FOR IMMEDIATE RELEASE VIA THE CANADIAN CUSTOM DISCLOSURE NETWORK

NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – May 13, 2013 – Magellan Aerospace Corporation ("Magellan" or the "Corporation") released its financial results for the first quarter of 2013. All amounts are expressed in Canadian dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended March 31		
Expressed in thousands of Canadian dollars, except per share amounts	**2013**	**2012**	**Change**
Revenues	185,293	186,847	(0.8)%
Gross Profit	24,812	25,537	(2.8)%
Net Income	8,015	11,511	(30.4)%
Net Income per Share – Diluted	0.14	0.20	(30.0)%

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 except as required by law.

The Corporation has included certain measures in this news release, including EBITDA and gross profit, the terms for which are not defined under International Financial Reporting Standards. The Corporation defines EBITDA as net income before interest, dividends on preference shares, income taxes, stock-based compensation and depreciation and amortization. The Corporation has included these measures, including EBITDA, because it believes this information is used by certain investors to assess financial performance and EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed and how the results are taxed in various jurisdictions. Although the Corporation believes these measures are used by certain investors (and the Corporation has included them for this reason), these measures may not be comparable to similarly titled measures used by other companies.

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 designs, 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

Magellan's positioning in its commercial aircraft business remains as a pillar in the performance of the Corporation. With additional participation on new platforms such as the A350 and B787, continuing sales growth is expected in future years.

On the defence side, the Corporation expects a modest reduction in revenues in 2013 due to the effects of sequestration in the United States and continued downturn in global defence spending. It is anticipated that growth in the Corporation's commercial revenues will absorb the impact of these adjustments in the defence market. Magellan continues with its involvement in the Joint Strike Fighter ("F-35") program; specifically the Corporation has supported Lockheed Martin as they have been conducting cross-Canada information sessions to inform the media and general public about the positive merits of the F-35 program. Magellan participated in the Winnipeg and Toronto sessions and in December 2012, celebrated the completion of the first completed horizontal tail assembly for the F-35. Negotiations are currently under way for subsequent low rate initial production lots beyond those already secured by the Corporation.

The Corporation's Power Generation project in the Republic of Ghana has meet and surpassed the contractual operational performance metrics and is proceeding through the final stages of completion and transfer to the customer. The Corporation remains actively engaged in discussions related to potential additional and complimentary opportunities.

Customer response towards Magellan Operating System's™ principles of standardization is positive throughout the Corporation's divisions. These disciplines have helped Magellan differentiate itself in a competitive environment where weaknesses have traditionally plagued certain markets. Measurable improvements compared to our competitors have been demonstrated and recognized by our customers.

Magellan is beginning preparations to participate in the 50th Paris International Air Show being held between June 17th and June 23rd.

Results of Operations

A discussion of Magellan's operating results for first quarter ended March 31, 2013

The Corporation reported higher revenue in its Aerospace segment and lower revenue in its Power Generation Project segment in the first quarter of 2013 when compared to the first quarter of 2012. Gross profit and net income for the first quarter of 2013 were $24.8 million and $8.0 million, respectively, a decrease from the first quarter of 2012 gross profit of $25.5 million and net income of $11.5 million.

Consolidated Revenue

Overall, the Corporation's consolidated revenues remained stable when compared to the first quarter of 2012.

		Three month period ended March 31	
Expressed in thousands of dollars	**2013**	2012	Change
Aerospace	**181,815**	165,991	9.5%
Power Generation Project	**3,478**	20,856	(83.3%)
Total revenues	**185,293**	186,847	(0.8%)

Consolidated revenues of $185.3 million for the first quarter ended March 31, 2013 were slightly lower than $186.8 million in the first quarter of 2012. Higher volumes of production contributed to increased revenues in the Aerospace segment offset by the lower revenues earned in the Power Generation Project segment. As the Corporation moves through 2013, revenues earned from the Power Generation Project will continue to decrease on a year over year basis and are expected to be significantly lower than 2012 unless the Corporation receives further contracts in this area.

Aerospace Segment

Revenues for the Aerospace segment were as follows:

		Three month period ended March 31	
Expressed in thousands of dollars	**2013**	2012	Change
Canada	**73,385**	75,721	(3.1%)
United States	**57,654**	49,530	16.4%
Europe	**50,776**	40,740	24.6%
Total revenues	**181,815**	165,991	9.5%

Consolidated aerospace revenues for the first quarter of 2013 of $181.8 million were 9.5% higher than revenues of $166.0 million in the first quarter of 2012. Revenues in Canada in the first quarter of 2013 decreased 3.1% from the same period in 2012. The decrease was mainly attributed to the decline in volumes in the defence market, partially offset by increased volumes on proprietary products. Revenues increased by 16.4% in the United States in the first quarter of 2013 in comparison to the first quarter of 2012 primarily due to increased volumes on several of the Corporation's commercial aircraft programs and the movement of the stronger US dollar in comparison to the CDN dollar during the same periods in 2013 and 2012**.** Higher volumes of production and the business acquisition of John Huddleston Engineering Limited ("JHE") in the third quarter of 2012 contributed to the increase in revenues in Europe in the first 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 March 31	
Expressed in thousands of dollars	**2013**	2012	Change
Power Generation Project	**3,478**	20,856	(83.3%)
Total revenues	**3,478**	20,856	(83.3%)

Decreased revenues in first quarter of 2013 over the same period in 2012 represents the Corporation's reduced activity level on the Ghana Power Generation Project (the "Project") in the period in comparison to the activity level in the previous comparable quarter. The Corporation substantially completed the Project in the first quarter of 2013 and as the Corporation moves into 2013, revenue from the Power Generation Project segment will decrease on a year over year basis unless the Corporation receives further contracts in this area.

Gross Profit

		Three month period ended March 31	
Expressed in thousands of dollars	**2013**	2012	Change
Gross profit	**24,812**	25,537	(2.8%)
Percentage of revenues	**13.4%**	13.7%	

Gross profit of $24.8 million (13.4% of revenues) was reported for the first quarter of 2013 compared to $25.5 million (13.7% of revenues) during the same period in 2012. Gross profit varies from period to period and can be affected by a number of factors, including product mix, production efficiency, and new product introduction. Overall cost of revenues as a percentage of revenues increased in the three months ended March 31, 2013 to 86.6% compared to 86.3% in the same period last year, due to the impact of a change in product mix as the Corporation shipped product with slightly lower margins.

Administrative and General Expenses

	Three month period ended March 31	
Expressed in thousands of dollars	**2013**	2012
Administrative and general expenses	**10,735**	9,861
Percentage of revenues	**5.8%**	5.3%

Administrative and general expenses were $10.7 million (5.8% of revenues) in the first quarter of 2013 compared to $9.9 million (5.3% of revenues) in the first quarter of 2012. The increase is primarily a result of the acquisition of JHE in August 2012, which increased general and administrative expenses by approximately $0.4 million for the three months ended March 31, 2013.

Other

	Three month period ended March 31	
Expressed in thousands of dollars	**2013**	2012
Foreign exchange loss (gain)	**948**	(146)
Loss on disposal of property, plant and equipment	**32**	3
Total other	**980**	(143)

Other expense of $1.0 million in the first quarter of 2013 consisted of realized and unrealized foreign exchange losses and losses on the disposal of property, plant and equipment.

Interest Expense

	Three month period ended March 31	
Expressed in thousands of dollars	**2013**	2012
Interest on bank indebtedness and long-term debt	**1,810**	1,956
Convertible debenture interest	**—**	50
Accretion charge for convertible debenture, borrowings and long-term debt	**154**	150
Discount on sale of accounts receivable	**160**	139
Total interest expense	**2,124**	2,295

Interest expense of $2.1 million in the first quarter of 2013 was lower than the first quarter of 2012 amount of $2.3 million, as interest on bank indebtedness and long-term debt decreased mainly due to lower principal amounts outstanding during the first quarter of 2013 than those in the first quarter of 2012. Interest expense on convertible debentures was eliminated as the full amount of the $2,000 principal amount outstanding at the end of the first quarter of 2012 was converted by the end of the second quarter of 2012.

Provision for Income Taxes

	Three month period ended March 31	
Expressed in thousands of dollars	**2013**	2012
Expense of current income taxes	**1,204**	913
Expense of deferred income taxes	**1,754**	1,100
Total expense of income taxes	**2,958**	2,013
Effective tax rate	**27.0%**	14.9%

The Corporation recorded an income tax expense of $3.0 million in the first quarter of 2013 as compared to an income tax expense of $2.0 million in the first quarter of 2012. The change in effective tax rates quarter over quarter is a result of a changing mix of income across the different jurisdictions in which the Corporation operates and the reduction in deferred income tax in the first quarter of 2012, due to the recognition of previously unrecognized deferred tax assets, which did not recur in the first quarter of 2013.

MAGELLAN AEROSPACE

Selected Quarterly Financial Information

A summary view of Magellan's quarterly financial performance

	2013	2012[1]				2011		
Expressed in millions of dollars, except per share amounts	**Mar 31**	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Revenues	**185.3**	186.4	161.4	169.3	186.8	173.3	161.6	186.0
Income before taxes	**11.0**	18.0	18.0	10.9	13.5	13.8	10.4	7.0
Net Income	**8.0**	21.8	14.9	8.9	11.5	16.6	8.6	4.9
Net Income per share								
Basic	**0.14**	0.37	0.26	0.15	0.20	0.90	0.47	0.27
Diluted	**0.14**	0.37	0.26	0.15	0.20	0.31	0.17	0.10
EBITDA	**21.3**	28.6	27.7	21.2	23.0	29.6	20.8	18.5

[1]Certain 2012 figures have been restated due to the implementation of IFRS 11, *Joint Arrangements* and revised IAS 19, *Employee Benefits*. See the "Changes in Accounting Policies" section on page 9 of this report.

Revenues and net income reported in the quarterly information was impacted by the fluctuations in the Canadian dollar exchange rate in comparison to the US dollar and British Pound. The US dollar/Canadian dollar exchange rate in the first quarter of 2013 fluctuated reaching a low of 0.9835 and a high of 1.0309. During the first quarter of 2013, the British Pound relative to the Canadian dollar fluctuated reaching a low of 1.5286 and a high of 1.6156. The movement of exchange rates between the first quarter of 2013 and the first quarter of 2012 had minimal impact on revenues in the first quarter of 2013. Net income in the third quarter of 2012 was higher than 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 quarter of 2012 and 2011 of $21.8 million and $16.6 million respectively was higher than other quarterly net income disclosed in the table above. In the fourth quarter of 2011 the Corporation recognized a reversal of previous impairment losses against intangible assets relating to various commercial aircraft programs. In addition, in both the fourth quarter of 2011 and 2012 the Corporation recognized previously unrecognized investment tax credits and other deferred tax assets as the Corporation determined that it will be able to benefit from these assets.

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 net income and net income per share (basic and diluted) in accordance with IFRS, the Corporation includes certain measures in this news release, including EBITDA (earnings before interest expense, dividends on preference shares, income taxes, depreciation, amortization and certain non-cash charges). The Corporation has provided these measures because it believes this information is used by certain investors to assess financial performance and EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed and how the results are taxed in the various jurisdictions. Each of the components of this measure are calculated in accordance with 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 earnings as determined in accordance with IFRS or as an alternative to cash provided by or used in operations.

	Three month period ended March 31	
Expressed in thousands of dollars	**2013**	2012
Net income	**8,015**	11,511
Interest	**2,124**	2,295
Taxes	**2,958**	2,013
Stock-based compensation	**–**	6
Depreciation and amortization	**8,174**	7,189
EBITDA	**21,271**	23,014

EBITDA for the first quarter of 2013 was $21.3 million, compared to $23.0 million in the first quarter of 2012. As previously discussed, increased administrative and general expenses, unrealized losses on forward foreign exchange contracts and decreased gross profits resulted in decreased EBITDA for the current quarter when compared to the same period in 2012.

MAGELLAN AEROSPACE

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 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.

Cash Flow from Operations

	Three month period ended March 31	
Expressed in thousands of dollars	**2013**	2012
Increase in accounts receivable	**(21,534)**	(23,894)
Increase in inventories	**(840)**	(10,294)
Increase in prepaid expenses and other	**(2,032)**	(1,241)
Increase in accounts payable, accrued liabilities and provisions	**1,652**	22,151
Changes to non-cash working capital balances	**(22,754)**	(13,279)
Cash (used) provided by operating activities	**(5,998)**	5,085

In the quarter ended March 31, 2013, the Corporation used $6.0 million in cash in its operations, compared to $5.1 million generated in the first quarter of 2012. Increased accounts receivable offset by a slight increase in accounts payable, accrued liabilities and provisions resulted in the usage of cash by operating activities.

Investing Activities

	Three month period ended March 31	
Expressed in thousands of dollars	**2013**	2012
Purchase of property, plant & equipment	**(4,101)**	(3,982)
Proceeds of disposals of property plant & equipment	**46**	3
Increase in intangibles and other assets	**(2,712)**	(5,166)
Cash used in investing activities	**(6,767)**	(9,145)

In the first quarter of 2013, the Corporation invested $4.1 million in property, plant and equipment to upgrade and enhance capabilities for current and future programs and $2.7 million in intangibles and other assets, largely related to deposits placed on new property, plant and equipment to be acquired.

Financing Activities

	Three month period ended March 31	
Expressed in thousands of dollars	**2013**	2012
Increase (decrease) in bank indebtedness	**6,481**	(5,691)
Increase in debt due within one year	**499**	15,751
Decrease in long-term debt	**(2,435)**	(2,124)
(Decrease) increase in long-term liabilities and provisions	**(41)**	148
Increase in borrowings	**318**	182
Cash provided by financing activities	**4,822**	8,266

On December 21, 2012, 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 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 Bank Facility Agreement also includes a Cdn$50 million uncommitted accordion provision which will provide Magellan with the option to increase the size of the operating credit facility to $200 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. The Corporation has the right to repay the Original Loan at any time without penalty.

The terms of the amended operating credit agreement continue to permit the Corporation to repay, in whole or in part, the Original Loan from Edco provided there is no current default or event of default under the operating credit facility and after the repayment of the loan the Corporation has at least $25.0 million in availability under the operating 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 May 8, 2013, 58,209,001 common 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 uses 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 US dollars.

The counterparties to the foreign currency contracts are all major financial institutions with high credit ratings. As at March 31, 2013 the Corporation had foreign exchange contracts outstanding as follows:

Foreign exchange forward contracts	Amount	Rate
Maturity – less than 1 year – US dollar	28,500	1.0150

The fair values of the Corporation's foreign exchange forward contracts are based on the current market values of similar contracts with the same remaining duration as if the contract had been entered into on March 31, 2013.

The mark-to-market on these financial instruments as at March 31, 2013 was an unrecognized loss of $0.1 million which has been recorded in other expenses in the period.

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.

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, 2012 and to the information under "Risks Inherent in Magellan's Business" in the Corporation's Annual Information Form for the year ended December 31, 2012, which have been filed with SEDAR at www.sedar.com.

Outlook

The outlook for Magellan's business in 2013

The strength of the global commercial market continues to be encouraging. With prolonged low interest rates and a growing demand for more fuel-efficient aircraft, the sales potential for commercial aircraft manufacturers remain positive. Boeing and Airbus are maintaining their forecasts for increased single aisle rates with the Boeing 737 program scheduled to increase to 38 aircraft per month in the second quarter of 2013 and the Airbus A320 program sustaining the current rate of 42 aircraft per month. With FAA approval in hand for the B787 modifications, Boeing is expected to focus on efforts to ramp up the rate of production from 5 aircraft per month to 10 aircraft per month by the end of 2013. Airbus has a planned A350 ramp-up to build 9 aircraft in 2013 and 20 aircraft in 2014.

The global defence market did not experience significant change in the first quarter of 2013 as uncertainty continues to affect market outlook. In the US, sequestration has precipitated the first in a series of furlough notices being issued to government employees. The end result is unknown as agencies and manufacturers have yet to determine what the total effect on their operations will be. The European defence industry is facing declining budgets and an over-capacity situation where consolidation or increased partnering on programs may be the only solution.

All signs remain positive for the regional aircraft market primarily due to the expected replacement by airlines of 35 to 50 seat aircraft for higher capacity planes, and due to the high average age of the fleet. The in-service fleet comprises of 52% older aircraft averaging approximately 11 years. This market is expected to grow 9.4% from 2012 through 2016.

The business jet market is still waiting for recovery. Used bizjets as a percentage of the fleet stands at approximately 12% in April 2013 from a high of 17.6% in 2009. Analysts maintain this market will pick up in the second half of 2013 as equity markets stabilize and corporate profits are expected to continue to grow.

Although the global helicopter market is contracting at this time, the diversity of the markets it serves has helped its buoyancy throughout lean times. An industry analyst at the recent HeliExpo show in Las Vegas forecast 24,000 new helicopters to be delivered over the next 10 years, with 75% of these being for non-military use. Eurocopter, AgustaWestland and Sikorsky are all working on next generation high speed rotorcraft.

The continued upswing in the Corporations commercial programs is expected to provide the ability to mitigate any negative exposure associated with defence spending cutbacks. This situation is projected to remain relatively stable through 2014.

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 headings: "Overview" which outlines certain expectations for future operations and "Outlook" which outlines certain expectations for the future. 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.

-30-

For additional information contact:

James S. Butyniec
President and Chief Executive Officer
T: (905) 677-1889 ext. 233
E: jim.butyniec@magellan.aero

John B. Dekker
Chief Financial Officer & Corporate Secretary
T: (905) 677-1889 ext. 224
E: john.dekker@magellan.aero

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 March 31 **2013**	 2012
Revenues	**185,293**	186,847
Cost of revenues	**160,481**	161,310
Gross profit	**24,812**	25,537
Administrative and general expenses	**10,735**	9,861
Other	**980**	(143)
	13,097	15,819
Interest	**2,124**	2,295
Income before income taxes	**10,973**	13,524
Income taxes		
Current	**1,204**	913
Deferred	**1,754**	1,100
	2,958	2,013
Net income	**8,015**	11,511
Other comprehensive (loss) income		
Items that may be reclassified to profit		
Foreign currency translation	**(384)**	(1,815)
Comprehensive income	**7,631**	9,696
Net income per share		
Basic	**0.14**	0.20
Diluted	**0.14**	0.20

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	**March 31 2013**	December 31 2012	January 1 2012
Current assets			
Cash	**14,346**	22,423	26,502
Trade and other receivables	**156,363**	134,214	106,392
Inventories	**148,222**	147,329	127,434
Prepaid expenses and other	**9,603**	7,843	5,297
	328,534	311,809	265,625
Non-current assets			
Property, plant and equipment	**313,034**	315,484	288,763
Investment properties	**2,843**	2,875	3,041
Intangible assets	**59,514**	60,701	66,134
Other assets	**14,938**	13,097	8,783
Deferred tax assets	**51,344**	51,040	28,360
	441,673	443,197	395,081
Total assets	**770,207**	755,006	660,706
Current liabilities			
Accounts payable and accrued liabilities and provisions	**122,189**	121,162	105,551
Debt due within one year	**32,973**	32,256	12,297
	155,162	153,418	117,848
Non-current liabilities			
Bank indebtedness	**119,581**	112,666	120,674
Long-term debt	**77,831**	79,857	81,423
Borrowings subject to specific conditions	**20,932**	20,768	18,847
Other long-term liabilities and provisions	**39,129**	39,003	29,131
Deferred tax liabilities	**15,407**	14,761	10,088
	272,880	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	**79,697**	71,681	20,747
Accumulated other comprehensive loss	**(7,581)**	(7,197)	(6,098)
	342,165	334,533	282,695
Total liabilities and equity	**770,207**	755,006	660,706

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended March 31 2013	 2012
Cash flow from operating activities		
Net income	**8,015**	11,511
Amortization/depreciation of intangible assets and property, plant and equipment	**8,174**	7,189
Loss on disposal of property, plant and equipment	**32**	3
Decrease in defined benefit plans	**(18)**	(703)
Stock-based compensation	**—**	6
Accretion	**153**	150
Deferred taxes	**400**	208
Decrease in working capital	**(22,754)**	(13,279)
Net cash (used) provided by operating activities	**(5,998)**	5,085
Cash flow from investing activities		
Purchase of property, plant and equipment	**(4,101)**	(3,982)
Proceeds from disposal of property, plant and equipment	**46**	3
Increase in other assets	**(2,712)**	(5,166)
Net cash used in investing activities	**(6,767)**	(9,145)
Cash flow from financing activities		
Increase (decrease) in bank indebtedness	**6,481**	(5,691)
Increase in debt due within one year	**499**	15,751
Decrease in long-term debt	**(2,435)**	(2,124)
(Decrease) increase in long-term liabilities and provisions	**(41)**	148
Increase in borrowings	**318**	182
Net cash provided by financing activities	**4,822**	8,266
(Decrease) increase in cash during the period	**(7,943)**	4,206
Cash at beginning of the period	**22,423**	26,502
Effect of exchange rate differences	**(134)**	(225)
Cash at end of the period	**14,346**	30,483