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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – May 11, 2016 – Magellan Aerospace Corporation ("Magellan" or the "Corporation") released its financial results for the first quarter of 2016 and recorded its highest quarterly revenues in its history. 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	**2016**	**2015**	**Change**
Revenues	266,058	228,253	16.6%
Gross Profit	48,525	39,195	23.8%
Net Income	23,428	19,222	21.9%
Net Income per Share	0.40	0.33	21.2%
EBITDA	45,826	37,352	22.7%
EBITDA per Share	0.79	0.64	23.4%

This news release contains certain forward-looking statements that reflect the current views and/or expectations of the Corporation with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions, which may cause actual results to be materially different from those expressed or implied. The Corporation assumes no future obligation to update these forward-looking statements except as required by law.

This news release presents certain non-IFRS financial measures to assist readers in understanding the Corporation's performance. Non-IFRS financial measures are measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with Generally Accepted Accounting Principles ("GAAP"). Throughout this news release, reference is made to EBITDA (defined as net income before interest, income taxes, depreciation and amortization), which the Corporation considers to be an indicative measure of operating performance and a metric to evaluate profitability. EBITDA is not a generally accepted earnings measure and should not be considered as an alternative to net income (loss) or cash flows as determined in accordance with IFRS. As there is no standardized method of calculating this measure, the Corporation's EBITDA may not be directly comparable with similarly titled measures used by other companies.

MAGELLAN AEROSPACE

1. 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 attended the HeliExpo show held in Louisville, Kentucky from February 29th through March 3rd, 2016. During the show the Corporation announced that a Wire Strike Protection System™ would soon be available for the Robinson R66 helicopter platform with the anticipated issuance of a Supplemental Type Certificate. The R66 kit is expected to be available for R66 helicopters commencing in the fall of 2016.

On May 2, 2016, Magellan announced a contract extension between Magellan and Airbus for the supply of aluminium and titanium structural wing components from Magellan's facilities located throughout Europe and its joint ventures in India. This contract, valued at approximately CDN $700 million, is comprised of precision machined details and assemblies for use on the A320Family, the A330Family, and the A380 program. In addition to the contract extension for the machined components, Magellan was awarded a contract to supply certain A380 wing ribs to Airbus valued at approximately CDN $20 million.

For additional information, please refer to the "Management's Discussion and Analysis" section of the Corporation's 2015 Annual Report available on www.sedar.com.

2. Results of Operations

A discussion of Magellan's operating results for first quarter ended March 31, 2016

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 was not material in the current quarter and, at present, it is not expected to be material in future periods.

The Corporation reported higher revenue in the first quarter of 2016 when compared to the first quarter of 2015. Gross profit and net income for the first quarter of 2016 were $48.5 million and $23.4 million, respectively, an increase from the gross profit of $39.2 million and net income of $19.2 million for the first quarter of 2015.

Consolidated Revenue

Overall, the Corporation's consolidated revenues grew by 16.6% when compared to the first quarter of 2015.

	Three month period ended March 31		
Expressed in thousands of dollars	**2016**	2015	Change
Canada	**92,342**	78,551	17.6%
United States	**88,357**	82,706	6.8%
Europe	**85,359**	66,996	27.4%
Total revenues	**266,058**	228,253	16.6%

Consolidated revenues for the first quarter of 2016 were $266.1 million, $37.8 million or 16.6% higher than $228.3 million recorded for the first quarter of 2015. Revenues in Canada increased 17.6% in the first quarter of 2016 compared to the same period in 2015, primarily due to higher volume revenues in both aerospace and defense markets, and the strengthening, on a year over year basis, of the US dollar against the Canadian dollar, partially offset by lower revenues related to space programs. On a currency neutral basis, Canadian revenues increased in the first quarter of 2016 by 10.7% over the same period of 2015.

Revenues in United States increased 6.8% in the first quarter of 2016 in comparison to the first quarter of 2015 when measured in Canadian dollars mainly due to favourable foreign exchange impact. On a currency neutral basis, revenues in the United States decreased by 3.1% in the first quarter of 2016 over the same period in 2015 largely due to timing of orders and non-recurring revenues in the first quarter of 2015; partially offset by revenue contribution from Ripak Aerospace Processing ("Ripak"), which was acquired by the Corporation in the fourth quarter of 2015.

European revenues increased $18.4 million or 27.4% to $85.4 million in the first quarter of 2016 compared to $67.0 million during the same period in 2015, primarily due to higher sales as a result of increased production build rates, and the acquisition of Euravia Engineering & Supply Co. Limited ("Euravia"), which was acquired by the Corporation in the second quarter of 2015. In addition, the strengthening British pound in comparison to the Canadian dollar contributed favourably to revenues. On a constant currency basis, revenues in the first quarter of 2016 in Europe were up by 22.3% compared to the same period in 2015.

Gross Profit

	Three month period ended March 31		
Expressed in thousands of dollars	**2016**	2015	Change
Gross profit	**48,525**	39,195	23.8%
Percentage of revenues	**18.2%**	17.2%	

Gross profit increased $9.3 million to $48.5 million for the first quarter of 2016 compared to $39.2 million for the first quarter of 2015 and gross profit as a percentage of revenues increased to 18.2% for the first quarter of 2016 compared to 17.2% for the same period in 2015. Increase in gross profit was primarily due to the strengthening year over year of the United States dollar and British pound against the Canadian dollar, favourable product mix and production efficiencies. The acquisitions of Euravia and Ripak also contributed to the increased gross profit in the first quarter of 2016 when compared to the same period in 2015.

Administrative and General Expenses

	Three month period ended March 31		
Expressed in thousands of dollars	**2016**	2015	Change
Administrative and general expenses	**15,199**	13,115	15.9%
Percentage of revenues	**5.7%**	5.7%	

Administrative and general expenses as a percentage of revenues were 5.7% for the first quarter of 2016, consistent with that in the corresponding period of 2015. Administrative and general expenses increased $2.0 million or 15.9% to $15.1 million in the first quarter of 2016 compared to $13.1 million in the first quarter of 2015 mainly due to the acquisitions of Euravia and Ripak in 2015.

Other

	Three month period ended March 31	
Expressed in thousands of dollars	**2016**	2015
Foreign exchange loss (gain)	**113**	(2,179)
Loss on disposal of property, plant and equipment	**124**	101
Total other expenses (income)	**237**	(2,078)

For the first quarter of 2016, the Corporation recorded an expense of $237 compared to income of $2.1 million in the corresponding period of 2015. The movements in balances denominated in the foreign currencies and the fluctuations of the foreign exchange rates impact the net foreign exchange loss or gain recorded in a quarter.

Interest Expense

	Three month period ended March 31	
Expressed in thousands of dollars	**2016**	2015
Interest on bank indebtedness and long-term debt	**1,281**	971
Accretion charge for borrowings and long-term debt	**207**	212
Discount on sale of accounts receivable	**331**	207
Total interest expense	**1,819**	1,390

Interest expense of $1.8 million in the first quarter of 2016 was $0.4 million higher than the first quarter of 2015 amount of $1.4 million. Higher principal amounts outstanding on bank indebtedness and long term debt during the first quarter of 2016 than those in the first quarter of 2015 resulted in increased interest expenses quarter over quarter.

Provision for Income Taxes

	Three month period ended March 31	
Expressed in thousands of dollars	**2016**	2015
Expense of current income taxes	**3,588**	1,490
Expense of deferred income taxes	**4,254**	6,056
Total expense of income taxes	**7,842**	7,546
Effective tax rate	**25.1%**	28.2%

Income tax expense for the first quarter ended March 31, 2016 was $7.8 million, representing an effective income tax rate of 25.1% compared to 28.2% for the first quarter of 2015. The decrease in effective tax rate quarter over quarter was primarily due to an adjustment in corporation taxation rates in the income tax jurisdictions in which the Corporation operates. The increase in current income taxes expense during the current quarter was mainly due to full utilization of the net operating loss carry-forwards and certain tax credits in the United States in the second quarter of 2015. This also impacted the change in deferred income taxes expense.

3. Selected Quarterly Financial Information

A summary view of Magellan's quarterly financial performance

	2016			**2015**				**2014**
Expressed in millions of dollars, except per share amounts	**Mar 31**	Mar 31	Jun 30	Sep 30	Dec 31	Jun 30	Sep 30	Dec 31
Revenues	**266.1**	228.4	234.4	236.2	252.6	221.0	202.5	208.9
Income before taxes	**31.3**	26.8	21.8	24.8	27.1	18.8	17.7	23.9
Net Income	**23.4**	19.2	16.2	18.5	25.5	13.6	13.0	17.9
Net Income per share								
Basic and diluted	**0.40**	0.33	0.28	0.32	0.44	0.23	0.22	0.31
EBITDA[1]	**45.8**	37.4	33.5	37.8	43.1	30.2	28.3	34.7

[1] EBITDA is not an IFRS financial measure. Please see the "Reconciliation of Net Income to EBITDA" section for more information.

The Corporation reported its highest quarterly revenues in its history in the first quarter of 2016. Revenues reported in the quarterly information were favourably impacted by a stronger United States dollar and British pound against the Canadian dollar. The average exchange rate of the United States dollar relative to the Canadian dollar in the first quarter of 2016 was 1.3749 versus 1.2412 in the same period of 2015. The average exchange rate of British pound relative to the Canadian dollar moved from 1.8792 in the first quarter of 2015 to 1.9675 during the current quarter. Had the foreign exchange rates remained at levels experienced in the first quarter of 2015, reported revenues in the first quarter of 2016 would have been lower by $17.0 million.

Net income for the first quarter of 2016 and fourth quarter of 2015 of $23.4 million and $25.5 million, respectively, was higher than all other quarterly net income shown in the table above. Favourable foreign exchange impact as discussed above contributed to higher net income for the first quarter of 2016 and all four quarters of 2015. The favourable foreign exchange impact in the current quarter was somewhat offset by higher income taxes expenses recorded. 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.

4. 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 expense, income taxes and 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.

	Three month period ended March 31	
Expressed in thousands of dollars	**2016**	2015
Net income	**23,428**	19,222
Interest	**1,819**	1,390
Taxes	**7,842**	7,546
Depreciation and amortization	**12,737**	9,194
EBITDA	**45,826**	37,352

EBITDA increased $8.5 million or 22.7% to $45.8 million for the first quarter of 2016, compared to $37.4 million in the first quarter of 2015 primarily as a result of higher net income and higher add-back of depreciation and amortization expenses.

5. 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	**2016**	2015
Increase in trade receivables	**(18,436)**	(26,659)
Increase in inventories	**(2,319)**	(6,817)
Decrease in prepaid expenses and other	**639**	833
Increase in accounts payable, accrued liabilities and provisions	**7,049**	5,985
Changes to non-cash working capital balances	**(13,067)**	(26,658)
Cash provided by operating activities	**25,401**	6,962

For the first quarter ended March 31, 2016, the Corporation generated $25.4 million from operating activities, compared to $6.9 million in the first quarter of 2015. The increase in cash flow from operations was significantly impacted by higher net income and lower working capital investment in the first quarter of 2016.

Investing Activities

	Three month period ended March 31	
Expressed in thousands of dollars	**2016**	2015
Purchase of property, plant and equipment	**(3,634)**	(6,059)
Proceeds of disposal of property plant and equipment	**159**	192
Increase in other assets	**(4,645)**	(2,612)
Change in restricted cash	**776**	-
Cash used in investing activities	**(7,344)**	(8,479)

Cash used in investing activities for the first quarter of 2016 was $7.3 million compared to $8.5 million in the first quarter of 2015, primarily consisting of capital expenditures of $3.6 million, investments in other assets of $4.6 million and cash inflow of $0.8 million from changes in restricted cash. The Corporation continues to invest in capital expenditures to enhance its manufacturing capabilities in various geographies and to support new customer programs.

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Financing Activities

Expressed in thousands of dollars	Three month period ended March 31 2016	2015
(Decrease) increase in bank indebtedness	**(10,704)**	1,367
(Decrease) increase in debt due within one year	**(2,217)**	2,969
Decrease in long-term debt	**(1,108)**	(994)
Increase in long-term debt	**-**	276
(Decrease) increase in long-term liabilities and provisions	**(253)**	740
Increase in borrowings subject to specific conditions	**110**	85
Common share dividend	**(3,347)**	(3,202)
Cash (used) provided by financing activities	**(17,519)**	1,241

The Corporation has an operating credit facility, with a syndicate of banks, with a Canadian dollar limit of $95,000, a US dollar limit of US$35,000 and a British pound limit of £11,000. Under the terms of the amended credit agreement, the operating credit facility expires on September 30, 2018. Extensions of the facility are subject to mutual consent of the syndicate of lenders and the Corporation. The credit agreement also includes a Canadian $50,000 uncommitted accordion provision which will provide the Corporation with the option to increase the size of the operating credit facility. The credit agreement was amended on December 4, 2015 to include a short term bridge credit facility that increased the operating credit facility by a US dollar limit US$10,000, which expired on March 4, 2016.

The Corporation used $17.5 million in financing activities in the first quarter of 2016 mainly due to the repayment of the short term bridge credit facility.

As at March 31, 2015 the Corporation has made contractual commitments to purchase $15.3 million of capital assets.

Dividends

During the first quarter of 2016, the Corporation declared and paid quarterly cash dividends of $0.0575 per common shares representing an aggregating dividend payment of $3.3 million.

Subsequent to March 31, 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 June 30, 2016 to shareholders of record at the close of business on June 10, 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 May 10, 2016, 58,209,001 common shares were outstanding and no preference shares were outstanding.

6. 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 as at March 31, 2016.

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.

7. Related Party Transactions

A summary of Magellan's transactions with related parties

For the three month period ended March 31, 2016, the Corporation had no material transactions with related parties as defined in IAS 24 - *Related Party Disclosures*.

8. 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, 2014, which have been filed with SEDAR at www.sedar.com.

9. Outlook

The outlook for Magellan's business in 2016

The Corporation continues to benefit from its position and participation in the commercial aircraft market. It is expected that the positive trend set in 2015 will continue as commercial aircraft order backlogs remain at record levels. Magellan is contracted with both Boeing and Airbus on all their commercial programs, as such the Corporation is successfully supporting the production ramp up in the single aisle market. The current 2016 production rates for the single aisle models the A320 family (including the A320neo) and the B737 family (including the B737max) are at an average of 43 aircraft per month. Both Airbus and Boeing continue to project progressively increasing rates up to approximately 60 aircraft per month by 2019. As well, Magellan continues its participation on new platforms for Airbus's A330neo, A350XWB, and Boeing's family of B787 aircraft. These new programs are all maturing into production rates as projected by the OEM's. In the large aircraft products, specifically the Airbus A380 and the Boeing B747-8, the Corporation has planned for anticipated scheduled rate reductions. The impact will be partially offset by announced schedule rate increases on the A330 and B767 programs.

In the regional market, improving trends have been noted. Recent announcements by regional aircraft OEM's indicate a growing opportunity in the 90 to 100 seat marketplace. This is a potential market for the Corporation's existing Aero Engine and Castings products.

The defense aerospace market remains generally budget-constrained causing certain fleet modernizations programs to be delayed and certain legacy platforms to be life extended. Magellan is currently positioned in both segments. On legacy programs, the Corporation supports the GE F404/F414 engine programs, where Magellan manufactures major engine components, plus performs repair and overhaul of engines powering various Boeing F/A-18 fleets. On the new program side, Lockheed Martin's F-35 fighter program has matured to the point where previously projected production rates are being realized. Magellan is proceeding with plans to increase F-35 horizontal stabilizer production rate capability accordingly.

Helicopter sales both civil and military, light/medium and heavy airframes remain at very low levels. The market downturn in oil prices is expected to continue to suppress any recovery in this segment of the market in 2016.

At the HeliExpo show held in Louisville, KY, helicopter manufacturers displayed the new models and technologies they are developing to take advantage of the market rebound when it takes place. Being challenged today with weakness in both commercial and defense markets, manufacturers are developing new platforms to respond to the changing customer needs and market dynamics.

In Space Rockets and Communications the Corporation remains focussed on progressing our current programs to completions while exploring our business beyond our traditional customer base.

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.

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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 March 31 2016	 2015
Revenues	**266,058**	228,253
Cost of revenues	**217,533**	189,058
Gross profit	**48,525**	39,195
Administrative and general expenses	**15,199**	13,115
Other	**237**	(2,078)
Income before interest and income taxes	**33,089**	28,158
Interest	**1,819**	1,390
Income before income taxes	**31,270**	26,768
Income taxes		
Current	**3,588**	1,490
Deferred	**4,254**	6,056
	7,842	7,546
Net income	**23,428**	19,222
Other comprehensive (loss) income		
Other comprehensive (loss) income that may be reclassified to profit and loss in subsequent periods:		
Foreign currency translation	**(29,377)**	17,819
Items not to be reclassified to profit and loss in subsequent periods:		
Actuarial losses on defined benefit pension plans, net of tax	**(3,943)**	(1,450)
Total comprehensive (loss) income, net of tax	**(9,892)**	35,591
Net income per share		
Basic and diluted	**0.40**	0.33

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	March 31 2016	December 31 2015
Current assets		
Cash	**5,659**	5,538
Restricted cash	**11,887**	12,902
Trade and other receivables	**215,619**	207,074
Inventories	**207,987**	215,351
Prepaid expenses and other	**16,010**	17,914
	457,162	458,779
Non-current assets		
Property, plant and equipment	**382,404**	405,526
Investment properties	**4,617**	4,753
Intangible assets	**80,750**	87,844
Goodwill	**36,386**	39,439
Other assets	**26,492**	23,642
Deferred tax assets	**28,238**	30,070
	558,887	591,274
Total assets	**1,016,049**	1,050,053
Current liabilities		
Accounts payable and accrued liabilities and provisions	**157,979**	158,490
Debt due within one year	**51,019**	55,255
	208,998	213,745
Non-current liabilities		
Bank indebtedness	**121,132**	135,828
Long-term debt	**38,508**	40,402
Borrowings subject to specific conditions	**19,926**	19,751
Other long-term liabilities and provisions	**29,237**	26,047
Deferred tax liabilities	**34,142**	36,935
	242,945	258,963
Equity		
Share capital	**254,440**	254,440
Contributed surplus	**2,044**	2,044
Other paid in capital	**13,565**	13,565
Retained earnings	**251,839**	235,701
Accumulated other comprehensive income	**42,218**	71,595
	564,106	577,345
Total liabilities and equity	**1,016,049**	1,050,053

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited) (expressed in thousands of Canadian dollars)	Three month period Ended March 31 2016	2015
Cash flow from operating activities		
Net income	**23,428**	19,222
Amortization/depreciation of intangible assets and property, plant and equipment	**12,737**	9,194
Loss on disposal of property, plant and equipment	**124**	101
Decrease in defined benefit plans	**(362)**	(156)
Accretion	**207**	212
Deferred taxes	**2,979**	4,906
(Income) loss on investments in joint ventures and other	**(645)**	141
Changes to non-cash working capital	**(13,067)**	(26,658)
Net cash provided by operating activities	**25,401**	6,962
Cash flow from investing activities		
Purchase of property, plant and equipment	**(3,634)**	(6,059)
Proceeds from disposal of property, plant and equipment	**159**	192
Increase in other assets	**(4,645)**	(2,612)
Change in restricted cash	**776**	–
Net cash used in investing activities	**(7,344)**	(8,479)
Cash flow from financing activities		
(Decrease) increase in bank indebtedness	**(10,704)**	1,367
(Decrease) increase in debt due within one year	**(2,217)**	2,969
Decrease in long-term debt	**(1,108)**	(994)
Increase in long-term debt	**–**	276
(Decrease) increase in long-term liabilities and provisions	**(253)**	740
Increase in borrowings subject to specific conditions	**110**	85
Common share dividend	**(3,347)**	(3,202)
Net cash (used) provided by financing activities	**(17,519)**	1,241
Increase (decrease) in cash during the period	**538**	(276)
Cash at beginning of the period	**5,538**	2,645
Effect of exchange rate differences	**(417)**	239
Cash at end of the period	**5,659**	2,608