2015 FOURTH QUARTER REPORT

Overview

A summary of Magellan's business and significant updates

Magellan is a diversified supplier of components to the aerospace industry and in certain circumstances for power generation projects. Through its wholly owned subsidiaries, Magellan engineers and manufactures aeroengine and aerostructure components for aerospace markets, advanced products for defence and space markets and complementary specialty products. The Corporation also supports the aftermarket through supply of spare parts as well as performing repair and overhaul services and supplies 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 5, 2015, the Corporation announced it was awarded a follow on contract to provide nose and main landing gear components and kitted assemblies to Messier-Bugatti-Dowty for major commercial aircraft customers. The complex machined components are manufactured in Magellan's facilities in New York, New York and Kitchener, Ontario, which are Magellan's facilities geared for high velocity, hard metal machining and kitting. The contract represents US$80 million in sales for the period of 2017 through 2021.

Magellan announced on November 16, 2015 that it, through a wholly owned subsidiary, Magellan Aerospace Processing, Long Island, Inc., acquired substantially all the assets of Lawrence Ripak Co. Inc. and Ripak Aerospace Processing LLC ("Ripak"), an aerospace processing facility located in Long Island, New York. For more than 60 years Ripak has been in business providing a full range of non-destructive test services, anodizing, plating, painting, shot peening and other processing to over four hundred customers worldwide. The acquisition of Ripak establishes a North American capability in processing that adds capacity and is complementary to Magellan's existing processing facilities in the UK, Poland and India. Magellan Aerospace Processing, Long Island, Inc. will conduct business under the trade name of Ripak Aerospace Processing.

For additional information, please refer to the 2015 Management's Discussion and Analysis available on www.sedar.com.

Results of Operations

A discussion of Magellan's operating results for fourth quarter ended December 31, 2015

The Corporation operates substantially all of its activities in one reportable segment, Aerospace, which include the design, development, manufacture, repair and overhaul and sale of systems and components for defence and civil aviation. The Corporation continues to provide services to the Power Generation segment; however, the Corporation has removed the disclosure of this segment as the activity in relation to these services were not material in the three and twelve month periods ended December 31, 2015 and, at present, they are not expected to be material in future periods.

The Corporation reported higher revenue in the fourth quarter of 2015 when compared to the fourth quarter of 2014. Gross profit and net income for the fourth quarter of 2015 were $44.8 million and $25.5 million, respectively, an increase from the fourth quarter of 2014 gross profit and net income of $38.2 million and $17.9 million, respectively.

Consolidated Revenue

	Three month period ended December 31			Twelve month period ended December 31		
Expressed in thousands of dollars	**2015**	2014	Change	**2015**	2014	Change
Canada	**92,484**	81,622	13.3%	**330,444**	325,218	1.6%
United States	**81,717**	69,261	18.0%	**333,074**	272,646	22.2%
Europe	**78,366**	58,059	35.0%	**287,948**	245,172	17.4%
Total revenues	**252,567**	208,942	20.9%	**951,466**	843,036	12.9%

Consolidated revenues for the fourth quarter of 2015 of $252.6 million were 20.9% higher than revenues of $208.9 million in the fourth quarter of 2015. Revenues in Canada in the fourth quarter of 2015 increased 13.3% from the same period in 2015 as the Corporation benefited from the weakening of the Canadian dollar against the US dollar during the quarter. On a constant currency basis, Canadian revenues in the current quarter increased 9.6% Increased revenues in the current quarter were primarily attributed to higher volumes on a number of the Corporation's commercial aircraft and defence programs, offset in part by reduced revenues earned on proprietary products, mainly space programs. Revenues increased by 18.0% in the United States in the fourth quarter of 2015 in comparison to the same period in 2014 primarily as a result of the stronger United States dollar in comparison to the Canadian dollar and higher volumes on several of the Corporation's commercial aircraft programs. European revenues in the fourth quarter of 2015 increased 35.0% over revenues in the same period in 2014. Higher production volumes on the Airbus statement of work, the business acquisition of Euravia Engineering & Supply Co. ("Euravia") in the second quarter of 2015 and the strengthening of the British pound in comparison to the Canadian dollar were the primary contributors to the increased revenues in Europe in the fourth quarter of 2015 when compared to the same period in 2014. On a constant currency basis, revenues in the fourth quarter of 2015 in Europe increased by 19.7% over the same period in 2014.

Gross Profit

	Three month period ended December 31			Twelve month period ended December 31		
Expressed in thousands of dollars	**2015**	2014	Change	**2015**	2014	Change
Gross profit	**44,834**	38,158	17.5%	**164,379**	133,782	22.9%
Percentage of revenues	**17.8%**	18.3%		**17.3%**	15.9%	

Gross profit of $44.8 million (17.8% of revenues) was reported for the fourth quarter of 2015 compared to $38.2 million (18.3% of revenues) during the same period in 2014. Gross profit decreased as a percentage of revenues in the fourth quarter of 2015 over the same period in 2014 as a result of the change in mix of revenues across the jurisdictions the Corporation operates. In absolute terms, the strengthening year over year of the United States dollar and British Pound against the Canadian dollar also contributed, in part, to increased margins quarter over quarter.

Administrative and General Expenses

	Three month period ended December 31			Twelve month period ended December 31		
Expressed in thousands of dollars	**2015**	2014	Change	**2015**	2014	Change
Administrative and general expenses	**15,413**	12,341	24.9%	**56,739**	48,221	17.7%
Percentage of revenues	**6.1%**	5.9%		**6.0%**	5.7%	

As a percentage of revenues, administrative and general expenses were 6.1% of revenues for the quarter ended December 31, 2015 versus 5.9% for the quarter ended December 31, 2014. In absolute terms, administrative and general expenses increased during the current quarter relative to the same quarter of the prior year as a result of the effect on translation of the strengthening United States dollar and British pound exchange rates against the Canadian dollar.

Other

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2015**	2014	**2015**	2014
Foreign exchange gain	**(827)**	(440)	**(977)**	(523)
Loss on disposal of property, plant and equipment	**1,344**	294	**1,909**	1,097
Total other	**517**	(146)	**932**	574

Other loss of $0.5 million in the fourth quarter of 2015 consisted of losses recorded on the retirement and disposal of property, plant and equipment offset in part by realized and unrealized foreign exchange gains.

Interest Expense

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2015**	2014	**2015**	2014
Interest on bank indebtedness and long-term debt	**1,365**	886	**4,456**	4,586
Accretion charge for borrowings and long-term debt	**154**	968	**876**	2,531
Discount on sale of accounts receivable	**269**	208	**928**	770
Total interest expense	**1,788**	2,062	**6,260**	7,887

Interest expense of $1.8 million in the fourth quarter of 2015 was lower than the fourth quarter of 2014 amount of $2.1 million primarily as a result of an decrease in non-cash accretion expense in the current quarter offset in part by an increase in interest on bank indebtedness and long-term debt as a result of higher principal amounts outstanding during the fourth quarter of 2015 when compared to the same period in 2014.

Provision for Income Taxes

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2015**	2014	**2015**	2014
Expense of current income taxes	**1,560**	1,398	**7,363**	4,991
Expense of deferred income taxes	**85**	4,648	**13,662**	15,537
Total expense of income taxes	**1,645**	6,046	**21,025**	20,528
Effective tax rate	**6.1%**	25.3%	**20.9%**	26.6%

The Corporation recorded an income tax expense of $1.6 million in the fourth quarter of 2015 compared to an income tax expense of $6.0 million in the fourth quarter of 2014. Current income taxes for the fourth quarter of 2015 consisted primarily of the tax expense in jurisdictions with current taxes payable. The decrease in deferred income tax expense in the fourth quarter of 2015 consisted primarily of net deferred income tax expense for changes in temporary differences in various jurisdictions. The decrease in the effective tax rate to 6.1% in the fourth quarter of 2015 when compared to 25.3% in same period in 2014 is primarily due to an adjustment in corporate taxation rates in the income tax jurisdictions in which the Corporation operates, and the recognition of previously unrecognized deferred tax assets.

Selected Quarterly Financial Information

A summary view of Magellan's quarterly financial performance

				2015				2014
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	228.3	234.4	236.2	252.6	210.5	221.0	202.5	208.9
Income before taxes	26.8	21.8	24.8	27.1	16.7	18.8	17.7	23.9
Net Income	19.2	16.2	18.5	25.5	12.1	13.6	13.0	17.9
Net Income per share								
Basic and diluted	0.33	0.28	0.32	0.44	0.21	0.23	0.22	0.31
EBITDA	37.4	33.5	37.8	43.1	27.1	30.2	28.3	34.7

The Corporation recorded its highest quarterly revenue in the fourth quarter of 2015. Revenues and net income reported the quarterly information were impacted positively 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 the fourth quarter of 2015 fluctuated reaching a low of 1.2890 and a high of 1.3955. During the fourth quarter of 2015, the British pound relative to the Canadian dollar fluctuated reaching a low of 1.9812 and a high of 2.0938. Had the foreign exchange rates remained at levels experienced in the fourth quarter of 2014, reported revenues in the fourth quarter of 2015 would have been lower by $28.2 million.

Net income for the first and fourth quarters of 2015 of $19.2 million and $25.5 million, respectively, was higher than all other quarterly net income shown in the table above. In all four quarters of 2015 movements in the US dollar and British pound in relation to the Canadian dollar favorably impacted net income. Somewhat offsetting the favourable transactional currency movement in the second quarter of 2015, the Corporation recorded a loss on translation of its foreign currency liabilities within Canada and Europe. In the fourth quarter of 2014 the Corporation recognized previously unrecognized investment tax credits.

Reconciliation of Net Income to EBITDA

A description and reconciliation of certain non-IFRS measures used by management

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, income taxes, depreciation and amortization) in this quarterly statement. 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.

Expressed in thousands of dollars	Three month period ended December 31		Twelve month period ended December 31	
	2015	2014	**2015**	2014
Net income	**25,471**	17,855	**79,423**	56,572
Interest	**1,788**	2,062	**6,260**	7,887
Taxes	**1,645**	6,046	**21,025**	20,528
Depreciation and amortization	**14,175**	8,726	**45,007**	35,300
EBITDA	**43,079**	34,689	**151,715**	120,287

EBITDA for the fourth quarter of 2015 was $43.1 million, compared to $34.7 million in the fourth quarter of 2014, an increase of 24.2% on a year-over-year basis. Increased revenue and gross profit for the fourth quarter of 2015 relative to the same quarter of 2014 is the primary cause for the current increase in EBITDA.

Liquidity and Capital Resources

A discussion of Magellan's cash flow, liquidity, credit facilities and other disclosures

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 to fund liabilities as they become due, finance capital expenditures, fund debt repayments, pay dividends and provide flexibility for new investment opportunities. 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.

Cash Flow from Operations

Expressed in thousands of dollars	Three month period ended December 31		Twelve month period ended December 31	
	2015	2014	**2015**	2014
Decrease (increase) in accounts receivable	**2,076**	7,947	**(19,148)**	(8,438)
Decrease (increase) in inventories	**560**	(1,207)	**(11,991)**	(10,267)
(Increase) decrease in prepaid expenses and other	**(1,252)**	2,559	**(3,943)**	361
Decrease in accounts payable, accrued liabilities and provisions	**(11,968)**	(3,723)	**(5,878)**	(4,917)
Changes to non-cash working capital balances	**(10,584)**	5,576	**(40,960)**	(23,261)
Cash provided by operating activities	**29,096**	34,633	**94,534**	78,576

In the fourth quarter ended December 31, 2015, the Corporation generated $29.0 million in cash from operations, compared to $34.6 million generated in the fourth quarter of 2014. Cash was generated mainly from increased gross profit and decreased accounts receivable offset in part by increased prepaid expenses and other and a decrease in accounts payable, accrued liabilities and provisions.

Investing Activities

Expressed in thousands of dollars	Three month period ended December 31		Twelve month period ended December 31	
	2015	2014	**2015**	2014
Investment in joint venture	—	(164)	—	(326)
Business combinations	**(25,346)**	—	**(75,495)**	—
Purchase of property, plant and equipment	**(21,042)**	(16,699)	**(43,905)**	(35,481)
Proceeds of disposals of property plant and equipment	**161**	166	**621**	611
Change in restricted cash	**(3,969)**	—	**(12,902)**	—
Decrease (increase) in intangibles and other assets	**6,239**	(1,243)	**(2,175)**	(5,945)
Cash used in investing activities	**(43,957)**	(17,940)	**(133,856)**	(41,141)

The Corporation's capital expenditures for the fourth quarter of 2015 were $21.0 million compared to $16.7 million in the fourth quarter of 2014. The Corporation continues to invest in capital expenditures to enhance its manufacturing capabilities in various geographies and to support new customer programs. The Corporation invested $25.3million in acquiring the assets of Ripak in the fourth quarter of 2015. The majority of the decrease in intangibles and other assets in the current quarter of 2015 is a result of deposits made on capital equipment in prior periods being capitalized in the fourth quarter of 2015.

Financing Activities

Expressed in thousands of dollars	Three month period ended December 31		Twelve month period ended December 31	
	2015	2014	**2015**	2014
Increase (decrease) in bank indebtedness	**8,612**	(21,807)	**46,967**	(35,964)
Increase in debt due within one year	**8,155**	1,216	**10,134**	8,515
Decrease in long-term debt	**(1,122)**	(1,263)	**(6,112)**	(4,972)
Increase in long-term debt	**—**	—	**276**	—
Increase in long-term liabilities and provisions	**1,582**	503	**1,406**	161
Increase (decrease) in borrowings	**759**	(491)	**977**	(501)
Common share dividend	**(3,347)**	(3,201)	**(12,952)**	(10,186)
Cash provided by (used in) financing activities	**14,639**	(25,043)	**40,696**	(42,947)

On September 30, 2014, the Corporation amended its operating credit agreement with its existing lenders. Under the terms of the amended agreement, the maximum amount available under the operating credit facility was amended to a Canadian dollar limit of $95.0 million (down from $115.0 million) plus a United States dollar limit of $35.0 million, and the addition of a British pound £11.0 million limit with a maturity date of September 30, 2018. The operating credit agreement also includes a Canadian $50.0 million uncommitted accordion provision which provides Magellan with the option to increase the size of the operating credit facility to $200.0 million. Extensions of the facility are subject to mutual consent of the syndicate of lenders and the Corporation. Pursuant to the amendment of the operating credit agreement, the guarantee of the facility by the Chairman of the Board of the Corporation, which had supported the Corporation since 2005, was released. The credit agreement was amended on December 04, 2015 to include a short term bridge credit facility that increased the operating credit facility by US$10 million ($13.8 million at December 31, 2015). The bridge credit facility, which was arranged to enhance liquidity following the Ripak acquisition, expired on March 4, 2016.

As at December 31, 2015 the Corporation had made contractual commitments to purchase $16.0 million of capital assets.

Dividends

During the fourth quarter of 2015, the Corporation declared and paid quarterly cash dividends of $0.0575 per common share representing an aggregated dividend payment of $3.3 million.

On February 23rd, 2016, the Corporation announced that its Board of Directors had declared a quarterly cash dividend on its common shares of $0.0575 per common share. The dividend will be payable on March 31, 2016 to shareholders of record at the close of business on March 11, 2016.

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 18, 2016, 58,209,001 common shares were outstanding and no preference shares were outstanding.

Financial Instruments

A summary of Magellan's 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. The Corporation from time to time may use derivative financial instruments to help manage foreign exchange risk with the objective of reducing transaction exposures and the resulting volatility of the Corporation's earnings. The Corporation does not trade in derivatives for speculative purposes. Under these contracts the Corporation is obligated to purchase specified amounts at predetermined dates and exchange rates. These contracts are matched with anticipated cash flows in United States dollars. The counterparties to the foreign currency contracts are all major financial institutions with high credit ratings. The Corporation had no material foreign exchange contracts outstanding at December 31, 2015.

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

A summary of Magellan's transactions with related parties

There were no material related party transactions recorded in the fourth quarter of 2015.

Risk Factors

A summary of risks and uncertainties facing Magellan

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, 2015 and to the information under "Risks Inherent in Magellan's Business" in the Corporation's Annual Information Form for the year ended December 31, 2015, which have been filed with SEDAR at www.sedar.com.

Outlook

The outlook for Magellan's business in 2016

According to the International Air Transport Association (IATA), global passenger traffic in 2015 grew by 6.5% compared to 2014 levels. This was the strongest growth rate since the post-financial crisis rebound in 2010, and was well above the 10-year average of 5.5%. Airline profitability was also reported to be the highest since 2010 and is forecast to rise further in 2016, as low fuel prices continue to be a boost to airline's bottom line. Notwithstanding a strong performance in 2015, industry experts are signaling that commercial aircraft markets will flatten due to sluggish economies in China, Latin America and emerging markets. These are regions of the world where the largest future growth rate in the commercial market is expected to come from.

Airbus and Boeing still plan to either maintain or increase civil aircraft production rates in 2016 and 2017. Airbus' A320 rate increases to 44 per month in the first quarter of 2016 and then to 46 per month in the second quarter of 2016. Boeing's 737 rate will remain at 42 per month for 2016 and is planned to go to 47 per month in 2017. The 767 rate increases to 2 per month and 787 to 12 per month in 2016.

The regional jet market has been experiencing the same upbeat trend as large commercial airliners. The strongest segment of the market lies in the 90 – 110 seat class where Embraer with their new E2 series of aircraft will be the dominant player. Bombardier with its C-Series aircraft is their direct competitor. Both aircraft are powered by Pratt & Whitney's new PW1000 geared turbofan engine upon which Magellan is seeking to secure long term market share on certain components.

Regional turboprops are not fairing as well as jets. ATR reported that their orders were down 50% in 2015 because of slowing economies in the two regions of the world that comprise the majority of their sales, Latin America and Asia. Low oil prices have also contributed to this decline, as the advantage of the turboprops' lower operating cost when compared with a jet is diminished when oil prices are low.

According to Forecast International, the business jet market in 2015 underwent a complete trend reversal between the light/medium and large aircraft segments. Where the demand for light/medium jets had been weak, it strengthened by the end of 2015 as improvements in the US economy began to unlock latent demand. Conversely, the stronger large business jet market began to weaken due to economic slowdowns in China, Latin America and Russia. Honeywell's annual outlook stated that sluggish economic growth and political tensions are driving a more reserved approach to purchasing new aircraft. Despite this, it is still believed that the business jet market will recover as economic conditions improve in key geographic regions.

At the end of 2015, the entire civil helicopter market was experiencing a negative downturn. By example, Sikorsky reported that their commercial helicopter sales fell in 2015 to just 25% of that in 2014, which was primarily due to the decline in the energy sector. Regardless, manufacturers are still optimistic about the market and continue to develop new programs, banking on an eventual return to strength.

In the defense market, economic constraints have put significant pressure on most defense budgets worldwide, however countries made nervous by various global security threats, are withdrawing budget reductions to focus on immediate defense priorities. Economics are also forcing countries to delay fleet modernization programs, which will mean extending production on certain legacy platforms, to bridge the gap. To further unsettle the market, some new program awards have been reversed after the successful bidder was announced, such as Poland's withdrawal of their decision to award Airbus

Helicopters a contract for 50 new utility helicopters under their Technical Modernization Program. Finally, contractors in the United States seeking to fill the gap left by sequestration budget cuts with foreign military sales, face a new challenge with a strong US dollar; competing against capable platforms sold in a country's native currency.

The Corporation continues to monitor the F-35 program developments closely. Aircraft are currently flying at eight different operating locations across the United States. The US Marine Corps declared combat-ready Initial Operational Capability ("IOC") in July 2015, with the US Air Force and Navy intending to attain IOC mid-2016 and 2018, respectively. The F-35 program continues to grow and accelerate. The program achieved planned deliveries of 45 aircraft in 2015. There are 53 aircraft planned for 2016, with a total of 870 airplanes planned for delivery over the next six years. Magellan is currently commencing activities to support increased production rates.

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", "expect", "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.

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	
	2015	2014	**2015**	2014
Revenues	**252,567**	208,942	**951,466**	843,036
Cost of revenues	**207,733**	170,784	**787,087**	709,254
Gross profit	**44,834**	38,158	**164,379**	133,782
Administrative and general expenses	**15,413**	12,341	**56,739**	48,221
Other	**517**	(146)	**932**	574
Income before interest and income taxes	**28,904**	25,963	**106,708**	84,987
Interest	**1,788**	2,062	**6,260**	7,887
Income before income taxes	**27,116**	23,901	**100,448**	77,100
Income taxes				
Current	**1,560**	1,398	**7,363**	4,991
Deferred	**85**	4,648	**13,662**	15,537
	1,645	6,046	**21,025**	20,528
Net income	**25,471**	17,855	**79,423**	56,572
Net income per share				
Basic and diluted	**0.44**	0.31	**1.36**	0.97

Net Income	**25,471**	17,855	**79,423**	56,572
Other comprehensive income that may be reclassified to profit and loss in subsequent periods:				
Foreign currency translation gain	**8,609**	4,884	**48,446**	14,504
Other comprehensive (loss) income that will not be reclassified to profit and loss in subsequent periods:				
Actuarial (loss) gain on defined benefit pension plans, net of tax	**370**	(5,076)	**2,832**	(9,452)
Total comprehensive income, net of tax	**34,450**	17,663	**130,701**	61,624

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	**December 31 2015**	December 31 2014
Current assets		
Cash	**5,538**	2,645
Restricted Cash	**12,902**	–
Trade and other receivables	**207,074**	160,989
Inventories	**215,351**	176,870
Prepaid expenses and other	**17,914**	12,396
	458,779	352,900
Non-current assets		
Property, plant and equipment	**405,526**	351,057
Investment properties	**4,753**	4,370
Intangible assets	**87,844**	60,588
Goodwill	**39,439**	–
Other assets	**23,642**	23,139
Deferred tax assets	**30,070**	42,499
	591,274	481,653
Total assets	**1,050,053**	834,553
Current liabilities		
Accounts payable and accrued liabilities and provisions	**158,490**	136,976
Debt due within one year	**55,255**	40,016
	213,745	176,992
Non-current liabilities		
Bank indebtedness	**135,828**	81,442
Long-term debt	**40,402**	43,866
Borrowings subject to specific conditions	**19,751**	18,777
Other long-term liabilities and provisions	**26,047**	26,562
Deferred tax liabilities	**36,935**	27,318
	258,963	197,965
Equity		
Share capital	**254,440**	254,440
Contributed surplus	**2,044**	2,044
Other paid in capital	**13,565**	13,565
Retained earnings	**235,701**	166,398
Accumulated other comprehensive income	**71,595**	23,149
	577,345	459,596
Total liabilities and equity	**1,050,053**	834,553

MAGELLAN AEROSPACE

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended December 31 2015	2014	Twelve month period ended December 31 2015	2014
Cash flow from operating activities				
Net income	**25,471**	17,855	**79,423**	56,572
Amortization/depreciation of intangible assets and property, plant and equipment	**14,175**	8,726	**45,007**	35,300
Loss on disposal of property, plant and equipment	**1,269**	294	**1,909**	1,097
Decrease in defined benefit plans	**(1,522)**	(3,361)	**(1,731)**	(2,512)
Accretion	**189**	1,004	**876**	2,531
Deferred taxes	**358**	4,645	**10,430**	9,155
Gain on investment in joint venture	**(260)**	(106)	**(420)**	(306)
(Increase) decrease in non-cash working capital	**(10,584)**	5,576	**(40,960)**	(23,261)
Net cash provided by operating activities	**29,096**	34,633	**94,534**	78,576
Cash flow from investing activities				
Investment in joint venture	–	(164)	–	(326)
Business combinations	**(25,346)**	–	**(75,495)**	–
Purchase of property, plant and equipment	**(21,042)**	(16,699)	**(43,905)**	(35,481)
Proceeds from disposal of property, plant and equipment	**161**	166	**621**	611
Change in restricted cash	**(3,969)**	–	**(12,902)**	–
Decrease (increase) in other assets	**6,239**	(1,243)	**(2,175)**	(5,945)
Net cash used in investing activities	**(43,957)**	(17,940)	**(133,856)**	(41,141)
Cash flow from financing activities				
Increase (decrease) in bank indebtedness	**8,612**	(21,807)	**46,967**	(35,964)
Increase in debt due within one year	**8,155**	1,216	**10,134**	8,515
Decrease in long-term debt	**(1,122)**	(1,263)	**(6,112)**	(4,972)
Increase in long-term debt	–	–	**276**	–
Increase in long-term liabilities and provisions	**1,582**	503	**1,406**	161
Increase (decrease) in borrowings	**759**	(491)	**977**	(501)
Common share dividend	**(3,347)**	(3,201)	**(12,952)**	(10,186)
Net cash provided by (used in) financing activities	**14,639**	(25,043)	**40,696**	(42,947)
(Decrease) increase in cash during the period	**(222)**	(8,350)	**1,374**	(5,512)
Cash at beginning of the period	**5,171**	10,880	**2,645**	7,760
Effect of exchange rate differences	**589**	115	**1,519**	397
Cash at end of the period	**5,538**	2,645	**5,538**	2,645