

STATEMENT OF CASH FLOWS

Quarter Ended: JUNE 30, 2007
 Schedule B-12

Air Carrier: Northern Air Cargo, Inc.
 Operation: Domestic NCD

DESCRIPTION	AMOUNT
NET INCOME	\$ 633,179
Adjustments	
Depreciation and amortization	949,153
Loss on disposal of fixed assets	-
Equity in earnings of joint venture and subsidiary	279
Adjustment for asset valuation	-
Changes in assets and liabilities:	
Accounts receivable	(875,930)
Prepaid expenses	197,481
Other current assets	(52,003)
Other non-current assets	-
Trade accounts payable	568,931
Accounts payable - other	(13,965)
Accrued salaries, wages	300,800
Accrued taxes	14,516
Other current liabilities	96,060
Vacation liability	18,277
Net cash provided by operating activities	<u>1,836,778</u>
Cash flows from investing activities:	
Proceeds from sales of property and equipment	-
Distribution of investment in Joint Venture	-
Purchases of property and equipment	(3,183,281)
Net cash used in investing activities	<u>(3,183,281)</u>
Cash flows from financing activities:	
Distributions paid to stockholders	-
Net payments on line of credit	-
Repayment of shareholder loan	-
Proceeds from issuance of long-term debt	-
Additional capital invested	2,231,049
Repayments of long-term debt	-
Net cash provided by financing activities	<u>2,231,049</u>
Net increase in cash and cash equivalents	884,546
Cash at beginning of period	<u>(72,993)</u>
Cash at end of period	<u>\$ 811,553</u>