Magellan Aerospace Corporation
First Quarter Report
March 31, 2008

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 May 9, 2008, the Corporation released its financial results for the first quarter of 2008. All amounts are expressed in Canadian dollars unless otherwise indicated. The results are summarized as follows:

	Three-months ended March 31		
(Expressed in thousands, except per share amounts)	**2008**	**2007**	**Change**
Revenues	$ 161,095	$ 144,055	11.8 %
Gross Profit	$ 17,321	$ 15,249	13.6 %
Net income (loss)	$ 2,051	$ (1,747)	
Net income (loss) per share	$ 0.02	$ (0.02)	
EBITDA*	$ 15,491	$ 9,513	62.8 %
EBITDA* per share	$ 0.17	$ 0.11	54.5 %

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, depreciation and amortization and non-cash charges. 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 may not be comparable to similarly titled measures used by other companies.**

Management's Discussion and Analysis

The first quarter of 2008 showed improvement over previous periods, and was consistent with the performance expected by Magellan management. Continued growth in all sectors of the aerospace industry, and relative stability in foreign exchange rates that impact Magellan, allowed Magellan to increase revenue and profit in spite of temporary slowdowns in selected pre-production programs.

Two of our major customers, Airbus and Boeing, continue to enjoy strong order books for their high-volume single-aisle families (A320 and B737 respectively), and also for their respective pre-production twin-aisle A350XWB and B787 Dreamliner models. Business aircraft and helicopters are experiencing a robust global market, particularly at the high end of offerings, generating opportunities for the introduction of new aircraft and engines into the marketplace. In the defence sector, progress continues on new programs, such as the Joint Strike Fighter, while more mature programs continue to win new orders, and generate aftermarket support requirements in both airframe and engines.

Magellan continued to make progress with its key 2008 initiatives during the quarter. Investment in certain operations to accommodate new programs, and to provide greater efficiencies on existing work, continued in the first quarter of 2008. Focus on core activities continued to off load less optimum work to the supply base, creating capacity for expansion as the new programs move towards full rate production.

For additional information, please refer to the *"Management's Discussion and Analysis"* section of the Annual Report available on www.sedar.com.

Revenues

	Three-months ended March 31		
(Expressed in thousands)	2008	2007	Change
Canada	$ 72,979	$ 64,642	12.9 %
United States	54,282	48,063	12.9 %
United Kingdom	33,834	31,350	7.9 %
Total Revenue	$ 161,095	$ 144,055	11.8 %

Consolidated revenues for the first quarter of 2008 were $161.1 million, an increase of $17.0 million or 11.8% over the first quarter of 2007. This was achieved despite the decline in the average U.S. dollar exchange rate versus the Canadian dollar experienced during the first quarter of 2008 that, when compared to the first quarter of 2007, had a negative impact on revenue. If the average exchange rates experienced in the comparable period in 2007 remained constant in 2008, revenues for the first quarter would have been $176.6 million ($15.5 million higher) and would have represented an increase of 22.6% over the first quarter of 2007. Sales in Canada increased by 12.9% as Magellan recorded increased sales in its proprietary products. Increased sales in both Canada and the United States can be attributed to Magellan's increased participation on the Boeing and Airbus family of parts. The acquisition of Verdict Aerospace Components Ltd. ("Verdict") contributed to the increased sales in the United Kingdom. Sales in the United Kingdom, excluding the effect of the acquisition of Verdict, in native currency for the first quarter increased 14.6% over the comparative quarter in the prior year as the production of parts for the Airbus family of products increased in the quarter.

Gross Profit

	Three-months ended March 31		
(Expressed in thousands)	2008	2007	Change
Gross profit	$ 17,321	$ 15,249	13.6 %
Percentage of revenue	10.8 %	10.6 %	

Gross profits of $17.3 million (10.8% of revenues) were reported for the first quarter of 2008 compared to $15.2 million (10.6% of revenues) during the same period in 2007. Gross profit, as a percentage of sales, improved over the first quarter of 2007. Improved efficiencies and price adjustments contributed to the increase in margins for the first quarter of 2008, however, the decline in the value of the U.S. dollar versus the Canadian dollar during the first quarter of 2008, when compared to the first quarter of 2007, continued to mask the total impact of the improvements made by the Corporation. Had exchange rates remained the same as in the first quarter of 2007, gross margins would have been approximately $3.8 million higher for the first quarter of 2008 at approximately 12.0% of revenues.

Administrative and General Expenses

	Three-months ended March 31			
(Expressed in thousands)	**2008**	**2007**	**Change**	**% Change**
Administrative and general expenses	$ 9,561	$ 11,548	$ (1,987)	(17.2) %
Foreign exchange (gain)/loss	(1,590)	369	(1,959)	-
Total administrative and general expenses	$ 7,971	$ 11,917	$ (3,946)	(33.1) %
Percentage of revenue	5.0 %	8.3 %		

Administrative and general expenses were $8.0 million (5.0% of revenues) in the first quarter of 2008 compared to $11.9 million (8.3% of revenues) in the same period of 2007. Administrative and general expenses before foreign exchange were $9.6 million (5.9% of revenues) in the first quarter of 2008 compared to $11.5 million (8.0% of revenues) in the first quarter of 2007 which includes approximately $2.0 million of expenses incurred to review certain claims made by a former employee.

Interest Expense

	Three-months ended March 31			
(Expressed in thousands)	**2008**	**2007**	**Change**	**% Change**
Interest on bank indebtedness and long-term debt	$ 3,407	$ 2,788	$ 619	22.2 %
Convertible debenture interest	805	1,488	(683)	(45.9) %
Accretion charge for convertible debt	242	584	(342)	(58.6) %
Discount on sale of accounts receivable	1,081	814	267	32.8 %
Total interest expense	$ 5,535	$ 5,674	$ (139)	(2.5) %

Interest expense in the first quarter of 2008 was $5.5 million, $0.1 million lower than the first quarter of 2007. Interest and accretion expense in relation to the convertible debentures were lower in the first quarter of 2008 than the comparative quarter in 2007 due to a lower principal amount of convertible debentures outstanding which was offset by higher interest paid on an increased debt level in the current quarter in comparison to the same quarter of 2007.

Provision for (recovery of) Income Taxes

	Three-months ended March 31			
(Expressed in thousands)	**2008**	**2007**	**Change**	**% Change**
Provision for current income taxes	$ -	$ 90	$ (90)	(100.0) %
Provision for (recovery of) future income taxes	1,764	(685)	2,449	357.5 %
Total provision for (recovery of) income taxes	$ 1,764	$ (595)	$ 2,359	396.5 %
Effective Tax Rate	46.2 %	25.4 %		

The Corporation recorded an income tax expense of $1.8 million for the first quarter of 2008, compared to an income tax recovery of $0.6 million for the first quarter of 2007. The effective rate of recovery of income taxes was 46.2% in the first quarter of 2008 compared with 25.4% in 2007. The change in effective tax rates is a result of a changing mix of income across the different jurisdictions in which the Corporation operates. Permanent differences in taxable income have a greater effect on the effective tax rate at low levels of income.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

In addition to the primary measures of earnings and earnings per share in accordance with GAAP, the Corporation includes certain measures in this MD&A, including EBITDA (earnings before interest expense, income taxes, depreciation, amortization and certain non-cash charges). The Corporation has provided these measures 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 the various jurisdictions. Each of the components of this measure are calculated in accordance with GAAP, but EBITDA is not a recognized measure under GAAP, and our method of calculation may not be comparable with that of other companies. Accordingly, EBITDA should not be used as an alternative to net earnings as determined in accordance with GAAP or as an alternative to cash provided by or used in operations.

	Three-months ended March 31		
(Expressed in thousands)	**2008**	**2007**	**Change**
Net income (loss) for the period	$ 2,051	$ (1,747)	$ 3,798
Interest	5,535	5,674	(139)
Taxes	1,764	(595)	2,359
Stock based compensation	318	255	63
Depreciation and amortization	5,823	5,926	(103)
EBITDA	$ 15,491	$ 9,513	$ 5,978

EBITDA for the first quarter of 2008 was $15.5 million, compared to $9.5 million in the first quarter of 2007. Higher gross profit in the first quarter of 2008 compared to 2007 and lower administrative and general expenses contributed to the increase in EBITDA for the current quarter.

Liquidity and Capital Resources

Cash Flow from Operations

	Three-months ended March 31		
(Expressed in thousands)	**2008**	**2007**	**Change**
Increase in accounts receivable	$ (5,347)	$ (12,609)	$ 7,262
Increase in inventories	(11,238)	(17,340)	6,102
Increase/(decrease) in prepaid expenses and other	340	(814)	1,154
Increase in accounts payable	1,086	101	985
Net change in non-cash working capital items	$ (15,159)	$ (30,662)	$ 15,503
Cash used in operating activities	$ (5,744)	$ (28,345)	$ 22,601

In the quarter ended March 31, 2008, the Corporation used $5.7 million of cash in its operations, compared to $28.3 million in the first quarter of 2007. Cash was primarily used by increased levels of accounts receivable and inventories partially offset by an increase in accounts payable. Production inventories rose in response to increasing demand from the Corporation's customers.

Investing Activities

(Expressed in thousands)	Three-months ended March 31 2008	2007	Change
Acquisition of Verdict *(note 3)*	$ (4,240)	$ -	$ (4,240)
Purchase of capital assets	(4,641)	(7,086)	2,445
Proceeds from disposals of capital assets	145	274	(129)
(Decrease)/increase in other assets	(1,582)	1,017	(2,599)
Cash used in investing activities	$ (10,318)	$ (5,795)	$ (4,523)

In the first quarter of 2008, the Corporation invested $4.2 million, in the United Kingdom, for the acquisition of Verdict and $4.6 million in capital assets to upgrade and enhance its capabilities for current and future programs.

Financing Activities

(Expressed in thousands)	Three-months ended March 31 2008	2007	Change
Increase in bank indebtedness	$ 14,335	$ 19,808	$ (5,473)
Increase in loan payable	15,000	-	15,000
Increase in long-term debt	34,388	14,406	19,982
Decrease in convertible debentures	(49,207)	-	(49,207)
Decrease in long-term liabilities	(429)	(2,604)	2,175
Issuance of Common Shares	23	18	5
Dividends on Preference Shares	(400)	(400)	-
Cash provided by financing activities	$ 13,710	$ 31,228	$ (17,518)

The Corporation amended its operating credit facility with its existing lenders on March 30, 2007. Under the terms of the amended agreement, the maximum amount available under the operating credit facility is a Canadian dollar limit of $75 million plus a US dollar limit of $90 million, with a maturity date of May 24, 2008. The facility is extendable for unlimited one-year renewal periods and continues to be fully guaranteed by the Chairman of the Board of the Corporation. An annual fee in 2008 of 1.0% (2007 – 0.01%) of the guaranteed amount is provided by the Corporation in consideration for this guarantee. Due to this guarantee, interest is charged at the bankers' acceptance or LIBOR rates plus 0.875%, compared to the rate charged prior to the guarantee of bankers' acceptance or LIBOR rates plus 4.5%. The net annual savings to the Corporation is approximately $5.3 million assuming an average of $150.0 million borrowed under the operating capacity. The Corporation is currently in negotiations with the credit facility syndicate to amend and extend the current operating credit facility to May 25, 2009. To date the negotiations have been positive with respect to extending the term of the operating credit facility.

On March 30, 2007, the Corporation borrowed $15.0 million by way of a promissory note from a corporation wholly owned by a common director. This loan was due July 1, 2008 and bore interest at a rate of 9% per annum, which was lower than rates provided by the Corporation's financial advisors for similar instruments. This loan was repaid on January 30, 2008.

Effective January 1, 2008, the Corporation was required to adopt CICA Handbook Section 3031, "Inventories" that resulted in adjustments to the opening inventory, capital assets, other assets and retained earnings. As a result of the required adoption of this new standard, the Corporation, as at March 31, 2008, was not in compliance with respect to the financial covenant ratios of current assets to current liabilities and of tangible net worth. Subsequent to March 31, 2008, the Corporation received a waiver with respect to these covenants.

On January 30, 2008, the Corporation closed a private placement of an aggregate of $21.0 million 8.5% convertible unsecured subordinated debentures, due January 31, 2010 (the "New Debentures") the proceeds of which were used to fund, in part, the repayment of the $70.0 million principal amount of outstanding 8.5% unsecured subordinated debentures (the "Existing Debentures") which matured on January 31, 2008 (Note 4 – Refinancing).

On January 30, 2008, in order to fund the remaining balance of approximately $50.0 million on the maturity of the Existing Debentures, a corporation controlled by the Chairman of the Board, provided a loan of $50.0 million (the "Original Loan") and a $15.0 million bridge loan (the "Bridge Loan") to the Corporation. All of the funds from the Bridge Loan and approximately $35.0 million of the funds from the Original Loan were used to repay the balance of the Existing Debentures and the $15.0 million additional funds from the Original Loan was provided to the Corporation to retire $15.0 million of subordinated debt due to a company with a common director, who is also the owner of all of the shares of such lender. Both the Original Loan and the Bridge Loan bear interest at a rate of 10% per annum calculated and payable monthly and are collateralized and subordinated to the Corporation's existing bank credit facility. The Original Loan is repayable on July 1, 2009 and the Bridge Loan is repayable on July 31, 2008. In addition, in consideration for the provision of additional security for the Corporation's obligations under its existing secured credit facility, the Corporation has increased the standby guarantee fee payable to the Chairman of the Board from 0.1% per annum to 1% per annum of the principal amount guaranteed. Due to this guarantee, interest is charged at the bankers' acceptance or LIBOR rates plus 0.875%, compared to the rate charged prior to the guarantee of bankers' acceptance or LIBOR rates plus 4.5%. The net annual savings to the Corporation is approximately $5.3 million assuming an average of $150.0 million borrowed under the operating capacity. (Note 4 – Refinancing).

Share Data and Proposed Share Consolidation

As at April 30, 2008, the Corporation had 90,903,646 common shares outstanding and 2,000,000 outstanding First Preference Shares Series A.

At the Corporation's Annual General and Special Meeting, the Board of Directors of Magellan has determined to propose a consolidation of Magellan's issued and outstanding common shares on the basis of one new common share for each five common shares presently issued and outstanding.

Risks and Uncertainties

The Corporation manages a number of risks in each of its businesses in order to achieve an acceptable level of risk without hindering the ability to maximize returns. Management has procedures to identify and manage significant operational and financial risks.

Fluctuations in the value of foreign currencies could result in currency exchange losses.

A portion of the Corporation's revenues and expenses are currently denominated in U.S. dollars and Great British Pounds (GBP), and it is expected that some revenues and expenses will continue to be based in currencies other than the Canadian dollar. Therefore, fluctuations in the Canadian dollar exchange rate relative to these other currencies will impact the Corporation's results of operations and financial condition from period to period. In addition, the Corporation is subject to currency fluctuations from the translation of revenues, expenses, assets and liabilities of its self-sustaining foreign operations using a functional currency other than the Canadian dollar. The following table demonstrates the change in the Canadian dollar in the first quarter of 2008 in comparison to the U.S dollar and the GBP.

	Beginning of Quarter	End of Quarter	% Change
USD/CAD	0.9913	1.0265	3.6%
GBP/CAD	1.9600	2.0407	4.1%

The resulting foreign exchange losses are included in net income in the period. We cannot predict the effect of foreign exchange losses in the future; however, if significant foreign exchange losses are experienced, they could have a material adverse effect on our business, results of operations, and financial condition.

The agreements with labour unions representing certain of the Corporation's employees are subject to renewal.

If the Corporation is unable to renew all agreements as they become subject to renegotiation from time to time, it could result in work stoppages and other labour disturbances which could have a material adverse effect on its business. This risk may be mitigated by the ability of the Corporation to transfer work from one location to another.

The Corporation's debt is significant and may need to be refinanced and such refinancing may not be available.

The Corporation and its subsidiaries have significant debt obligations. If the Corporation is unable to meet its debt obligations, it may need to consider refinancing or adopting alternative strategies to reduce or delay capital expenditures, selling assets or seeking additional equity capital.

The Corporation renewed its bank credit agreement with its existing lender on May 25, 2005, as amended from time to time (the "Bank Facility Agreement"). Under the terms of the Bank Facility Agreement, the Corporation has an operating credit facility, expiring on May 24, 2008, and extendable for unlimited one-year periods by agreement of the Corporation and the lenders. The Corporation's Bank Facility Agreement also requires the Corporation to maintain specified financial ratios. The Corporation's ability to meet these financial ratios can be affected by events beyond the Corporation's control, and there can be no assurance that the Corporation will be able to meet these ratios. There is no assurance that the Bank Facility Agreement will be renewed every year or that the terms of renewal will not be materially adverse to the Corporation. This credit facility is fully guaranteed by Mr. Edwards, a director and Chairman of the Board of the Corporation. There is also no assurance that Mr. Edward's guarantee, if required, will be available beyond the term of the current commitment which ends on May 25, 2008. There is no assurance that Magellan will be in compliance with all of its bank covenants at all times during the upcoming twelve months due to unforeseen events or circumstances, some of which are outlined in the Annual Information Form - "Risks Inherent in Magellan's Business".

The Corporation may need additional financing for acquisitions and capital expenditures and additional financing may not be available on acceptable terms.
The Corporation's ability to grow is dependent upon, and may be limited by, among other things, availability under the credit facilities and by particular restrictions contained therein and the Corporation's other financing arrangements. In that case, additional funding sources may be needed, and the Corporation may not be able to obtain the additional capital necessary to pursue its internal growth and acquisition strategy or, if the Corporation can obtain additional financing, the additional financing may not be on financial terms, which are satisfactory to it.

Cancellations, reductions or delays in customer orders may adversely affect the Corporation's results of operations.
The Corporation's overall operating results are affected by many factors, including the timing of orders from large customers and the timing of expenditures to manufacture parts and purchase inventory in anticipation of future sales of products and services. A large portion of the Corporation's operating expenses is relatively fixed. Because several of the Corporation's operating locations typically do not obtain long-term purchase orders or commitments from customers, the Corporation must anticipate the future volume of orders based upon the historic purchasing patterns of customers and upon discussions with customers as to their anticipated future requirements. These historic patterns may be disrupted by many factors, including changing economic conditions, inventory adjustments, work stoppages or labour disruptions, cancellations, reductions or delays in orders by a customer or group of customers could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Critical Accounting Estimates

The preparation of financial statements requires the Corporation to estimate the effect of various matters that are inherently uncertain as of the date of the financial statements. Each of these required estimates varies with respect to the level of judgment involved and the potential impact on the Corporation's reported financial results. Estimates are deemed critical when the Corporation's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period.

Inventories
Raw materials, materials in process and finished products are valued at the lower of unit cost and net realizable value. Due to the long-term contractual periods of the Corporation's contracts, the Corporation may be in negotiation with its customers over amendments to pricing or other terms. Management's assessment of the recoverability of amounts capitalized in inventory may be based on judgements with respect to the outcome of these negotiations. If the negotiations are not successful or the final terms differ from what the Corporation expects, the Corporation may be required to record a loss provision on this contract. The amount of such provision, if any, cannot be reasonably estimated until such amendments are finalized.

Asset Impairment
The Corporation evaluates long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. A long-lived asset is considered to be impaired if the total undiscounted estimated future cash flows are less than the carrying value of the asset. The amount of the impairment is determined based on discounted estimated future cash flows. Future cash flows are determined based on management's estimates of future results relating to the long-lived assets. These estimates include various assumptions, which are updated on a regular basis as part of the internal planning process.

The Corporation regularly reviews its investments to determine whether a permanent decline in the fair value below the carrying value has occurred. In determining whether a permanent decline has occurred, management considers a number of factors that would be indicative of a permanent decline including (i) a prolonged decrease in the fair value below the carrying value, (ii) severe or continued losses in the investment and (iii) various other factors such as a decline or restriction in financial liquidity of an entity in which the Corporation has an investment, which may be indicative of a decline in value of the investment. The consideration of these factors requires management to make assumptions and estimates about future financial results of the investment. These assumptions and estimates are updated by management on a regular basis.

Income Taxes
The Corporation operates in several tax jurisdictions. As such, its income is subject to various rates and rules of taxation. The breadth of the Corporation's operations and the complexity of the taxing legislation and practices require the Corporation to apply judgment in estimating its ultimate tax liability. The final taxes paid will depend on many factors, including the Corporation's interpretation of the legislation and the outcomes of audits by and negotiations with tax authorities. Ultimately, the final taxes may be adjusted based on the resolution of these uncertainties.

The Corporation estimates future income taxes based upon temporary differences between the assets and liabilities that are reported in its consolidated financial statements and their tax basis as determined under applicable tax legislation. The Corporation records a valuation allowance against its future income tax assets when it believes that it is not "more likely than not" that such assets will be realized. This valuation allowance can either be increased or decreased where, in the view of Management, such change is warranted.

Foreign Currency Translation
The functional currency of the Corporation is Canadian dollars. Many of the Corporation's businesses undertake transactions in currencies other than the Canadian dollar. As part of its ongoing review of critical accounting policies and estimates, the Corporation reviews the foreign currency translation method of its foreign operations to determine if there are significant changes to economic facts and circumstances that may indicate that the foreign operations are largely self-sufficient and the economic exposure is more closely tied to their respective domestic currencies. A change, if any, in translation method resulting from this review will be accounted for prospectively. The Corporation accounts for its subsidiaries in the United States and United Kingdom as self-sustaining foreign operations.

Changes in Accounting Policies

Effective January 1, 2008, the Corporation was required to adopt Canadian Institute of Chartered Accounts ("CICA"): Handbook Section 3031 "Inventories", which replaces Section 3030 "Inventories". The Corporation adopted this new section retrospectively, without restatement of prior periods. This new section provides revised guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides revised guidance on the cost methodologies that are to be used to assign costs to inventories and expands the disclosure requirements to increase transparency.

As a result of these required changes in accounting policies, the Corporation was required to adopt the unit cost method for inventory related to its long-term contracts in replacement of the long-term average cost method. The unit cost method is the prescribed cost method under which the actual production costs are charged to each unit produced and recognized to income as the unit is sold. The Corporation previously accounted for the cost of production inventory using the long-term average cost which reflected higher unit costs at the early phase of a program and lower unit costs at the end of the program (the learning curve concept). As a result, learning curve balances of $39,848 and a future income tax recovery of $7,692 were charged to retained earnings on adoption of Section 3031 effective January 1, 2008. This new section also prescribed that certain development costs and program tooling costs may no longer be classified as inventory. As a result, $67,471 of deferred development costs related to long-term contracts have been reclassified to other assets and $10,852 of program tooling costs have been reclassified to capital assets effective January 1, 2008.

As at January 1, 2008, the effect of these accounting changes, required under Section 3031, on the Corporation's consolidated balance sheet is as follows:

	Reported, as at December 31, 2007	Impact of accounting changes	Restated, as at January 1, 2008
Assets			
Inventories	$ 274,011	$ (118,171)	$ 155,840
Capital assets	245,727	10,852	256,579
Other assets	55,707	67,471	123,178
	$ 575,445	$ (39,848)	$ 535,597
Liabilities			
Future income tax liabilities	$ 16,799	$ (7,692)	$ 9,107
Shareholders' equity	$ 265,927	$ (32,156)	$ 233,771

During the quarter, the Corporation adopted three new presentation and disclosure standards that were issued by the Canadian Institute of Chartered Accountants: Handbook Section 1535, Capital Disclosures ("Section 1535"), Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862") and Handbook Section 3863, Financial Instruments – Presentation ("Section 3863").

Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements and carrying forward unchanged its presentation requirements for financial instruments. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

CICA Handbook Section 1400, General Accounting was amended to include the requirement to assess and disclose uncertainties about the Corporation's ability to continue as a going concern. The new requirements came into effect for the Corporation's fiscal year beginning January 1, 2008. The amended standard did not have an impact on the valuation or classification of the Corporation's unaudited interim consolidated financial statements.

Future Changes in Accounting Policies

In February 2008, the Accounting Standards Board confirmed that Canadian generally accepted accounting principles for publicly accountable enterprises will be converged with International Financial Reporting Standards ("IFRS") effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. The conversion to IFRS will be required, for the Corporation, for interim and annual financial statements beginning on January 1, 2011. IFRS uses a conceptual framework similar to Canadian generally accepted accounting principles, but there are significant differences on recognition, measurement and disclosures. The Corporation is currently evaluating the impact of the adoption of IFRS on its Consolidated Financial Statements.

Controls and Procedures

Based on the current Canadian Securities Administrators ("CSA") rules under Multilateral Instrument 52-109, the Chief Executive Officer and Chief Financial Officer (or individuals performing similar functions as a chief executive officer or chief financial officer) are required to certify as at March 31, 2008 that they are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting.

Management does not expect disclosure controls and procedures to prevent all errors, misstatements or fraud. In addition, internal control over financial reporting that management has designed and established may be circumvented and rendered ineffective as a result of unauthorized acts of individuals through collusion or management override. A system of control, no matter how well conceived and operated, can provide only reasonable, but not absolute, assurance that control objectives are met. Due to the inherent limitations in a system of control, there is no absolute assurance that all control issues, which may result in errors, misstatements, or fraud, can be prevented or detected. The inherent limitations include, amongst other things: (i) management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of isolated errors; or (iii) assumptions about the likelihood of future events.

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No changes were made in the Corporation's internal control over financial reporting during the Corporation's most recent interim period, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Outlook

The almost universally strong demand across most sectors of the aerospace marketplace experienced in the first quarter of 2008 will hopefully continue through the end of this decade, and the resulting demand is projected to continue for another five years to dissipate the record high backlogs. Some programs have suffered temporary delays and setbacks, but the impacts will be softened by the overall strength of demand, and the more gradual ramp-up requirements that result. The Boeing 787 program is expected to proceed on a somewhat less aggressive schedule through 2008, and reach forecasted rates in 2009 and 2010.

Consolidation in the airline sector, especially amongst the major airlines, is expected to continue at a modest rate, will become more global in nature, and will generally strengthen the whole sector. This strengthening will in turn hopefully allow the re-equipping of airline fleets, especially in those airlines hard hit by the aftermath of the events of September 11, 2001 and the related economic slow down. The high price of fuel has negatively impacted profitability in airlines, but concurrently will drive the introduction of new, more fuel-efficient aircraft on an urgent basis.

Despite numerous challenges discussed above, Magellan management is hopeful that Magellan has positioned itself well for the continuing strength of the marketplace, has established the relationships with customers and suppliers required for success, and that its performance will continue to show improvement through 2008 and beyond.

On behalf of the Board

Richard A. Neill
Vice Chairman

James S. Butyniec
President and Chief Executive Officer

May 9, 2008