

MAGELLAN AEROSPACE CORPORATION

AUDIT RESULTS AND COMMUNICATIONS FOR FY 2006

30 MARCH 2007

2006 AUDIT RESULTS AND COMMUNICATIONS

- Ex4 DOCUMENT

SUMMARY OF AUDIT DIFFERENCES

During the course of our audit, we accumulate differences between amounts recorded by the Company and amounts that we believe are required to be recorded under generally accepted accounting principles. Following is a summary of those differences we have identified through the date of this report.

Description	Ref	Overstatement (Understatement) of Income	Client Adjustments	Overstatement (Understatement) of Income
Known Differences				
Current Year				
[REDACTED]	[REDACTED]	202,000	(202,000)	-
Understatement of audit accrual	MAL	344,000	(344,000)	-
[REDACTED]	Overall	368,000	(368,000)	-
* Boeing pricing adjustment	Ellanef Q1+Q2	699,000	(699,000)*	-
[REDACTED]	[REDACTED]	117,000	(117,000)	-
[REDACTED]	[REDACTED]	147,000	(147,000)	-
[REDACTED]	[REDACTED]	740,000	(740,000)	-
[REDACTED]	[REDACTED]	267,000	(267,000)	-
Adjustment of mgmt. bonus	Bristol	(150,000)	150,000	-
[REDACTED]	[REDACTED]	(137,000)	137,000	-
[REDACTED]	[REDACTED]	268,000	(268,000)	-
* Boeing pricing adjustment	Corporate Q3	152,000	(152,000)*	-
[REDACTED]	Orenda	200,000	(200,000)*	-
[REDACTED]	[REDACTED]	158,000	(158,000)	-
Prior Year				
* UK statutory adjustments recorded in current year	MALUK	(1,639,000)	-	(1,639,000)*
Total Known Differences				(1,639,000)
Judgmental Differences				
[REDACTED]	Overall	540,000	-	540,000
* Understatement of inventory reserve	MALUK	228,000	-	228,000*
* Understatement of inventory reserve	Haley	162,000	-	162,000*
[REDACTED]	[REDACTED]	174,000	-	174,000
[REDACTED]	[REDACTED]	(161,000)	-	(161,000)
[REDACTED]	[REDACTED]	(150,000)	-	(150,000)
				(846,000)

BOEING 737

(A)

Q1/Q2

= c/\$699K

(B)

Q3/2006

= c/\$200K

Corrections

Group

INVENTORY

① See Ex4 (UK) letter at Part B = Point 2B (Pages 2¹⁹+3)(+9)

② This was reduced to £1639K after a further c/\$825K (644K) was added to the NAC valuation for A380 in MALUK. 4058