

RECEIVER'S INTERIM REPORT

Pursuant to paragraph 246(2) of the *Bankruptcy and Insolvency Act*

IN THE MATTER OF the receivership of the undertaking, property
and assets of Aero Inventory (Canada) Inc. ("Aero Canada" or the "Company")

KPMG Inc. was appointed receiver and manager of the Company (the "Receiver") on the 1st day of December, 2009 pursuant to an Order of the Ontario Superior Court of Justice.

TAKE NOTICE that:

1. Attached is an Interim Statement of Receipts and Disbursements for the period December 1, 2009 to June 30, 2010 for the Receiver of the Company.
2. Aero Inventory (UK) Limited (in administration) and Aero Inventory plc (in administration) (collectively, the "Foreign Debtors"), Aero Canada and their various other affiliates form an integrated and interdependent group of companies that supply parts to the airline industry. Aero Canada's sole activity was the provision of management services to Aero Inventory (UK) Limited ("Aero UK") in respect of Aero UK's contracts with certain Canadian based customers. KPMG LLP, of the United Kingdom (the "Foreign Representatives") were appointed as joint administrators of the affairs, business and property of the Foreign Debtors. Given the interdependence of the Foreign Debtor's and Aero Canada, the appointment of the Receiver over the affairs of Aero Canada was made to assist the Foreign Representatives in their efforts to realize on the Canadian based assets. The Foreign Representatives efforts are ongoing and accordingly, the Receiver's mandate is to continue the operations of Aero Canada, in support of the realization efforts of the Foreign Representatives. The Foreign Representatives are funding the Aero Canada costs of operations.
3. The fixed assets of the Company will be liquidated by the Receiver upon the completion of the Receiver's mandate as outlined above.
4. The Statement of Receipts and Disbursements reflects the amounts funded by the Administrator and distributed to various service providers of the Receiver.
5. Additional information, including any Receiver reports and Orders issued by the Ontario Superior Court of Justice can be viewed at the Receiver's website at www.kpmg.ca/en/ms/cl/aeroinventorycanada

Dated at Toronto, Ontario, this th6 day of August 2009.

**KPMG INC.
RECEIVER AND MANAGER OF
AERO INVENTORY (CANADA) INC.**

Per: 

Nick Brearton
President

Aero Inventory (Canada) Inc.

Receiver's Interim Statement of Receipts & Disbursements

For the period December 1, 2009 to June 30, 2010

Receipts

Opening cash balance	\$	3,727
Funding received from UK Administrator		320,880
Total receipts		324,607

Disbursements

Rent		(168,028)
Utilities		(75,197)
Consulting Fees		(26,949)
Workers compensation		(24,691)
Appraisal fees		(2,133)
Freight		(959)
Receiver's filing fees		(70)
Other misc.		(11,419)
Total disbursements		(309,446)
Ending balance	\$	15,161