

Air Carrier:

Cargo 360, Inc.

Quarter Ended:

Dec 31, 2006

STATEMENT OF CASH FLOWS**Cash flows from operating activities:**

Net earnings	\$ (258,108)
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation	22,772
Changes in assets and liabilities:	
(Increase) decrease in receivables	(1,078,075)
(Increase) decrease in expendable parts	(14,762)
(Increase) decrease in prepaid activities	1,872,527
(Increase) decrease in developmental costs and other assets	
Increase (decrease) in accounts payable	248,429
Increase (decrease) in accrued liability	830,594
Net cash provided(used) by operating activities	<u>1,623,377</u>

Cash flows from investing activities:

Payments for acquisition of property and equipment	(411,340)
(Increase) decrease in advance payments	<u>(2,035,019)</u>
Net cash provided from investing activities	(2,446,359)

Cash flows from financing activities:

Proceeds from equity issue	
Proceeds from short-term debt	
Proceeds from long-term debt	562,560
Payments for capital leases	
Increase in paid in capital	340,000
Cash dividends paid	<u>-</u>
Net cash provided by financing activities	902,560

Net (decrease) increase in cash and cash equivalents	79,578
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Cash and cash equivalents at beginning of period	12,351,965
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Cash and cash equivalents at end of period	<u>\$ 12,431,543</u>
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