

MINUTES OF A MEETING OF CREDITORS OF THE FOLLOWING COMPANIES HELD CONCURRENTLY AT RYDGES HOTEL PARRAMATTA, 116-118 JAMES RUSE DRIVE, ROSEHILL NSW 2142 ON WEDNESDAY 11 JUNE 2014 AT 3:00 PM:

- CUSTOM COACHES (SALES) PTY LTD (ADMINISTRATORS APPOINTED) ACN 000 237 678
  - CUSTOM COACHES PTY LTD (ADMINISTRATORS APPOINTED) ACN 111 744 560
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#### PRESENT

Refer to the attached list at **Annexure A**.

#### IN ATTENDANCE

Refer to the attached list at **Annexure B**.

#### PRESENTATION SLIDES

Refer to the attached list at **Annexure C**.

#### CHAIRPERSON

Vaughan Strawbridge, the Administrator of Custom Coaches (Sales) Pty Ltd (Administrators Appointed) ACN 000 237 678 and Custom Coaches Pty Ltd (Administrators Appointed) ACN 111 744 560 ("the Companies"), opened the meeting and advised that he would act as Chairperson of the meeting in accordance with Regulation 5.6.17(1) of the Corporations Regulations.

#### MEETINGS TO BE HELD CONCURRENTLY

The Chairperson noted that he was opening both meetings and that both meetings were being held concurrently.

The Chairperson requested that any creditor with an objection should bring this matter to his attention. No creditor raised any issues at this time. Mr Strawbridge advised that any resolutions put to creditors would be done separately in respect of each company.

#### NOTICE OF MEETING

The Chairperson advised that the meeting had been called in accordance with the Notice of Meeting dated 2 June 2014.

Mr Strawbridge also advised that the meeting was advertised in the Australian Securities and Investments Commission (ASIC) Insolvency Notices web site <https://insolvencynotices.asic.gov.au> on 2 June 2014.

#### PURPOSE OF MEETING

The Chairperson outlined the agenda for the meeting and explained the purpose and process of the Voluntary Administration. Mr Strawbridge explained that a further meeting would be held within 25 business days following the commencement of the Voluntary Administration, to receive and discuss the Administrators' report as to each company's business, property, affairs and financial circumstances, and resolve:

- Whether a Deed of Company Arrangement shall be entered into; or
- Whether the administration should come to an end; or
- Whether the company should be wound up.

This meeting will be held on or around Monday 7 July 2014. The Chairperson advised that a circular would be forwarded to creditors advising them of the time and place of the meeting in due course.

Mr Strawbridge advised the meeting that the Joint Administrators may make an application to Court for an extension to the Convening Period if the sale of business campaign was still progressing. Creditors will be kept informed with developments in this regard.

## DECLARATION OF CONVENIENCE

The Chairperson advised that in accordance with Regulation 5.6.14, that the meetings were being held at a date, time and place convenient to the majority of persons entitled to receive notice of the meeting.

## QUORUM

The Chairperson advised, in accordance with Regulation 5.6.16(2) of the Corporations Regulations that a quorum was present for Custom Coaches (Sales) Pty Ltd (Administrators Appointed) ACN 000 237 678.

Mr Strawbridge advised the meeting that the Administrators were only aware of one contingent creditor claim for Custom Coaches Pty Ltd (Administrators Appointed) ACN 111 744 560. The contingent claim is with 'GDRD Pty Ltd', who is the lessor of the Royal Park trading premises in South Australia.

The Chairperson asked if there were any creditors present from Custom Coaches Pty Ltd (Administrators Appointed) ACN 111 744 560. No creditors were identified as present either in person or by proxy. The Chairperson advised that the meeting of this particular company would not proceed as there was no quorum present pursuant to Corporations Regulations 5.6.12(2). The meeting was adjourned to 18 June 2014. No creditors were present at the adjourned meeting on 18 June 2014

## DECLARATION OF INDEPENDENCE / INDEMNITIES & RELEVANT RELATIONSHIPS

The Chairperson tabled a Declaration of Independence, Relevant Relationships and Indemnities that was enclosed in the Notice to Creditors dated 2 June 2014, and noted that there was no update to be provided to the meeting.

## PROXIES AND ATTENDANCE REGISTER

The Chairperson confirmed that all those present at the meeting had signed the attendance register and provided proxies and requested any non-creditors to identify themselves. No additional non-creditor parties identified themselves at the meeting.

The proxies were tabled by the Chairperson and advised those at the meeting they were available for inspection.

## STATEMENT FROM THE PARENT COMPANY

The Chairperson tabled the statement prepared by the Parent Company dated 30 May 2014 detailing the history and the circumstances leading to the appointment of the Joint Administrators to the Companies. Mr Strawbridge advised this statement was annexed to the Notice to Creditors dated 2 June 2014 informing creditors of the first meeting.

## REPORT OF THE ADMINISTRATOR

The Administrator gave a brief report to creditors on the following topics:

- Structure and shareholding of Alexander Dennis Limited, the ultimate parent company of Custom Coaches (Sales) Pty Ltd and Custom Coaches Pty Ltd (All Administrators Appointed).
- Custom Coaches (Sales) Pty Ltd was the only known trading entity of the two companies in Voluntary Administration
- Custom Coaches Pty Ltd's only known activity was being the lessor of the Royal Park trading premises in South Australia
- Actions taken since appointment included:
  - o statutory compliance
  - o meetings with employees
  - o trading the business
  - o sale of business activities
- Reasons for appointment
- Financial position of Custom Coaches (Sales) Pty Ltd

The meeting was then opened for discussion. There were questions asked on the following topics:

- Reasons for the failure of the business / Custom Coaches
- Custom Care Pty Ltd – dormant entity
- Trading terms with creditors during the Voluntary Administration period
- The Administrators are personally liable for debts they authorise and incur pursuant to the provisions of the Corporations Act 2001
- Appointment of Administrators by the common directors of the Companies. DIRRI disclosed no previous relationships or conflicts to undertake both appointments
- Investigations to be undertaken by the Administrators into possible insolvent trading and the requirements of the Ultimate Parent Company
- Process undertaken by the Administrators in validating Purchase Money Security Interests lodged on the PPSR.
- Status of financial amount and requirement for amounts to be audited.

### RESOLUTIONS

The Chairperson advised that all motions were to be resolved on the voices, unless a poll is demanded (Regulation 5.6.19, 5.6.20).

A poll could be demanded before or on the declaration of a result on the voices by:

- The Chairperson; or
- At least two persons present in person, by proxy or by attorney and entitled to vote at the meeting; or
- A person present in person, by proxy or by attorney and representing not less than 10% of the total voting rights of all creditors entitled to vote at the meeting.

The Chairperson advised that a resolution on a poll is carried if:

- a majority of the creditors voting (whether in person, by attorney or by proxy) vote in favour of; and
- the value of the debts owed by the corporation to those voting in favour is more than half the total debts owed to all creditors voting.

### COMMITTEE OF CREDITORS

The Chairperson advised that pursuant to Section 436F of the Corporations Act 2001, the functions of the Committee of Creditors are:

1. To consult with the Joint Administrators about matters relating to the Administration; and
2. To receive and consider reports by the Joint Administrators.

The Chairperson called for nominations for a committee of creditors for Custom Coaches (Sales) Pty Ltd, noting he had already received 5 nominations from the following parties:

- Roger Partington representing Pagge Pty Ltd T/as QLD Thermoking
- Shaun Marsden (Human Resource Manager of Custom Coaches (Sales) Pty Ltd) representing the employees
- Sean Morgan (from Australian Manufacturing Workers Union) representing the employees
- Heba Eltarifi representing Scania Australia Pty Ltd
- Keith Tudor representing Alexander Dennis Limited

The following creditors put forward nominations to be included as a member of the Committee of Creditors:

- Michael Watson representing Cedray Pty Ltd
- Salvador Santana representing Warringah Plastics
- Tom Griffith representing Styleride Pty Ltd, Thoreb Pty Ltd and Hanover Displays Pty Ltd
- Paul Goodacre representing SMC Pneumatics (Australia) Pty Ltd

The Chairperson then moved the following resolution:

"That a Committee of Creditors be appointed comprising of the following representatives in the administration of Custom Coaches (Sales) Pty Ltd:

<b>Representative</b>	<b>Company (Creditor(s) being represented</b>
1. Roger Partington	Pagge Pty Ltd T/As QLD Thermoking
2. Shaun Marsden	Employee representative
3. Sean Morgan	Employee representative (from Australian Manufacturing Workers Union)
4. Heba Eltarifi	Scania Australia Pty Ltd
5. Keith Tudor	Alexander Dennis Limited
6. Michael Watson	Cedray Pty Ltd
7. Salvador Santana	Warringah Plastics
8. Tom Griffith	Styleride Pty Ltd, Thoreb Pty Ltd, Hanover Displays Pty Ltd
9. Paul Goodacre	SMC Pneumatics (Australia) Pty Ltd"

The Chairperson declared the motion carried on the voices.

The Chairperson advised that pursuant to Section 436E(4) of the Act, creditors may, by resolution, remove the administrator and appoint someone else as Administrator of the company.

The Chairperson noted that there were no other nominations for Administrator and announced that the company's appointment stands and accordingly would remain Joint and Several Administrators of the company.

#### CLOSURE OF MEETING

There being no further business, the Chairperson thanked those present for attending declared the meeting closed at 4:00pm.

Signed as a correct record.



**VAUGHAN STRAWBRIDGE**  
CHAIRPERSON

**ADMINISTRATORS' STAFF IN ATTENDANCE**

CUSTOM COACHES (SALES) PTY LTD  
(ADMINISTRATORS APPOINTED) ACN 000 237 678

CUSTOM COACHES PTY LTD  
(ADMINISTRATORS APPOINTED) ACN 111 744 560

<b>Staff</b>	<b>Organisation</b>
Vaughan Strawbridge	Deloitte Touche Tohmatsu
Phil Hollinshead	Deloitte Touche Tohmatsu
Chris Wollinski	Deloitte Touche Tohmatsu
Paul Bennett	Deloitte Touche Tohmatsu
Ben Holland	Deloitte Touche Tohmatsu
Andrew Stewart	Deloitte Touche Tohmatsu

**Deloitte.**



Custom Coaches (Sales) Pty Ltd ACN 000 237 678  
Custom Coaches Pty Ltd ACN 111 744 560  
(All Administrators Appointed)  
("the Companies" / "Custom Coaches")

**First Creditors' Meetings**  
**Wednesday 11 June 2014 3.00pm AEST**  
**Rydges Hotel Parramatta**

## **First Creditors' Meetings**

Custom Coaches (Sales) Pty Ltd ACN 000 237 678  
Custom Coaches Pty Ltd ACN 111 744 560  
(All Administrators Appointed)  
("the Companies")

Opening of the meeting by the Chairperson  
Vaughan Strawbridge, Deloitte – Joint Administrator

## **Introduction by Chairperson**

**Chairperson: Vaughan Strawbridge, Joint Administrator**

**Tim Norman – Deloitte, Joint Administrator**

**Date of Appointment: 30 May 2014**



## **Agenda**

- Purpose & Process
- Formalities
- Appointments
- Actions since appointment
- Operations
- Financials
- Sale of business
- Questions
- Voting/resolutions
- Creditors' Committee Appointment
- Any other resolutions
- Questions and any other business
- Closure

## **Purpose & Process**

Voluntary Administrations are a flexible and cost effective form of administration with the stated aim to:

*“maximise the chances of a business continuing in existence or at the very least, provide a better return to creditors” (Section 435A)*

A Voluntary Administrator can only be appointed by

- The company
- A secured creditor
- A Liquidator of the company, or
- A Provisional Liquidator of the company

## **Purpose & Process**

Section 438A - The primary function of an Administrator is to investigate the affairs of the company as soon as practicable, and form an opinion as to whether:

- 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

## **Purpose & Process**

**The process has four distinct phases:**

- Administrators' appointment & First Meeting
- Investigation period
- Second (439A) Meeting of creditors
- Implementation of the agreed course of action

## **Purpose & Process**

### **The Second (439A) Meeting:**

The Administrators will have conducted an investigation into the affairs of the company

Creditors have the benefit of the Administrators' report and must resolve which of the three alternatives they wish the company to adopt

1. The company enter into a Deed of Company Arrangement
2. The administration end and control of the company be returned to the directors, or
3. The administration end and the company be wound up

## **Purpose & Process**

The 439A (Second) Meeting is to be held within five business days from the end of the convening period (20 business days from the date of the Administrators appointment)

You will receive

- notice of meeting
- Administrators' report to creditors

Purpose of the meeting is to resolve one of the following:

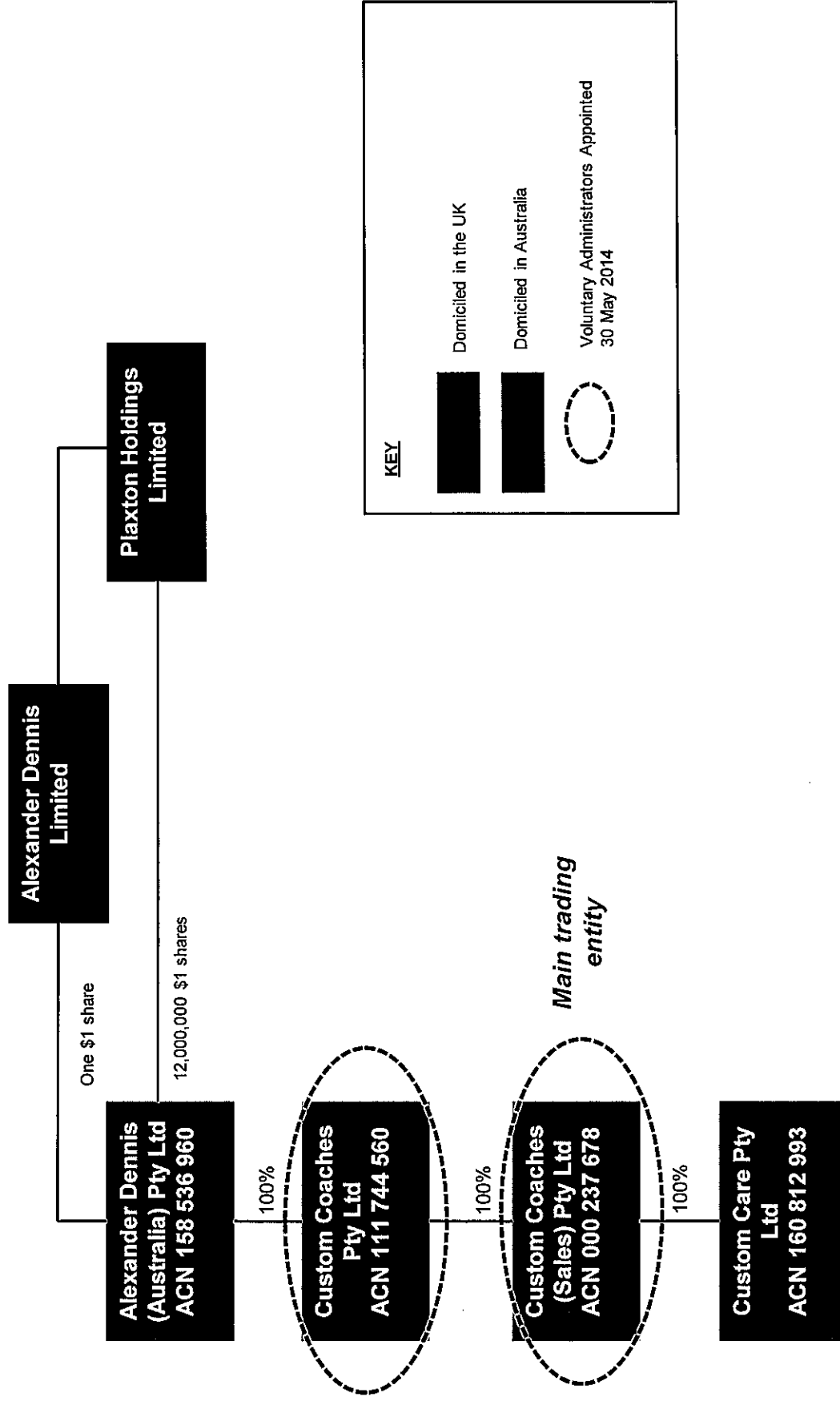
- The company enter into a Deed of Company Arrangement
- The administration end and control of the company be returned to the directors, or
- The administration end and the company be wound up

## **Formalities**

- Attendance Register and Observers
- Notice of Meeting
- Convenience for creditors
- Declaration of Quorum for each company
- Meetings to be held concurrently
- Independence of Administrators
- Proxies received
- ASIC comment
- Administrators' comment regarding employees

# Appointments

## Group structure





## **Actions since appointment**

### **Statutory compliance**

- ASIC filings
- Convening first meeting
- Notices to creditors and employees
- Statutory advertising

### **Employees**

- Meetings with employees
- Calculation of employee entitlements
- Employee redundancies

### **Trading business**

- Majority of time has been spent trading the business to conserve its value for sale (production facilities in Sydney and Adelaide)

### **Sale of business**

- Further information regarding a potential sale will be presented later in the meeting

## **Statement from the Parent Company**

As a result of deteriorating trading conditions and a significant reduction in demand for route buses in the Australian market, it is with great regret that Custom Coaches has today been placed into Voluntary Administration. This decision has not been taken lightly and during the Administration period ADL will continue to work with the Administrator to explore opportunities to continue trading and supporting customers in the Australian market.

Since the acquisition of Custom Coaches in 2012 the ADL Group has worked tirelessly with the employees at Custom to turn the business around whilst financially supporting the business with significant cash injections of many millions of dollars. However, due to a change in buying patterns and despite our best endeavours it is now clear that market conditions are unlikely to improve in the near future and as a consequence we cannot continue to fund on-going losses.

ADL still strongly believes in Custom products, the team in Australia and the Custom brand and is hopeful that the improvements in quality and delivery performance recognised in the market place will help in finding a potential solution.

It is with real sadness that we have taken this action and we remain hopeful that a solution may be found over the coming weeks.

**Colin Robertson Chief Executive, Alexander Dennis**

# Financial Analysis – Profit and Loss account

## Summary Profit and Loss

\$'000	FY14			FY13 12mths	FY12 18mths
	4mths ACT	8mths Fcast	Total		
Volume	32	174	206	243	367
Sales	10,316	43,168	53,484	68,018	105,829
Cost of sales	(7,993)	(32,022)	(40,015)	(59,417)	(88,038)
Gross margin	2,322	11,146	13,468	8,602	17,790
GM%	22.5%	25.8%	25.2%	12.6%	16.8%
Overheads	(6,647)	(12,504)	(19,152)	(19,436)	(25,102)
Net profit / (loss)	(4,325)	(1,358)	(5,683)	(10,834)	(7,312)
Operating margin	(41.9%)	(3.1%)	(10.6%)	(15.9%)	(6.9%)

Over the last 42 months  
Custom Coaches has  
generated losses of  
c.\$24m

# Financial Analysis – Balance sheet (30 May 2014)

	\$'000
	30-May-14
<b>Assets</b>	
Fixed assets	Tangible Assets
	Tangible Assets Depreciation
	Intangible Assets Net Book Value
<b>Fixed assets Total</b>	<b>4,689</b>
Stock	Stock - Raw Materials
	Stock - Work In Progress
	Stock - Finished Goods Stock
<b>Stock Total</b>	<b>14,681</b>
Total Trade Debtors	Trade Debtors - Gross External
	<b>Trade Debtors - Gross External Total</b>
	Bad Debt Provision
<b>Total Trade Debtors Total</b>	<b>5,596</b>
Total Other Debtors	Other Debtors
	Prepayments Others
<b>Total Other Debtors Total</b>	<b>1,117</b>
Bank	Bank - Other
<b>Bank Total</b>	<b>2,558</b>
<b>Assets Total</b>	<b>28,641</b>
<b>Liabilities</b>	
Total Trade Creditors	Trade Creditors External
	GRNI
	Trade Creditors Inter Co
<b>Total Trade Creditors Total</b>	<b>(6,025)</b>
Total Other Creditors / Accruals	Holiday Pay Accrual
	Other
<b>Total Other Creditors / Accruals Total</b>	<b>(6,561)</b>
Total Creditors Due after One Year	Finance Lease Creditor > 1 Year
	LT Inter Co Creditor
<b>Total Creditors Due after One Year Total</b>	<b>(52,565)</b>
Total Provisions	Deferred Tax
	Warranty Provisions
<b>Total Provisions Total</b>	<b>1,559</b>
<b>Liabilities Total</b>	<b>(64,393)</b>
<b>Net Assets / (Liabilities)</b>	<b>(35,752)</b>

## Employee summary

### Employee head count

FT Employees	NSW	SA	QLD	VIC	Total
Employees on Appointment	184	94	3	1	282
Redundancies	(30)	(19)	(1)	(1)	(51)
Resigned	(1)	-	-	-	(1)
<b>Remaining</b>	<b>153</b>	<b>75</b>	<b>2</b>	<b>-</b>	<b>230</b>

### Employee entitlements

\$	Annual Leave	Long service leave	Redundancy	Notice	Total
Retained	997,319	1,879,597	-	-	2,876,916
Redundant (VA)	242,477	398,515	983,206	281,399	1,905,597
Resigned	3,791	-	-	-	3,791
<b>Total</b>	<b>1,243,586</b>	<b>2,278,113</b>	<b>983,206</b>	<b>281,399</b>	<b>4,786,305</b>

## **Sale of business**

### **Administrators' attempts to achieve a going concern sale of the business:**

- Fast track sale and marketing campaign commenced day 1
- Advertisement for sale in the Australian Financial Review 6 June 2014
- Data-room setup and running
- Seeking offers by 4 July 2014
- A number of parties are on the buyer list and have been contacted by Deloitte

## Questions

- From the floor

## **Voting/Resolutions**

### **Resolutions on a company-by-company basis**

Motions to be resolved on the voices, unless a poll is demanded (Regulation 5.6.19, 5.6.20)

#### **A poll could be demanded by:**

- The Chairperson; or
- At least two persons entitled to vote; or
- A person representing not less than 10%



## **Creditors' Committee Appointment**

### **Resolution – Committee of Creditors Custom Coaches (Sales) Pty Ltd**

“That a committee of creditors of Custom Coaches (Sales) Pty Ltd be formed in accordance with section 436E(1) of the Corporations Act 2001, comprising the following members...”

#### **Note:**

Ideally all groups of creditors should be represented on the Committee, including:

- Trade creditors
- Employees

## **Creditors' Committee Appointment**

### **Resolution – Committee of Creditors**

Custom Coaches Pty Ltd

A committee of creditors is not recommended for this entity as it appears to be a non-trading holding company for Custom Coaches (Sales) Pty Ltd [please note the lease at SA is with Custom Coaches Pty Ltd]

## **Any other resolutions**

- Administrators appointed 30 May 2014
- Creditors may remove Administrators and appoint someone else as Administrator (Section 436E(4))
- Other nominations

## **Closure**

- Any other business
- Meeting closed

# Deloitte.