

FINANCIAL STATEMENTS

THE PACIFIC CORPORATION
and Subsidiaries

September 30, 1973

APPROVED FOR
RELEASE DATE:
17-Nov-2009

THE PACIFIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

As of March 31, 1973		As of September 30, 1973	As of September 30, 1972
	Current Assets:		
	Cash:		
\$ 2,300,633	United States Dollars	\$ 1,159,262	\$ 1,409,026
346,434	Other Currencies	1,320,994	565,715
20,744,526	United States Government Securities, at Cost, Plus Accrued Interest	18,695,892	12,993,172
	Accounts Receivable:		
4,583,002	United States Government	5,014,757	4,197,426
216,412	General Traffic	135,262	286,481
154,368	Company Personnel	103,511	92,794
411,932	Other	1,865,828	329,498
(37,600)	Less: Reserve for Uncollectable Accounts	(37,105)	(33,968)
	Inventories at Average Cost:		
2,110,270	Flight Equipment, Expendable Parts	1,679,312	2,426,669
577,111	Miscellaneous Materials & Supplies	698,318	680,358
298,007	Materials in Transit	305,414	260,469
442,629	Short-term Prepayments	712,774	355,726
985,216	Other Current Assets	1,175,592	736,079
33,132,940	Total Current Assets	32,829,811	24,299,445
	Investments and Notes Receivable:		
3,125,000	Notes Receivable, Long Term	3,125,000	3,258,315
117,191	Cash Segregated for Employees' Savings	104,564	118,974
1,039,775	United States Government Securities, at Cost on Deposit as Required by U.S. Department of Labor for Workmen's Compensation Self-Insurance	1,055,222	1,014,375
306,016	Other Investments	88,941	307,722
	Operating Property and Equipment, At Cost:		
31,277,806	Flight Equipment	28,290,450	46,050,151
20,101,499)	Less: Reserves for Depreciation	(18,775,434)	(27,010,199)
7,024,503	Ground Property and Equipment	7,009,439	7,141,833
(4,693,935)	Less: Reserve for Depreciation	(4,835,280)	(4,649,305)
28,678	Leasehold Improvements, Less Amortization	18,241	29,072
112,440	Land	112,440	112,440
16,748	Construction Work-in-Progress	148,958	84,857
97,940	Equipment and Rotable Parts in Transit	90,275	220,117
140,367	Other Assets	139,825	87,297
<u>61,623,970</u>	TOTAL ASSETS	<u>\$49,402,452</u>	<u>\$51,065,094</u>

THE PACIFIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

As of ch 31, 1973	<u>LIABILITIES</u>	As of <u>September 30, 1973</u>	As of <u>September 30, 1972</u>
	Current Liabilities:		
	Accounts Payable:		
922,057	General	\$ 1,201,784	\$ 1,166,031
,166,615	Collections as Agent - Traffic	1,208,064	1,541,147
248,250	Collections as Agent - Other	152,890	241,669
	Accrued Liabilities:		
,456,973	Personnel Compensation	1,846,113	2,125,828
,159,597	Accrued Leave and Leave Trans- portation - Current Portion	3,029,802	2,724,121
,200,000	Accrued Separation Benefits	512,324	-0-
,546,150	United States and Foreign Taxes	1,298,722	1,821,605
73,466	Aircraft Fuel and Oil	196,474	63,220
,990,356	Aircraft Maintenance	1,889,519	2,929,751
933,166	Other	882,262	983,398
<u>,696,630</u>	Total Current Liabilities	<u>12,217,954</u>	<u>13,596,770</u>
,471,918	Estimated Liability for Employee Ter- mination and Retirement Obligations	1,482,085	1,278,330
970,261	Accrued Leave and Leave Transpor- tation - Non-Current Portion	918,058	1,106,749
,131,843	Accrued Employee Personal Effects Shipments - Non-Current Portion	1,131,843	1,128,600
117,191	Employees' Savings Liability	104,564	118,974
485,372	Estimated Liability Under the Long- shoremen's and Harbor Workers' Compensation Act	485,372	579,442
,333,395	Deferred Income Taxes	1,334,161	2,400,000
<u>,206,610</u>	TOTAL LIABILITIES	<u>17,674,037</u>	<u>20,208,865</u>
	<u>STOCKHOLDER EQUITY</u>		
	Capital Stock (\$10,000), no par value, Donated Capital and Paid-in Capital in Excess of Declared Value of Capital Stock	13,159,223	13,159,223
,159,223	Retained Earnings:		
,126,304	Appropriated	2,126,304	2,121,027
,131,833	Unappropriated	16,442,888	15,575,979
<u>,417,360</u>	TOTAL STOCKHOLDER EQUITY	<u>31,728,415</u>	<u>30,856,229</u>
<u>,623,970</u>	TOTAL LIABILITIES AND STOCKHOLDER EQUITY	<u>\$49,402,452</u>	<u>\$51,065,094</u>

THE PACIFIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATING RESULTS
AND RETAINED EARNINGS

monthly expense - \$3m

For the <u>Twelve Months Ended</u> <u>MARCH 31, 1973</u>	For the <u>Six Months Ended</u> <u>September 30, 1973</u>	For the <u>Six Months Ended</u> <u>September 30, 1972</u>
OPERATING REVENUES:		
Transport:		
1,430	\$ 715	\$ 715
5,174,258	21,502,456	23,456,132
940,667	720,091	563,356
7,116,355	22,223,262	24,020,203
394,585	72,992	232,261
675,793	227,400	448,393
7,437,574	4,521,958	4,541,407
8,624,307	27,045,612	29,242,264
OPERATING EXPENSES:		
8,841,358	9,366,823	9,924,491
8,274,853	2,761,815	3,259,994
8,970,316	5,129,268	4,851,844
82,048	13,560	39,278
8,470,507	3,421,153	3,044,584
848,338	659,652	529,230
8,359,031	1,145,779	1,949,019
8,337,778	4,176,401	3,466,397
8,408,526	-0-	-0-
8,592,755	26,674,451	27,064,837
8,031,552	371,161	2,177,427
877,860	731,951	414,551
8,050,908	-0-	-0-
(291,424)	(73,157)	356,787
8,668,896	1,029,955	2,948,765
8,470,000	715,900	1,360,000
55,000	3,000	6,000
8,143,896	311,055	1,582,765
UNAPPROPRIATED RETAINED EARNINGS,		
8,951,875		13,951,875
41,339		41,339
8,993,214	16,131,833	13,993,214
8,613,710		
(5,277)		
8,131,833	\$16,442,888	\$15,575,979

THE PACIFIC CORPORATION AND SUBSIDIARIES
 CONSOLIDATING BALANCE SHEET
 AS OF SEPTEMBER 30, 1973

<u>ASSETS</u>	<u>The Pacific Corporation</u>	<u>Air America, Inc. (Consolidated)</u>	<u>The Pacific Services Company Limited</u>	<u>Eliminations</u>	<u>The Pacific Corporation (Consolidated)</u>
Current Assets:					
Cash:					
United States Dollars	\$ 37,966	\$ 1,121,296			\$ 1,159,262
Other Currencies		1,313,011	7,983		1,320,994
United States Government Securities, at Cost, Plus Accrued Interest	16,507,065	1,914,802		274,025	18,695,892
Accounts Receivable:		5,014,757			5,014,757
United States Government General Traffic		135,262			135,262
Associated Companies		823,482	1,184	(824,666)	-0-
Company Personnel		103,511			103,511
Other	823,482	1,042,346			1,865,828
Less: Reserve for Uncollectable Accounts		(37,105)			(37,105)
Inventories at Average Cost:					
Flight Equipment, Expendable Parts		1,679,312			1,679,312
Miscellaneous Materials and Supplies		698,318			698,318
Materials in Transit		305,414			305,414
Short-term Prepayments		712,774			712,774
Other Current Assets		1,170,347	5,245		1,175,592
Total Current Assets	<u>17,368,513</u>	<u>15,997,527</u>	<u>14,412</u>	<u>(550,641)</u>	<u>32,829,811</u>
Investment and Notes Receivable:					
Notes Receivable, Long Term		3,125,000			3,125,000
Cash Segregated for Employees' Savings		104,564			104,564
United States Government Securities, at Cost on Deposit as Required by U.S. Department of Labor for Workmen's Compensation					
Self-Insurance		1,055,222			1,055,222
Other Investments	-7,355	81,586			88,941
Operating Property and Equipment, at Cost:					
Flight Equipment		28,290,450			28,290,450
Less: Reserves for Depreciation		(18,775,434)			(18,775,434)
Ground Property and Equipment		7,006,379	3,060		7,009,439
Less: Reserves for Depreciation		(4,834,702)	(578)		(4,835,280)
Leasehold Improvements, Less Amortization		18,241			18,241
Land		112,440			112,440
Construction Work-in-progress		148,958			148,958
Equipment and Rotable Parts in Transit		90,275			90,275
Other Assets	3,762,095	138,176	1,649	(3,762,095)	139,825
TOTAL ASSETS	<u>\$21,137,963</u>	<u>\$32,558,682</u>	<u>\$18,543</u>	<u>\$ (4,312,736)</u>	<u>\$49,402,452</u>

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CONSOLIDATING BALANCE SHEET
AS OF SEPTEMBER 30, 1973

<u>LIABILITIES</u>	<u>The Pacific Corporation</u>	<u>Air America, Inc. (Consolidated)</u>	<u>Thai Pacific Services Company Limited</u>	<u>Eliminations</u>	<u>Air Pacific Corporation (Consolidated)</u>
Current Liabilities:					
Accounts Payable:					
General	\$	\$ 1,201,784	\$	\$	\$ 1,201,784
Collections as Agent - Traffic		1,208,064			1,208,064
Collections as Agent - Other		152,890			152,890
Associated Companies	823,482	1,184		(824,666)	-0-
Accrued Liabilities:					
Personnel Compensation		1,846,113			1,846,113
Accrued Leave and Transportation -					
Current Portion		3,029,802			3,029,802
Accrued Separation Benefits		512,324			512,324
United States and Foreign Taxes	60,950	1,237,772			1,298,722
Aircraft Fuel and Oil		196,474			196,474
Aircraft Maintenance		1,889,519			1,889,519
Other		882,262			882,262
Total Current Liabilities	<u>884,432</u>	<u>12,158,188</u>		<u>(824,666)</u>	<u>12,217,954</u>
Estimated Liability for Employee Termination and Retirement Obligations		1,482,085			1,482,085
Accrued Leave and Transportation - Non-Current Portion		918,058			918,058
Accrued Employee Personal Effects Shipments - Non-Current Portion		1,131,843			1,131,843
Employees' Savings Liability		104,564			104,564
Estimated Liability Under the Longshoremen's and Harbor Workers' Compensation Act		485,372			485,372
Deferred Income Taxes		1,334,161			1,334,161
TOTAL LIABILITIES	<u>884,432</u>	<u>17,614,271</u>		<u>(824,666)</u>	<u>17,674,037</u>
<u>STOCKHOLDER EQUITY</u>					
Capital Stock (\$10,000), no par value, Donated Capital and Paid-in Capital in Excess of Declared Value of Capital Stock	13,159,223	3,750,000	12,095	(3,762,095)	13,159,223
Retained Earnings:					
Appropriated		2,126,304			2,126,304
Unappropriated	7,094,308	9,068,107	6,448	274,025	16,442,888
TOTAL STOCKHOLDER EQUITY	<u>20,253,531</u>	<u>14,944,411</u>	<u>18,543</u>	<u>(3,488,070)</u>	<u>31,728,415</u>
TOTAL LIABILITIES AND STOCKHOLDER EQUITY	<u>\$21,137,963</u>	<u>\$32,558,682</u>	<u>\$ 18,543</u>	<u>\$ (4,312,736)</u>	<u>\$49,402,452</u>

THE PACIFIC CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATING RESULTS & RETAINED EARNINGS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 1973

	The Pacific Corporation	Air America, Inc. (Consolidated)	Thai Pacific Services Company Limited	Eliminations	The Pacific Corporation (Consolidated)
OPERATING REVENUES:					
Transport:					
Charter	\$	\$ 715	\$	\$	\$ 715
Contract		21,502,456			21,502,456
Sub-Contract - CAL		720,091			720,091
Total Transport Revenues		<u>22,223,262</u>			<u>22,223,262</u>
Commissions and Other Revenues		60,744	12,248		72,992
Aircraft Rental Income		227,400			227,400
Maintenance Contracts		4,521,958			4,521,958
TOTAL OPERATING REVENUES		<u>27,033,364</u>	<u>12,248</u>		<u>27,045,612</u>
OPERATING EXPENSES:					
Flying Operations		9,366,823			9,366,823
Maintenance		2,761,815			2,761,815
Passenger, Aircraft and Traffic Servicing		5,129,268			5,129,268
Promotion and Sales		13,560			13,560
General Administrative	103,774	3,309,585	7,794		3,421,153
Sub-Contract Expenses - CAL		659,652			659,652
Depreciation and Amortization		1,145,779			1,145,779
Expenses Allocated to Maintenance Contracts		4,176,401			4,176,401
TOTAL OPERATING EXPENSES	<u>103,774</u>	<u>26,562,883</u>	<u>7,794</u>		<u>26,674,451</u>
NET OPERATING INCOME	(103,774)	470,481	4,454		371,161
Interest Income	276,408	455,543			731,951
Other Income (Expense), Net		(232,401)		159,244	(73,157)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	<u>172,634</u>	<u>693,623</u>	<u>4,454</u>	<u>159,244</u>	<u>1,029,955</u>
Provision for Income Taxes:					
United States	82,900	633,000			715,900
Foreign		3,000			3,000
NET INCOME (LOSS)	<u>89,734</u>	<u>57,623</u>	<u>4,454</u>	<u>159,244</u>	<u>311,055</u>
UNAPPROPRIATED RETAINED EARNINGS, BEGINNING OF YEAR	(2,426)	16,017,484	1,994	114,781	16,131,833
Dividend Income	7,007,000			(7,007,000)	
Dividends - \$35.00/share		(7,007,000)		7,007,000	
UNAPPROPRIATED RETAINED EARNINGS, END OF QUARTER	<u>\$ 7,094,308</u>	<u>\$ 9,068,107</u>	<u>\$ 6,448</u>	<u>\$ 274,025</u>	<u>\$16,442,888</u>

INTERCOMPANY CONTRACTS
CONSOLIDATED BALANCE SHEET

As of March 31, 1973	As of September 30, 1973	As of September 30, 1972
<u>Assets</u>		
<u>Current Assets</u>		
232,663	Cash in the United States \$ 1,000,224	\$ 1,321,397
655,870	Cash in Other Countries 1,417,575	677,454
888,533	Total 2,417,799	1,998,851
117,191	Less Saving Segregation 104,564	118,974
771,342	Net Cash 2,313,235	1,879,877
<u>Accounts Receivable:</u>		
583,002	United States Government 5,014,757	4,197,426
90,151	General Traffic - Airlines 21,753	120,280
126,262	General Traffic - Other 113,509	166,201
129,873	Company Personnel 83,344	81,570
138,081	Other 930,730	209,007
067,369	Total Accounts Receivable 6,164,093	4,774,484
(37,600)	Less: Allowance for Doubtful Accounts (37,105)	(33,968)
029,769	Total Accounts Receivable - Net 6,126,988	4,740,516
2,110,271	Flight Equipment - Expendable Parts 1,679,312	2,426,669
298,007	Materials, Supplies & Equipment in Transit 305,414	260,469
577,111	Miscellaneous Materials and Supplies 698,318	680,358
984,773	Work in Process 1,170,347	736,079
441,838	Short-Term Prepayments 619,760	282,864
213,111	Total Current Assets 12,913,374	11,006,832
4,424,700	<u>Air America, Inc. - Far East Accounts</u>	
	With Air America, Inc. - Home Office -	5,759,399
<u>Investments and Special Funds:</u>		
117,191	For Employee Savings 104,564	118,974
68,706	Other Investments 63,409	70,411
185,897	Total Investments and Special Funds 167,973	189,385
<u>Operating Property & Equipment:</u>		
6,972,909	Flight Equipment 24,520,475	31,350,287
8,484,148	Less: Reserves for Depreciation (17,402,617)	(20,312,218)
7,021,809	Ground Property & Equipment 7,006,379	7,139,392
4,693,357	Less: Reserves for Depreciation (4,834,702)	(4,649,264)
28,677	Unamortized Leasehold Improvements 18,241	29,072
112,440	Land 112,440	112,440
16,748	Construction Work in Progress 148,958	84,857
97,940	Rotable Parts & Equipment in Transit 90,275	220,117
1,073,018	Total Operating Property & Equipment - Net 9,659,449	13,974,683
126,672	<u>Deferred Charges</u> 116,505	72,655
7,023,398	Total Assets \$22,857,301	\$31,002,954

INTERCOMPANY CONTRACTS
CONSOLIDATED BALANCE SHEET

As of
September 30, 1973

As of
September 30, 1972

Liabilities & Equity in Net Assets

Current Liabilities

Accounts Payable:

General	\$ 1,202,968	\$ 1,165,539
Collections as Agent - Traffic	1,208,064	1,541,147
Collections as Agent - Other	<u>152,890</u>	<u>241,669</u>
Total Accounts Payable	2,563,922	2,948,355

Accrued Personnel Compensation	1,846,113	2,125,828
Accrued Separation Benefits	512,324	-
Accrued Leave Liabilities	2,918,677	2,698,130
Accrued Taxes	126,848	189,540
Reserve for Self Insurance	(31,373)	287,332
Other Current Liabilities	874,645	962,157
Accrued Aircraft Fuels & Oils	196,474	63,220
Accrued Aircraft Maintenance	<u>1,889,519</u>	<u>2,929,751</u>
Total Current Liabilities	<u>10,897,149</u>	<u>12,204,313</u>

Air America, Inc. - Far East

<u>Accounts with Air America, Inc. -</u>		
Home Office	<u>3,857,756</u>	<u>-</u>

Non-Current Liabilities

Employee' Savings Liability		
Funded	104,564	118,974
Accrued Leave Liabilities	918,058	1,106,749
Accrued Retirement Contribution	1,482,085	1,278,330
Employee Personal Effects		
Repatriation Shipments	1,131,843	1,128,600
Reserve for Longshoremen's		
Harbor Worker's Compensation	<u>485,372</u>	<u>579,442</u>
Total Non-Current		
Liabilities	<u>4,121,922</u>	<u>4,212,095</u>
Total Liabilities	<u>18,876,827</u>	<u>16,416,408</u>

Equity in Net Assets

Air Asia Company Limited	3,147,071	9,982,911
Civil Air Transport Company Ltd.	-	-
Air America, Inc.	793,993	4,573,625
Air America Limited	<u>39,410</u>	<u>30,010</u>
Total Net Assets	<u>3,980,474</u>	<u>14,586,546</u>

Total Liabilities and Net
Assets

<u>\$22,857,301</u>	<u>\$31,002,954</u>
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INTERCOMPANY CONTRACTS
CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES

For the One Month Ended September 30, 1973 - 1972			For the Six Months Ended September 30, 1973 - 1972		
Actual	Forecast	Last Year Actual	Actual	Forecast	Last Year Actual
Transport and Other Operations Revenues					
	\$ -0-	\$ 715	\$ 715	\$ -0-	\$ 715
2,233,000	2,233,000	3,914,611	21,502,456	15,737,000	23,456,132
70,000	70,000	70,486	720,091	420,000	563,356
-0-	-0-	12,807	48,526	30,000	119,154
5,000	5,000	10,862	2,174	30,000	92,829
-0-	-0-	-0-	-0-	-0-	220,993
-0-	-0-	1,859	10,044	-0-	20,278
2,308,000	2,308,000	4,011,340	22,284,006	16,217,000	24,473,457
Expenses					
1,152,000	1,152,000	1,530,903	9,366,823	8,120,000	9,924,491
323,000	323,000	574,460	2,761,815	2,476,000	3,259,994
24,000	24,000	22,345	124,881	150,000	234,182
650,000	650,000	709,942	4,581,900	4,085,000	4,250,939
32,000	32,000	57,521	422,487	255,000	366,723
-0-	-0-	7,672	13,560	19,000	36,760
-0-	-0-	413	-0-	3,000	2,518
2,181,000	2,181,000	2,903,256	17,271,466	15,108,000	18,075,607
66,000	66,000	66,496	659,652	396,000	529,230
2,247,000	2,247,000	2,969,752	17,931,118	15,504,000	18,604,837
61,000	61,000	1,041,588	4,352,888	713,000	5,868,620
Customer Maintenance Sales					
752,000	752,000	475,791	3,387,174	4,512,000	4,017,616
-0-	-0-	-0-	-0-	-0-	130,962
78,000	78,000	70,544	1,134,784	468,000	392,829
830,000	830,000	546,335	4,521,958	4,980,000	4,541,407
644,000	644,000	496,379	4,176,401	3,864,000	3,466,397
186,000	186,000	49,956	345,557	1,116,000	1,075,010
General Expenses					
538,000	538,000	561,508	3,278,212	3,429,000	3,331,816
186,000	186,000	317,031	979,264	1,140,000	1,782,505
724,000	724,000	878,539	4,257,476	4,569,000	5,114,321
(259,792)	(477,000)	213,005	440,969	(2,740,000)	1,829,309
3,728	-0-	63,127	151,360	-0-	399,339
(256,064)	(477,000)	\$ 276,132	\$ 592,329	(2,740,000)	\$ 2,228,648
(119,462)	\$ -0-	\$ (150,375)	\$ (222,272)	\$ -0-	\$ (21,659)
-0-	-0-	-0-	-0-	-0-	-0-
(140,071)	-0-	424,540	793,993	-0-	2,239,930
3,469	-0-	1,967	20,608	-0-	10,377
(256,064)	(477,000)	\$ 276,132	\$ 592,329	(2,740,000)	\$ 2,228,648

AIR ASIA COMPANY LIMITED
BALANCE SHEET

<u>ASSETS</u>	As of <u>September 30, 1973</u>	As of <u>September 30, 1972</u>
<u>Current Assets:</u>		
Cash in the United States	\$ 381,986	\$ 282,365
Cash in Other Countries	385,152	96,653
Total	767,138	379,018
Less: Savings Segregation	104,564	118,974
Net Cash	662,574	260,044
<u>Accounts Receivable:</u>		
United States Government	1,182,917	630,691
General Traffic - Airlines	1,181	56,938
General Traffic - Other	74,407	128,535
Company Personnel	18,600	19,832
Other	815,164	72,403
Total Accounts Receivable	2,092,269	908,399
Less: Allowance for Doubtful Accounts	(27,200)	(28,731)
Total Accounts Receivable - Net	2,065,069	879,668
Light Equipment - Expendable Parts	765,029	959,302
Materials, Supplies and Equipment in Transit	285,871	258,398
Miscellaneous Materials and Supplies	597,493	610,872
Work in Process	1,096,705	696,878
Short-Term Prepayments	161,153	99,659
Total Current Assets	5,633,894	3,764,821
<u>Investments and Special Funds:</u>		
For Employee Savings	104,564	118,974
Other Investments	59,256	66,256
Total Investments and Special Funds	163,820	185,230
<u>Operating Property and Equipment:</u>		
Light Equipment	800,103	2,440,270
Less: Reserves for Depreciation	(686,390)	(2,122,065)
Ground Property and Equipment	5,233,028	5,237,254
Less: Reserves for Depreciation	(3,791,932)	(3,624,721)
Amortized Leasehold Improvements	16,189	6,403
and	112,440	112,440
Construction Work in Progress	82,271	53,231
Total Operating Property and Equipment - Net	1,765,709	2,102,812
<u>Accrued Charges</u>	86,236	41,316
Equity in Intercompany Transactions	2,666,013	8,429,120
TOTAL ASSETS	\$ 10,315,672	\$ 14,523,299

AIR ASIA COMPANY LIMITED
BALANCE SHEET

<u>LIABILITIES AND STOCKHOLDER EQUITY</u>	As of <u>September 30, 1973</u>	As of <u>September 30, 1972</u>
<u>Current Liabilities:</u>		
Accounts Payable:		
General	\$ 280,852	\$ 488,383
Collections As Agent - Other	87,485	88,831
Associated Companies	<u>3,929,344</u>	<u>892,118</u>
Total Accounts Payable	4,297,681	1,469,332
Accrued Personnel Compensation	573,524	442,958
Accrued Separation Benefits	512,324	-0-
Accrued Leave Liabilities	418,234	466,818
Accrued Taxes	118,582	183,192
Reserve for Self-Insurance	6,628	39,380
Other Current Liabilities	175,865	244,901
Accrued Aircraft Fuels and Oils	5,218	7,854
Accrued Aircraft Maintenance	-0-	<u>392,515</u>
Total Current Liabilities	<u>6,108,056</u>	<u>3,246,950</u>
<u>Non-Current Liabilities:</u>		
Employees' Savings Liability Funded	104,564	118,974
Accrued Leave Liabilities	151,796	213,821
Accrued Retirement Contributions	693,362	854,203
Employee Personal Effects Repatriation Shipments	110,823	106,440
Total Non-Current Liabilities	<u>1,060,545</u>	<u>1,293,438</u>
Total Liabilities	<u>7,168,601</u>	<u>4,540,388</u>
<u>Stockholder Equity</u>		
Capital Stock 608,000 Shares at Par Value NT\$100.00	1,535,723	1,535,723
Statutory Reserve	616,304	611,027
Retained Earnings	<u>995,044</u>	<u>7,836,161</u>
Total Stockholder Equity	<u>3,147,071</u>	<u>9,982,911</u>
Total Liabilities and Stockholder Equity	<u>\$10,315,672</u>	<u>\$14,523,299</u>

AIR ASIA COMPANY LIMITED
STATEMENT OF REVENUES AND EXPENSES
AND RETURNED EARNINGS

For the Month Ended Sept 30, 1973	For the One Month Ended Sept 30, 1972		For the Six Months Ended Sept 30, 1973	For the Six Months Ended Sept 30, 1972
		<u>Flying Operations</u>		
		<u>Revenues:</u>		
-0-	\$ 24,881	Contract Flying	\$ -0-	\$ 229,664
-0-	16,002	Personnel Service - U.S. Government & Other	-0-	142,548
2,050	1,300	CHECO Maintenance	11,150	13,350
-0-	-0-	Ground Handling	-0-	43
2,083	3,472	Aircraft Rental	15,278	20,834
516	1,914	Other	3,231	18,877
<u>4,649</u>	<u>47,569</u>	Total Revenues	<u>29,659</u>	<u>425,316</u>
		<u>Expenses:</u>		
-0-	10,276	Flying Operations	-0-	77,748
-0-	270	Passenger Service	-0-	270
10,854	36,873	Aircraft Servicing	48,582	226,112
233	1,026	Traffic Servicing	1,930	6,437
<u>11,087</u>	<u>48,445</u>	Total Expenses	<u>50,512</u>	<u>310,567</u>
		Gross Profit - Flying Operations	(20,853)	114,749
		<u>Maintenance Operations</u>		
		<u>Sales:</u>		
474,963	374,350	U.S. Government	3,120,898	3,385,598
-0-	-0-	S.A.T.	-0-	130,592
154,087	206,300	Maintenance & Support Agreement	1,153,526	1,102,165
256,208	68,950	Other	1,086,235	387,510
885,258	649,600	Total Sales	5,360,659	5,005,865
907,385	623,120	Cost of Sales	5,111,912	4,212,589
(22,127)	26,480	Gross Profit - Maintenance Operations	248,747	793,276
		<u>General Expenses</u>		
1,930	155,692	General and Administrative	411,940	881,570
1,352	10,946	Depreciation and Amortization	15,312	63,011
3,282	166,638	Total General Expenses	427,252	944,581
(31,847)	(141,034)	Operating Income	(199,358)	(36,556)
(83,441)	2,716	Non-Operating Income - Net	2,405	28,985
(4,174)	(12,057)	Indemnity to Services Contract - Net	(25,319)	(14,088)
(119,462)	(150,375)	Income Before Income Taxes	(222,272)	(21,659)
1,114,506	7,986,536	Retained Earnings - Beginning of Period	7,905,316	7,857,820
-0-	-0-	Dividends - \$11.00/share	(6,688,000)	-0-
<u>\$ 995,044</u>	<u>\$7,836,161</u>	Retained Earnings - End of Period	<u>\$ 995,044</u>	<u>\$7,836,161</u>

AIR AMERICA, INC.
BALANCE SHEET

<u>ASSETS</u>	As of <u>September 30, 1973</u>	As of <u>March 31, 1973</u>
Cash and Cash Equivalents:		
United States	\$ 738,310	\$ 1,800,230
Foreign Countries	<u>1,027,357</u>	<u>306,889</u>
Total Cash	<u>1,765,667</u>	<u>2,107,119</u>
U.S. Government Securities, at Cost	<u>1,914,802</u>	<u>11,183,232</u>
Accounts Receivable:		
United States Government	3,831,840	4,405,335
General Traffic - Airlines	5,647	805
General Traffic - Other	8,736	16,028
Associated Companies	4,669,544	27,264
Other	<u>194,681</u>	<u>354,154</u>
Total Accounts Receivable	8,710,448	4,803,586
Less: Reserve for Uncollectable Accounts	(7,305)	(7,800)
Total Accounts Receivable - Net	<u>8,703,143</u>	<u>4,795,786</u>
Accrued Interest Receivable	<u>115,372</u>	<u>75,661</u>
Inventories:		
Flight Equipment Expendable Parts	914,283	1,364,047
Miscellaneous Materials & Supplies	100,825	4,177
Materials in Transit	19,543	67,375
Total Inventories	<u>1,034,651</u>	<u>1,435,599</u>
Work-in-Progress	73,642	109,823
Short-term Prepayments	<u>550,512</u>	<u>330,062</u>
Total Current Assets	<u>14,157,789</u>	<u>20,037,282</u>
Investments and Notes Receivable:		
Investment in Associated Companies	44,560	44,560
Other Investments	4,153	215,932
United States Government Securities, at Cost		
on Deposit as Required by U.S. Department of		
Labor for Workmen's Compensation Self-Insurance	1,055,222	1,039,775
Notes Receivable	<u>3,125,000</u>	<u>3,125,000</u>
Total Investments and Notes Receivable	<u>4,228,935</u>	<u>4,425,267</u>
Operating Property and Equipment:		
Flight Equipment	27,490,347	28,835,676
Less: Reserves for Depreciation	(18,089,044)	(17,960,190)
Ground Property and Equipment	1,754,620	1,715,419
Less: Reserves for Depreciation	(1,032,965)	(967,787)
Leasehold Improvements, Less Amortization	-0-	5,285
Construction Work-in-Progress	66,687	15,583
Rotable Parts & Equipment in Transit	<u>90,275</u>	<u>97,940</u>
Total Operating Property and Equipment	<u>10,279,920</u>	<u>11,741,926</u>
Other Assets	<u>48,979</u>	<u>46,632</u>
TOTAL ASSETS	<u><u>\$ 28,715,623</u></u>	<u><u>\$ 36,251,107</u></u>

AIR AMERICA, INC.
BALANCE SHEET

<u>LIABILITIES AND STOCKHOLDER EQUITY</u>	<u>As of</u> <u>September 30, 1973</u>	<u>As of</u> <u>March 31, 1973</u>
<u>Current Liabilities:</u>		
Accounts Payable:		
Accounts as Agent	\$ 799,515	\$ 259,990
Total Accounts Payable	<u>38,752</u>	<u>74,818</u>
Total	838,267	334,808
<u>Other Current Liabilities:</u>		
Compensation	1,257,807	1,090,790
Liabilities	2,589,098	2,647,066
Income Tax	1,126,924	2,393,085
Other Taxes	5,028	20,379
Reserve For Self-Insurance	(38,613)	-0-
Aircraft Fuel and Oil	191,256	68,218
Aircraft Maintenance	1,889,519	1,990,356
Other	<u>699,387</u>	<u>737,051</u>
Total Current Liabilities	<u>8,558,673</u>	<u>9,281,753</u>
<u>Non-Current Liabilities:</u>		
Estimated Liability for Employee Termination and Retirement Obligations	770,941	808,129
Accrued Leave Liabilities	760,356	748,891
Employee Personal Effects Shipments, Non-Current Portion	1,019,174	1,019,174
Estimated Liability Under the Longshoremen's and Harbor Workers' Compensation Act	485,372	485,372
Deferred Taxes	<u>1,334,161</u>	<u>2,333,395</u>
Total Non-Current Liabilities	<u>4,370,004</u>	<u>5,394,961</u>
TOTAL LIABILITIES	<u>12,928,677</u>	<u>14,676,714</u>
<u>Intercompany Transactions</u>	<u>3,987,262</u>	<u>9,750,369</u>
<u>Stockholder Equity:</u>		
Common Stock \$1 par value, \$10 started value, 400,000 shares authorized, 200,200 shares issued and outstanding	2,002,000	2,002,000
Paid-In Capital in excess of stated value	1,748,000	1,748,000
Retained Earnings	<u>8,049,684</u>	<u>8,074,024</u>
TOTAL STOCKHOLDER EQUITY	<u>11,799,684</u>	<u>11,824,024</u>
 TOTAL LIABILITIES AND STOCKHOLDER EQUITY	 <u>\$28,715,623</u>	 <u>\$36,251,107</u>

AIR AMERICA, INC.
STATEMENT OF OPERATING RESULTS
AND RETAINED EARNINGS

	For the Six Months Ended September 30, 1973	For the Twelve Months Ended March 31, 1973
<u>Transport and Other Operations:</u>		
Flight Flying	\$15,890,163	\$33,297,393
Crew Service	5,601,143	12,352,607
Sub-Contract	720,091	1,431,990
Ground Handling	304	123,917
Aircraft Rental	227,400	873,952
Other	36,221	57,116
Total Revenues	<u>22,475,322</u>	<u>48,136,975</u>
<u>Expenses:</u>		
Flying Operations	9,382,101	20,063,840
Direct Maintenance	2,845,440	5,994,723
Passenger Service	124,881	360,331
Aircraft Servicing	4,504,376	8,476,770
Traffic Servicing	410,497	736,541
CAL Sub-Contract Expenses	659,652	1,315,096
Total Expenses	<u>17,926,947</u>	<u>36,947,301</u>
Gross Profit - Transport and Other Operations	<u>4,548,375</u>	<u>11,189,674</u>
<u>Customer Maintenance:</u>		
Sales	3,390,938	8,360,642
Cost of Sales	<u>3,230,397</u>	<u>7,742,064</u>
Gross Profit - Customer Maintenance	<u>160,541</u>	<u>618,578</u>
<u>General Expenses:</u>		
General and Administrative	2,873,831	6,319,906
Depreciation and Amortization	<u>1,127,373</u>	<u>3,513,053</u>
Total General Expenses	<u>4,001,204</u>	<u>9,832,959</u>
NET OPERATING INCOME	707,712	1,975,293
Gain on Sale of Boeing 727s	-0-	2,050,908
Non-operating Income (Expense) - Net	239,212	433,482
INCOME BEFORE PROVISION FOR INCOME TAXES	<u>946,924</u>	<u>4,459,683</u>
Provision for Income Taxes	652,000	2,469,772
NET INCOME	294,924	1,989,911
Retained Earnings, Beginning of Period	8,074,024	6,084,113
DIVIDEND INCOME	6,687,736	
Dividends \$35.00/Share	(7,007,000)	
Retained Earnings, End of Period	<u>\$ 8,049,684</u>	<u>\$ 8,074,024</u>

AIR AMERICA, INC. - FAR EAST ACCOUNTS
BALANCE SHEET

	As of <u>September 30, 1973</u>	As of <u>September 30, 1972</u>
United States	\$ 617,238	\$ 1,038,032
Other Countries	<u>1,027,357</u>	<u>543,749</u>
Cash	<u>1,644,595</u>	<u>1,581,781</u>
Accounts Receivable:		
U.S. Government	3,831,840	3,398,035
Traffic - Airlines	5,647	36,349
Traffic - Other	8,736	25,578
Associated Companies	3,846,062	676,504
Personnel	63,537	61,619
Other	<u>114,733</u>	<u>119,914</u>
Total Accounts Receivable	7,870,555	4,317,999
Less: Allowance for Doubtful Accounts	(7,305)	(2,881)
Total Accounts Receivable - Net	<u>7,863,250</u>	<u>4,315,118</u>
Flight Equipment - Expendable Parts	914,283	1,467,367
Materials, Supplies & Equipment in Transit	19,543	2,071
Miscellaneous Materials and Supplies	100,825	69,486
Work in Process	73,642	39,201
Short-Term Prepayments	<u>457,498</u>	<u>179,987</u>
Total Current Assets	<u>11,073,636</u>	<u>7,655,011</u>
Air America, Inc. - Far East Accounts with Air America, Inc. - Home Office	-	5,759,399
Investments and Special Funds	<u>4,153</u>	<u>4,155</u>
Operating Property and Equipment:		
Flight Equipment	23,720,372	28,910,017
Less: Reserves for Depreciation	(16,716,227)	(18,190,153)
Ground Property and Equipment	1,754,620	1,865,668
Less: Reserves for Depreciation	(1,032,965)	(1,003,830)
Unamortized Leasehold Improvements	-	22,669
Construction Work in Progress	66,687	29,895
Rotable Parts and Equipment in Transit	<u>90,275</u>	<u>220,117</u>
Total Operating Property and Equipment - Net	<u>7,882,762</u>	<u>11,854,383</u>
Deferred Charges	<u>27,308</u>	<u>29,638</u>
Total Assets	<u><u>\$18,987,859</u></u>	<u><u>\$25,302,586</u></u>

AIR AMERICA, INC. - FAR EAST ACCOUNTS
STATEMENT OF REVENUES AND EXPENSES

For the
One Month Ended
Sept 30, 1973

For the
One Month Ended
Sept 30, 1972

For the
Six Months Ended
September 30, 1973

For the
Six Months Ended
September 30, 1972

Transport and Other Operations

		<u>Revenues:</u>		
\$2,141,139	\$2,777,169	Contract Flying	\$15,890,163	\$15,876,548
843,856	1,095,259	Personnel Service	5,601,143	7,194,022
73,298	70,486	Sub-contract	720,091	563,356
-	10,457	Ground Handling	304	90,132
-	-	Aircraft Rental	-	220,993
6,155	4,890	Other	36,221	28,986
<u>3,064,448</u>	<u>3,958,261</u>	Total Revenues	<u>22,247,922</u>	<u>23,974,037</u>
		<u>Expenses:</u>		
1,403,278	1,524,099	Flying Operations	9,382,101	9,867,261
456,416	585,908	Direct Maintenance	2,845,440	3,321,021
24,761	22,075	Passenger Service	124,881	233,912
743,598	669,761	Aircraft Servicing	4,504,376	4,007,999
72,133	54,144	Traffic Servicing	410,497	347,255
<u>2,700,186</u>	<u>2,855,987</u>	Sub-Total Expenses	<u>17,267,295</u>	<u>17,777,448</u>
47,709	66,496	Sub-Contract Expenses	659,652	529,230
<u>2,747,895</u>	<u>2,922,483</u>	Total Expenses	<u>17,926,947</u>	<u>18,306,678</u>
		Gross Profit - Transport & Other Operations	<u>4,320,975</u>	<u>5,667,359</u>
316,553	1,035,778	<u>Customer Maintenance</u>		
		Sales	3,390,938	4,009,344
548,903	473,528	Cost of Sales	<u>3,230,397</u>	<u>3,666,583</u>
<u>507,036</u>	<u>438,604</u>	Gross Profit - Customer Maintenance	<u>160,541</u>	<u>342,761</u>
41,867	34,924	<u>General Expenses</u>		
		General and Administrative	2,873,831	2,410,243
443,298	399,648	Depreciation and Amortization	960,858	1,718,391
<u>141,386</u>	<u>305,715</u>	Total General Expenses	<u>3,834,689</u>	<u>4,128,634</u>
584,684	705,363	Operating Income - Net	646,827	1,881,486
(226,264)	365,339	Non-Operating Income - Net	<u>147,166</u>	<u>358,444</u>
<u>86,193</u>	<u>59,201</u>	Income Before Income Taxes	<u>\$ 793,993</u>	<u>\$ 2,239,930</u>
<u>\$(140,071)</u>	<u>\$ 424,540</u>			

AIR AMERICA, INC. - HOME OFFICE ACCOUNTS
BALANCE SHEET
AS OF SEPTEMBER 30, 1973

ASSETS

Current Assets:		
U. S. Government securities at cost		\$ 121,072
Accrued interest - U. S. Government securities		1,914,802
Accrued interest - other		2,187
Accounts receivable		113,185
Total Current Assets		<u>1,734,761</u>
Air America, Inc. - Home Office Transactions with Air America, Inc.		3,886,007
Charter Agreement		3,849,895
U. S. Government securities, at cost, on deposit as required by the U. S. Department of Labor for Workmen's Compensation self-insurance		1,055,222
Notes receivable - other		3,125,000
Investment in associated companies		44,560
Flight equipment	\$ 3,769,975	
Less: Reserves for depreciation	<u>1,372,817</u>	2,397,158
Other assets		<u>21,671</u>
TOTAL ASSETS		<u>\$ 14,379,513</u>

LIABILITIES

Current Liabilities:		
Accrued Federal income taxes		\$ 1,126,924
Accrued Leave Liabilities		111,125
Accrued Liabilities - other		7,619
Total Current Liabilities		<u>1,245,668</u>
Deferred Taxes		<u>1,334,161</u>
TOTAL LIABILITIES		<u>2,579,829</u>

STOCKHOLDER EQUITY

Common stock, \$1 par value, \$10 stated value, 400,000 shares authorized, 200,200 shares issued and outstanding	2,002,000
Paid-in capital in excess of stated value	1,748,000
Retained Earnings	<u>8,049,684</u>
TOTAL STOCKHOLDER EQUITY	<u>11,799,684</u>
TOTAL LIABILITIES AND STOCKHOLDER EQUITY	<u>\$ 14,379,513</u>

STATEMENT OF OPERATING RESULTS AND RETAINED EARNINGS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 1973

OPERATING REVENUES:		
Aircraft rentals		\$ 227,400
Corporate and fiscal fee		793,993
		<u>1,021,393</u>
OPERATING EXPENSES:		
Depreciation		166,515
NET OPERATING INCOME:		<u>854,878</u>
Interest Income		455,543
Loss on sale of securities		(424,597)
Other income and (expense) - net		61,100
NET INCOME BEFORE PROVISION FOR INCOME TAXES		<u>946,924</u>
Provision for income taxes		652,000
NET INCOME AFTER PROVISION FOR INCOME TAXES		<u>294,924</u>
RETAINED EARNINGS, APRIL 1, 1973		8,074,024
DIVIDEND INCOME		6,687,736
DIVIDENDS - \$35.00/Share		(7,007,000)
RETAINED EARNINGS SEPTEMBER 30, 1973		<u>\$ 8,049,684</u>

INTERCOMPANY CONTRACTS
CONSOLIDATED STATEMENT OF OPERATING PROPERTY AND EQUIPMENT
FOR SIX MONTHS ENDED SEPTEMBER 30, 1973

	ASSETS AMOUNT				ALLOWANCES FOR DEPRECIATION & AMORTIZATION				Net Depreciated Balance Sept. 30, 1973
	Balance Beginning of Period	Additional	Sales Retirement & Adjustments	Balance End of Period	Balance Beginning of Period	Charges to Expenses Etc.	Sales Retirement & Adjustments	Balance End of Period	
Flight Equipment:									
Aircraft	\$17,054,105	\$ -	\$1,930,699	\$15,123,406	\$12,552,248	\$ 382,463	\$1,506,510	\$11,428,201	\$3,695,205
Aircraft Engines	2,615,462	9,312	112,054	2,512,720	1,595,864	127,245	66,963	1,656,146	856,574
Aircraft Propellers	313,426	11,302	18,634	306,094	236,265	(372)	5,255	230,638	75,456
Aircraft Communications & Navigational	2,404,758	24,644	181,813	2,247,589	1,868,469	42,960	113,042	1,798,387	449,202
Miscellaneous Flight	633,830	-	86,377	547,453	492,793	13,417	58,363	447,847	99,606
Rotable Parts & Assemblies	3,951,328	306,714	474,829	3,783,213	1,738,509	235,751	132,862	1,841,398	1,941,815
Total Flight Equipment	26,972,909	351,972	2,804,406	24,520,475	18,484,148	801,464	1,882,995	17,402,617	7,117,858
Ground Equipment:									
Ramp	70,960	\$ -	8,203	62,757	49,537	2,187	7,316	44,408	18,349
Communication & Meteorological	451,896	12,815	7,372	457,339	223,845	15,780	1,664	237,961	219,378
Maintenance & Engineering	3,708,487	36,635	27,055	3,718,067	2,391,563	114,079	11,388	2,494,254	1,223,813
Surface Transport Vehicles	336,659	8,965	31,970	313,654	262,789	6,782	21,882	247,689	65,965
Furniture, Fixtures & Office Equipment	885,978	9,649	29,601	866,026	507,357	31,856	19,791	519,422	346,604
Miscellaneous Ground Equipment	27,408	-	(15,178)	42,586	20,404	3,613	(6,085)	30,102	12,484
Building & Improvements	1,540,421	24,830	19,301	1,545,950	1,237,862	23,543	539	1,260,866	285,084
Total Ground Equipment	7,021,809	92,894	108,324	7,006,379	4,693,357	197,840	56,495	4,834,702	2,171,677
Leasehold Improvements	1,276,276	1,061	(1,566)	1,278,903	1,247,599	13,063	-	1,260,662	18,241
Land	112,440	-	-	112,440	-	-	-	-	112,440
Construction Work in Progress-Net	16,748	132,210	-	148,958	-	-	-	-	148,958
Rotable Parts and Equipment in Transit	97,940	(7,665)	-	90,275	-	-	-	-	90,275
Total Operating Property & Equipment - Net	\$35,498,122	\$570,472	\$2,911,164	\$33,157,430	\$24,425,104	\$1,012,367*	\$1,939,490	\$23,497,981	\$9,659,449

* Charged To: Automotive Transportation Expenses \$ 77
Depreciation & Amortization 860,816
In Process and Inventory 151,474
\$1,012,367