

Annual meeting and report to creditors 14 November 2016

ACN 000 237 678 Pty Ltd (Formerly Custom Coaches (Sales) Pty Ltd) (In Liquidation) ACN 000 237 678 (“CCSPL” or “the Company”)

1 Key messages

This report is provided to creditors of CCSPL pursuant to section 508 of the *Corporations Act 2001 (the Act)* and sets out key actions and updates on the liquidation since our last report dated 24 November 2015 (**2015 Report**) and the update to the 2015 Report (**Update Report**). This update should be read in conjunction with the 2015 Report and the Update Report.

Return to creditors

Below is a summary of the expected return to creditors (refer to section 2 and 3 for further details):

- **Secured creditor** **89 cents in the dollar**
- **Priority creditors** **94 cents in the dollar**
- **Unsecured creditors** **nil – no return**

Future actions

The following matters are required to be resolved before the liquidation can end:

- Lodge an application to the Court to seek directions and orders regarding the distribution of the remaining funds to creditors and deregistering the Company. See section 4 for further details;
- Comply with remaining statutory obligations; and
- Convene and hold a final meeting prior to retiring from the appointment.

Meeting of creditors

Pursuant to section 508(1)(b)(i) of the Act, an annual meeting has been convened at 10:00am AEDT on 30 November 2016 at the office of Deloitte at Level 9, 225 George Street, Sydney NSW.

The purpose of the annual meeting is to receive this report regarding the conduct of the liquidation and pass resolutions to approve the Liquidators’ remuneration and disbursements.

Please refer to section 6 for further details.

2 Update on the liquidation

Since the 2015 Report the Liquidators have:

- Distributed \$1.5m to FEG with respect to its subrogated priority claim for funding the Liquidators' payment of employee notice and severance entitlements;
- Considered options available to the Liquidators to settle, transfer and/or sell the original equipment manufacturer (**OEM**) bonds to avoid remaining in office until 2021 (the year the last OEM bond expires);
- Considered and progressed the proposed application to the Court regarding the distribution of remaining funds to creditors and deregistering the Company. This included:
 - Receiving advice from our legal advisors and Counsel;
 - Receiving consent from NAB and FEB for the proposed application; and
 - Drafting of an affidavit to support the application;
- Assisted the Purchaser by remitting funds incorrectly received by the Liquidators; and
- Complying with all relevant statutory obligations.

We have completed an updated Estimated Statement of Position (**ESOP**) for CCSPL which is summarised as follows:

Class of creditor	Amount owed per 2015 Report	Current expected total distribution	Expected total distribution per the Update Report
Secured creditor	\$5.0m	\$4.5m	\$4.3m - \$4.4m
		89 cents	85-88 cents
Priority employee / FEG claims	\$7.4m	\$6.9m	\$6.9m - \$7.1m
		94 cents	93-96 cents
Unsecured	\$60.4m	<i>nil</i>	<i>nil</i>

The above assumes all \$1m of the remaining OEM bonds are presented and drawn upon by the beneficiary.

The Liquidators make the following comments on the revised estimated returns to each class of creditor:

- **Secured creditor:** The estimated return to NAB is 89 cents.
- **Priority creditors:** The estimated return to priority creditors is 94 cents. This is in the range estimated in the Update Report.
- **Unsecured creditors:** Given the shortfall to secured and priority creditors, the return to unsecured creditors is still expected to be nil.

Before the liquidation can end, the following key matters must be attended to:

- **Distribution of remaining funds:** \$513k is currently being held in a term deposit account with NAB (**Term Deposit Funds**). This amount is held as security against the Company's obligations under the OEM bonds and bank guarantees. In the event the OEM bonds are not called upon, priority creditors would be entitled to the Term Deposit Funds. The Liquidators are applying to the Court with the consent of NAB and FEG to ensure any surplus funds can be distributed to FEG without the Liquidators having to remain in office until the last OEM bond expires in 2021. Please refer to section 4 for more details.
- **Finalisation:** In the event the Liquidators are successful in obtaining the directions sought from the Court, we will finalise all remaining expenses and distribute remaining funds to FEG and priority creditors, meet all final remaining statutory obligations including holding a final meeting prior to retiring from the appointment.

3 Updated Estimated Statement of Position

Set out below is the updated ESOP of CCSPL. All amounts are net of GST.

Estimated Statement of Position as at 15 September 2016	\$
Cash at bank :	
Liquidators' account	483,034
Pre-appointment account	5,717
Cash available	488,751
Other recoveries:	
BAS refund - August 2016	7,742
AGL - Final account adjustment refund	3,596
Less: Future costs	
Liquidators' remuneration	
Actual fees 18/01/16 to 30/09/16 (subject to further approval)	(70,187)
Estimated future fees to completion (subject to further approval)	(50,000)
Total remuneration costs	(120,187)
Liquidators' disbursements	(5,000)
Legal fees	
Actual legal fees to 27/09/16	(10,467)
Estimated legal fees to completion	(30,000)
Total legal fees	(40,467)
Adjustment with purchaser (debtor monies received)	(945)
Total future costs	
Estimated assets available to priority creditors	333,491
Outstanding priority creditor claims	
Reimbursement to FEG	(656,357)
Superannuation on notice	(36,011)
Entitlements over FEG limits	(32,398)
Employees not processed by FEG (excl. superannuation)	(58,978)
Total priority creditor claims	(783,744)
Estimated surplus / (deficiency) for priority creditors	(450,253)
Funds available to unsecured creditors	-

Key comments:

- **Future costs:**
 - **Liquidators' remuneration:** This is an estimate based on progressing a successful application to the Court and deregistration of the Company by June 2017. This may increase if we are unsuccessful in obtaining the orders sought from the Court and have to remain in office until 2021.
 - **Legal fees:** This is an increase on the estimate in the 2015 Report because of work undertaken in respect of the proposed application.

- **Contingency:** The contingency of \$50k in the 2015 Report has been eliminated on the basis the Liquidators are successful in obtaining the orders from the Court. This has increased the return to creditors.
- After future costs, it is estimated there is **\$333k** available for distribution to priority creditors. This does not include the Term Deposit Funds.
- It is estimated there will be a deficiency to priority creditors of **\$450k**. This deficiency may reduce if some or all of the remaining OEM bonds (\$250k each) are not drawn.

4 Distribution of remaining funds

As described in the 2015 Report, there are four remaining OEM bonds totalling \$1m due to expire between 2018 and 2021. A further bond worth \$250k expired in July 2016 and was not presented and drawn upon by the beneficiary. The Liquidators had considered options and attempted to negotiate a sale of the OEM bonds and allow steps to be taken to finalise the liquidation but were unsuccessful.

As the Liquidators were unable to sell the OEM bonds and cannot distribute any further funds to priority creditors until the issue has been resolved, we have proposed to enter into a binding arrangement between FEG, NAB and CCSPL regarding the assignment and payment direction of the Term Deposit Funds. The salient terms of the proposed deed are:

- CCSPL assigns all its rights and interests in the Term Deposit Funds to FEG;
- NAB holds the Term Deposit Funds subject to its security against any potential exposure if any of the OEM bonds are called upon;
- NAB will pay the Term Deposit Funds to FEG, unless any of the remaining OEM bonds are called upon. If any of the OEM bonds are called upon for an amount less than the Term Deposit Funds, NAB will remit the difference to FEG. If any of the OEM bonds are called upon for an amount greater than the Term Deposit Funds, NAB will not remit any funds to FEG.

In addition to FEG's claim (\$656k after the Liquidators remitted \$1.5m in June 2016) against CCSPL, there is \$127k in unpaid employee entitlements which rank equally with FEG's claim. It has been agreed in principle with FEG that the Liquidators can pay these employee entitlements in full prior to retiring. This enables the instruction to NAB to be kept as simple as possible by limiting it to the payment of any excess monies to FEG only and avoiding the need for the instruction to deal with any additional payments (on a pro rata basis) to the remaining priority creditors.

The Liquidators and our solicitors are currently finalising the terms of the deed of assignment with FEG and NAB. The Liquidators will be required to submit an affidavit to the Court in order to obtain the required orders. This matter is expected to be complete by April 2017, being the earliest hearing date available.

Should the Liquidators be successful in obtaining the orders sought, we will attend to all final payments, pay the remaining employee entitlements and remit any surplus to FEG, comply with remaining statutory obligations and hold a final meeting prior to retiring. The Liquidators will pursue other options to resolve the issue should we not be successful in obtaining approval.

5 Liquidators' remuneration

At the annual meeting to be held on 30 November 2016, we will propose resolutions with respect to actual remuneration and disbursements for the period 18 January 2016 to 30 September 2016 and future remuneration and disbursements for the period 1 October 2016 to the finalisation of the liquidation. The resolutions are as follows:

Actual fees 18 January 2016 to 30 September 2016:

"That the remuneration of the Liquidators, their partners and staff, for the period of the Liquidation from 18 January 2016 to 30 September 2016 is fixed at a sum equal to the additional cost of time spent by the Liquidators and the Liquidators' partners and staff, calculated at the hourly rates as detailed in the

Remuneration Report of 14 November 2016 of fees equalling \$70,186.50 plus GST, and that the Liquidators can draw the remuneration as required."

Future fees 1 October 2016 to the finalisation of the liquidation:

"That the remuneration of the Liquidators, their partners and staff, for the period of the Liquidation from 1 October 2016 to the finalisation of the Liquidation is fixed at a sum equal to the additional cost of time spent by the Liquidators and the Liquidators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 14 November 2016 of fees equalling \$50,000.00 plus GST, and that the Liquidators can draw the remuneration as required. Should a lower amount be incurred, only the lower amount will be drawn."

Actual disbursements 18 January 2016 to 30 September 2016:

"That the Liquidators' expenses and disbursements incurred for the period of the Liquidation from 18 January 2016 to 30 September 2016 is fixed at a sum equal to the additional cost of time spent by the Liquidators and the Liquidators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 14 November 2016 of fees equalling \$1,950.07 plus GST, and that the Liquidators can draw the disbursements and expenses as required."

Future disbursements 1 October 2016 to the finalisation of the liquidation:

"That the Liquidators' expenses and disbursements incurred for the period of the Liquidation from 1 October 2016 to the finalisation of the Liquidation is fixed at a sum equal to the additional cost of time spent by the Liquidators and the Liquidators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 14 November 2016 of fees equalling \$3,000.00 plus GST, and that the Liquidators can draw the disbursements and expenses as required. Should a lower amount be incurred, only the lower amount will be drawn."

Please refer to the Form of Proxy in Appendix B and to the Remuneration Report in Appendix D for further information.

6 Meeting of creditors

We enclose as Appendix A the notice of meeting of creditors of CCSPL to be held at 10:00am AEDT on 30 November 2016 at the office of Deloitte at Level 9, Grosvenor Place, 225 George Street, Sydney NSW.

Attendance at this meeting is not compulsory and will not impact your ability to participate in any future dividends declared by the Liquidators. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532 (enclosed as Appendix B).

At the meeting, resolution will be proposed relating to the remuneration of the Liquidators.

Proxy forms or facsimiles thereof must be lodged with the Liquidators prior to the commencement of the meeting. Where a facsimile copy of a proxy is sent, the original must be lodged with the Liquidators within 72 hours after the receipt of the facsimile. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairman of the meeting prior to the commencement of the meeting.

Please note that a creditor is required to lodge a Proof of Debt or Claim (enclosed as Appendix C) to be entitled to vote at the meeting of creditors. A creditor will not be able to vote at the meeting unless a Proof of Debt or Claim is lodged with the Liquidators prior to the commencement of the meeting.

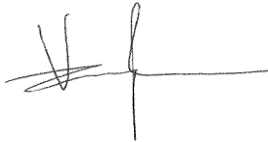
Creditors should provide proxies and Proofs of Debt to the Liquidators prior to the meeting by one of the following methods:

Post	ACN 000 237 678 Pty Ltd (In Liquidation) (formerly Custom Coaches (Sales) Pty Ltd) c/o Deloitte Attn: Emma Henderson (Proofs and Proxies) PO Box N250, Grosvenor Place, Sydney, NSW, 1220
Email	customcoaches@deloitte.com.au
Fax	02 9322 7001

If a creditor wishes to rely on the Formal Proof of Debt or Claim lodged for the purposes of the dividend payment, or on a previously lodged Informal Proof of Debt, they must make reference to that when submitting a proxy, or when attending the meeting of creditors. Please note that this is for voting purposes only at the meeting to be held on 30 November 2016. As there is going to be no distribution to unsecured creditors, the Liquidators are not calling for Formal Proofs of Debt as part of a dividend process.

We trust that creditors find this report informative and useful. In the event that you have any queries regarding the contents of this report, or the liquidation in general, please do not hesitate to contact Emma Henderson of this office on 02 9322 5348 or customcoaches@deloitte.com.au.

Yours faithfully



Vaughan Strawbridge
Joint and Several Liquidator

Definitions

\$k	Thousands of dollars
\$m	Millions of dollars
2015 Report	Annual report to creditors dated 24 November 2015
AEDT	Australian Eastern Daylight Time
CCSPL, the Company	ACN 000 237 678 Pty Ltd (Formerly Custom Coaches (Sales) Pty Ltd) (In Liquidation)
Court	Supreme or Federal Court
ESOP	Estimated Statement of Position
FEG	Fair Entitlements Guarantee
GST	Goods and Services Tax
Liquidators	Vaughan Strawbridge and Timothy Norman
NAB	National Australia Bank Ltd
NSW	New South Wales
OEM	Original Equipment Manufacturer
Secured creditor	NAB
The Act	Corporations Act 2001 (Cth)
The Purchaser	Custom Bus Australia Pty Ltd
Update Report	Update to annual report to creditors dated 24 November 2015

Appendices

Appendix A – Notice of Meeting

Appendix B – Form of Proxy

Appendix C – Proof of Debt

Appendix D – Remuneration Report

Appendix E – Receipts and Payments

Appendix A – Notice of Meeting



Appendix B – Form of Proxy

Appendix C – Proof of Debt

Appendix D – Remuneration Report

Appendix E – Receipts and Payments

ACN 000 237 678 Pty Ltd
(formerly Custom Coaches (Sales) Pty Ltd)
(In Liquidation)
Summary of Receipts and Payments
16 September 2015 to 15 September 2016

RECEIPTS

Miscellaneous Income - GST Free	24.39
Superannuation	202.15
Sundry Debtors (B)	2,076.64
Bank Interest	35,698.71
FEG Funds Received	40,507.37
Payroll Tax	57,375.18
Total Receipts	135,884.44

PAYMENTS

Bank Charges	0.02
Credit Card Merchant Fee	45.28
Supplier Payments (Incl GST)	36,337.78
Payment to Secured Creditor	1,003,391.00
Bank Charges	156.90
FEG Distribution	40,507.97
Legal Fees (Taxable)	39,290.06
Legal Disbursements (Taxable)	6.34
Liquidators Remuneration	357,356.10
Liquidators Expenses	388.05
Distribution for employee entitlements	1,500,000.00
Suspense A/C - Debtors of CBA	5,198.58
Funds Held in Trust for Secured Creditor	500,000.00
Total Payments	\$3,482,678.08
Net Receipts/(Payments)	-\$3,346,793.64