

Court No.: 25-1268903
Estate No.: 25-1268903

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY
IN BANKRUPTCY

**IN THE MATTER OF THE PROPOSAL OF
ACCURATE LOGISTICS SOLUTIONS INC.**

**FIRST REPORT OF THE TRUSTEE
HARDIE & KELLY INC.
OCTOBER 29, 2009**



**FIRST REPORT OF THE TRUSTEE
HARDIE & KELLY INC.
OCTOBER 29, 2009**

INDEX

INTRODUCTION	1
TERMS OF REFERENCE	2
BACKGROUND	2
RESTRUCTURING EFFORTS	2
FINANCIAL PERFORMANCE.....	3
CASH FLOW FORECAST	5
TRUSTEE'S RECOMMENDATION	6

INTRODUCTION

1. On September 30, 2009, Hardie & Kelly Inc. consented to act as Trustee (the "Trustee") pursuant to the Notice of Intention to Make a Proposal (the "NOI") filed by Accurate Logistics Solutions Inc. ("Accurate" or the "Company") with the Office of the Superintendent of Bankruptcy (the "OSB") on September 30, 2009. A copy of the NOI is attached as Appendix "A".
2. On October 1, 2009, the Trustee filed the following documents (collectively referred to as the "Initial Cash Flow Documents") with the OSB:
 - a. Statement of Projected Cash Flow for the period September 30 – October 31, 2009 (the "Initial Cash Flow Forecast");
 - b. Report on Cash Flow Statement by the Person Making the Proposal; and
 - c. Trustee's Report on Cash Flow Statement.
3. The Initial Cash Flow Documents are attached as Appendix "B".
4. The purpose of this report (the "First Report") is to provide an update to this Honourable Court with respect to the following:
 - a. The Company's restructuring activities;
 - b. The Company's financial performance since the date of filing the NOI;
 - c. The revised cash flow forecast for the period October 27 to December 19, 2009;
and
 - d. The Companies' request for an extension of the time for filing a proposal and the Trustee's recommendation thereto.

TERMS OF REFERENCE

5. In preparing this First Report, the Trustee has relied upon unaudited financial information, records of the Company and discussions with the Company's management ("Management") and their legal and financial advisors. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future oriented financial information relied upon in this report is based on Management's assumptions regarding future events and actual results achieved may vary from this information and the variations may be significant.

BACKGROUND

6. Accurate commenced operations in May 2003 as a freight broker. Given the competitive nature of the trucking industry and the economic downturn, the Company has been experiencing low margins for some time which has resulted in a cash flow strain such that the Company is unable to pay its obligations as they become due.
7. In light of the state of the trucking industry and the Company's financial position, Management began to focus its efforts towards entering a new segment within the transportation industry by working towards the development of a special type of stackable and collapsible deck for railway cars (the "Rail Deck").
8. Management's position is that the development of the Rail Deck technology is the key to the Company attracting new investment which will form the basis of a proposal to Accurate's creditors.

RESTRUCTURING EFFORTS

9. Since the date of filing the NOI, the Company has carried on a limited amount of freight brokerage operations generating approximately \$61,000 in new billings.
10. In respect of the ongoing development of the Rail Deck technology, Management undertook the following:
 - a. On October 13, 2009, Accurate caused an application to be filed with the Canadian Intellectual Property Office for a patent with respect to the Rail Deck;

- b. On October 14, 2009, Management attended at the Transportation Technology Center (the "TTC") in Pueblo, Colorado. The TTC is owned and operated by Transportation Technology Center, Inc., a wholly-owned subsidiary of Association of American Railroads ("AAR"), an organization responsible for setting standards for safety and technology in the railway industry in North America. Arrangements were made to have the Rail Deck tested at the TTC facility in November; and
 - c. On October 15, 2009, Management met with members of the Intermodal Operations Sub-Committee of the AAR that meets twice a year to address issues concerning intermodal equipment and technology in the North American railway industry. We are advised by Management that during this meeting, discussions were held regarding the process to have the Rail Deck tested and to obtain AAR certification for the Rail Deck as an AAR tested and approved unit for use in intermodal transportation fleets across North America.
11. In respect of securing new investment, the Trustee has been advised that on October 24, 2009, Management and its financial advisors met with a group of potential investors to discuss the status of the development of the Rail Deck, the meetings held with the AAR, the testing and the scheduling thereof required to obtain AAR certification of the Rail Deck, the status of the Proposal proceedings and the investment required to fund a viable proposal to Accurate's creditors.
12. Management advises that an extension of the time for filing a proposal is necessary to facilitate the testing of the Rail Deck and to finalize arrangements with potential investors.

FINANCIAL PERFORMANCE

13. A variance analysis of the Company's actual receipts and disbursements over the period September 30, 2009 – October 26, 2009 versus the corresponding period in the Initial Cash Flow Forecast is set out in the following table.

September 30 – October 26, 2009				
	Actual	Forecast	Variance	Notes
<u>RECEIPTS</u>				
Accounts receivable	<u>\$73,650</u>	<u>\$105,000</u>	<u>(\$31,350)</u>	a)
<u>DISBURSEMENTS</u>				
Employee costs	(16,046)	(28,000)	11,954	b)
Office rent	(2,531)	(3,000)	469	
Insurance	(770)	(600)	(170)	
Telephone	0	(1,000)	1,000	
Computer equipment lease	(1,054)	(1,000)	(54)	
Other office costs	(1,936)	(10,000)	8,064	c)
Interest	(3,867)	(0)	(3,867)	d)
Software	(9,000)	(9,000)	(0)	
Freight	(18,006)	(0)	(18,006)	e)
Restructuring consultants	(0)	(20,000)	20,000	f)
	<u>(53,210)</u>	<u>(72,600)</u>	<u>19,390</u>	
NET CASH FLOW	20,440	32,400	(11,960)	
OPENING CASH	<u>22,354</u>	<u>22,354</u>	-	g)
CLOSING CASH	<u>\$42,794</u>	<u>\$54,754</u>	<u>(\$11,960)</u>	

14. For the period September 30 – October 26, 2009, the Company forecasted a positive cash flow of approximately \$32,400. However, the actual positive cash flow was \$20,440.

The Trustee offers the following comments in regard to the significant variances:

- a. The collection of *Accounts Receivable* has been hindered by interference from carriers who are creditors of Accurate attempting to collect directly from Accurate's customers;
- b. The positive variance in *Employee Costs* is the result of a timing difference;
- c. The favourable variance in *Other Office Costs* is the result of Management originally overestimating such costs;
- d. The negative variance in *Interest* is the result of a timing difference;
- e. The negative variance in *Freight* is the result of the Company carrying on additional brokerage services after the date of filing of the NOI that were not contemplated in the cash flow forecast. As mentioned above, the Company generated an additional \$61,000 of accounts receivable that was not anticipated;
- f. The Positive variance in *Restructuring Consultants* is the result of the Company, with the consent of its financial advisors, deferring payments to its advisors;

g. The *Opening Cash Balance* was adjusted to properly reflect the quantum of outstanding cheques at the date of filing the NOI.

15. The Trustee is of the opinion that the negative cash flow variance does not represent a material adverse change.

CASH FLOW FORECAST

16. Attached as Appendix "C" to this First Report is the Company's revised cash flow forecast for the period October 27 – December 19, 2009 (the "October 27 Forecast") prepared by Management which has been prepared based on the most current information available.

17. The October 27 Forecast reflects a negative cash flow of approximately \$15,600, a summary of which is provided in the following table.

October 27 – December 19, 2009 Forecast	
<u>RECEIPTS</u>	
Accounts receivable	<u>145,000</u>
<u>DISBURSEMENTS</u>	
Employee costs	(52,000)
Office rent	(6,000)
Insurance	(1,200)
Other office costs	(8,000)
Software engineering	(5,000)
Freight	(50,000)
Restructuring consultants	<u>(50,000)</u>
Total Disbursements	<u>(172,200)</u>
NET CASH FLOW	(27,200)
OPENING - CASH	<u>42,797</u>
CLOSING - CASH	<u>15,597</u>

TRUSTEE'S RECOMMENDATION

18. The Trustee is of the opinion that an extension of the time to file the Proposal is warranted for the following reasons:
- a. Management is acting in good faith and with due diligence;
 - b. Additional time is required to secure potential new equity which would form the basis of a Proposal;
 - c. Management is confident a viable Proposal will be filed in the near future;
 - d. The October 27 Forecast provides for a nominal reduction in available cash such that creditors would not be materially prejudiced by an extension of the time to file a proposal; and
 - e. In the event the Company is deemed to have made an assignment in bankruptcy unsecured creditors are almost certain to have no recoveries given the existence of several secured creditors.

All of which is respectfully submitted this 29th day of October 2009.

Hardie & Kelly Inc., in our capacity
as Trustee of the Proposal of Accurate Logistics Solutions Inc.

Per:  Marc Kelly, CA•CIRP
Senior Vice President

APPENDIX "A"

District of Calgary
Division No. _____ - Calgary
Court No.
Estate No.

NOTICE OF INTENTION TO MAKE A PROPOSAL
(Subsection 50.4(1))

IN THE MATTER OF THE PROPOSAL OF

ACCURATE LOGISTICS SOLUTIONS INC.
of the City of Calgary, in the Province of Alberta

TAKE NOTICE THAT:

1. Accurate Logistics Solutions Inc., an insolvent person, states, pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, that it intends to make a proposal to its creditors.
2. Hardie & Kelly Inc. of Calgary, Alberta, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached hereto.
3. A list of the names of the known creditors with claims of \$250.00 or more and the amounts of their claims is also attached as Schedule "A".
4. Pursuant to section 69 of the Act, all proceedings against Accurate Logistics Solutions Inc. are stayed as of the date of filing this notice with the official receiver in the locality of the insolvent person.

Dated at Calgary, Alberta this 30th day of September, 2009.

ACCURATE LOGISTICS SOLUTIONS INC., Insolvent Person



Per: Murray Crane

To be completed by Official Receiver

Filing Date: _____

Official Receiver

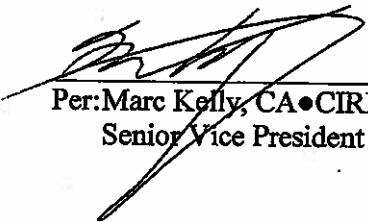
NOTICE OF INTENTION TO MAKE A PROPOSAL
(Sec. 50.4(1))
ACCURATE LOGISTICS SOLUTIONS INC.
of the City of Calgary
in the Province of Alberta

CONSENT OF TRUSTEE TO ACT UNDER PROPOSAL

In accordance with Section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "BIA"), we advise that our firm, as a licensed Trustee under the BIA, hereby consents to act as Trustee under the proposal of Accurate Logistics Solutions Inc. under Division I of Part III of the BIA.

DATED at Calgary, Alberta this 30th day of September, 2009

HARDIE & KELLY INC.


Per: Marc Kelly, CA•CIRP
Senior Vice President

Accurate Logistics Solutions Inc.
List of Creditors
as at September 30, 2009
(unaudited)*

Schedule "A"

CREDITOR	AMOUNT
ACCESS TRANSPORTATION LTD.	\$ 3,200.00
ACCORD	6,183.00
ACTION EXPRESS LTD.	35,100.00
ADVANCED METALS	unknown
ANNE-MOR EXPRESS LTD.	950.00
ATCO STRUCTURES	3,084.90
B. LEFEVRE TRANSPORT	850.00
BELL CANADA	289.87
BIG HORN GROUP	unknown
BPJ LOGISTICS SERVICES	7,637.50
BRONCO TRANSPORTATION SYSTEMS INC.	2,400.00
BUSHELL TRANSPORT	2,750.00
BUSINESS DEVELOPMENT BANK OF CANADA	105,000.00
CANADIAN PACIFIC RAILWAY COMPANY	19,099.00
CANEDA TRANSPORT INC.	28,787.00
CLASSY TRANSPORT INC.	1,600.00
CN	115,914.53
COMMUNITY FUTURES HIGHWOOD	388,021.00
CONTINENTAL CARTAGE INC.	48,490.00
CROSSLINE CARRIERS INC.	2,200.00
CW TRUCKING LTD	3,648.75
D&D DIXY TRUCKING INC	5,087.50
DAY & ROSS INC.	1,534.95
DB SCHENKER	472.66
DHESI ENTERPRISES	5,100.00
DIRECT ENERGY	18.03
DOUBLE C TRUCKING INC.	1,600.00
EARL PADDOCK TRANSPORTATION INC.	16,250.00
ECLIPSE TRANSPORT LTD.	1,700.00
EDGE TRANSPORTATION SERVICES LTD.	4,450.00
EPCOR	109.32
EVANS TRUCKING	4,300.00
EXCEL TRANSPORTATION	625.00
FIRST CALGARY SAVINGS & CREDIT UNION LTD.	242,520.77
G&S DIRECT LTD.	850.00
G-DIRECT FREIGHT INC	3,300.00
GERRY CAMPBELL TRUCKING LTD.	5,450.00
GLADWIN HOLDINGS INC.	11,798.45
GM MECHANICAL	85.05
GO-TO FREIGHT GROUP LTD.	4,425.00
GRANDRIDGE CARRIERS	1,700.00
GRANT TRANSPORT INC.	2,165.00
GREYSEN ENTERPRISES INC.	9,950.00
HARRIS TRANSPORST LTD	11,875.00
HIGH COUNTRY VAC SERVICE	236.25
HORIZON INTERNATIONAL	425.00
HUBKA HAY FARMS	1,260.00
HUDSON & COMPANY	1,147.81
IMPEL TRANSPORT	2,750.00
J & J PUBLISHING	258.36
JASHAN TRUCK LINES LTD	4,800.00
JD XPRESS	4,000.00

* Compiled from company records by management.

Accurate Logistics Solutions Inc.
List of Creditors
as at September 30, 2009
(unaudited)*

Schedule "A"

CREDITOR	AMOUNT
JOLEE ELECTRONICS	1,243.20
JONES TRANSPORTATION INC.	400.00
JPK	500.00
KELSEY TRAIL TRUCKING LTD.	6,600.00
KEN BERTRAND	344.92
KENCOR HEAVY HAUL	22,750.00
KIMBERLY TRANSPORT	14,564.10
KINGS TRASPORT SERVICES	3,690.00
KINGSTON TRANSPORT CARRIER INC.	1,125.00
KNIGHT DISTRIBUTORS INC	367.50
KPVS	2,223.75
MAVEN TRANSPORT LTD.	3,800.00
McLEOD & COMPANY LLP	2,146.53
MID AMERICA FREIGHT SYSTEMS	2,725.00
MID-WEST	627.50
MOVIN' FREIGHT LTD.	3,225.00
MRG TRANSPORT	1,375.00
MULTILINE TRANSPORT LTD.	4,225.00
NEW HOPE TRANSPORT LTD.	1,500.00
NORFOLK TRANSPORT LTD.	16,500.00
ODANAH TRUCK LINE INC.	400.00
PARADISE FREIGHTWAYS LTD.	22,375.00
PATCO	3,100.00
PELTON BROS. TRANSPORT LTD.	1,500.00
PHIL'S TRANSPORT LTD.	700.00
PORTAGE TRANSPORT INC.	3,625.00
PROCAN	997.50
PROTEK WAREHOUSING DISTRIBUTION	1,368.75
Q-LINE TRUCKING	900.00
QUIK X TRANSPORTATION	948.37
RDK TRANSPORTATION	8,000.00
RECEIVER GENERAL	12,791.91
REDMAN	1,600.00
REMA LEASING	393.75
REMA LEASING	393.75
RENOLD'S TRANSPORT LTD.	7,550.00
ROADEX SERVICES LTD	650.00
RS GILL EXPRESS LTD.	315.00
RUBY TRUCK LINE	875.00
SCHENKER LOGISTICS	685.00
SCOTT FULCHER TRUCKING	450.00
SELECT CLASSIC CARRIERS INC.	4,250.00
SGI PERMIT OFFICE	209.44
SHADOW LINES TRANSPORTATION GROUP	2,674.99
SILVER STAR TRANSPORT LTD.	1,600.00
SOKIL	10,627.50
SPI INTERNATIONAL	5,000.00
SPRUCE HOLLOW HEAVY HAUL	1,250.00
STEELHORSE FREIGHT SERVICES	3,745.00
SUNRISE TRASPORT LTD.	22,670.00
SUPER H HOLDINGS LTD.	2,400.00
SUPERSONIC	900.00

* Compiled from company records by management.

Accurate Logistics Solutions Inc.
List of Creditors
as at September 30, 2009
(unaudited)*

Schedule "A"

<u>CREDITOR</u>	<u>AMOUNT</u>
SUTCO	7,350.00
TELUS COMMUNICATIONS COMPANY	1,390.32
TELUS SERVICES INC.	299.25
TINGLE MERRETT LLP	997.12
TITAN LOGISTICS LTD.	37,895.01
TITAN TRANSPORT LTD.	9,000.00
TNT ENTERPRISES LTD.	13,255.00
TRANSAM	750.00
TRANSPORT JULES SAVARD	2,500.00
TRANSX LTD.	1,738.10
UPPER DECK TRANSPORT INC.	1,500.00
VALLEY ROADWAYS LTD.	800.00
VIRDEN SOIL SERVICE	1,470.00
WELLS FARGO FINANCIAL	51,419.86
WEST LINE TRUCKING LTD.	19,500.00
WEYMOR	1,950.00
WILDWOOD TRANSPORT INC.	3,700.00
	<u>\$ 1,495,842.82</u>

APPENDIX "B"

Accurate Logistics Solutions Inc.
Statement of Projected Cashflow
as at September 30, 2009
note (a)
(unaudited)

	Notes	Week Ending					Total
		3-Oct-09	10-Oct-09	17-Oct-09	24-Oct-09	31-Oct-09	
Cash - opening	b)	\$ 58,018	\$ 35,918	\$ 58,418	\$ 67,918	\$ 90,418	\$ 58,018
Cash Inflows							
Accounts Receivable	c)	30,000	25,000	25,000	25,000	25,000	130,000
Cash Outflows							
Employee Costs	d)	15,000		13,000		15,000	43,000
Office Rent		3,000				3,000	6,000
Insurance		600				600	1,200
Telephone (cell & main)		1,000				1,000	2,000
Computer equip. lease		1,000				1,000	2,000
Other Office Costs		2,500	2,500	2,500	2,500	2,500	12,500
Interest on LOC						7,000	7,000
Software	e)	9,000				4,000	13,000
Restructuring Consultants	f)	20,000					20,000
Total Outflows		52,100	2,500	15,500	2,500	34,100	106,700
Cash - closing		\$ 35,918	\$ 58,418	\$ 67,918	\$ 90,418	\$ 81,318	\$ 81,318

Notes:

- a) The purpose of this Statement of Projected Cashflow is to demonstrate how the Company's ability to fund its expenses during the initial stay period.
- b) It is assumed the company will utilize its existing account at CIBC during the proceedings.
- c) Accounts receivable collections relate principally to the collection of existing receivables. It is assumed a minimal level of revenues will be generated from the brokerage business as the company continues to wind down its freight brokerage line of business.
- d) Employee costs represent the wages of five employees.
- e) Software costs represent expenses associated with the company's strategic shift of its principal line of business.
- f) Expenses associated with restructuring consultants relate to the fees and expenses of the company's independent financial advisors. The company's legal counsel and the Trustee received retainers in advance of the commencement of formal proceedings.

This Statement of Projected Cashflow of Accurate Logistics Solutions Inc. prepared pursuant to S 50.4(2)(a) of the Bankruptcy and Insolvency Act should be read in conjunction with the Trustee's Report on Cash Flow Statement dated the 30th day of September, 2009.

Accurate Logistics Solutions Inc.


 Per Murray Crane
 Director

September 30, 2009
 Calgary, Alberta

Hardie & Kelly Inc.


 Per: Marc Kelly
 Senior Vice President

District of:
Division No:
Court No:
Estate No:

FORM 30

Report on Cash-flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of Accurate Logistics Solutions Inc.

The Management of Accurate Logistics Solutions Inc. has developed the assumptions and prepared the attached statement of projected cash-flow of the insolvent person, as of the 30th day of September, 2009, consisting of the projected cashflows through to October 31, 2009.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note a), and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes b) - f).

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note a), using a set of probable and hypothetical assumptions set out in Notes b) - f). Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Calgary, Alberta, this 30th day of September, 2009.



Management

District of:
Division No:
Court No:
Estate No:

FORM 29

Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of Accurate Logistics Solutions Inc.

The attached statement of projected cash-flow of Accurate Logistics Solutions Inc., as of the 30th day of September, 2009, consisting of the projected cashflows through to October 31, 2009, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in Note a), using the probable and hypothetical assumptions set out in Notes b) - f).

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent person (or the insolvent person). Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management (or the insolvent person) for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in Note a), and readers are cautioned that it may not be appropriate for other purposes.

Dated at Calgary, Alberta, this 30th day of September, 2009.



Hardie & Kelly Inc.
Trustee

APPENDIX "C"

**Accurate Logistics Inc.
Statement of Projected Cashflows
As at October 28, 2009**

	31-Oct-09	7-Nov-09	14-Nov-09	21-Nov-09	28-Nov-09	5-Dec-09	12-Dec-09	19-Dec-09
Opening Cash Balance	42,796	33,796	14,196	15,196	19,196	20,196	10,596	6,596
Cash Inflows								
Accounts Receivable	10,000	15,000	20,000	20,000	20,000	20,000	20,000	20,000
Cash Outflows								
Employee Costs	13,000		13,000		13,000		13,000	
Office Rent		3,000				3,000		
Insurance		600				600		
Other Office Costs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Software/Engineering		5,000						
Post NOI Freight	5,000	5,000	5,000	5,000	5,000	5,000	10,000	10,000
Professional Fees		20,000		10,000		20,000		
Total Outflows	19,000	34,600	19,000	16,000	19,000	29,600	24,000	11,000
Ending Cash Balance	33,796	14,196	15,196	19,196	20,196	10,596	6,596	15,596

Court No.: 25-1268903
Estate No.: 25-1268903

IN THE COURT OF QUEEN'S BENCH
OF ALBERTA
JUDICIAL DISTRICT OF CALGARY
IN BANKRUPTCY

IN THE MATTER OF THE
PROPOSAL OF
ACCURATE LOGISTICS
SOLUTIONS INC.

FIRST REPORT OF THE
TRUSTEE

Hardie & Kelly Inc.
206, 5800 - 2nd Street SW
Calgary, AB T2H 0H2

Attention: Marc Kelly

Telephone: (403) 252-1766
Facsimile: (403) 640-0591