3.00	1,071,000	5.00	3.00	--	--
4.80 – 6.55	1,485,500	2.13	5.47	847,200	5.53
	2,556,500	3.33	4.44	847,200	5.53

The Corporation accounts for stock options granted after January 1, 2003 under the fair value method. Compensation expense recorded during the year was \$234 [2003 - nil].

For the stock options granted prior to January 1, 2003 the Corporation follows the intrinsic value method, which does not give rise to compensation expense. Under Canadian generally accepted accounting principles, the Corporation is required to disclose compensation expense as if the Corporation had elected to follow the fair value method for such options.

The fair value of stock options is estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

- Risk free interest rate 3.65%
- Expected volatility 52%
- Expected average life of the options 4 years
- Expected dividend yield 0%

The Black-Scholes option pricing model used by the Corporation to determine fair values was developed for use in estimating the fair value of freely traded options, which are fully transferable and have no vesting restrictions. The Corporation's employee stock options are not transferable, cannot be traded and are subject to vesting restrictions and exercise restrictions under the Corporation's black-out policy which would tend to reduce the fair value of the Corporation's stock options. Changes to the subjective input assumptions used in the model can cause a significant variation in the estimate of the fair value of the options.

For purposes of pro forma disclosures, the Corporation's net loss attributable to its common shares and basic and diluted loss per common shares would have been:

	2004	2003
Net loss, after extraordinary item	\$ (1,834)	\$ (14,241)
Less: Pro forma compensation expense	(248)	(269)
Pro forma net income (loss), after extraordinary item	\$ (2,082)	\$ (14,510)
Pro forma income (loss) per common share, after extraordinary item		
Basic	\$ (0.10)	\$ (0.30)
Diluted	\$ (0.10)	\$ (0.30)

8. SEGMENTED INFORMATION

The Corporation is organized and managed as a single business segment being aerospace and the Corporation is viewed as a single operating segment by the chief operating decision maker for the purposes of resource allocations and assessing performance.

Domestic and foreign operations consist of the following:

	2004				2003			
	Canada	USA	UK	Total	Canada	USA	UK	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Domestic	102,977	156,004	93,923	352,904	84,919	175,605	18,700	279,224
Export	184,636	29,587	6,652	220,875	169,534	26,990	2,565	199,089
Total revenue	287,613	185,591	100,575	573,779	254,453	202,595	21,265	478,313
Capital assets	128,446	136,334	9,944	274,724	147,485	152,376	215	300,076

Revenue is attributed to countries based on the location of the customers and the capital assets and goodwill are based on the country in which they are located.

	2004	2003
	\$	\$
Major Customers		
Canadian operations		
Number of customers	2	3
Percentage of total Canadian revenue	25%	34%
U.S. operations		
Number of customers	4	2
Percentage of total U.S. revenue	65%	41%
U.K. operations		
Number of customers	2	3
Percentage of total U.K. revenue	75%	68%

9. FOREIGN EXCHANGE TRANSLATION

Unrealized translation adjustments, which arise on the translation to Canadian dollars of assets and liabilities of the Corporation's self-sustaining foreign operations, resulted in an unrealized currency translation loss of \$12,156 for the period ending December 31, 2004 [2003 – a loss of \$26,549], which is reflected as foreign exchange translation on the consolidated balance sheets and has no impact on net income. The unrealized loss resulted from the strengthening of the Canadian dollar against the U.S. dollar, partially offset by the weakening of the Canadian dollar against the Great Britain Pound Sterling.

10. SUPPLEMENTARY INFORMATION

Foreign exchange gain in 2004 was \$3,914 [2003 – gain of \$8,003]

For additional information contact:

Richard A. Neill
 (905) 677-1889 ext. 230
 President & Chief Executive Officer

John B. Dekker
 (905) 677-1889 ext 224
 Vice President Finance & Corporate Secretary

www.magellanaerospace.com