

CIRCULAR TO ALL CREDITORS AND EMPLOYEES

17 June 2014

Dear Sir/ Madam

Re:
Custom Coaches (Sales) Pty Ltd ACN 000 237 678
(Administrators Appointed)
("the Company")

Timothy Norman and I were appointed Joint and Several Administrators of the Company on 30 May 2014 pursuant to Section 436A of the Corporations Act 2001 (the "Corporations Act").

Under the Corporations Act, the Joint Administrators must hold a second meeting of creditors (sometimes referred to as the "439A meeting" / "Second Meeting") no later than 5 business days after the end of the convening period (20 business days from the date Administrators were appointed). Therefore, a second meeting of creditors would need to be held on or before **7 July 2014, unless the Administrators seek an extension to the Convening period.**

The purpose of the Second Meeting is for creditors to resolve the future of the Company, being one of the following:

- The Company enter into a Deed of Company Arrangement;
- The Administration end and control of the Company be returned to the directors, or
- The Administration end and the Company be wound up / enter Liquidation.

For those creditors and employees in attendance at the First Meeting of Creditors (**11 June 2014**) I advised, the Joint Administrators may make an application to Court for an extension to the Convening Period if a sale of the business as a going concern was still being sought at that time.

The purpose of this circular is to advise creditors and employees the Joint Administrators **will make** an application to the Federal Court of Australia on or around Wednesday 25 June 2014 for an extension to the convening period for a period up to **90 days**.

As part of that purpose and to address the reasons for the extension we provide an update as follows:

1. Status of our investigations
2. Sale of business as a going concern
3. Application for a further extension of the convening period

1. Status of our investigations

In our Report to Creditors pursuant to Section 439A of the Act we will report to you on the likely outcome or return to creditors in the event of liquidation and how this may compare with any Deed of Company Arrangement which may be proposed. In this report we will detail the findings of our investigations which may include actions for:

- Insolvent trading
- Voidable transactions
 - Unfair preferences (Section 588FA)
 - Uncommercial transactions
 - Unfair loans to a company
 - Unreasonable director related transactions
 - Transactions with the Purpose of Defeating Creditors
 - Circulating security interest created within 6 months before the relation back day.

Our investigations are continuing and our findings when complete will be provided in a report to creditors pursuant to section 439A of the Act. This is issued in advance of the Second Meeting of Creditors.

2. Sale of business as a going concern

The Administrators commenced a fast track sale and marketing campaign on our Appointment. An advert was placed in the Australian Financial Review on **6 June 2014** advertising the business and assets for sale.

We have a number of national and international parties on our buyers list. A data room has been established with a number of interested parties provided access.

The Administrators are seeking firm offers by **4 July 2014**.

3. Application for a further extension of the Convening Period

We intend to bring an application requesting an extension of 90 days, in the Federal Court of Australia in the week commencing **23 June 2014**.

Whilst the sale and marketing campaign is well advanced, the Administrators believe a sale is unlikely to be achieved by the date of the Second Meeting (**7 July 2014**), given we do not expect to have firm offers from interested parties until **4 July 2014**.

The Administrators reasons for seeking the extension are as follows:

- A sale of the business as a going concern is likely to result in a better return for creditors compared to a close down scenario. Not extending the convening period could jeopardise a sale of the business.
- A sale of the business as a going concern would also:
 - reduce the potential liability to landlords and employees and consequently the size of the creditor pool through the mitigation of lease liabilities and transfer of employment
 - secures ongoing employment (currently the business has 230 employees)
 - Ensures continuity of supply to customers and trade with key suppliers
 - Satisfies the objectives of the administration provisions of the *Corporations Act* by enabling the business to continue in existence

We are also convening a meeting of the Committee of Creditors to discuss in more detail the extension of the convening period, sale of the business and status of our investigations. We will be seeking their support for the extension of the convening period.

Creditors and employees are not required to take any further action at this stage unless they object to the Administrators application seeking an extension to the convening period. Creditors who object to the Administrators application or require further information should contact Emma Henderson of the Administrators' office emmhenderson@deloitte.com.au.

We will advise creditors and employees of the outcome of the application to the Federal Court of Australia once known.

Yours faithfully

A handwritten signature in black ink, appearing to be 'V. Strawbridge', written over a horizontal line.

Vaughan Strawbridge
Joint and Several Administrator