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CHARTERED ACCOUNTANTS

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LIQUIDATOR'S FIRST REPORT

(pursuant to section 255 of the Companies Act 1993)

to the Creditors and Shareholders of

CARGO SYSTEMS INTERNATIONAL Limited (In Liquidation)

Richard Agnew and Vivian Fatupaito were appointed Liquidators of the above company pursuant to an order of the High Court at Auckland on 3 October 2002.

On 9 October 2002 Richard Agnew and Vivian Fatupaito resigned as Liquidators and appointed Gerard Hulst, Chartered Accountant of Auckland, in their stead pursuant to section 283 (2) of the Companies Act 1993.

The Liquidator takes no responsibility for any misinformation contained in this report that has been supplied by the company, its officers or other persons.

COMPANY INFORMATION

Company Number : AK 356806

Date of Incorporation : 19 November 1987

Trading Address : 1 / 197 Montgomerie Road, Mangere

Type of Business : Freight Forwarding / Customs Agency

Date trading ceased : unknown

Share Capital : 10, 000 shares

Share parcels :

P & H Dittmer Development Ltd	5,100 shares
Christopher Grace	4,900 shares

Directors :

Harold DITTMER

Christopher Shaun Whitfield GRACE

Peter Alan BAMBERGER

Kathryn Andrea ROSS

High Court Reference : M1024 – IM02

Petitioning Creditor : The company was placed in Liquidation on the petition of The Commissioner of Inland Revenue for \$4,576,220.95 being GST. Costs of \$1,820.00 plus disbursements of \$1,286.80 were awarded.

A statement of the company's financial position (assets and liabilities) at the date of liquidation is included with this report.

OBSERVATIONS

The company's accountant has advised that the company acted for clients importing books. The company paid the GST to Customs and then claimed the GST back from the IRD. The clients did not pay GST. The clients were entities associated with the Directors.

The Inland Revenue debt arose as a result of a GST audit of the company.

I have been advised that Harold Dittmer was the main Director and all questions should be addressed to him. The company's accountant has advised that Mr Dittmer resides in Australia, however he is due in New Zealand on 22 November 2002. I have asked Mr Dittmer to contact me to arrange an interview and to hand over the records of the company.

COMPANIES WITH WHICH THE DIRECTORS HAVE AN ASSOCIATION

Harold Dittmer is a Director of	P & H Dittmer Development Ltd Co Load Masters Ltd Multi Freight Ltd Book Systems International Ltd
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Peter Bamberger is a Director of	Transdata Corporation Ltd
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Christopher Grace is a Director of	Transdata Corporation Ltd ICOS Group Ltd ICOS Ltd
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Kathryn Ross is a Director of	Transdata Corporation Ltd ICOS Group Ltd ICOS Ltd
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FINANCIAL INFORMATION

The last set of financial accounts for the company were for the year ended 31 March 2001 and were completed by Wilson Partners Limited, Chartered Accountants.

Assets and Liabilities identified by the Liquidator are :

	Estimated Realisable Value
<u>Assets</u>	
Nil	
<u>Liabilities</u>	
IRD debt as per petition	\$ 4,756,168.94

PROPOSALS FOR CONDUCTING THE LIQUIDATION

DISPOSAL OF ASSETS

There are no known assets to dispose.

OTHER ACTIONS OF THE LIQUIDATOR

I will conduct an investigation into the affairs of the company;

- a) To determine the date of insolvency
- b) To determine the conduct of the Directors
- c) To establish whether the directors owe any money to the company and to pursue recovery thereof.
- d) To determine if there are any voidable transactions and to pursue recovery thereof.

ESTIMATED COMPLETION DATE

The administration is expected to be completed by 31 October 2003, subject to any court actions.

PROSPECT OF DIVIDEND

There will be no dividend to unsecured creditors unless some form of recovery from the Directors is successful.

NOTICE REGARDING MEETINGS

Having regard to the assets and liabilities of the company, the likely result of the liquidation and other relevant matters, the Liquidator considers in accordance with section 245 of the Companies Act 1993 that no meeting of creditors should be held at this time.

Consequently, a meeting of creditors will not be held unless within 14 days after receiving this notice a creditor gives notice in writing to the Liquidator requiring a meeting to be called.

LIQUIDATION COMMITTEE

At any time during the liquidation, any creditor may in writing request the Liquidator to call a meeting of creditors to consider whether a Liquidation Committee should be appointed, and if so, to choose the members of the committee.

A Liquidation Committee has certain powers set out in s315 of the Companies Act 1993, including to assist the Liquidator as appropriate in the conduct of the liquidation.

In the absence of a liquidation committee, the Liquidator will work closely with the petitioning creditor.

Gerard Hulst

Gerard Hulst
Liquidator

Dated this 31st day of October 2002.

UNSECURED CREDITOR'S CLAIM

Section 304(1) Companies Act 1993

Cargo Systems International Limited (In Liquidation)
 P.O Box 6901 Wellesley Street, Auckland 1

Name and postal address of creditor in full:

Telephone Number:

Facsimile Number:

Amount Claimed:

\$

I, _____

(title if claim is not on behalf of an individual) _____
 claim that the company was at the date it was put into liquidation indebted to the above named creditor for the amount claimed. We hold no security for the amount claimed.

PARTICULARS OF CLAIM			
Invoice Date	Invoice Number	Brief Description of Goods or Services Provided	Invoice Amount
<i>Attach separate sheet if space is insufficient</i>			

You are not required to attach any supporting documents at this stage, but you may attach them now, if you think it would expedite the processing of the claim. The liquidator may require the production of all documents.

WARNING: It is an offence under the Companies Act to make or authorise the making of, a claim that is false or misleading in a material particular knowing it to be false or misleading; or Omit, or authorise the omission from a claim of any matter knowing that the omission makes the claim false or misleading in a material particular.

Signed:

Date:

RESERVED FOR LIQUIDATOR'S DECISION

CLAIM ADMITTED FOR PAYMENT	OR	CLAIM REJECTED FOR PAYMENT
Preferential Claim	Ordinary Claim	Deferred Claim
\$ 	\$ 	\$
Signed Liquidator:	Dated:	