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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – May 17, 2010 – Magellan Aerospace Corporation ("Magellan" of the "Corporation") released its financial results for the first quarter of 2010. All amounts are expressed in Canadian Dollars unless otherwise indicated. The results are summarized as follows:

Three months ended March 31 Expressed in thousands of dollars, except per share amounts		**2010**		**2009**	**Change**
Revenues	$	177,902	$	179,288	(0.8)%
Gross Profit	$	20,428	$	21,704	(5.9)%
Net Income	$	3,096	$	7,923	(60.9)%
Net Income per share – Diluted	$	0.06	$	0.41	(85.4)%

This news release 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 news release, 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.

Overview

In the first quarter of 2010, the Corporation, at the revenue line, continued the steady performance demonstrated in 2009, diminished by significant foreign exchange impacts of weakened U.S. dollar and British Pound values when compared to the Canadian dollar. Revenue generation and gross profits were slightly less in the first quarter of 2010 than those generated in the first quarter of 2009. The results in the first quarter of 2010 were impacted by increased efficiencies in production, continued demand in all subsectors of the aerospace market, except business aircraft, and improved cost controls across the Corporation.

Major international projects to field new aircraft and engines in both the civil and defence aircraft and defence products demonstrated critical progress, during the first quarter of 2010, towards full scale production. The Boeing 787 program followed up its first flight in the fourth quarter of 2009 with successful tests of critical safety elements of the aircraft, and has accomplished a series of steps toward certification of the aircraft in accordance with its planned dates in 2010. The Airbus 350XWB program has made progress towards finalizing design, configuration, and production plans to meet scheduled first flights in 2011. The F-35 Joint Strike Fighter program has demonstrated a number of key successes in its test flying, and has established a revised low rate initial production plan that will bring the program to full scale production only 13 months beyond original planning dates. Several military helicopter programs are in full production of upgraded variants or new aircraft. The Corporation has secured participation on each of these programs that will provide accelerating production rates over the next few years. In addition, the Corporation has specific repair, overhaul or spare parts participation in both civil and defence sectors.

The Corporation continues to achieve increased efficiencies as new technology, equipment, and knowledge is generated across all operating sites. Operations are progressing towards the manufacturing and support of higher level core products, and moving out non-core work to local and emerging market sites. Business development continues to tighten the focus of capturing activities to increase the level of core activity within the operating sites, and the value-added delivery to the Corporation's key customers.

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 of dollars	2010	2009	Change
Canada	$ **98,784**	$ 83,992	17.6%
United States	**46,066**	54,573	(15.6)%
United Kingdom	**33,052**	40,723	(18.8)%
Total revenue	**177,902**	179,288	(0.8)%

Consolidated revenues for the first quarter of 2010 were $177.9 million, a decrease of $1.4 million or 0.8% lower than the first quarter of 2009. Volumes in the first quarter of 2010 in Canada increased over those achieved in the first quarter of 2009. Increased revenue in Canada resulted from the recognition of revenue on the Corporation's electric power generation project in Ghana which commenced in the last quarter of 2009. In US dollars, revenues in the United States increased by 1.4% over the first quarter of 2009 primarily due to increased demand in the current quarter over Q1 2009 from some of the Corporation's major customers. Revenues in the United Kingdom, in British Pounds, in the current quarter decreased over revenues in the same period in 2009 by 10.5% as customer demands in the quarter had declined when compared to Q1 2009. The increase in the Canadian dollar against the US dollar and the British Pound , over the exchange rates prevailing in the first quarter of 2009, contributed, on a net basis, to a decrease of $25.6 million in revenues quarter over quarter.

Gross Profit

Three months ended March 31 Expressed in thousands of dollars	2010	2009	Change
Gross profit	$ **20,428**	$ 21,704	(5.9)%
Percentage of revenue	**11.5%**	12.1 %	

Gross profit of $20.4 million (11.5% of revenues) was reported for the first quarter of 2010 down from $21.7 million (12.1% of revenues) during the same period in 2009. Gross profit in the f irst quarter of 2010 was lower than the first quarter of

2009 as a result of reduced margins achieved from the Canadian operations as the decline in the US dollar in comparison to the Canadian dollar impacted revenues. The decline in both the US dollar and the British Pound against the Canadian dollar, over the exchange rates prevailing in the first quarter of 2009, contributed, on a net basis, to a decrease of $8.4 million in gross profit in the first quarter of 2010 versus the first quarter of 2009. The Corporation continues its efforts, through process improvements, to achieve efficiencies in production to help mitigate the continuing effects of the strength of the Canadian dollar against the US dollar and the British Pound.

Administrative and General Expenses

Three months ended March 31 Expressed in thousands of dollars	2010	2009
Administrative and general expenses	**$ 9,689**	$ 10,766
Percentage of revenue	**5.4%**	6.0%

Administrative and general expenses were $9.7 million (5.4% of revenues) in the first quarter of 2010 compared to $10.8 million (6.0% of revenues) in the first quarter of 2009.

Other

Three months ended March 31 Expressed in thousands of dollars	2010	2009
Foreign exchange loss (gain)	**$ 1,485**	$ (1,973)
(Gain) loss on sale of capital assets	**(3)**	9
Other	**1,482**	(1,964)

Other expense of $1.5 million in the first quarter of 2010 consisted of realized and unrealized foreign exchange losses due to the stronger Canadian dollar in comparison to the US dollar. Other income in the first quarter of 2009 resulted largely from a foreign exchange gain of $2.0 million.

Interest Expense

Three months ended March 31 Expressed in thousands of dollars	2010	2009
Interest on bank indebtedness and long-term debt	**$ 3,995**	$ 2,994
Convertible debenture interest	**986**	436
Accretion charge for convertible debt	**146**	68
Discount on sale of accounts receivable	**133**	777
Total interest expense	**5,260**	4,275

Interest expense of $5.3 million in the first quarter of 2010 was higher than the first quarter of 2009 amount of $4.3 million. Increased interest on bank indebtedness and long-term debt resulted from higher borrowing spreads incurred and higher levels of long-term debt outstanding during the first quarter of 2010 when compared to the first quarter of 2009. Convertible debenture interest and the accretion charge in relation to the convertible debentures were higher in the first quarter of 2010 than the comparative quarter in 2009 due to a higher principal amount of convertible debentures outstanding. Lower discount expense on the sale of accounts receivable resulted from decreased amounts of accounts receivables sold in the first quarter of 2010 when compared to the same quarter of 2009.

Provision for Income Taxes

Three months ended March 31 Expressed in thousands of dollars	2010	2009
(Recovery of) provision for current income taxes	**$ (242)**	$ 169
Future income taxes expense	**1,143**	535
Total expense of income taxes	**901**	704
Effective Tax Rate	**22.5%**	8.2%

The Corporation recorded an income tax expense of $0.9 million for the first quarter of 2010, compared to an income tax expense of $0.7 million for the first quarter of 2009. The change in effective tax rates is a result of a changing mix of income across the different jurisdictions in which the Corporation operates. The recognition of previous unrecorded future tax assets derived from temporary differences in Canada also contributed to the lower effective tax rate. Due to the recognition of these previous unrecorded future tax assets, the Corporation's effective tax rate in the current quarter was 22.5% versus a normalized expected annual tax rate of 30% to 35%.

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

In addition to the primary measures of net income and net income per share in accordance with GAAP, the Corporation includes certain measures in this MD&A, including EBITDA (net income 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 is calculated in accordance with GAAP, but EBITDA is not a recognized measure under GAAP, and the Corporation's method of calculation may not be comparable with that of other companies. Accordingly, EBITDA should not be used as an alternative to net income 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 of dollars	2010	2009
Net income	**$ 3,096**	$ 7,923
Interest	**5,260**	4,275
Taxes	**901**	704
Stock based compensation	**170**	232
Depreciation and amortization	**8,922**	9,299
EBITDA	**18,349**	22,433

EBITDA for the first quarter of 2010 was $18.4 million, compared to $22.4 million in the first quarter of 2009.

Liquidity and Capital Resources

Cash Flow from Operations

Three months ended March 31 Expressed in thousands of dollars	2010	2009
Increase in accounts receivable	**$ (7,616)**	$ (20,016)
Decrease in inventories	**4,223**	2,830
Decrease in prepaid expenses and other	**12,738**	398
Decrease in accounts payable	**(9,377)**	(12,555)
Changes to non-cash working capital balances	**(32)**	(29,343)
Cash provided by (used in) operating activities	**12,497**	(11,060)

In the quarter ended March 31, 2010, the Corporation generated $12.5 million of cash in its operations, compared to a usage of cash of $11.1 million in the first quarter of 2009. Cash was generated through positive income, decreased inventory and prepaid expenses. The Corporation has partially offset the generation of cash in operating activities through the reduction in accounts payable and an increase in accounts receivable in the first quarter of 2010. The increase in accounts receivable during the three month period resulted from increased sales in the quarter when compared to the fourth quarter of 2009. Increased receivables in 2009 resulted from a net decrease in the amount of accounts receivable sold under the Corporation's securitization facilities at the end of the first quarter of 2009. The decrease in prepaid expenses and other and the decrease in accounts payable is largely due to the recognition of advances received and advance made on the electric power generation plant in Ghana.

Investing Activities

Three months ended March 31 Expressed in thousands of dollars		2010		2009
Purchase of capital assets	**$**	**(2,325)**		(5,345)
Proceeds of disposals of capital assets		**101**		144
Increase in other assets		**(2,462)**		(448)
Cash used in investing activities		**(4,686)**		(5,649)

In the first quarter of 2010, the Corporation invested $2.3 million in capital assets to upgrade and enhance its capabilities for current and future programs.

Financing Activities

Three months ended March 31 Expressed in thousands of dollars		2010		2009
(Decrease) increase in bank indebtedness	**$**	**(7,998)**	$	14,042
Decrease in long-term debt		**(1,052)**		(547)
Increase (decrease) in long-term liabilities		**47**		(100)
Issue of Common Shares		**–**		8
Dividends on Preference Shares		**(400)**		–
Cash (used in) provided by financing activities		**(9,403)**		13,403

On March 26, 2010, the Corporation amended its operating credit facility with its existing lenders. Under the terms of the amended agreement, the maximum amount available under the operating credit facility was decreased to a Canadian dollar limit of $105 million plus a US dollar limit of $70 million, with a maturity date of May 21, 2011. The facility is extendable for unlimited one-year renewal periods by the agreement of the Corporation and the lenders and continues to be guaranteed by the Chairman of the Board of the Corporation. On March 26, 2010 the annual standby guarantee fee provided by the Corporation in consideration for this guarantee was reduced from 1.35% to 1.15% (2009 – 1.35%) of the guaranteed amount.

The terms of the amended operating credit facility permit the Corporation to (i) repay the $65 million secured subordinated loan from Edco Capital Corporation (the "Original Loan") in whole or in part and (ii) retract up to 20% ($4 million) of the Corporation's 8% cumulative redeemable first preference shares series A (the "Preference Shares") on each of April 30 and October 31 (or the next business day if that day is not a business day) of each year starting with April 30, 2010, together with accrued and unpaid dividends on the shares to be retracted provided there is no current default or event of default under the operating credit facility and after the repayment of the Original Loan and the payment of the retraction amount the Corporation has at least $25.0 million in availability under the operating credit facility. Any permitted retraction amount not used on any prior date can be carried forward to future retraction dates. As a result, subject to such limitation under the operating credit facility and to applicable laws, the Corporation will retract on each of April 30 and October 31, beginning April 30, 2010, any Preference Shares tendered for retraction up to the permitted percentage of Preference Shares. As at March 31, 2010, $8.0 million Preference Shares have been classified as a current liability and remaining $12.0 million have been classified as a long-term liability.

On April 30, 2010, the Corporation completed the retraction of approximately 20% or 399,994 of its 2,000,000 Preference Shares as was permissible under the amended operating credit facility. Effective as of the Retraction Date, the holders of these Preference Shares ceased to be holders of these Preference Shares and were entitled to receive the retraction price of $10.00 for each Preference Share held plus accrued and unpaid dividends on the shares to be retracted.

Share Data

As at April 30, 2010, the Corporation had 18,209,001 common shares outstanding, 1,600,006 outstanding First Preference Shares Series A convertible into 1,066,670 common shares and $40.0 million convertible debentures convertible into 40,000,000 common shares. The dilutive weighted average number of common shares outstanding, resulting from the potential common shares issuable on the conversion of the convertible debentures, for the three month period ending March 31, 2010 was 58,209,001.

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.

For more information in relation to the risks inherent in Magellan's business, reference is made to the information under "Company Overview" in Management's Discussion and Analysis for the year ended December 31, 2009 and to the information under "Risks Inherent in Magellan's Business" in the Annual Information Form for the year ended December 31, 2009, which will be filed with SEDAR (www.sedar.com).

Changes in Accounting Policies

Sections 1582, Business Combinations, 1601, Consolidated Financial Statements, and 1602, Non-controlling Interests

In January 2009, the CICA issued Sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests".

Section 1582 will be converged with IFRS 3, "Business Combinations". Section 1602 will be converged with the requirements of IAS 27, "Consolidated and Separate Financial Statements", for non-controlling interests. Section 1601 carries forward the requirements of Section 1600, "Consolidated Financial Statements", other than those relating to non-controlling interests.

Section 1582 applies to acquisitions made from January 1, 2011 in which the acquirer obtains control of one or more businesses. The term "business" is more broadly defined than in the existing standard. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be "improbable", will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. A bargain purchase will result in recognition of a gain. Acquisition costs must be expensed. Under Section 1602, any non-controlling interest will be recognized as a separate component of shareholders' equity. Net income will be calculated without deduction for the non-controlling interest. Rather, net income will be allocated between the controlling and non-controlling interests.

The Corporation has adopted these standards as of January 1, 2010 and the adoption of these standards did not have an impact on the Corporation's consolidated financial statements.

Future Changes in Accounting Policies

The Corporation will adopt the following accounting standards recently issued by the CICA:

Multiple Deliverable Revenue Arrangements

In January 2010, the CICA issued EIC-175, Multiple Deliverable Revenue Arrangements ("EIC-175"). EIC-175, which replaces EIC-142, Revenue Arrangements with Multiple Deliverables, addresses some aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue-generating activities. These new standards are effective for the Corporation's interim and annual consolidated financial statements commencing on January 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. The Corporation is assessing the impact of the new standards on its consolidated financial statements.

International Financial Reporting Standards

In February 2009, Canada's Accounting Standards Board ("AcSB") confirmed that Canadian GAAP, as used by publicly accountable enterprises, will be converged with International Financial Reporting Standards ("IFRS") effective January 1, 2011. The transition from Canadian GAAP to IFRS will be applicable to the Corporation for the first quarter of 2011 where current and comparative financial information will be prepared in accordance with IFRS.

IFRS Transition Plan
The Corporation commenced its IFRS conversion efforts during 2009. The transition project consists of four elements: planning and awareness rising; assessment; design; and implementation. Resources have been deployed and project management and governance practices are implemented to ensure a timely transition to IFRS. The progresses made to date are as follows:

Planning and awareness raising – As part of planning, the Corporation completed a high level assessment of the major differences between Canadian GAAP and IFRS. Key differences were identified which assisted in the development of the project plan as well as prioritization of issues that would have significant impact to the Corporation. With the assistance of external consultants, the Corporation has conducted sessions to raise awareness in its efforts to transition to IFRS. Throughout 2010, several training sessions were conducted at the business unit level in order to increase awareness and knowledge of the transition to IFRS. Training sessions will continue to be conducted in 2010 as planned.

Assessment and design – Detailed evaluation of the differences on recognition, measurement and disclosures between Canadian GAAP and IFRS was initiated in 2009 and continues in 2010. The impact to systems, processes, internal control over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P"), and other business activities have been incorporated into the detailed analysis. Efforts to design solutions for the transition to IFRS are ongoing in 2010. As a result of the transition to IFRS, we anticipate that the adoption of IFRS accounting standards will have an impact on processes, procedures and controls. Although impacts are anticipated, to date, we have not made changes nor have made any decisions to make changes that materially affect, or are reasonably likely to materially affect Magellan's ICFR in fiscal 2010.

Implementation – During the implementation phase leading up to the transition date, new IFRS updates are monitored and any changes that are relevant to the Corporation are identified and addressed. The Corporation is continuing the activities related to selecting and finalizing IFRS 1 and accounting policy choices, restating comparative information, testing, review and sign off will occur throughout 2010 and expects these activities to continue to the early part of 2011.

Results of the Detailed GAAP Assessment
While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of the transition to IFRS at the changeover date. The International Accounting Standard Board will also continue to issue new accounting standards during the conversion period, and as a result, the final impact of IFRS on the Corporation's financial results will only be measured once all the IFRS applicable at the conversion date are known. Preliminary analysis of some of the impacts of transition to IFRS on specific areas is detailed in the 2009 Management Discussion and Analysis. The Corporation continues to analyze additional potential accounting differences and will provide discussion on the impact of the differences identified as they arise.

Outlook

The economic outlook for the global aerospace market is stabilizing in most sectors and geographic regions. Generally, the North American aerospace market is stable to strong in many ways, with isolated problem areas, and weak economic growth across areas such as the United States. However, there are a number of measures that indicate on both the global and local level that the industry is growing. Some Airlines have returned to profitability in the passenger subsector, and increasingly in freight hauling. They are consolidating for strength rather than survival, and the marketplace is supportive of those who are seen to provide value, whether price or service. Globally, soft spots remain due to struggling economies or artificially supported industries, but on balance, the large global airlines are leading the growth.

As there is a strong link between the health of economies and the health of airlines, the growth in the global passenger and freight activity is encouraging, and more so for the manufacturing industries that depend on this growth. Demand for new aircraft in the civil airline sector remains stronger than expected. It is intensified by the aging fleets and ecological pressures that require lighter, cleaner and more economical aircraft and engines. Although production rates were reduced slightly in 2009, increases have already been announced in first quarter, 2010, for implementation in late 2010 and 2011. In addition, order rates are returning to more traditional levels, following slowness during the global economic crisis.

Defence has continued to be strong in North America, and will continue to expand in the aerospace sector as a transition from "Cold War" to irregular warfare requirements proceeds. This trend should expand globally through the attraction of the new aircraft, engines and systems developed to enhance capabilities. Restoration and upgrade of utility aircraft and helicopters to replenish resources after heavy use over the past decade is opening large opportunities in these areas, and may also flow to other western nations. Large new programs include the F-35 Joint Strike Fighter program, the new aerial refuelling tanker program, a number of new helicopter programs, of upgrade and replacement, and associated engine developments.

Magellan Aerospace Corporation is one of the world's most integrated and comprehensive aerospace industry suppliers. Magellan designs, engineers, and manufactures aeroengine and aerostructure assemblies and components for aerospace markets, advanced products for military and space markets, and complementary specialty products. Magellan is a public company whose shares trade on the Toronto Stock Exchange (TSX: MAL), with operating units throughout Canada, the United States, the United Kingdom and India.

This release should be read in conjunction with the Corporation's 2009 audited financial statements and accompanying notes, Management's Discussion and Analysis contained in the Corporation's 2009 Annual Report and the Annual Information Form which will be filed with SEDAR (www.sedar.com).

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MAGELLAN AEROSPACE

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

Three months ended March 31 Expressed in thousands of dollars, except per share amounts	2010	2009
Revenues	**$ 177,902**	$ 179,288
Cost of revenues	**157,474**	157,584
Gross Profit	**20,428**	21,704
Administrative and general expenses	**9,689**	10,766
Other	**1,482**	(1,964)
Interest	**5,260**	4,275
	16,431	13,077
Income before income taxes	**3,997**	8,627
(Recovery of) provision for income taxes		
Current	**(242)**	169
Future	**1,143**	535
	901	704
Net income	**3,096**	7,923
Net income per common share		
Basic	**0.15**	0.41
Diluted	**0.06**	0.41

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(unaudited)

Three months ended March 31 Expressed in thousands of dollars	2010	2009
Retained earnings, beginning of period	**$ 84,137**	$ 59,752
Dividends	**(400)**	–
Net income	**3,096**	7,923
Retained earnings, end of period	**86,833**	67,675

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(unaudited)

Three months ended March 31 Expressed in thousands of dollars	2010	2009
Net income	**$ 3,096**	$ 7,923
Other comprehensive (loss) income:		
Unrealized (loss) gain on translation of financial statements of self-sustaining foreign operations	**(7,910)**	4,915
Comprehensive (loss) income	**(4,814)**	12,838

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED BALANCE SHEETS
(unaudited)

Expressed in thousands of dollars	As at March 31 2010	As at December 31 2009
ASSETS		
Current		
Cash	**$ 19,978**	$ 22,641
Accounts receivable	**89,014**	82,850
Inventories	**139,901**	147,248
Prepaid expenses and other	**25,367**	38,458
Future income tax assets	**3,986**	3,958
Total current assets	**278,246**	295,155
Capital assets	**244,819**	254,700
Technology rights	**28,308**	29,158
Deferred development costs	**56,753**	59,510
Other assets (note 3)	**27,534**	24,909
Future income tax assets	**17,210**	17,186
Total long-term assets	**374,624**	385,463
	652,870	680,618
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**130,606**	140,590
Accounts payable and accrued charges	**123,808**	135,373
Preference shares	**8,000**	–
Current portion of long-term debt	**2,255**	2,321
Total current liabilities	**264,669**	278,284
Long-term debt	**72,489**	73,716
Convertible debentures	**38,354**	38,182
Future income tax liabilities	**10,806**	10,281
Preference shares	**12,000**	–
Other long-term liabilities	**9,193**	9,803
Total long-term liabilities	**142,842**	131,982
Shareholders' equity		
Capital stock	**214,440**	234,389
Contributed surplus	**4,878**	4,708
Other paid in capital	**13,565**	13,565
Retained earnings	**86,833**	84,137
Accumulated other comprehensive loss	**(74,357)**	(66,447)
Total shareholders' equity	**245,359**	270,352
	652,870	680,618

MAGELLAN AEROSPACE

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

Three months ended March 31 Expressed in thousands of dollars	2010	2009
OPERATING ACTIVITIES		
Net income	**$ 3,096**	$ 7,923
Add (deduct) items not affecting cash		
Depreciation and amortization	**8,922**	9,299
Net (gain) loss on sale of capital asset	**(3)**	9
Employee future benefits	**(727)**	149
Deferred revenue	**72**	68
Stock based compensation	**170**	232
Accretion of convertible debentures	**146**	68
Future income tax expense	**853**	535
	12,529	18,283
Net change in non-cash working capital items relating to operating activities	**(32)**	(29,343)
Cash provided by (used in) operating activities	**12,497**	(11,060)
INVESTING ACTIVITIES		
Purchase of capital assets	**(2,325)**	(5,345)
Proceeds from disposal of capital assets	**101**	144
Increase in other assets	**(2,462)**	(448)
Cash used in investing activities	**(4,686)**	(5,649)
FINANCING ACTIVITIES		
(Decrease) increase in bank indebtedness	**(7,998)**	14,042
Decrease in long-term debt	**(1,052)**	(547)
Increase (decrease) in long-term liabilities	**47**	(100)
Issuance of common shares	**–**	8
Dividends on preference shares	**(400)**	–
Cash (used in) provided by financing activities	**(9,403)**	13,403
Effect of exchange rate changes on cash	**(1,071)**	10
Net decrease in cash during the period	**(2,663)**	(3,296)
Cash, beginning of period	**22,641**	5,362
Cash, end of period	**$ 19,978**	$ 2,066