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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – August 13, 2012 – Magellan Aerospace Corporation ("Magellan" or the "Corporation") released its financial results for the second quarter of 2012. All amounts are expressed in Canadian Dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended			Six month period ended		
			June 30			June 30
Expressed in thousands of dollars, except per share amounts	**2012**	**2011**	**Change**	**2012**	**2011**	**Change**
Revenues	169,461	185,990	(8.9)%	356,453	356,477	–%
Gross Profit	23,005	21,096	9.1%	49,012	44,855	9.3%
Net Income	9,206	4,895	88.1%	21,030	12,117	73.6%
Net Income per Share – Diluted	0.16	0.10	60.0%	0.36	0.25	44.0%
EBITDA	21,627	18,449	17.2%	45,119	41,186	9.6%
EBITDA per Share – Diluted	0.37	0.32	15.6%	0.78	0.71	9.9%

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

OVERVIEW

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 military 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

Results for the second quarter of 2012 improved over those reported in the second quarter of 2011. Revenues reflected a decrease primarily as a result of the timing of revenues in the power generation project segment.

Business development activity increased during the quarter as the Corporation continues to leverage its core expertise to develop integrated solutions for its customers. This was demonstrated by recent contract awards that seamlessly utilize the capabilities of two or more Magellan operating units to offer a higher value-added product to the customer.

At the recent Farnborough International Air Show, Magellan met with major customers and received favourable reaction to its re-branding campaign and to the strategic direction of the Corporation. The Corporation also announced at the show, a contract extension agreement worth £370 million with Airbus, covering aluminum and titanium wing structure components for use on A320, A330, and A380 aircraft. This significant contract complements the new A350 XWB contracts that Magellan has been awarded and secures Magellan as a supplier on every Airbus commercial program. Additionally, in the second quarter of 2012, the Corporation announced a significant ten year contract extension with Boeing. Based on current market forecasts it is expected that this contract in support of the full family of Boeing airliners will support annual revenues exceeding $80 million.

Magellan is an industry partner in the global F-35 Lightning II aircraft program. At a recent production readiness review for the Horizontal Tail Program with BAE, Lockheed Martin, and the US Government, Magellan was recognized for successfully transitioning the program production and assembly activities into a new Advanced Composite Manufacturing Centre as well as for the quality of production. As of June 30, 2012 the multi-role fighter had conducted 595 test flights in 2012 versus a plan of 445 and for the 18th consecutive month, the test program remained ahead of plan. Concerns with the development of the F-35 Program are in decline and the production readiness of the supply chain is increasing due to the steady progression in achieving key program milestones.

Magellan will achieve a major milestone this summer with the completion of the Critical Design Review for the RADARSAT Constellation Mission ("RCM") contract with MacDonald, Dettwiler and Associates Ltd. The $130 million RCM contract is a three-satellite constellation of radar-imaging, earth observation satellites that will undergo manufacturing, assembly, integration and testing at Magellan commencing in early 2013 through to 2015.

Magellan expects to complete the installation and commissioning of a 132 megawatt electric power generation plant in the Republic of Ghana by the end of 2012. The work is being performed under contract with Canadian Commercial Corporation.

The diversity of the Corporation's markets and customer base is expected to assist the Corporation in managing and mitigating the effects of economic uncertainties.

For additional information, please refer to the "Management's Discussion and Analysis" section of the Corporation's 2011 Annual Report available on www.sedar.com.

ANALYSIS OF OPERATING RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2012

The Corporation reported higher revenue in its aerospace segment and lower revenue in its power generation project segment in the second quarter of 2012 when compared to the second quarter of 2011. Gross profit and net income for the second quarter of 2012 were $23.0 million and $9.2 million, respectively, an increase from the second quarter of 2011 gross profit of $21.1 million and from the second quarter of 2011 net income of $4.9 million.

Consolidated Revenue

Overall, the Corporation's revenues decreased when compared to the second quarter of 2011.

	Three month period ended June 30			Six month period ended June 30		
Expressed in thousands of dollars	**2012**	2011	Change	**2012**	2011	Change
Aerospace	**162,956**	143,711	13.4%	**329,093**	298,326	10.3%
Power Generation Project	**6,505**	42,279	(84.6)%	**27,360**	58,151	(53.0)%
Total revenues	**169,461**	185,990	(8.9)%	**356,453**	356,477	-%

Consolidated revenues for the second quarter ended June 30, 2012 decreased 8.9% to $169.5 million from $186.0 million in the second quarter of 2011 due mainly to higher volumes in the aerospace segment offset by the lower revenues earned in the power generation project segment. As the Corporation moves through 2012, revenue from the power generation project will continue to decrease on a year over year basis unless the Corporation receives further contracts in this area.

Aerospace Segment

Revenues for the Aerospace segment were as follows:

	Three month period ended June 30			Six month period ended June 30		
Expressed in thousands of dollars	**2012**	2011	Change	**2012**	2011	Change
Canada	**71,912**	64,293	11.9%	**147,779**	136,662	8.1%
United States	**51,162**	47,005	8.8%	**100,692**	94,027	7.1%
United Kingdom	**39,882**	32,413	23.0%	**80,622**	67,637	19.2%
Total revenues	**162,956**	143,711	13.4%	**329,093**	298,326	10.3%

Consolidated aerospace revenues for the second quarter of 2012 of $163.0 million were 13.4% higher than revenues of $143.7 million in the second quarter of 2011. Revenues in Canada in the second quarter of 2012 increased 11.9% from the same period in 2011. The Corporation's revenue in the second quarter of 2012 was impacted negatively by approximately $5.5 million due to a work stoppage at the Corporation's Haley location and was impacted negatively in the second quarter of 2011 by approximately $12 million due to a work stoppage at the Corporation's Winnipeg location. Revenues increased by 8.8% in the United States in the second quarter of 2012 in comparison to the second quarter of 2011, primarily due to volume increases on several of the Corporation's single and double aisle aircraft programs and the movement of the stronger US dollar in comparison to the CDN dollar during the same periods in 2012 and 2011. Revenues in the United Kingdom in the second quarter of 2012 increased by 23.0% over revenues in the same period in 2011 as the Airbus statement of work continues to increase in volume on both new and existing programs.

Power Generation Project Segment

Revenues for the Power Generation Project segment were as follows:

	Three month period ended June 30			Six month period ended June 30		
Expressed in thousands of dollars	**2012**	2011	Change	**2012**	2011	Change
Power Generation Project	**6,505**	42,279	(84.6)%	**27,360**	58,151	(53.0)%
Total revenues	**6,505**	42,279	(84.6)%	**27,360**	58,151	(53.0)%

The Corporation's progress achieved on the Ghana electric power generation project in the second quarter of 2012 decreased in comparison to the progress made in the previous year's same quarter as the project approaches the estimated completion date in the fourth quarter of 2012. In addition, the Corporation recognized revenue in the second quarter of 2011 on additional work which was over and above the initial contract that had previously been recorded in inventory. As the Corporation moves through 2012, revenue from the Power Generation Project will decrease on a year over year basis unless the Corporation receives further contracts in this area.

Gross Profit

	Three month period ended June 30			Six month period ended June 30		
Expressed in thousands of dollars	**2012**	2011	Change	**2012**	2011	Change
Gross profit	**23,005**	21,096	9.1%	**49,012**	44,855	9.3%
Percentage of revenues	**13.6%**	11.4%		**13.8%**	12.6%	

Gross profit of $23.0 million (13.6% of revenues) was reported for the second quarter of 2012 compared to $21.1 million (11.4% of revenues) during the same period in 2011. Gross profit in the most recent quarter of 2012 increased over the same period in 2011 due to the change in mix of revenue between the different segments of the Corporation and the recognition of an impairment reversal of $1.5 million in the second quarter of 2012. The Corporation earned lower gross profits in the second quarter of 2012 and 2011 as a result of the work stoppages at the Corporation's Haley and Winnipeg locations respectively**.**

Administrative and General Expenses

	Three month period ended June 30			Six month period ended June 30		
Expressed in thousands of dollars	**2012**	2011	Change	**2012**	2011	Change
Administrative and general expenses	**9,221**	9,593	(3.9)%	**19,149**	18,836	1.7%
Percentage of revenues	**5.4%**	5.2%		**5.4%**	5.3%	

Administrative and general expenses were $9.2 million (5.4% of revenues) in the second quarter of 2012 compared to $9.6 million (5.2% of revenues) in the second quarter of 2011.

Other

	Three month period ended June 30		Six month period ended June 30	
Expressed in thousands of dollars	**2012**	2011	**2012**	2011
Foreign exchange loss (gain)	**142**	514	**(37)**	393
Loss on disposal of property, plant and equipment	**8**	8	**11**	30
Total other	**150**	522	**(26)**	423

Other loss of $0.2 million and $0.5 million in the second quarter of 2012 and 2011 respectively, consisted of realized and unrealized foreign exchange losses and losses on the disposal of property, plant and equipment.

Interest Expense

	Three month period ended June 30		Six month period ended June 30	
Expressed in thousands of dollars	**2012**	2011	**2012**	2011
Interest on bank indebtedness and long-term debt	**1,953**	2,489	**3,923**	5,410
Convertible debenture interest	**16**	1,000	**66**	1,986
Accretion charge for convertible debt, borrowings and long-term debt	**190**	187	**340**	390
Discount on sale of accounts receivable	**156**	192	**295**	344
Total interest expense	**2,315**	3,868	**4,624**	8,130

Interest expense of $2.3 million in the second quarter of 2012 was lower than the second quarter of 2011 amount of $3.9 million, as interest on bank indebtedness and long-term debt decreased as principal amounts outstanding during the second quarter of 2012 were lower than those in the second quarter of 2011. Also reduced interest rates on the long-term debt and lower interest rate spreads on bank indebtedness contributed to the reduction in interest expense in the current quarter when compared to the second quarter of 2011. Interest expense on convertible debentures decreased as the full amount of the $40,000 principal amount outstanding at the end of the second quarter of 2011 was converted by the end of the second quarter of 2012.

Provision for Income Taxes

	Three month period ended June 30		Six month period ended June 30	
Expressed in thousands of dollars	**2012**	2011	**2012**	2011
Expense of current income taxes	**872**	2	**1,785**	25
Expense of deferred income taxes	**1,241**	2,146	**2,450**	5,014
Total expense of income taxes	**2,113**	2,148	**4,235**	5,039
Effective tax rate	**18.7%**	30.5%	**16.8%**	29.4%

The Corporation recorded an income tax expense of $2.1 million in both the second quarter of 2012 and 2011. 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 inclusion of $1.8 million as a reduction in deferred income tax, due to the recognition of previously unrecognized deferred tax assets, which will not be a recurring event in all future periods.

SELECTED QUARTERLY FINANCIAL INFORMATION

	2012		2011				2010	
Expressed in millions of dollars, except per share amounts	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Revenues	169.5	187.0	173.3	161.6	186.0	170.5	187.9	184.7
Income before income taxes	11.3	13.9	13.8	10.4	7.0	10.1	19.0	8.9
Net Income	9.2	11.8	16.7	8.6	4.9	7.2	15.4	8.0
Net Income per share								
Basic	0.16	0.21	0.90	0.47	0.27	0.40	0.85	0.44
Diluted	0.16	0.20	0.31	0.17	0.10	0.14	0.29	0.16
EBITDA	21.7	23.5	29.6	20.8	18.5	22.7	32.5	22.3

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 second quarter of 2012 fluctuated reaching a low of 0.9810 and a high of 1.0416. During the second quarter of 2012, the British Pound relative to the Canadian dollar fluctuated reaching a low of 1.5773 and a high of 1.6189. Had exchange rates remained at levels experienced in the second quarter of 2011, reported revenues in the second quarter of 2012 would have been lower by $5.62 million. Income before income taxes was higher in the second quarter of 2012 than the same quarter in 2011 in large part due to $1.5 million less interest expense and higher gross profit earned in the second quarter of 2012 than in the same period in 2011. Net income for the fourth quarter of 2010 and 2011 of $15.4 million and $16.7 million respectively was higher than other quarterly net income disclosed in the table above. In the fourth quarter of each year the Corporation recognized a reversal of previous impairment losses against intangible assets relating to various civil aircraft programs. In addition a portion of previously unrecognized deferred tax assets were recognized in the fourth quarter of each year as the Corporation determined that it will be able to benefit from these assets.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

In addition to the primary measures of earnings and earnings 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 June 30		**Six month period ended June 30**	
Expressed in thousands of dollars	**2012**	2011	**2012**	2011
Net income	**9,206**	4,895	**21,030**	12,117
Interest	**2,315**	3,868	**4,624**	8,130
Dividends on preference shares	**—**	70	**—**	310
Taxes	**2,113**	2,148	**4,235**	5,039
Stock-based compensation	**(3)**	19	**3**	57
Depreciation and amortization	**8,016**	7,449	**15,227**	15,533
EBITDA	**21,647**	18,449	**45,119**	41,186

EBITDA for the second quarter of 2012 was $21.7 million, compared to $18.4 million in the second quarter of 2011. As previously discussed, increased gross profit and decreased interest expense resulted in increased EBITDA for the current quarter.

LIQUIDITY AND CAPITAL RESOURCES

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

Cash Flow from Operations

	Three month period ended June 30		Six month period ended June 30	
Expressed in thousands of dollars	**2012**	2011	**2012**	2011
Decrease (increase) in accounts receivable	**1,456**	(7,296)	**(22,466)**	(18,503)
(Increase) decrease in inventories	**(5,330)**	33,815	**(15,623)**	28,588
Decrease (increase) in prepaid expenses and other	**276**	(3,133)	**(969)**	(5,652)
(Decrease) increase in accounts payable, accrued liabilities and provisions	**(7,518)**	(17,128)	**14,618**	(5,028)
Changes to non-cash working capital balances	**(11,116)**	6,258	**(24,440)**	(595)
Cash provided by operating activities	**3,728**	18,635	**8,790**	28,524

In the quarter ended June 30, 2012, the Corporation generated $3.7 million of cash from its operations, compared to cash generated by operations of $18.6 million in the second quarter of 2011. Cash was generated mainly by an increase in net income and decrease in accounts receivable and prepaid expenses offset by increases in inventories and decreases in accounts payable, accrued liabilities and provisions.

Investing Activities

	Three month period ended June 30		Six month period ended June 30	
Expressed in thousands of dollars	**2012**	2011	**2012**	2011
Purchase of property, plant and equipment	**(8,512)**	(8,840)	**(12,496)**	(14,270)
Proceeds of disposals of property plant and equipment	**39**	—	**42**	136
Increase in intangibles and other assets	**(3,075)**	(3,106)	**(8,112)**	(6,923)
Cash used in investing activities	**(11,548)**	(11,946)	**(20,566)**	(21,057)

In the second quarter of 2012, the Corporation invested $8.5 million in property, plant and equipment to upgrade and enhance capabilities for current and future programs and $3.1 million in intangibles and other assets, largely related to deposits placed on new property, plant and equipment to be acquired over the next two years.

Financing Activities

	Three month period ended June 30		Six month period ended June 30	
Expressed in thousands of dollars	**2012**	2011	**2012**	2011
Increase (decrease) in bank indebtedness	**1,788**	9,233	**(3,903)**	8,810
Increase in debt due within one year	**1,751**	3,023	**17,502**	6,781
Decrease in long-term debt	**(3,662)**	(6,186)	**(5,858)**	(8,368)
Increase in long-term debt	**—**	822	**—**	1,989
Increase (decrease) in long-term liabilities and provisions	**10**	(1,121)	**158**	(1,458)
Increase in borrowings	**820**	902	**1,002**	1,618
Redemption of preference shares	**—**	(12,000)	**—**	(12,000)
Cash provided by (used in) financing activities	**707**	(5,327)	**8,901**	(2,628)

In 2011 the Corporation amended its credit agreement with its existing lenders and extended the loan [originally $65.0 million] due on July 1, 2011 (the "Original Loan") to Edco Capital Corporation ("Edco"), which is wholly owned by the Chairman of the Board of the Corporation, in order to provide loan facilities for a two year period. Under the terms of the amended operating credit agreement, the Corporation and the lenders have agreed that the maximum available under the operating credit facility was amended to a Canadian dollar limit of $125.0 million plus a US dollar limit of $50.0 million [previously a Canadian dollar limit of $105.0 million plus a US dollar limit of $70.0 million] and the maturity date was extended to April 29, 2013 and continued to be fully guaranteed until April 29, 2013 by the Chairman of the Board of the Corporation, in consideration of the payment by the Corporation of an annual fee payable monthly equal to 0.63%

[previously 1.15%] of the gross amount of the operating credit facility. The operating credit facility is extendible for unlimited future one year renewal periods, subject to mutual consent of the syndicate of lenders and the Corporation.

The terms of the amended operating credit facility permit the Corporation to (i) repay, in whole or in part, the Original Loan outstanding from Edco and (ii) retract all [approximately $12.0 million] of the Corporation's 8.0% Cumulative Redeemable First Preference Shares Series A (the "Preference Shares) on or after April 30, 2011, together with payment of all accrued and unpaid dividends on the shares to be retracted provided there is no current default or event of default under the operating credit facility and after the repayment of the loan and the payment of the retraction amount the Corporation has at least $25.0 million in availability under the operating credit facility. As a result, the Corporation retracted all the remaining Preference Shares during the second quarter of 2011 in the amount of $12.0 million.

The extension and restatement of the Original Loan [outstanding as at June 30, 2012 in the principal amount of $30.0 million] resulted in a decrease in the interest rate on the Original Loan from 11% per annum to 7.5% per annum commencing July 1, 2011 and the extension of the loan to July 1, 2013 in consideration of the payment on July 1, 2011 of a fee to Edco equal to 1% of the principal amount outstanding on such date. The Corporation has the right to repay the secured subordinated loan at any time without penalty.

On December 31, 2011, the Chairman of the Board of the Corporation exercised his conversion rights under the debenture agreement and $38.0 million principal amount of the 10% convertible debentures ("Convertible Debentures"), the entire amount then held by the Chairman, were converted into 38,000,000 common shares of the Corporation. On April 30, 2012, the remaining $2.0 million principal amount of the Convertible Debentures were exercised and converted into 2,000,000 common shares.

SHARE DATA

As at July 31, 2012, the Corporation had 58,209,001 common shares outstanding. The dilutive weighted average number of common shares outstanding, resulting from the potential common shares issuable on the conversion of the convertible debentures, for the six month period ending June 30, 2012 was 58,209,001.

RISKS AND UNCERTAINTIES

The Corporation manages a number of risks in each of its businesses in order to achieve an acceptable level of risk without hindering the ability to maximize returns. Management has procedures to 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, 2011 and to the information under "Risks Inherent in Magellan's Business" in the Corporation's Annual Information Form for the year ended December 31, 2011, which has been filed with SEDAR (www.sedar.com).

OUTLOOK

The Corporation exhibited at the 2012 Farnborough International Airshow held from July 9th to 15th in Farnborough, England. The number of commercial aircraft orders announced at the show were higher than at the Paris Air Show the previous year, although slightly more conservative as there was a higher percentage of letters of intents and memorandums of understandings versus firm orders. Airlines appear to be balancing the requirement to make fleets more fuel efficient with the need to conserve cash amid the economic uncertainty in Europe and concerns that the US economy will continue to struggle. It must be noted as well, that new fuel efficient aircraft are making older aircraft obsolete and the percentage of parked fleet, which will likely be re-deployed, is now down 6.6% year over year.

Boeing announced commercial aircraft orders and commitments at Farnborough for 396 aircraft worth $37 billion and Airbus 115 aircraft for $16.9 billion. Boeing also released their 20-year commercial aircraft forecast predicting that the current world fleet is expected to double in size by 2031.

Players in the US defence industry are intensely focused on the potential outcome of "sequestration" where US$54.5 billion in automatic spending cuts are required in January 2013 as a part of the US government's actions to reduce annual budget deficits of more than US$1 trillion. Defense OEM's have been rallying Congress through their Aerospace Industries Association to recognize the significant impact this will have on an industry that has already been trimmed. Given this uncertainty the industry has been conservative in its research and development, hiring and capital investments.

In the business jet market, a leading indicator of market health is the number of pre-owned aircraft available for sale as percentage of the total in-service fleet. In July this percentage level was down to 12% which is the lowest in the past four years and an improvement over the 17% level reported in 2009. While it has been suggested there may be a new norm established for the business jet market following this recession, such a reduced percentage level traditionally has been a signal that the market is expected to rebound.

Global helicopter production is forecasted to steadily increase for the next decade with 2015 production rates projected to be as high as the peak 2007-2008 years. This growth will come primarily from commercial and para-public markets in the short term as defence markets remain tempered.

Finally, the 2011 Space Foundation report benchmarked the global space market at $276 billion in 2010 and continuing growth is driven by commercial space products and services.

The Corporation is confident that its current core business base in commercial, defence, proprietary products, space and power generation remains well positioned in the marketplace.

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.

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MAGELLAN AEROSPACE

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 June 30		Six month period ended June 30	
	2012	2011	**2012**	2011
Revenues	**169,461**	185,990	**356,453**	356,477
Cost of revenues	**146,456**	164,894	**307,441**	311,622
Gross profit	**23,005**	21,096	**49,012**	44,855
Administrative and general expenses	**9,221**	9,593	**19,149**	18,836
Other	**150**	522	**(26)**	423
Dividends on preference shares	**—**	70	**—**	310
	13,634	10,911	**29,889**	25,286
Interest	**2,315**	3,868	**4,624**	8,130
Income before income taxes	**11,319**	7,043	**25,265**	17,156
Income taxes				
Current	**872**	2	**1,785**	25
Deferred	**1,241**	2,146	**2,450**	5,014
	2,113	2,148	**4,235**	5,039
Net income	**9,206**	4,895	**21,030**	12,117
Other comprehensive income (loss)				
Foreign currency translation	**2,474**	(7)	**660**	(3,387)
Comprehensive income	**11,680**	4,888	**21,690**	8,730
Net income per share				
Basic	**0.16**	0.27	**0.37**	0.67
Diluted	**0.16**	0.10	**0.36**	0.25

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	**June 30 2012**	December 31 2011
Current assets		
Cash	**23,756**	26,520
Trade and other receivables	**129,419**	106,480
Inventories	**143,388**	127,473
Prepaid expenses and other	**6,323**	5,326
	302,886	265,799
Non-current assets		
Property, plant and equipment	**291,473**	289,744
Investment properties	**2,962**	3,041
Intangible assets	**64,517**	66,134
Other assets	**15,843**	8,660
Deferred tax assets	**31,111**	28,360
	405,906	395,939
Total assets	**708,792**	661,738
Current liabilities		
Bank indebtedness	**116,952**	—
Accounts payable and accrued liabilities and provisions	**121,041**	106,022
Debt due within one year	**27,863**	12,513
	265,856	118,535
Non-current liabilities		
Bank indebtedness	**—**	120,674
Long-term debt	**76,156**	81,768
Borrowings subject to specific conditions	**20,052**	18,847
Other long-term liabilities and provisions	**27,756**	29,131
Deferred tax liabilities	**12,584**	10,088
	136,548	260,508
Equity		
Share capital	**254,440**	252,440
Contributed surplus	**2,044**	2,041
Other paid in capital	**13,565**	13,565
Retained earnings	**41,922**	20,892
Accumulated other comprehensive loss	**(5,583)**	(6,243)
	306,388	282,695
Total liabilities and equity	**708,792**	661,738

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended June 30		Six month period ended June 30	
	2012	2011	**2012**	2011
Cash flow from operating activities				
Net income	**9,206**	4,895	**21,030**	12,117
Amortization/depreciation of intangible assets and property, plant and equipment	**8,016**	7,449	**15,227**	15,533
Loss on disposal of property, plant and equipment	**8**	8	**11**	30
Impairment reversal	**(1,543)**	—	**(1,543)**	—
Decrease in defined benefit plans	**(402)**	(540)	**(1,527)**	(1,232)
Stock-based compensation	**(3)**	19	**3**	57
Accretion	**190**	187	**340**	391
Deferred taxes	**(628)**	359	**(311)**	2,223
(Decrease) increase in working capital	**(11,116)**	6,258	**(24,440)**	(595)
Net cash provided by operating activities	**3,728**	18,635	**8,790**	28,524
Cash flow from investing activities				
Purchase of property, plant and equipment	**(8,512)**	(8,840)	**(12,496)**	(14,270)
Proceeds from disposal of property, plant and equipment	**39**	—	**42**	136
Increase in other assets	**(3,075)**	(3,106)	**(8,112)**	(6,923)
Net cash used in investing activities	**(11,548)**	(11,946)	**(20,566)**	(21,057)
Cash flow from financing activities				
Increase (decrease) in bank indebtedness	**1,788**	9,233	**(3,903)**	8,810
Increase in debt due within one year	**1,751**	3,023	**17,502**	6,781
Decrease in long-term debt	**(3,662)**	(6,186)	**(5,858)**	(8,368)
Increase in long-term debt	—	822	—	1,989
Increase (decrease) in long-term liabilities and provisions	**10**	(1,121)	**158**	(1,458)
Increase in borrowings	**820**	902	**1,002**	1,618
Redemption of preference shares	—	(12,000)	**–**	(12,000)
Net cash provided by (used in) financing activities	**707**	(5,327)	**8,901**	(2,628)
(Decrease) increase in cash during the period	**(7,113)**	1,362	**(2,875)**	4,839
Cash at beginning of the period	**30,533**	27,974	**26,520**	24,952
Effect of exchange rate differences	**336**	(129)	**111**	(584)
Cash at end of the period	**23,756**	29,207	**23,756**	29,207