

BALANCE SHEET

As At: june 30, 1998
 Schedule B-1.1 for Group I < 20M

Air Carrier:
 Operation : System SMS

LINE#	DESCRIPTION	AMOUNT
ASSETS		
CURRENT ASSETS		
Line 1	Cash and cash equivalents	361,217
Line 2	Notes and accts receivable (net)	352,203
Line 3	Other current assets	304,859
Line 4	Total current assets	1,018,279
PROPERTY AND EQUIPMENT		
Line 5	Owned property and equipment	251,273
Line 6	Less: accumulated depreciation	45,263
Line 7	Prop. & equip. under cap. leases	0
Line 8	Less: accumulated amortization	0
Line 9	Total property & equipment	206,010
Line 10	OTHER ASSETS	1,146,084
Line 11	TOTAL ASSETS	2,370,373
LIABILITIES & STOCKHOLDERS' EQ.		
CURRENT LIABILITIES		
Line 12	Notes and accounts payable	2,245,143
Line 13	Accrued taxes	260,567
Line 14	Other current liabilities	112,485
Line 15	Total current liabilities	2,618,195
Line 16	LONG-TERM DEBT	0
Line 17	OTHER LIABILITIES	712,164
Line 18	DEFERRED CREDITS	0
STOCKHOLDERS' EQUITY:		
Line 19	Preferred shares outstanding	0
Line 20	Common shares outstanding	100
Line 21	Other paid in capital	4,500,000
Line 22	Retained Earnings	-5,460,086
Line 23	Total stockholders' equity	-959,986
Line 24	Less: Treasury stock	0
Line 25	Net stockholders' equity	-959,986
Line 26	TOTAL LIAB. & STOCKHOLDERS' EQ.	2,370,373
Line 19A	No. of Preferred shares outstanding	0
Line 20A	No. of Common shares outstanding	7,000

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: _____ Date: _____

Name (Please Type or Print) _____

STATEMENT OF OPERATIONS

Six Months Ended: june 30, 1998
 Schedule P-1.1 Group I < 20M

Air Carrier:
 Operation : System SMS

LINE#	DESCRIPTION	AMOUNT
	OPERATING REVENUE	
	Transport Revenue	
	Scheduled Service	
Line 1	Passenger	1,962,508
Line 2	Other	0
Line 3	Nonscheduled Service	2,229,327
	Transport Related Revenue	
Line 4	Public Service Revenue	0
Line 5	Other	304,652
Line 6	Total Operating Revenue	4,496,487
	OPERATING EXPENSE	
Line 7	Flying Operations	1,535,617
Line 8	Maintenance	619,390
Line 9	General Services and Administration	1,553,324
	Depreciation and Amortization	
Line 10	Owned Property and Equipment	15,078
Line 11	Leased Property and Equipment	390,000
Line 12	Transport Related Expense	0
Line 13	Total Operating Expense	4,113,409
Line 14	OPERATING PROFIT OR LOSS	383,078
	NONOPERATING EXPENSE (INCOME)	
Line 15	Interest Expense	104,159
Line 16	Other Nonoperating (Net)	-3,630
Line 17	Income Tax	0
Line 18	Discontinued operations, extra-ordinary items or Accounting changes	0
Line 19	Net Income	282,549

AIRCRAFT OPERATING EXP. - Sch. P-5.1 Grp I < 20M 6 Mo: June 30, 1998
 Air Carrier: Operation: System SMS

ACCT #	DESCRIPTION	Total Exp Code 9999	B-727-2 Code 7151

DIRECT EXPENSES:			
FLYING OPERATIONS (Less Rentals)			
3	Pilots and Copilots (S&W &Benef	212,247	212,247
4	Aircraft Fuel and Oil	945,462	945,462
5	Other	377,908	377,908
6	Total Flying Ops. (Less Rentals	1,535,617	1,535,617
7	Maintenance - Flight Equipment	619,390	619,390
8	Depr. & Rental - Flight Equipme	405,078	405,078
9	Total Direct Expenses	2,560,085	2,560,085
INDIRECT EXPENSES			
11	Flight Attendant Expense	225,269	
12	Traffic Related Expense	125,475	
13	Departure Related Expense	635,378	
14	Capacity Related Expense	567,202	
15	Total Indirect Expense	1,553,324	
16	Total Operating Expense	4,113,409	