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LIQUIDATOR'S FIRST REPORT

(pursuant to section 255 of the Companies Act 1993)

to the Creditors and Shareholders of

MAINSTREAM CONSTRUCTION Limited (In Liquidation)

Richard Agnew and Vivian Fatupaito of PricewaterhouseCoopers were appointed Liquidator of the above company pursuant to an order of the High Court at Auckland on 3 October 2002. The order was timed at 10.37 am.

On 9 October 2002 Richard Agnew and Vivian Fatupaito resigned as liquidators and appointed Gerard Hulst 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

Date of Incorporation :	13 March 1998
Company Number :	AK 893157
Trading Address :	Whangaparaoa
Type of Business :	House construction
Date trading ceased :	February 2002
Share Capital :	1,000 shares
Share parcels:	Philip Finlayson, Shaun Thomas and James Varney – jointly 333 shares
	Michael O'Loan 333 shares
	Shaun Thomas 334 shares
Director :	Shaun Thomas
High Court Reference :	M1020 – IM02
Petitioning Creditor :	The company was placed in Liquidation on the petition of United Networks Ltd for unpaid costs associated with provision of services.

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

OBSERVATIONS

The company built houses as part of "house and land" packages for Coastal Corporation Limited and their associated companies relating to the particular subdivision, Long Bay Heights Ltd, Stillwater Heights Limited and Southern Heights Limited.

Budgets were prepared for each house even though the construction was on a fixed contract amount. It would appear that the company did not adequately monitor actual performance against budget or that major items were not budgeted.

The shareholders withdrew "profits" from the company without first ensuring that all the costs associated with the construction had been paid.

The company sold all its assets and the money was paid to the IRD.

COMPANIES WITH WHICH THE DIRECTORS HAVE AN ASSOCIATION

Shaun Thomas is not a Director of any other company. Shaun Thomas is a shareholder in Coastal Corporation Limited.

FINANCIAL INFORMATION

The last set of financial accounts for the company were for the year ended 31 March 2002 and were completed in house. The company used the services of a chartered accountant, Sanford & Associates Ltd, however I am not aware of the annual accounts being finalised.

Assets and Liabilities identified by the Liquidator are :

	Estimated Realisable Value
<u>Assets</u>	
Nil	
<u>Liabilities</u>	
30 x unsecured creditors	unknown

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

A dividend will only be payable if funds can be recovered from the Director or the Shareholders.

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

Liquidator

Dated this 31st day of October 2002.

UNSECURED CREDITOR'S CLAIM

Section 304(1) Companies Act 1993

Mainstream Construction 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
\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Signed Liquidator: <input type="text"/>		Dated: <input type="text"/>