

August 2007

Revenue

8.79 The following table details the assumed escalating sales price per unit that is incorporated into the EAC calculation. The prices have been computed by Aeronca, as per its interpretation of the price escalation formula in the SA dated 11 March 2005 between Aeronca, MAC and HH.

| Aeronca Calculation    |    |                    |            |
|------------------------|----|--------------------|------------|
| Aircraft Delivery Year |    | Price / Unit (USD) | % increase |
| 2006                   | 81 | 181,279            | 9.5%       |
| 2007                   | 40 | 192,840            | 6.4%       |
| 2008                   | 4  | 201,396            | 4.4%       |
| 2009                   | 4  | 210,828            | 4.7%       |
| 2010                   |    | 221,170            | 4.9%       |
| 2011                   |    | 232,501            | 5.1%       |
| 2012                   |    | 244,970            | 5.4%       |

Note: Table prepared by PwC based on information provided by Aeronca

(A)  
CANNOT BE  
CORRECT  
BASED ON  
CONSISTENT  
COST  
ASSUMPTIONS/  
EAC FORMULA

8.80 The weighted average sales price from FY2008 to FY2012, based on the forecast number of units to be delivered in each year was calculated by management at USD 222,014 per unit.

8.81 Revenue is recognised as exhaust system units are shipped based upon the sales price in effect at the time.

8.82 The average sales price per unit from inception of the programme to FY2006 has been calculated by Aeronca at USD 138,930. The sales price for FY2005 was established at USD 165,499 as per clause 1.1 of the SA dated 11 March 2005 between Aeronca, MAC and HH. The SA also includes an escalation formula (Appendix VI to the SA) to establish the sales prices going forward.

8.83 According to the SA, the price escalation formula was to be applied commencing in FY2006, starting from the FY2005 base price of USD 165,499. In FY2006, HH indicated that it wanted to reopen the SA to negotiate a new escalation formula. The parties were unable to reach an agreement and the matter is now under arbitration.

8.84 Due to the uncertainty surrounding the outcome of the arbitration, Aeronca has continued to invoice HH at the FY2005 base sales price throughout FY2006. Approximately USD 1.6 million of retroactive revenue has been included in Aeronca's EAC, representing Aeronca's best estimate of the difference between the amount invoiced and the sales price calculated in accordance with the SA's escalation formula. Aeronca estimates that the sales price should have been at a minimum 9.7% higher throughout FY2006.

(B)  
which would  
be at  
the 12%  
in  
doc  
179  
81 units = \$201,396 per unit  
\$185M

(C) Yes - based on Jane Ansell discussions etc - doc 1790 + Q2/F006 Number. but undermined by Butymec price offer - counter-offer.