

AVATAR AIRLINES
FORWARD LOOKING STATEMENT OF INCOME

	For the year ended		
	Year 1	Year 2	Year 3
ROUTE REVENUE			
Passenger Revenue	\$ 394,326,629	\$ 964,070,618	\$ 1,292,031,818
Cargo	\$ 16,235,430	\$ 39,693,239	\$ 53,196,236
Food & Beverage	\$ 145,973	\$ 547,068	\$ 1,042,278
Entertainment Sales	\$ -	\$ -	\$ -
Ticket Insurance	\$ 486,576	\$ 1,215,708	\$ 1,737,130
Avatar Vacations	\$ 182,500	\$ 273,750	\$ 365,000
Advertising & Promotions	\$ 997,000	\$ 2,491,000	\$ 3,559,400
Total Revenues	\$412,374,108	\$1,008,291,383	\$1,351,931,861
LESS DIRECT FLIGHT COSTS			
Airport Fees	\$ 64,857,145	\$ 158,566,182	\$ 212,507,827
Fuel	\$ 156,918,482	\$ 383,642,613	\$ 514,151,612
Maintenance - Routine	\$ 6,168,960	\$ 15,082,200	\$ 20,212,920
Maintenance - Reserves	\$ 52,436,160	\$ 128,198,700	\$ 171,809,820
Distribution Costs	\$ -	\$ -	\$ -
Credit Card Fees	\$ 9,858,166	\$ 24,101,765	\$ 32,300,795
Aircraft insurance, registration, return, induction	\$ 3,712,500	\$ 9,029,167	\$ 12,100,000
Call centre costs	\$ 9,858,166	\$ 24,101,765	\$ 32,300,795
Commissions	\$ 17,744,698	\$ 43,383,178	\$ 58,141,432
Crew Lodging & Meals	\$ 3,304,800	\$ 8,079,750	\$ 10,828,350
Crew Salary & Benefits	\$ 30,073,680	\$ 73,525,725	\$ 98,537,985
Crew Training expense	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Booking Fees	\$ 2,702,381	\$ 6,606,924	\$ 8,854,493
Cargo handling	\$ 1,623,543	\$ 3,969,324	\$ 5,319,624
Aircraft Leasing	\$ -	\$ -	\$ -
Food & Beverage and Entertainment	\$ -	\$ -	\$ -
Avatar Vacations	\$ -	\$ -	\$ -
Total Direct Costs	\$360,458,681	\$879,487,293	\$1,178,265,653
Gross Profit (Loss)	51,915,426	128,804,090	173,666,208
SALES, GENERAL & ADMINISTRATIVE EXPENSES			
Employee Development and Training	\$ 300,000	\$ 315,000	\$ 330,750
Employee Uniforms	\$ 60,000	\$ 75,000	\$ 93,750
Employee Relocation	\$ 345,000	\$ 315,000	\$ 330,750
Payroll	\$ 14,220,120	\$ 20,430,139	\$ 23,667,070
Advertising & Promotion	\$ 11,095,100	\$ 6,298,560	\$ 5,038,848
Professional fees	\$ 2,915,000	\$ 2,223,000	\$ 2,289,150
Consulting	\$ 3,671,215	\$ 9,199,868	\$ 13,184,813
Insurance	\$ 3,800,000	\$ 6,300,000	\$ 6,615,000
Licenses & Permits	\$ 60,000	\$ 60,250	\$ 60,250
Miscellaneous	\$ 1,254,000	\$ 1,512,000	\$ 1,587,600
Rent	\$ 600,000	\$ 645,000	\$ 693,750
Travel	\$ 285,000	\$ 378,000	\$ 396,900
Utilities	\$ 320,000	\$ 567,000	\$ 595,350
Vehicles (leased)	\$ 300,000	\$ 315,000	\$ 330,750
Web Site Operation	\$ 850,000	\$ 630,000	\$ 661,500
Total S, G & A	\$40,075,435	\$49,263,817	\$55,876,232
EBITDA	11,839,992	79,540,273	117,789,976
Aircraft Depreciation	\$ (35,000,000)	\$ (73,666,667)	\$ (96,000,000)
Other Depreciation	\$ (672,771)	\$ (799,959)	\$ (899,417)
Interest Income	\$ 351,845	\$ 1,237,859	\$ 1,387,430
Less interest expense	\$ -	\$ -	\$ -
INCOME BEFORE TAXES	(23,480,934)	6,311,507	22,277,989
Less income tax expense (benefit)	\$ (9,392,373)	\$ 2,524,603	\$ 8,911,196
INCOME FROM CONTINUING OPERATIONS	\$ (14,088,561)	\$ 3,786,904	\$ 13,366,793

AVATAR AIRLINES
FORWARD LOOKING BALANCE SHEET

	For the year ended		
	Year 1	Year 2	Year 3
ASSETS			
Current Assets:			
Cash	\$ 1,000,000	\$ 3,000,000	\$ 4,000,000
Short term investments	\$ 94,947,054	\$ 534,152,032	\$ 543,864,736
Accounts receivable (credit card holdbacks)	\$ 59,786,876	\$ 90,946,411	\$ 140,063,272
Inventory	\$ -	\$ -	\$ -
Prepaid expenses	\$ 153,931	\$ 276,437	\$ 496,441
Total Current Assets	\$ 155,887,861	\$ 628,374,880	\$ 688,424,449
Long Term Assets:			
Long-term investments	\$ -	\$ -	\$ -
Fixed assets at cost-			
Aircraft	\$ 280,000,000	\$ 420,000,000	\$ 580,000,000
Furniture & fixtures	\$ 55,000	\$ 110,000	\$ 115,500
Office equipment	\$ 10,000	\$ 20,000	\$ 21,000
Reservation System and IT Hardware	\$ 3,625,292	\$ 4,085,070	\$ 4,603,159
Total Cost	\$ 283,690,292	\$ 424,215,070	\$ 584,739,659
Less accumulated depreciation	\$ (35,672,771)	\$ (110,139,397)	\$ (207,038,813)
Net fixed assets	\$ 248,017,521	\$ 314,075,673	\$ 377,700,845
Deferred income tax benefits			
Loans	\$ -	\$ -	\$ -
Other LT Assets	\$ 94,069	\$ 168,934	\$ 303,381
Total long term assets	\$ 248,111,590	\$ 314,244,607	\$ 378,004,226
TOTAL ASSETS	\$ 403,999,450	\$ 942,619,487	\$ 1,066,428,675
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 40,349,539	\$ 63,634,046	\$ 90,210,584
Income taxes payable (receivable)	\$ (1,116,029)	\$ 979,026	\$ 2,961,142
Accrued salaries and wages	\$ 189,708	\$ 210,720	\$ 233,026
Dividends Payable	\$ -	\$ -	\$ -
Unearned revenue (advance purchases)	\$ 99,644,793	\$ 151,577,352	\$ 233,438,787
Subtotal	\$ 139,068,011	\$ 216,401,143	\$ 326,843,539
Short term debt	\$ -	\$ -	\$ -
Current portion of LTD	\$ -	\$ -	\$ -
Total Current Liabilities	\$ 139,068,011	\$ 216,401,143	\$ 326,843,539
Long Term Liabilities:			
Long term debt	\$ -	\$ -	\$ -
Deferred income tax	\$ -	\$ -	\$ -
Other	\$ 20,000	\$ 20,000	\$ 20,000
Total Long Term Liabilities	\$ 20,000	\$ 20,000	\$ 20,000
TOTAL LIABILITIES	\$ 139,088,011	\$ 216,421,143	\$ 326,863,539
SHAREHOLDERS' EQUITY			
Owners' equity	\$ 286,500,000	\$ 744,000,000	\$ 744,000,000
Retained earnings-			
Balance - opening	\$ (7,500,000)	\$ (21,588,561)	\$ (17,801,657)
Net income	\$ (14,088,561)	\$ 3,786,904	\$ 13,366,793
Less dividends	\$ -	\$ -	\$ -
Balance - ending	\$ (21,588,561)	\$ (17,801,657)	\$ (4,434,864)
TOTAL SHAREHOLDERS' EQUITY	\$ 264,911,439	\$ 726,198,343	\$ 739,565,136
LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 403,999,450	\$ 942,619,487	\$ 1,066,428,675

NOTE: Opening retained deficit in year 1 is for pre-flight operations expenditures. Capital raised for preflight operations is included in Shareholder's Equity

AVATAR AIRLINES
FORWARD LOOKING STATEMENT OF CASH FLOW

	For the year ended		
	Year 1	Year 2	Year 3
CASH - Beginning	\$ -	\$ 1,000,000	\$ 3,000,000
OPERATIONS			
Cash Receipts from customers:			
Sales	\$ 412,374,108	\$ 1,008,291,383	\$ 1,351,931,861
Changes in accounts receivable	\$ (59,786,876)	\$ (31,159,536)	\$ (49,116,861)
Cash receipts from customers	\$ 352,587,232	\$ 977,131,848	\$ 1,302,815,000
Cash paid for:			
Inventory, net	\$ -	\$ -	\$ -
Total Direct Costs	\$ (360,458,681)	\$ (879,487,293)	\$ (1,178,265,653)
General operating and administrative expenses	\$ (25,855,315)	\$ (28,833,678)	\$ (32,209,161)
Payroll, commissions and related expenses	\$ (14,220,120)	\$ (20,430,139)	\$ (23,667,070)
Prepaid expenses	\$ (153,931)	\$ (122,507)	\$ (220,004)
Interest expense	\$ -	\$ -	\$ -
Income tax (expense) benefit	\$ 9,392,373	\$ (2,524,603)	\$ (8,911,196)
Net Cash Flow from Operations	\$ (38,708,442)	\$ 45,733,628	\$ 59,541,915
INVESTING ACTIVITIES			
Cash receipts from:			
Increase (decrease) in accounts payable and other	\$ 139,068,011	\$ 77,333,132	\$ 110,442,395
Sale of property and equipment	\$ -	\$ -	\$ -
Collection of principal on loans	\$ -	\$ -	\$ -
Sale of short term investments	\$ 156,432,229	\$ 67,325,428	\$ 34,672,251
Sale of long term investments	\$ -	\$ -	\$ -
Interest Income	\$ 351,845	\$ 1,237,859	\$ 1,387,430
Cash paid for:			
Purchase of property and equipment (incl aircraft)	\$ (283,690,292)	\$ (140,524,778)	\$ (160,524,589)
Making loans	\$ -	\$ -	\$ -
Purchase of short term investments	\$ (251,379,283)	\$ (506,530,405)	\$ (44,384,955)
Purchase of long term investments	\$ -	\$ -	\$ -
Net Cash Flow from Investing Activities	\$ (239,217,490)	\$ (501,158,763)	\$ (58,407,468)
FINANCING ACTIVITIES			
Cash receipts from:			
Net Proceeds from the Issuance of stock	\$ 279,000,000	\$ 457,500,000	\$ -
Borrowings- long and short term	\$ -	\$ -	\$ -
Increases in other long term liabilities	\$ 20,000	\$ -	\$ -
Cash paid for:			
Repurchase of stock (treasury stock)	\$ -	\$ -	\$ -
Repayment of loans - long and short term	\$ -	\$ -	\$ -
Dividends Paid	\$ -	\$ -	\$ -
Decreases of deferred income taxes and other	\$ (94,069)	\$ (74,865)	\$ (134,447)
Net Cash Flow from Financing Activities	\$ 278,925,931	\$ 457,425,135	\$ (134,447)
NON OPERATING ACTIVITIES			
Extraordinary items	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Net Cash Flow from Non Operating Items	\$ -	\$ -	\$ -
Net Increase (Decrease) in Cash	\$ 1,000,000	\$ 2,000,000	\$ 1,000,000
CASH - Ending	\$ 1,000,000	\$ 3,000,000	\$ 4,000,000