MAGELLAN AEROSPACE

FOR IMMEDIATE RELEASE VIA THE CANADIAN CUSTOM DISCLOSURE NETWORK

NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – November 12, 2012 – Magellan Aerospace Corporation ("Magellan" or the "Corporation") released its financial results for the third quarter of 2012. All amounts are expressed in Canadian Dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of dollars, except per share amounts	**2012**	**2011**	**Change**	**2012**	**2011**	**Change**
Revenues	161,565	161,643	–%	518,018	518,120	–%
Gross Profit	21,031	22,449	(6.3)%	70,043	67,304	4.1%
Net Income	7,757	8,649	(10.3)%	28,787	20,766	38.6%
Net Income per Share – Diluted	0.13	0.17	(23.5)%	0.50	0.42	19.0%
EBITDA	18,601	20,790	(10.5)%	63,720	61,976	2.8%
EBITDA per Share – Diluted	0.32	0.36	(11.1)%	1.09	1.06	2.8%

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

The Corporation continues to focus on its core expertise to develop integrated solutions for its customers. A campaign is currently underway to develop existing and new aerostructures capabilities to expand Magellan's business for both metallic and composite structures. The new composite centre-of-excellence in Winnipeg and the UK operations are integral to this strategy.

Magellan's global growth strategy is to invest in opportunities that complement its businesses. The recent acquisition of John Huddleston Engineering Limited ("JHE") will strengthen and enhance Magellan's core manufacturing capabilities and further expand its UK operations, primarily in the aerostructures market.

Magellan is a recognized industry partner in the global JSF F-35 Lightning II aircraft program for which components and assemblies are being shipped in support of Low Rate Initial Production ("LRIP") requirements. In parallel with these efforts, Magellan is proceeding through qualification of their new composite centre-of-excellence production facility in Winnipeg. The JSF Program continues to achieve development and delivery milestones as measures of progress. The first aircraft of the 5th LRIP tranche is currently being assembled at Lockheed`s Fort Worth facility. This aircraft represents the 83rd aircraft to have been delivered to date on the program.

Magellan is also nearing the completion of the commissioning of a 132 megawatt electric power generation plant in the Republic of Ghana with a target date of 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 somewhat 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 THIRD QUARTER ENDED SEPTEMBER 30, 2012

The Corporation reported higher revenue in its aerospace segment and lower revenue in its power generation project segment in the third quarter of 2012 when compared to the third quarter of 2011. Gross profit and net income for the third quarter of 2012 were $21.0 million and $7.8 million, respectively, a decrease from the third quarter of 2011 gross profit of $22.5 million and from the third quarter of 2011 net income of $8.7 million.

Consolidated Revenue

Overall, the Corporation's revenues remained stable when compared to the third quarter of 2011.

	Three month period ended September 30			**Nine month period ended September 30**		
Expressed in thousands of dollars	**2012**	2011	Change	**2012**	2011	Change
Aerospace	**151,685**	149,033	1.8%	**480,777**	447,359	7.5%
Power Generation Project	**9,880**	12,610	(21.7)%	**37,241**	70,761	(47.4)%
Total revenues	**161,565**	161,643	0.0%	**518,018**	518,120	0.0%

Consolidated revenues for the third quarter ended September 30, 2012 remained consistent with $161.6 million in the third quarter of 2011. The acquisition of JHE, which was included in operations from September 1, 2012, 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 2012 and into 2013, 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 September 30			Nine month period ended September 30		
Expressed in thousands of dollars	**2012**	2011	Change	**2012**	2011	Change
Canada	**64,864**	67,878	(4.4)%	**212,642**	204,540	4.0%
United States	**49,560**	46,197	7.3%	**150,252**	140,224	7.2%
United Kingdom	**37,261**	34,958	6.6%	**117,883**	102,595	14.9%
Total revenues	**151,685**	149,033	1.8%	**480,777**	447,359	7.5%

Consolidated aerospace revenues for the third quarter of 2012 of $151.7 million were 1.8% higher than revenues of $149.0 million in the third quarter of 2011. Revenues in Canada in the third quarter of 2012 decreased 4.4% from the same period in 2011. The Corporation's revenue in the third quarter of 2012 was impacted as volumes declined in the defence sector. Revenues increased by 7.3% in the United States in the third quarter of 2012 in comparison to the third quarter of 2011, primarily due to volume increases on several of the Corporation's single and double aisle commercial aircraft programs and the movement of the stronger US dollar in comparison to the CDN dollar during the same periods in 2012 and 2011**.** The acquisition of JHE in the third quarter of 2012 contributed to the increase in revenues in the United Kingdom in the third quarter of 2012 over revenues in the same period in 2011.

Power Generation Project Segment

Revenues for the Power Generation Project segment were as follows:

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of dollars	**2012**	2011	Change	**2012**	2011	Change
Power Generation Project	**9,880**	12,610	(21.7)%	**37,241**	70,761	(47.4)%
Total revenues	**9,880**	12,610	(21.7)%	**37,241**	70,761	(47.4)%

The Corporation's progress achieved on the Ghana electric power generation project in the third quarter of 2012 decreased in comparison to the progress made in the previous year's same quarter as the project approaches the anticipated commissioning date in the fourth quarter of 2012. As the Corporation moves through 2012 and into 2013, 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 September 30			Nine month period ended September 30		
Expressed in thousands of dollars	**2012**	2011	Change	**2012**	2011	Change
Gross profit	**21,031**	22,449	(6.3)%	**70,043**	67,304	4.1%
Percentage of revenues	**13.0%**	13.9%		**13.5%**	13.0%	

Gross profit of $21.0 million (13.0% of revenues) was reported for the third quarter of 2012 compared to $22.4 million (13.9% of revenues) during the same period in 2011. Increased costs directly related to the introduction of new programs at the Corporation's Haverhill location dampened the gross profit in the most recent quarter of 2012 when compared to the same period in 2011.

Administrative and General Expenses

Expressed in thousands of dollars	Three month period ended September 30 **2012**	2011	Change	Nine month period ended September 30 **2012**	2011	Change
Administrative and general expenses	**10,106**	8,811	14.7%	**29,255**	27,647	5.8%
Percentage of revenues	**6.3%**	5.4%		**5.7%**	5.3%	

Administrative and general expenses were $10.1 million (6.3% of revenues) in the third quarter of 2012 compared to $8.8 million (5.4% of revenues) in the third quarter of 2011. Increased administrative and general expenses include transaction costs associated with the acquisition of JHE as well as the consolidation of JHE administrative and general expenses from September 1, 2012.

Other

Expressed in thousands of dollars	Three month period ended September 30 **2012**	2011	Nine month period ended September 30 **2012**	2011
Foreign exchange (gain) loss	**(327)**	(355)	**(364)**	38
Loss on disposal of property, plant and equipment	**67**	87	**78**	117
Total other	**(260)**	(268)	**(286)**	155

Other income of $0.3 in the third quarter of 2012 and 2011 consisted of realized and unrealized foreign exchange gains and losses on the disposal of property, plant and equipment.

Interest Expense

Expressed in thousands of dollars	Three month period ended September 30 **2012**	2011	Nine month period ended September 30 **2012**	2011
Interest on bank indebtedness and long-term debt	**1,905**	1,949	**5,828**	7,359
Convertible debenture interest	**–**	1,006	**66**	2,992
Accretion charge for convertible debt, borrowings and long-term debt	**313**	389	**653**	779
Discount on sale of accounts receivable	**157**	145	**452**	489
Total interest expense	**2,375**	3,489	**6,999**	11,619

Interest expense of $2.4 million in the third quarter of 2012 was lower than the third quarter of 2011 amount of $3.5 million, as interest on bank indebtedness and long-term debt decreased as principal amounts outstanding during the third quarter of 2012 were lower than those in the third 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 third quarter of 2011 was converted by the end of the second quarter of 2012.

Provision for Income Taxes

Expressed in thousands of dollars	Three month period ended September 30 **2012**	2011	Nine month period ended September 30 **2012**	2011
Expense of current income taxes	**767**	1,111	**2,552**	1,136
Expense of deferred income taxes	**286**	657	**2,736**	5,671
Total expense of income taxes	**1,053**	1,768	**5,288**	6,807
Effective tax rate	**12.0%**	17.0%	**15.5%**	24.7%

The Corporation recorded an income tax expense of $1.1 million in the third quarter of 2012 as compared to an income tax expense of $1.8 million in the third quarter of 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 $2.0 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	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Revenues	161.6	169.5	187.0	173.3	161.6	186.0	170.5	187.9
Income before income taxes	8.8	11.3	13.9	13.8	10.4	7.0	10.1	19.0
Net Income	7.8	9.2	11.8	16.7	8.6	4.9	7.2	15.4
Net Income per share								
Basic	0.13	0.16	0.21	0.90	0.47	0.27	0.40	0.85
Diluted	0.13	0.16	0.20	0.31	0.17	0.10	0.14	0.29
EBITDA	18.6	21.7	23.5	29.6	20.8	18.5	22.7	32.5

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 third quarter of 2012 fluctuated reaching a low of 0.9675 and a high of 1.0209. During the third quarter of 2012, the British Pound relative to the Canadian dollar fluctuated reaching a low of 1.5513 and a high of 1.5954. Had exchange rates remained at levels experienced in the third quarter of 2011, reported revenues in the third quarter of 2012 would have been lower by $3.3 million. 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 quarterly statement, 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 September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2012**	2011	**2012**	2011
Net income	**7,757**	8,649	**28,787**	20,766
Interest	**2,375**	3,489	**6,999**	11,619
Dividends on preference shares	**—**	—	**—**	310
Taxes	**1,053**	1,768	**5,288**	6,807
Stock-based compensation	**—**	(7)	**3**	50
Depreciation and amortization	**7,416**	6,891	**22,643**	22,424
EBITDA	**18,601**	20,790	**63,720**	61,976

EBITDA for the third quarter of 2012 was $18.6 million, compared to $20.8 million in the third quarter of 2011. As previously discussed, increased administrative and general expenses and decreased gross profits resulted in decreased 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 September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2012**	2011	**2012**	2011
Decrease (increase) in accounts receivable	**9,725**	10,055	**(12,741)**	(8,448)
(Increase) decrease in inventories	**(9,526)**	(2,132)	**(25,149)**	26,456
(Increase) decrease in prepaid expenses and other	**(1,415)**	8,399	**(2,384)**	2,747
(Decrease) increase in accounts payable, accrued liabilities and provisions	**(6,499)**	(26,579)	**8,119**	(31,607)
Changes to non-cash working capital balances	**(7,715)**	(10,257)	**(32,155)**	(10,852)
Cash provided by operating activities	**4,536**	1,062	**13,326**	29,586

In the quarter ended September 30, 2012, the Corporation generated $4.5 million of cash from its operations, compared to $1.1 million in the third quarter of 2011. Decreased accounts receivable offset by increased inventories and decreased accounts payable, accrued liabilities and provisions resulted in the increase of cash provided by operating activities.

Investing Activities

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2012**	2011	**2012**	2011
Acquisition of JHE	**(13,641)**	—	**(13,641)**	—
Purchase of property, plant and equipment	**(10,143)**	(11,567)	**(22,639)**	(25,837)
Proceeds of disposals of property plant and equipment	**25**	210	**67**	346
Increase in intangibles and other assets	**(1,438)**	(89)	**(9,550)**	(7,012)
Cash used in investing activities	**(25,197)**	(11,446)	**(45,763)**	(32,503)

In the third quarter of 2012, the Corporation invested $13.6 million, net of cash acquired, in an acquisition and $10.1 million in property, plant and equipment to upgrade and enhance capabilities for current and future programs.

Financing Activities

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2012**	2011	**2012**	2011
Increase in bank indebtedness	**14,472**	986	**10,569**	9,796
Increase in debt due within one year	**19**	2,327	**17,521**	9,108
Decrease in long-term debt	**(1,575)**	(5,916)	**(7,433)**	(14,284)
Increase in long-term debt	**—**	3,220	**—**	5,209
Increase (decrease) in long-term liabilities and provisions	**175**	1,203	**333**	(255)
Increase in borrowings	**1,460**	1,420	**2,462**	3,038
Redemption of preference shares	**—**	—	**—**	(12,000)
Cash provided by financing activities	**14,551**	3,240	**23,452**	612

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 third quarter of 2011 in the amount of $12.0 million.

The extension and restatement of the Original Loan [outstanding as at September 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 October 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 nine month period ending September 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 commercial aircraft segment continued to strengthen in 2012 with Boeing and Airbus delivering 658 aircraft in the first half of 2012 compared to 558 in the first half of 2011. Similarly, new sales orders for Boeing and Airbus rose to 971 aircraft which will be the second highest levels since 2007. While some future aircraft deliveries are being deferred due to current airline constraints, backlogs remain at 6 to 7 years reflecting the need for newer, more fuel efficient aircraft. Single aisle build rates for both Boeing and Airbus continue to increase. As well, Boeing has confirmed their B787 production plan will move to a rate of 10 aircraft per month by the end of 2013, from current levels of five aircraft per month.

Global reductions in defence spending continue to impact demand for products in the defence sector. European defence firm revenues have declined by 4.5% whereas the US industry has remained flat year-to-date. US defence industry outlook remains cautionary until the US elections and sequestration are concluded.

In the last report, the business jet market was showing signs of improved health due to the reduced number of pre-owned aircraft available for sale as a percentage of the total in-service fleet. Today it appears the business jet market may have reached the turning point. Predictions are that this segment could see growth of 9% in 2013, with the greatest growth expected to come from the large to medium cabin jets. Light jet deliveries are expected to grow at a slower rate.

Regional jet markets appear to be in position to enter a replacement cycle. The existing fleet, comprised 49% of the 35 to 50 seat configurations, averages 11 years in service and consists predominantly of the smaller Bombardier CRJ100/200 and Embraer ERJ135/140 aircraft. As these are no longer manufactured, airlines will need to replace fleets with turboprops or larger regionals. The resulting demand to fill these needs creates a potential for sizeable regional jet orders from major US airline operators.

Continued strength in the global helicopter market is dependent upon recovery of the economy. The military segment, which is the largest in the helicopter market, is contending with the same defence budget constraints discussed above. The civil market remains challenged by a lagging economic recovery. Manufacturers are looking to Asia and Latin America where replacement rates remain the highest of the market.

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 September 30		Nine month period ended September 30	
	2012	2011	**2012**	2011
Revenues	**161,565**	161,643	**518,018**	518,120
Cost of revenues	**140,534**	139,194	**447,975**	450,816
Gross profit	**21,031**	22,449	**70,043**	67,304
Administrative and general expenses	**10,106**	8,811	**29,255**	27,647
Other	**(260)**	(268)	**(286)**	155
Dividends on preference shares	**—**	—	**—**	310
	11,185	13,906	**41,074**	39,192
Interest	**2,375**	3,489	**6,999**	11,619
Income before income taxes	**8,810**	10,417	**34,075**	27,573
Income taxes				
Current	**767**	1,111	**2,552**	1,136
Deferred	**286**	657	**2,736**	5,671
	1,053	1,768	**5,288**	6,807
Net income	**7,757**	8,649	**28,787**	20,766
Other comprehensive (loss) income				
Foreign currency translation	**(4,519)**	13,137	**(3,859)**	9,750
Comprehensive income	**3,238**	21,786	**24,928**	30,516
Net income per share				
Basic	**0.13**	0.47	**0.50**	1.14
Diluted	**0.13**	0.17	**0.50**	0.42

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	**September 30 2012**	December 31 2011
Current assets		
Cash	**17,104**	26,520
Trade and other receivables	**125,081**	106,480
Inventories	**154,209**	127,473
Prepaid expenses and other	**8,351**	5,326
	304,745	265,799
Non-current assets		
Property, plant and equipment	**301,802**	289,744
Investment properties	**2,911**	3,041
Intangible assets	**63,306**	66,134
Other assets	**16,265**	8,660
Deferred tax assets	**33,061**	28,360
	417,345	395,939
Total assets	**722,090**	661,738
Current liabilities		
Bank indebtedness	**130,590**	—
Accounts payable and accrued liabilities and provisions	**118,056**	106,022
Debt due within one year	**58,675**	12,513
	307,321	118,535
Non-current liabilities		
Bank indebtedness	**—**	120,674
Long-term debt	**45,739**	81,768
Borrowings subject to specific conditions	**20,410**	18,847
Other long-term liabilities and provisions	**26,405**	29,131
Deferred tax liabilities	**12,589**	10,088
	105,143	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	**49,679**	20,892
Accumulated other comprehensive loss	**(10,102)**	(6,243)
	309,626	282,695
Total liabilities and equity	**722,090**	661,738

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended September 30		Nine month period ended September 30	
	2012	2011	**2012**	2011
Cash flow from operating activities				
Net income	**7,757**	8,649	**28,787**	20,766
Amortization/depreciation of intangible assets and property, plant and equipment	**7,416**	6,891	**22,643**	22,424
Loss on disposal of property, plant and equipment	**67**	129	**78**	159
Impairment reversal	—	—	**(1,543)**	—
Decrease in defined benefit plans	**(1,649)**	(2,183)	**(3,176)**	(3,415)
Stock-based compensation		(7)	**3**	50
Accretion	**313**	198	**653**	589
Deferred taxes	**(1,653)**	(2,358)	**(1,964)**	(135)
Decrease in working capital	**(7,715)**	(10,257)	**(32,155)**	(10,852)
Net cash provided by operating activities	**4,536**	1,062	**13,326**	29,586
Cash flow from investing activities				
Acquisition of JHE	**(13,641)**	—	**(13,641)**	—
Purchase of property, plant and equipment	**(10,143)**	(11,567)	**(22,639)**	(25,837)
Proceeds from disposal of property, plant and equipment	**25**	210	**67**	346
Increase in other assets	**(1,438)**	(89)	**(9,550)**	(7,012)
Net cash used in investing activities	**(25,197)**	(11,446)	**(45,763)**	(32,503)
Cash flow from financing activities				
Increase in bank indebtedness	**14,472**	986	**10,569**	9,796
Increase in debt due within one year	**19**	2,327	**17,521**	9,108
Decrease in long-term debt	**(1,575)**	(5,916)	**(7,433)**	(14,284)
Increase in long-term debt	—	3,220	—	5,209
Increase (decrease) in long-term liabilities and provisions	**175**	1,203	**333**	(255)
Increase in borrowings	**1,460**	1,420	**2,462**	3,038
Redemption of preference shares	—	—	—	(12,000)
Net cash provided by financing activities	**14,551**	3,240	**23,452**	612
Decrease in cash during the period	**(6,110)**	(7,144)	**(8,985)**	(2,305)
Cash at beginning of the period	**23,756**	29,207	**26,520**	24,952
Effect of exchange rate differences	**(542)**	1,835	**(431)**	1,251
Cash at end of the period	**17,104**	23,898	**17,104**	23,898