MAGELLAN AEROSPACE

2013 FOURTH QUARTER REPORT

OVERVIEW

Magellan is a diversified supplier of components to the aerospace industry and in certain applications for power generation projects. Through its wholly owned subsidiaries, Magellan engineers and manufactures aeroengine and aerostructure components for aerospace markets, including advanced products for defence and space markets and complementary specialty products. The Corporation also supports the aftermarket through the supply of spare parts as well as through repair and overhaul services and in certain circumstances parts and equipment for power generation projects.

The Corporation's strategy has been to focus on several core competencies within the aerospace industry. These include precision machining of a wide variety of aerospace material, composites, complex high technology magnesium and aluminum alloy castings, repair and overhaul technologies and design of structures. The Corporation is now seeking to leverage these core competencies by achieving growth in applications where these abilities are critical in meeting customer needs.

BUSINESS UPDATE

On October 16, 2013 the Corporation announced the successful installation of the first complete ship set of F-35A Lightning II horizontal tail assemblies. This assembly is produced at Magellan's Winnipeg facility incorporating components manufactured in the Corporation's Kitchener and New York facilities.

Additionally, on November 8, 2013 Magellan announced a new contract award with Airbus. This award for machined and assembled structural components on the A350 XWB program is expected to generate revenue of approximately US$45 million over the next 4 years.

The Corporation remains confident in the strength of its present market position and is encouraged by the market trends observed in 2013. Magellan's participation on new platforms such as the A320neo and the A350, the B737 MAX and the B787 and the F-35 are providing good counterbalance to maturing legacy programs. Ongoing efforts to secure further work on next generation aircraft platforms are achieving success, as evidenced by a recent announcement awarding Magellan additional wing ribs on the A320neo platform.

Boeing's single aisle aircraft production rates continue to be strong with B737 production now at 42 aircraft per month with a plan to increase to 45 aircraft per month by late 2015. Airbus expects to maintain their A320 production rate at 42 aircraft per month through 2014 and then increase to 44 aircraft per month by March 2015. Magellan's participation on these platforms bodes well for the foreseeable future.

Visibility in the US defence market improved during 2013 as the US government approved the 2014/2015 budget that permits the Pentagon to prioritize programs rather than have them cut indiscriminately by sequestration. As the conflict between budget capacity and operational capability has not been eliminated, fewer orders for more highly capable platforms remain a possible outcome. The Corporation, through a number of its divisions, continues to support some US and Canadian legacy products in the defence market.

The Corporation continues to invest in technology and resources in support of Lockheed Martin's F-35 Strategic Fighter Program ("F-35 program"). This past year's successful completion of major program milestones by Lockheed and their partners is encouraging to the F-35 program's customers and the supply base. The Corporation will benefit from recently announced foreign military sales as they solidify the F-35 program's backlog. The Canadian government procurement decision for the next generation fighter is still under consideration and review. Magellan continues on track to mature its capabilities in support of the F-35 program requirements.

The integration of new technologies into Magellan's casting operations is proceeding with increasingly higher levels of production capability being demonstrated. Currently installed additive manufacturing (3D sand printing) equipment is approaching full utilization as a number of customer programs are qualified for production using the process. Other new technology applications, such as semi-automated digital radiography and digital scanning technologies are similarly being qualified as they are become integrated into production programs.

Within Magellan's space business, progress has been made with the RADARSAT Constellation Mission ("RCM") Satellite project since the Phase D Contract was signed in the second quarter of 2013. Contracts have been placed with key suppliers which hold a large part of the project value and manufacturing readiness reviews have been completed at most of their facilities. In addition, construction has started on the new RCM integration facility where some of the cost is being shared with the University of Manitoba and Western Economic Diversification Canada.

Finally, the Corporation continues to assess the marketplace to identify complimentary opportunities which are in line with its core competencies.

For additional information, please refer to the "Management's Discussion and Analysis" section of the Corporation's 2013 Annual Report available on www.sedar.com.

RESULTS OF OPERATIONS

Restatement of Comparatives
Effective January 1, 2013, the Corporation implemented the new IFRS 11, Joint Arrangements and the amended IAS 19, Employee Benefits. Certain comparative figures provided for the year ended December 31, 2012 have been restated to reflect the adoption of these accounting standards.

The Corporation reported higher revenue in its Aerospace segment and lower revenue in its Power Generation Project segment in the fourth quarter of 2013 when compared to the fourth quarter of 2012. Gross profit and net income for the fourth quarter of 2013 were $32.7 million and $16.8 million, respectively, an increase from the fourth quarter of 2012 gross profit of $30.2 million and a decrease from net income of $21.8 million in the fourth quarter of 2012. The decrease in net income year over year is due to the recognition, in the fourth quarter of 2012, of a one-time adjustment recognizing non-recurring deferred tax assets in Canada of $5.8 million.

Consolidated Revenue
Overall, the Corporation's consolidated revenues grew by 5.1% when compared to the fourth quarter of 2012.

		Three month period ended December 31			Twelve month period ended December 31	
Expressed in thousands of dollars	**2013**	2012	Change	**2013**	2012	Change
Aerospace	**197,245**	178,388	10.6%	**749,934**	658,762	13.8%
Power Generation Project	**(1,285)**	8,037	(116)%	**2,192**	45,278	(95.2)%
Revenues	**195,960**	186,425	5.1%	**752,126**	704,040	6.8%

Consolidated revenues of $196.0 million for the fourth quarter ended December 31, 2013 were higher than revenues of $186.4 million in the fourth quarter of 2012. Increased revenues of 10.6% year over year in the Aerospace segment resulted from higher production rates on several of the Corporation's programs somewhat offset by the fall off of revenues earned in the Power Generation Project segment. As the Corporation moved towards finalizing the project, revenues earned from the Power Generation Project were adjusted in the quarter as costs for the cost-plus portion of the contract with Ghana were finalized.

Aerospace Segment

Revenues for the Aerospace segment were as follows:

		Three month period ended December 31			Twelve month period ended December 31	
Expressed in thousands of dollars	**2013**	2012	Change	**2013**	2012	Change
Canada	**83,591**	79,976	4.5%	**299,297**	292,215	2.4%
United States	**57,726**	49,665	16.2%	**232,260**	199,917	16.2%
Europe	**55,928**	48,747	14.8%	**218,377**	166,630	31.1%
Revenues	**197,245**	178,388	10.6%	**749,934**	658,762	13.8%

Consolidated Aerospace revenues for the fourth quarter of 2013 of $197.2 million were 10.6% higher than revenues of $178.4 million in the fourth quarter of 2012. Revenues in Canada in the fourth quarter of 2013 increased 4.5% from the same period in 2012. Increased volumes in the Corporation's proprietary products partially offset by the decline in volumes in repair and overhaul were the main contributing factors for the increase quarter over quarter. Revenues increased by 16.2% in the United States in the fourth quarter of 2013 in comparison to the fourth quarter of 2012 primarily due to increased volumes on several of the Corporation's commercial aircraft programs and the movement of the stronger United States dollar in comparison to the Canadian dollar during the same periods in 2013 and 2012**.** Increased volumes of production on new and existing Airbus statements of work and a favorable movement of the British pound in comparison to the Canadian dollar contributed to the 14.8% quarter-over-quarter increase in revenues in Europe in the fourth quarter of 2013 over revenues in the same period in 2012.

Power Generation Project Segment

Revenues for the Power Generation Project segment were as follows:

	Three month period ended December 31			Twelve month period ended December 31		
Expressed in thousands of dollars	**2013**	2012	Change	**2013**	2012	Change
Power Generation Project	**(1,285)**	8,037	(116)%	**2,192**	45,278	(95.2)%
Revenues	**(1,285)**	8,037		**2,192**	45,278	

The Ghana Power Generation Project ("the Project") was substantially completed as at March 31, 2013. As the Corporation moved towards finalizing the project, revenues earned from the Power Generation Project were adjusted in the quarter as costs for the cost plus portion of the contract with Ghana were finalized.

During 2013, the Corporation was notified of the mechanical breakdown of the turbines in the Project. The Corporation and Ghana have contracted with an independent arbitrator to assess the cause of the damage and are awaiting a final report of the findings. Repairs of the equipment are currently underway. Based on internal assessments of the cause of the failure, the Corporation has not recorded any provisions in 2013. Additional revenues may be recorded as the Corporation continues to support the commercial operation of the Project; however, revenues from the Power Generation Project segment will continue to decrease unless the Corporation receives further contracts in this area.

Gross Profit

	Three month period ended December 31			Twelve month period ended December 31		
Expressed in thousands of dollars	**2013**	2012	Change	**2013**	2012	Change
Gross profit	**32,665**	30,171	8.3%	**112,327**	98,798	13.7%
Percentage of revenues	**16.7%**	16.2%		**14.9%**	14.0%	

Gross profit of $32.7 million (16.7% of revenues) was reported for the fourth quarter of 2013 compared to $30.2 million (16.2% of revenues) during the same period in 2012. Increased gross profit in the fourth quarter of 2013 over the same period in 2012 was primarily due to increased volumes experienced at a number of the Corporation's locations and the associated higher leverage against the Corporation's fixed costs. Favourable foreign exchange rates also partially contributed to improved margins as both the United States dollar and British pound in 2013 strengthened against the Canadian dollar when compared to 2012 and higher revenue was generated in U.S. and Europe in 2013.

Administrative and General Expenses

	Three month period ended December 31			Twelve month period ended December 31		
Expressed in thousands of dollars	**2013**	2012	Change	**2013**	2012	Change
Administrative and general expenses	**11,873**	9,882	20.1%	**45,481**	38,972	16.7%
Percentage of revenues	**6.1%**	5.3%		**6.0%**	5.5%	

Administrative and general expenses were $11.9 million (6.1% of revenues) in the fourth quarter of 2013 compared to $9.9 million (5.3% of revenues) in the fourth quarter of 2012. Higher expenses in the administration of support services and the impact on translation of the stronger United States dollar and British pound in 2013 against the Canadian dollar contributed to the increase in 2013 over the same period in 2012.

Gain on Bargain Purchase

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2013**	2012	**2013**	2012
Gain on bargain purchase	—	—	—	(9,597)
Gain on bargain purchase	—	—	—	(9,597)

In August 2012, the Corporation purchased all of the issued and outstanding shares of the capital stock of John Huddleston Engineering Limited ("JHE"). As a result of such purchase, the Corporation recognized a gain on bargain purchase in the third quarter of 2012 of $9.6 million on such acquisition of JHE as the consideration paid for the identifiable tangible assets acquired was lower that the fair value, as determined by an independent valuation specialist.

Other

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2013**	2012	**2013**	2012
Foreign exchange gain	**(530)**	(236)	**(142)**	(540)
Gain on settlement of long-term liabilities	**(1,031)**	—	**(1,031)**	—
Loss on disposal of property, plant and equipment	**314**	285	**576**	363
Other	**(1,247)**	49	**(597)**	(177)

Included in other income in the fourth quarter of 2013 is a foreign exchange gain of $0.5 million in 2013 compared to a gain of $0.2 million in 2012. The Corporation reached a favourable agreement in 2013 on the settlement of its borrowings subject to specific conditions and recorded a gain of $1.0 million. In the fourth quarter of 2013 and 2012, the Corporation retired assets for a loss on disposal of approximately $0.3 million and $0.3 million, respectively.

Interest Expense

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2013**	2012	**2013**	2012
Interest on bank indebtedness and long-term debt	**1,694**	2,140	**6,935**	7,989
Accretion charge on long-term debt and borrowings	**(800)**	(112)	**(916)**	541
Discount on sale of accounts receivable	**189**	196	**702**	648
Interest expense	**1,083**	2,224	**6,721**	9,178

Interest expense of $1.1 million in the fourth quarter of 2013 was lower than the fourth quarter of 2012 amount of $2.2 million, as interest on bank indebtedness and long-term debt decreased mainly due to lower principal amounts outstanding during the fourth quarter of 2013 than those in the fourth quarter of 2012. Increased long-term bond rates resulted in a recovery of previously recorded accretion expense in the fourth quarter of 2013 when compared to the same quarter in the prior year.

Provision for Income Taxes

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2013**	2012	**2013**	2012
Current income tax expense	**343**	373	**3,893**	2,925
Deferred income tax expense	**3,861**	(4,143)	**11,346**	453
Income tax expense	**4,204**	(3,770)	**15,239**	3,378
Effective tax rate	**20.1%**	(20.9)%	**25.1%**	5.6%

The Corporation recorded an income tax expense of $4.2 million in the fourth quarter of 2013 as compared to an income tax recovery of $3.8 million in the fourth quarter of 2012. Current income taxes for the fourth quarter of 2013 consisted primarily of the tax expense in jurisdictions with current taxes payable. Deferred income taxes for the fourth quarter of 2013 consisted primarily of net deferred income tax recoveries for changes in temporary differences in various jurisdictions. The lower total income taxes in the fourth quarter of 2012 when compared to the same quarter in 2013 was due to the recognition of previously unrecognized deferred tax assets in 2012, which did not recur in the fourth quarter of 2013, offset by deferred income tax liability recorded upon the acquisition of JHE.

SELECTED QUARTERLY FINANCIAL INFORMATION

				2013				**2012**
Expressed in millions of dollars, except per share amounts	**Mar 31**	**Jun 30**	**Sep 30**	**Dec 31**	Mar 31	Jun 30	Sep 30	Dec 31
Revenues	**185.3**	**189.9**	**181.0**	**196.0**	186.8	169.3	161.4	186.4
Income before taxes	**11.0**	**15.5**	**13.2**	**21.0**	13.5	10.9	18.0	18.0
Net Income	**8.0**	**11.2**	**9.5**	**16.8**	11.5	8.9	14.9	21.8
Net Income per share								
Basic	**0.14**	**0.19**	**0.16**	**0.29**	0.21	0.15	0.26	0.37
Diluted	**0.14**	**0.19**	**0.16**	**0.29**	0.20	0.15	0.26	0.37
EBITDA	**21.3**	**25.6**	**22.9**	**31.0**	23.0	21.2	27.7	28.9

The Corporation recorded its highest quarterly revenue in the fourth quarter of 2013. Revenues and net income reported in the quarterly information was impacted favourably by the fluctuations in the Canadian dollar exchange rate in comparison to the United States dollar and British pound. The United States dollar/Canadian dollar exchange rate in 2013 fluctuated reaching a low of 0.9837 and a high of 1.0711. During 2013, the United States dollar relative to the Canadian dollar moved from an exchange rate of 0.9949 at the start of the 2013 calendar year to an exchange rate of 1.0636 by December 31, 2013. The British pound/Canadian dollar exchange rate in 2013 fluctuated reaching a low of 1.5291 and a high of 1.7986. During 2013, the British pound relative to the Canadian dollar moved from an exchange rate of 1.6178 at the start of the 2013 calendar year to an exchange rate of 1.7627 by December 31, 2013. Had exchange rates remained at levels experienced in 2012, reported revenues in 2013 would have been impacted minimally in the first and second quarter and would have been lower by $5.5 million in the third quarter and $9.2 million in the fourth quarter.

Net income in the third quarter of 2012 was higher than each of the first two quarters of 2012 as the Corporation recognized an after tax gain on bargain purchase of $7.4 million on the acquisition of JHE as the consideration paid was lower than the fair value of the identifiable tangible assets acquired at the time of purchase. Net income for the fourth quarters of 2013 and 2012 of $16.8 million and $21.8 million, respectively, was higher than all other quarterly net income shown in the table above. In the fourth quarter of 2013 and 2012 the Corporation recognized a reversal of previous impairment losses against intangible assets relating to various commercial aircraft programs and in the fourth quarter of 2012 the Corporation recognized previously unrecognized investment tax credits and recognized other deferred tax assets as the Corporation determined that it will be able to benefit from these assets.

RECONCILIATION OF NET INCOME TO EBITDA

In addition to the primary measures of earnings and earnings per share (basic and diluted) in accordance with IFRS, the Corporation includes EBITDA (earnings before interest expense, income taxes and depreciation and amortization) in this news release. The Corporation has provided this measure because it believes this information is used by certain investors to assess financial performance and that 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 IFRS, but EBITDA is not a recognized measure under IFRS, 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 IFRS or as an alternative to cash provided by or used in operations.

	Three month period ended December 31		**Twelve month period ended December 31**	
Expressed in thousands of dollars	**2013**	2012	**2013**	2012
Net income	**16,752**	21,786	**45,483**	57,044
Interest	**1,083**	2,224	**6,721**	9,178
Taxes	**4,204**	(3,770)	**15,239**	3,378
Depreciation and amortization	**9,003**	8,662	**33,309**	31,227
EBITDA	**31,042**	28,902	**100,752**	100,827

EBITDA for the fourth quarter of 2013 was $31.0 million, compared to $28.9 million in the fourth quarter of 2012, an increase of 7.4% on a year-over-year basis. .

LIQUIDITY AND CAPITAL RESOURCES

The Corporation’s liquidity needs can be met through a variety of sources including cash on hand, cash provided by operations, short-term borrowings from its credit facility and accounts receivable securitization program, and long-term debt and equity capacity. Principal uses of cash are for operational requirements and capital expenditures. Based on current funds available and expected cash flow from operating activities, management believes that the Corporation has sufficient funds available to meet its liquidity requirements at any point in time. However, if cash from operating activities is lower than expected or capital projects exceed current estimates, or if the Corporation incurs major unanticipated expenses, it may be required to seek additional capital in the form of debt or equity or a combination of both.

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Cash Flow from Operations

Expressed in thousands of dollars	Three month period ended December 31		Twelve month period ended December 31	
	2013	2012	**2013**	2012
Decrease (increase) in accounts receivable	**8,241**	(7,372)	**(8,126)**	(20,048)
Decrease (increase) in inventories	**5,777**	7,859	**(6,698)**	(17,293)
(Increase) decrease in prepaid expenses and other	**(2,698)**	1,872	**(5,886)**	(502)
Increase in accounts payable, accrued liabilities and provisions	**2,735**	6,798	**10,412**	14,872
Changes to non-cash working capital balances	**14,055**	9,157	**(10,298)**	(22,971)
Cash provided by operating activities	**38,130**	25,198	**69,819**	38,473

In the quarter ended December 31, 2013, the Corporation generated $38.1 million in cash in its operations, compared to $25.2 million generated in the fourth quarter of 2012. The increase in cash generated from operations was primarily due to favorable changes to the Corporation's working capital requirements and increases in non-cash expenses in the fourth quarter of 2013 compared to the same period in 2012. With respect to working capital, compared to the fourth quarter of 2012, the change in accounts receivable reflects primarily changes in customer mix, the change in accounts payable and accrued liabilities was primarily driven by the timing of purchases and payments, and the change in inventories reflects increased inventory levels primarily to support new customer programs and increased customer forecasts.

Investing Activities

Expressed in thousands of dollars	Three month period ended December 31		Twelve month period ended December 31	
	2013	2012	**2013**	2012
Acquisition of JHE	**—**	—	**—**	(13,641)
Investment in joint venture	**—**	—	**(3,994)**	—
Purchase of property, plant and equipment	**(17,828)**	(11,165)	**(31,299)**	(33,699)
Proceeds of disposals of property plant and equipment	**122**	120	**486**	187
Decrease (increase) in intangibles and other assets	**1,123**	1,213	**(9,582)**	(8,510)
Cash used in investing activities	**(16,583)**	(9,832)	**(44,389)**	(55,663)

The Corporation's capital expenditures for the fourth quarter of 2013 were $17.8 million compared to $11.2 million in the fourth quarter of 2012. The capital expenditures were incurred primarily to enhance the Corporation's manufacturing capabilities in various geographies and to support new customer programs.

Financing Activities

Expressed in thousands of dollars	Three month period ended December 31		Twelve month period ended December 31	
	2013	2012	**2013**	2012
Increase (decrease) in bank indebtedness	**12,481**	(18,381)	**1,830**	(7,812)
(Decrease) increase in debt due within one year	**(1,564)**	3,083	**(1,444)**	20,604
(Decrease) increase in long-term debt	**(28,966)**	5,003	**(35,745)**	(2,314)
(Decrease) increase in long-term liabilities and provisions	**(237)**	164	**(581)**	497
(Decrease) increase in borrowings	**(2,592)**	(288)	**(1,796)**	2,174
Common share dividend	**(1,747)**	—	**(3,493)**	—
Cash (used) provided by financing activities	**(22,625)**	(10,419)	**(41,229)**	13,149

On December 21, 2012, the Corporation amended its credit agreement 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 $115.0 million (down from $125.0 million) plus a US dollar limit of $35.0 million (down from US $50.0 million), with a maturity date of December 21, 2014. The credit agreement also includes a Cdn$50.0 million uncommitted accordion provision which provides the Corporation with the option to increase the size of the operating credit facility to $200.0 million. The facility is extendible for unlimited future one year renewal periods, subject to mutual consent of the syndicate of lenders and the Corporation. The operating credit facility continues to be fully guaranteed until December 21, 2014 by the Chairman of the Board of the Corporation in consideration of the continued payment by the Corporation of an annual fee, payable monthly, equal to 0.50% (down from 0.63%) of the loan amount.

On December 21, 2012, the Corporation also extended the 7.5% loan payable ("Original Loan") to Edco Capital Corporation ("Edco"), a corporation controlled by the Chairman of the Board of the Corporation to January 1, 2015 in consideration of the payment of a fee to Edco equal to 0.75% of the principal amount outstanding at the time of extension. During 2013, the Corporation repaid the full amount of the Original Loan.

The Corporation has made contractual commitments to purchase $11.9 million of capital assets. The Corporation also has purchase commitments, largely for materials required for the normal course of operations, of $299.3 million. The Corporation plans to fund all of these capital commitments with operating cash flow and the existing credit facility.

Outstanding Share Information

The authorized capital of the Corporation consists of an unlimited number of Preference Shares, issuable in series, and an unlimited number of common shares. As at March 21, 2014, 58,209,001 common shares were outstanding. More information on the Corporation's share capital is provided in Note 16 of the consolidated financial statements.

In each of the third and fourth quarter of 2013, the Corporation declared and paid quarterly cash dividends of $0.03 per common share representing an aggregate dividend payment of $3.5 million (2012 - $nil).

In the first quarter of 2014, the Corporation declared cash dividends of $0.04 per common share payable on March 31, 2014 to shareholders of record at the close of business on March 14, 2014.

FINANCIAL INSTRUMENTS

Derivative Contracts

The Corporation operates internationally, which gives rise to a risk that its income, cash flows and shareholders' equity may be adversely impacted by fluctuations in foreign exchange rates. Currency risk arises because the amount of the local currency receivable or payable for transactions denominated in foreign currencies may vary due to changes in exchange rates and because the non-Canadian dollar denominated financial statements of the Corporation's subsidiaries may vary on consolidation into the reporting currency of Canadian dollars.

As at December 31, 2013 the Corporation had not entered into any foreign exchange contracts.

Off Balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements that have or reasonably are likely to have a material effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. As a result, the Corporation is not exposed materially to any financing, liquidity, market or credit risk that could arise if it had engaged in these arrangements.

RELATED PARTY TRANSACTIONS

During the three month period ended December 31, 2013, the Corporation paid guarantee fees in the amount of $0.2 million to the Chairman of the Board of the Corporation. During the three month period ended December 31, 2013, the Corporation incurred interest of $0.4 million in relation to the Original Loan due to Edco, a corporation which is controlled by the Chairman of the Board of the Corporation which is due on January 1, 2015. During the three month period ended December 31, 2013, the Corporation fully repaid the balance of the Original Loan in the amount of $27.5 million.

RISK FACTORS

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 help 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 "Risk Factors" in the Corporation's Management's Discussion and Analysis for the year ended December 31, 2013 and to the information under "Risks Inherent in Magellan's Business" in the Corporation's Annual Information Form for the year ended December 31, 2013, which have been filed with SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to Magellan Aerospace Corporation, including the Corporation's annual information form, can be found on the SEDAR web site at www.sedar.com.

FORWARD LOOKING STATEMENTS

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 uncertainties and assumptions, which may cause actual results to be materially different from those expressed or implied. These forward looking statements can be identified by the words such as "anticipate", "continue", "estimate", "forecast", "may", "project", "could", "plan", "intend", "should", "believe" and similar words suggesting future events or future performance. In particular there are forward looking statements contained under the heading "Overview" which outlines certain expectations for future operations. These statements assume the continuation of the current regulatory and legal environment; the continuation of trends for passenger airliner and defence production and are subject to the risks contained herein and outlined in our annual information form. The Corporation assumes no future obligation to update these forward-looking statements except as required by law.

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MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited) (expressed in thousands of Canadian dollars, except per share amounts)	Three month period ended December 31		Twelve month period ended December 31	
	2013	2012	**2013**	2012
Revenues	**195,960**	186,425	**752,126**	704,040
Cost of revenues	**163,295**	156,254	**639,799**	605,242
Gross profit	**32,665**	30,171	**112,327**	98,798
Administrative and general expenses	**11,873**	9,882	**45,481**	38,972
Gain on bargain purchase	**—**	—	**—**	(9,597)
Other	**(1,247)**	49	**(597)**	(177)
	22,039	20,240	**67,443**	69,600
Interest	**1,083**	2,224	**6,721**	9,178
Income before income taxes	**20,956**	18,016	**60,722**	60,422
Income taxes				
Current	**343**	373	**3,893**	2,925
Deferred	**3,861**	(4,143)	**11,346**	453
	4,204	(3,770)	**15,239**	3,378
Net income	**16,752**	21,786	**45,483**	57,044
Other comprehensive income				
Other comprehensive income (loss) to be reclassified to profit and loss in subsequent periods:				
Foreign currency translation	**8,979**	2,709	**15,842**	(1,099)
Other comprehensive income (loss) not to be reclassified to profit in subsequent periods:				
Actuarial gain (loss) on defined benefit pension plan, net of tax	**6,294**	(6,109)	**15,792**	**(6,109)**
Total comprehensive income, net of tax	**32,025**	18,386	**77,117**	49,836
Net income per share				
Basic	**0.29**	0.37	**0.78**	0.99
Diluted	**0.29**	0.37	**0.78**	0.98

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CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited) **(expressed in thousands of Canadian dollars)**	**December 31 2013**	December 31 2012	January 1 2012
Current assets			
Cash	**7,760**	22,423	26,502
Trade and other receivables	**146,969**	134,214	106,392
Inventories	**160,269**	147,329	127,434
Prepaid expenses and other	**12,461**	5,889	4,589
	327,459	309,855	264,917
Non-current assets			
Property, plant and equipment	**331,940**	315,484	288,763
Investment properties	**4,663**	2,875	3,041
Intangible assets	**60,365**	62,655	66,842
Other assets	**24,472**	13,097	8,783
Deferred tax assets	**43,011**	51,040	28,360
	464,451	445,151	395,789
Total assets	**791,910**	755,006	660,706
Current liabilities			
Bank indebtedness	**115,930**	—	—
Accounts payable and accrued liabilities and provisions	**137,625**	121,161	105,551
Debt due within one year	**30,932**	32,256	12,297
	284,487	153,417	117,848
Non-current liabilities			
Bank indebtedness	—	112,666	120,674
Long-term debt	**46,154**	79,857	81,423
Borrowings subject to specific conditions	**17,637**	20,768	18,847
Other long-term liabilities and provisions	**15,713**	39,003	29,131
Deferred tax liabilities	**19,761**	14,761	10,088
	99,265	267,055	260,163
Equity			
Share capital	**254,440**	254,440	252,440
Contributed surplus	**2,044**	2,044	2,041
Other paid in capital	**13,565**	13,565	13,565
Retained earnings	**129,464**	71,682	20,747
Accumulated other comprehensive income (loss)	**8,645**	(7,197)	(6,098)
	408,158	334,534	282,695
Total liabilities and equity	**791,910**	755,006	660,706

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended December 31 2013	2012	Twelve month period ended December 31 2013	2012
Cash flow from operating activities				
Net income	**16,752**	21,786	**45,483**	57,044
Amortization/depreciation of intangible assets and property, plant and equipment	**9,003**	8,662	**33,309**	31,227
Loss on disposal of property, plant and equipment	**288**	352	**576**	430
(Impairment reversal) impairment	**(1,312)**	1,273	**(1,312)**	(270)
Decrease in defined benefit plans	**(800)**	(1,169)	**(2,046)**	(3,079)
Gain on bargain purchase	**—**	—	**—**	(9,597)
Stock-based compensation	**—**	—	**—**	3
Accretion	**(800)**	(112)	**(916)**	541
Deferred taxes	**973**	(14,751)	**5,036**	(14,855)
Loss on investments in joint venture	**(29)**	—	**(13)**	—
Increase (decrease) in working capital	**14,055**	9,157	**(10,298)**	(22,971)
Net cash provided by operating activities	**38,130**	25,198	**69,819**	38,473
Cash flow from investing activities				
Acquisition of JHE	**—**	—	**—**	(13,641)
Investment in joint venture	**—**	—	**(3,994)**	—
Purchase of property, plant and equipment	**(17,828)**	(11,165)	**(31,299)**	(33,699)
Proceeds from disposal of property, plant and equipment	**122**	120	**486**	187
Decrease (increase) in other assets	**1,123**	1,213	**(9,582)**	(8,510)
Net cash used in investing activities	**(16,583)**	(9,832)	**(44,389)**	(55,663)
Cash flow from financing activities				
Increase (decrease) in bank indebtedness	**12,481**	(18,381)	**1,830**	(7,812)
(Decrease) increase in debt due within one year	**(1,564)**	3,083	**(1,444)**	20,604
(Decrease) increase in long-term debt	**(28,966)**	5,003	**(35,745)**	(2,314)
(Decrease) increase in long-term liabilities and provisions	**(237)**	164	**(581)**	497
(Decrease) Increase in borrowings	**(2,592)**	(288)	**(1,796)**	2,174
Common share dividend	**(1,747)**	—	**(3,493)**	—
Net cash (used in) provided by financing activities	**(22,625)**	(10,419)	**(41,229)**	13,149
(Decrease) increase in cash during the period	**(1,078)**	4,947	**(15,799)**	(4,041)
Cash at beginning of the period	**8,212**	17,081	**22,423**	26,502
Effect of exchange rate differences	**626**	395	**1,136**	(38)
Cash at end of the period	**7,760**	22,423	**7,760**	22,423