

ASSETS

CURRENT ASSETS

| | |
|-----------------------------------|---------------------|
| PETTY CASH | 1,907.20 |
| PETTY CASH US\$ | 0.00 |
| Royal bank 106-274-4 | -108,459.25 |
| TRANSFER CDN TO/FROM US | 0.00 |
| Bank - US\$ 400-588-0 | 454.43 |
| Roynat Reserve | 38,040.00 |
| Translation of US account | 0.00 |
| Prepaid licenses and dues | 53,985.36 |
| Employee advances | 306.18 |
| Deposits | 41,970.83 |
| Prepaid insurance | 27,624.57 |
| Accounts Receivable | 501,056.33 |
| Accounts Receivables - Other | 99,301.95 |
| Receivable from Insurance Company | 0.00 |
| Maintenance supplies | 811,094.73 |
| Maintenance supplies - G1 | 0.00 |
| TOTAL CURRENT ASSETS | 1,467,282.38 |

FIXED ASSETS

| | |
|--------------------------------|---------------------|
| Tools and equipment | 61,328.33 |
| Acc. dep'n Tools and equipment | -13,562.00 |
| Furniture and equipment | 53,930.86 |
| Acc dep'n Furniture | -16,225.00 |
| Automotive equipment | 14,617.31 |
| Acc Dep'n Automotive | -3,718.00 |
| Aircraft C-FAWT | 191,137.77 |
| Aircraft C-FYZE | 173,609.96 |
| Aircraft C-FAWG | 1,127,211.92 |
| Convair 580 | 1,039,402.93 |
| Acc Dep'n Aircraft | -546,257.00 |
| Computer | 26,635.58 |
| Acc Dep'n Computer | -11,003.00 |
| Software | 6,495.26 |
| Acc Dep'n Software | -5,708.25 |
| Lease Hold Improvements | 8,602.49 |
| Acc. Depr. Lease Holds | -1,445.00 |
| Aircraft PTG | 699,647.97 |
| TOTAL FIXED ASSETS | 2,804,702.13 |

TOTAL ASSETS 4,271,984.51

LIABILITIES

CURRENT LIABILITIES

| | |
|----------------------------------|---------------------|
| Royal Bank Line of Credit | 350,000.00 |
| Accrued Liabilities | 7,857.12 |
| CPP Payable | 16,713.06 |
| UIC Payable | 21,417.95 |
| Employee income tax payable | 92,240.34 |
| R. R. S. P. PAYABLE | 4,360.00 |
| Employee Health Payable | 80.60 |
| Due to Chris Dunn | 196,296.12 |
| Due to Doug Millard Holdings | 354,000.00 |
| Due to Tranquility Investments | 2,204.08 |
| Accounts Payable | 547,243.66 |
| provincial taxes payable | 3,316.96 |
| GST collected on sales | 1,117,705.60 |
| GST Paid on purchases | (1,000,000.14) |
| TOTAL CURRENT LIABILITIES | 3,144,900.34 |

LONG-TERM LIABILITIES

| | |
|------------------------------------|---------------------|
| Due to Royal Bank - G1 | 1,000,000.00 |
| Due to Royal Bank - Term loan | 1,000,000.00 |
| Due to DVVM - Compressor | 1,000.00 |
| Royal Lease - Gulfstream parts | 1,000.00 |
| Due to Roynat - Convair 580 | 1,000.00 |
| Due to Bayshore - Forklift | 1,000.00 |
| Aviation Supplies - Term loan | 1,000.00 |
| Deferred income taxes | 1,000.00 |
| TOTAL LONG-TERM LIABILITIES | 3,004,000.00 |

AIRWAVE TRANSPORT
Balance Sheet As At 12/31/97

| | |
|------------------------|--------------|
| TOTAL LIABILITIES | 3,805,640.34 |
| EQUITY | |
| EARNINGS | |
| Capital stock | 100.00 |
| Retained Earnings | 255,315.69 |
| Current Earnings | 210,928.48 |
| TOTAL EARNINGS | 466,344.17 |
| TOTAL EQUITY | 466,344.17 |
| LIABILITIES AND EQUITY | 4,271,984.51 |

ASSETS

CURRENT ASSETS

| | |
|-------------------------------------|---------------------|
| PETTY CASH | 875.93 |
| Royal bank 106-274-4 | 91,891.28 |
| Bank - US\$ 400-588-0 | 700.73 |
| DWM - CV580 reserve | 10,110.61 |
| AWT - Nav & G1 reserve | 2,980.15 |
| Employee advances | 151.91 |
| Deposits | 15,172.92 |
| Deposits for post July 24 purchases | 46,777.69 |
| Prepaid insurance | 59,547.14 |
| Accounts Receivable | 172,005.08 |
| G S.T. Receivable | 26,407.55 |
| Accounts Receivables - Other | 67,357.71 |
| Maintenance supplies | 459,654.18 |
| Maintenance supplies - G1 | 400,000.00 |
| TOTAL CURRENT ASSETS | 1,353,432.88 |

FIXED ASSETS

| | |
|--------------------------------|---------------------|
| Tools and equipment | 68,111.28 |
| Acc. dep'n Tools and equipment | -24,665.95 |
| Furniture and equipment | 51,147.14 |
| Acc dep'n Furniture | -23,340.07 |
| Automotive equipment | 35,603.60 |
| Acc Dep'n Automotive | -14,528.65 |
| Aircraft C-FAWT | 191,137.77 |
| Aircraft C-FYZE | 173,609.96 |
| Aircraft C-FAWG | 1,127,211.92 |
| Convair 580 | 1,044,402.93 |
| Acc Dep'n Aircraft | -750,184.75 |
| Computer | 34,209.09 |
| Acc Dep'n Computer | -18,239.75 |
| Software | 13,515.26 |
| Acc Dep'n Software | -12,637.50 |
| Lease Hold Improvements | 11,170.34 |
| Acc. Depr. Lease Holds | -2,740.50 |
| Aircraft PTG | 699,647.97 |
| TOTAL FIXED ASSETS | 2,603,430.09 |

TOTAL ASSETS 3,956,862.97

LIABILITIES

CURRENT LIABILITIES

| | |
|----------------------------------|---------------------|
| Royal Bank Line of Credit | 323,000.00 |
| CPP Payable | 3,027.16 |
| UIC Payable | 3,405.07 |
| Withholdings per audit 3/31/98 | 32,147.35 |
| Employee income tax payable | 18,053.87 |
| EHT Payable | 1,607.25 |
| WCB Payable | 3,112.61 |
| Due to Chris Dunn | 32,000.00 |
| Due to Doug Millard Holdings | 910,000.00 |
| Accounts Payable | 319,749.31 |
| GST collected on sales | 288.87 |
| GST Paid on purchases | 36,258.98 |
| TOTAL CURRENT LIABILITIES | 1,544,118.02 |

LONG-TERM LIABILITIES

| | |
|------------------------------------|---------------------|
| Due to Royal Bank - G1 | 2,710,141.01 |
| Due to Royal Bank - Term loan | 14,114.14 |
| Royal Lease - Gulfstream parts | 1,000,000.00 |
| Due to Doug Millard - Convair 580 | 1,000,000.00 |
| Due to Bayshore - Forklift | 1,000,000.00 |
| TOTAL LONG-TERM LIABILITIES | 6,424,255.15 |

TOTAL LIABILITIES 7,968,373.17

EQUITY

EARNINGS
Capital stock

AIRWAVE TRANSPORT
Balance Sheet As At 12/31/98

| | |
|-------------------------------|---------------------|
| Retained Earnings | -505,557 80 |
| Current Earnings | 1,286,506 10 |
| TOTAL EARNINGS | 781,144 30 |
| | |
| TOTAL EQUITY | 781,144 30 |
| | |
| LIABILITIES AND EQUITY | 3,955,862 97 |