

BALANCE SHEET

As At: December 31, 2002  
 Schedule B-1.1 for Group I < 20M

Air Carrier: Asia Pacific Airline  
 Operation : System PFO

LINE#	DESCRIPTION	AMOUNT
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Line 1	Cash and cash equivalents	659,861
Line 2	Notes and accts receivable (net)	4,155,303
Line 3	Other current assets	531,472
Line 4	Total current assets	5,346,636
<b>PROPERTY AND EQUIPMENT</b>		
Line 5	Owned property and equipment	8,137,041
Line 6	Less: accumulated depreciation	1,347,525
Line 7	Prop. & equip. under cap. leases	0
Line 8	Less: accumulated amortization	0
Line 9	Total property & equipment	6,789,516
Line 10	OTHER ASSETS	1,076,160
Line 11	TOTAL ASSETS	13,212,312
<b>LIABILITIES &amp; STOCKHOLDERS' EQ.</b>		
<b>CURRENT LIABILITIES</b>		
Line 12	Notes and accounts payable	5,474,978
Line 13	Accrued taxes	30,894
Line 14	Other current liabilities	146,310
Line 15	Total current liabilities	5,652,182
Line 16	LONG-TERM DEBT	7,564,798
Line 17	OTHER LIABILITIES	0
Line 18	DEFERRED CREDITS	0
<b>STOCKHOLDERS' EQUITY:</b>		
Line 19	Preferred shares outstanding	0
Line 20	Common shares outstanding	1,000,000
Line 21	Other paid in capital	0
Line 22	Retained Earnings	-1,004,668
Line 23	Total stockholders' equity	-4,668
Line 24	Less: Treasury stock	0
Line 25	Net stockholders' equity	-4,668
Line 26	TOTAL LIAB. & STOCKHOLDERS' EQ.	13,212,312
Line 19A	No. of Preferred shares outstanding	0
Line 20A	No. of Common shares outstanding	10,000

I, the undersigned, (Title) \_\_\_\_\_  
 of the above-named air carrier certify that the above report and  
 the attached Financial Schedules, Statement of Operations, and  
 Traffic and Capacity Statistics, including the T-100 report and  
 Passenger Origin-Destination Survey, have been examined by me and  
 to the best of my knowledge and belief are true, correct and  
 complete reports for the period stated.

Signature: Michael R. Quinn Date: 3/14/03  
 Name (Please Type or Print) MICHAEL R. QUINN

STATEMENT OF OPERATIONS

Six Months Ended: December 31, 2002  
 Schedule P-1.1 Group I < 20M

Air Carrier: Asia Pacific Airline  
 Operation : System PFO%

LINE#	DESCRIPTION	AMOUNT
	OPERATING REVENUE	
	Transport Revenue	
	Scheduled Service	
Line 1	Passenger	0
Line 2	Other	0
Line 3	Nonscheduled Service	12,303,652
	Transport Related Revenue	
Line 4	Public Service Revenue	0
Line 5	Other	0
Line 6	Total Operating Revenue	12,303,652
	OPERATING EXPENSE	
Line 7	Flying Operations	7,098,783
Line 8	Maintenance	1,913,176
Line 9	General Services and Administration	880,199
	Depreciation and Amortization	
Line 10	Owned Property and Equipment	298,875
Line 11	Leased Property and Equipment	534,200
Line 12	Transport Related Expense	0
Line 13	Total Operating Expense	10,725,233
Line 14	OPERATING PROFIT OR LOSS	1,578,419
	NONOPERATING EXPENSE (INCOME)	
Line 15	Interest Expense	271,421
Line 16	Other Nonoperating (Net)	-43,731
Line 17	Income Tax	0
Line 18	Discontinued operations, extra-ordinary items or Accounting changes	0
Line 19	Net Income	1,350,729
Line 20	Full-Time Employees	30
Line 21	Part-Time Employees	4

AIRCRAFT OPERATING EXP. - Sch. P-5.1 Grp 1 - 20M 6 Mo: December 31, 2002  
 Air Carrier: Asia Pacific Airlines Operation: System PPOS  
 Total Exp B-727-2

ACCT #	DESCRIPTION	Code 9999	Code 7152
DIRECT EXPENSES:			
FLYING OPERATIONS (Less Rentals)			
3	Pilots and Copilots (S&W & Benef	672,742	672,742
4	Aircraft Fuel and Oil	3,620,614	3,620,614
5	Other	1,364,473	1,364,473
6	Total Flying Ops. (Less Rentals)	5,657,829	5,657,829
7	Maintenance - Flight Equipment	1,913,176	1,913,176
8	Depr. & Rental - Flight Equipme	853,075	853,075
9	Total Direct Expenses	8,424,080	8,424,080
INDIRECT EXPENSES			
11	Flight Attendant Expense	0	
12	Traffic Related Expense	0	
13	Departure Related Expense	1,420,954	
14	Capacity Related Expense	880,199	
15	Total Indirect Expense	2,301,153	
16	Total Operating Expense	10,725,233	
17	Total Block Hours	1,910	1,910
18	Aircraft Days Assigned	368	368
19	Aircraft Fuels Issued (gallons)	2,483,356	2,483,356

REVISED