

Air Carrier: **Cargo 360, Inc.**Quarter Ended: **September 30, 2007****STATEMENT OF CASH FLOWS****Cash flows from operating activities:**

Net earnings	\$ (3,210,049)
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation	55,420
Changes in assets and liabilities:	
(Increase) decrease in receivables	1,844,426
(Increase) decrease in expendable parts	-
(Increase) decrease in prepaid activities	(11,227,221)
(Increase) decrease in developmental costs and other assets	
Increase (decrease) in accounts payable	1,942,101
Increase (decrease) in accrued liability	3,258,722
Net cash provided(used) by operating activities	<u>(7,336,601)</u>

Cash flows from investing activities:

Payments for acquisition of property and equipment	(337,506)
(Increase) decrease in advance payments	449,138
Net cash provided from investing activities	<u>111,632</u>

Cash flows from financing activities:

Proceeds from equity issue	
Proceeds from short-term debt	
Proceeds from long-term debt	(2,256,036)
Payments for capital leases	
Increase in paid in capital	
Cash dividends paid	
Net cash provided by financing activities	<u>(2,256,036)</u>

Net (decrease) increase in cash and cash equivalents	(9,481,005)
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Cash and cash equivalents at beginning of period	12,948,776
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Cash and cash equivalents at end of period	<u>\$ 3,467,771</u>
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