

**DRIVETRAIN SYSTEMS INTERNATIONAL PTY LTD  
(ADMINISTRATORS APPOINTED)  
(RECEIVERS AND MANAGERS APPOINTED)  
("DRIVETRAIN")**

**Creditors Meeting**

**26 February 2009**



# Meeting Procedural Issues



- Chairman – Administrator acts as Chairman - Regulation 5.6.17(1)
- Creditors present
- Observers present
- Quorum – Regulation 5.6.16(2)
- Meeting convened pursuant to S436E by Notice dated 16 February 2009
- Voting
  - Amount admitted to vote
  - Informal proof of debt for voting purposes only
  - Creditors to ultimately prove their debts for dividend purposes

## Appointment of Administrators/Receivers



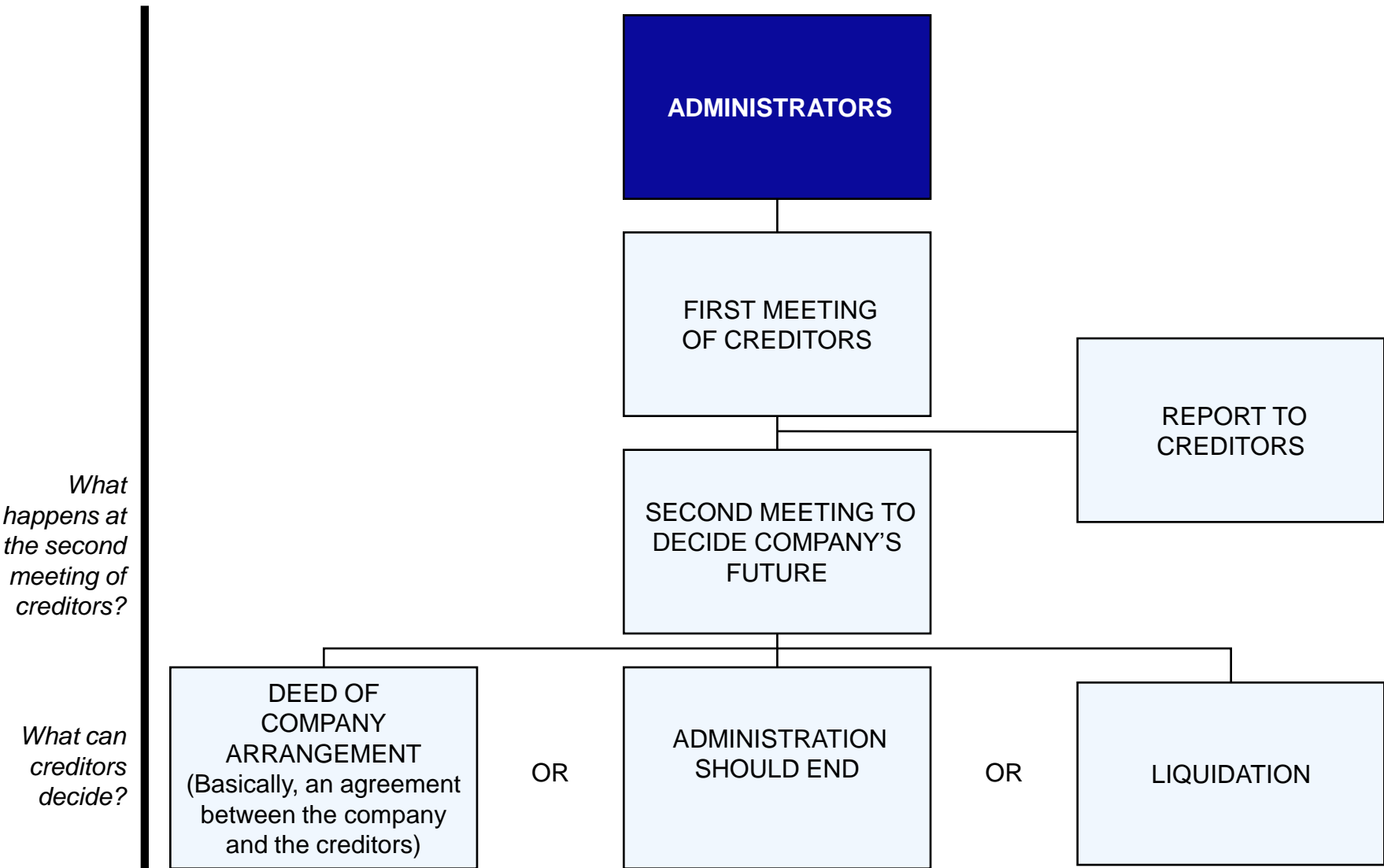
- John Ross Lindholm and George Georges of Ferrier Hodgson appointed Administrators on 16 February 2009
- Stephen Longley and David McEvoy of PriceWaterhouse Coopers appointed Receivers and Managers by a secured lender on 16 February 2009



# Appointment of Administrators/Receivers



## Voluntary Administration process



## Background – General



- Drivetrain was registered as a Company on 10 November 2005
- Head office has approximately 50 employees located in Springvale, VIC
- Approximately 350 employees located at the manufacturing plant in Albury, NSW
- Employee entitlements are estimated to be in the amount of \$26 million (including redundancy)
- Drivetrain's debt with the secured creditors are in the amount of \$45.9 million
- Approximately 32 shareholders with 10,559,910 ordinary shares and 638,298 deferred B class shares issued.



## Background – Financials



### ■ Summarised Balance Sheet as at:

	July 2008 \$ 000's	August 2008 \$ 000's	September 2008 \$ 000's	October 2008 \$ 000's	November 2008 \$ 000's	December 2008 \$ 000's
Current Assets	26,067	25,416	24,961	30,626	30,390	27,331
Non-Current Assets	74,300	76,536	81,527	78,858	80,080	81,567
<b>Total Assets</b>	<b>100,367</b>	<b>101,952</b>	<b>106,488</b>	<b>109,484</b>	<b>110,471</b>	<b>108,899</b>
Current Liabilities	36,845	35,408	37,271	36,120	35,815	34,857
Non-Current Liabilities	37,014	40,124	42,337	45,805	47,029	46,966
<b>Total Liabilities</b>	<b>73,859</b>	<b>75,533</b>	<b>79,608</b>	<b>81,925</b>	<b>82,844</b>	<b>81,823</b>
<b>Net Assets</b>	<b>26,508</b>	<b>26,419</b>	<b>26,880</b>	<b>27,559</b>	<b>27,627</b>	<b>27,076</b>

# Background – Financials



## ■ Summarised Profit and Loss for the period ending:

	July 2008 \$ 000's	August 2008 \$ 000's	September 2008 \$ 000's	October 2008 \$ 000's	November 2008 \$ 000's	December 2008 \$ 000's
Total Revenue	14,414	7,267	13,667	12,463	7,267	6,837
Manufacturing Costs	(12,112)	(6,195)	(11,653)	(10,843)	(6,165)	(6,443)
Gross Profit	2,302	1,072	2,014	1,620	1,062	394
Total Overheads	(1,320)	(1,073)	(1,172)	(412)	(797)	(1,030)
EBIT	982	(1)	842	1,208	265	(636)
Interest and Tax	(404)	(87)	(382)	(529)	(197)	84
<b>Profit after Tax</b>	<b>578</b>	<b>(88)</b>	<b>460</b>	<b>679</b>	<b>68</b>	<b>(552)</b>

# Background – Financials



## ■ Summarised Cash Flow for the period ending:

	July 2008 \$ 000's	August 2008 \$ 000's	September 2008 \$ 000's	October 2008 \$ 000's	November 2008 \$ 000's	December 2008 \$ 000's
Profit after tax	578	(88)	460	679	68	(552)
Depreciation	613	289	575	671	430	429
Cash Profit	1,191	201	1,035	1,350	498	(123)
Working Capital Movements	4	361	2,124	(499)	(1,903)	3,679
Working Expenditure Movements	767	(1,846)	104	(6,454)	1,025	(467)
Capital Expenditure Movements	(1,758)	(2,011)	(5,133)	1,517	(1,622)	(1,963)
Gross Operating Cashflow	204	(3,295)	(1,870)	(4,086)	(1,622)	1,126
Tax Refunds (Payments)	105	(191)	20	210	(56)	(321)
<b>Net Operating Cashflow</b>	<b>309</b>	<b>(3,486)</b>	<b>(1,850)</b>	<b>(3,876)</b>	<b>(1,678)</b>	<b>805</b>

## Factors leading up to appointment



- Over the last 6 months, customer volumes have significantly dropped as a result of a decline in the automotive industry in light the current global economic environment.
- In particular, Mahindra, Tagaz, Ford and SsangYong (Drivetrain's largest customer) have experienced considerable market downturn.
- Tagaz suspended orders until April 2009
- Substantial funds were invested into the new FWD automatic transmission project in late 2008 to produce transmissions primarily for SsangYong.
- SsangYong was placed into court receivership in Korea on 9 January 2009.
- These events caused severe detrimental impact to Drivetrain's cashflow, and its ability to operate as a going concern.
- Operations were reduced to 4 day weeks in late January 2009



## Factors leading up to appointment



- During this time, the Directors of Drivetrain have endeavoured to improve Drivetrain's position by pursuing a number of initiatives. These have included:
  - Seeking a capital injection from a number of different sources;
  - Seeking assistance from the State and Federal Government;
  - Engaging Deloitte in December 2008 to assist with identifying a buyer for the Drivetrain business who could continue operating the business as going concern; and
  - Requiring Ford Motor Company of Australia to pay for products on a C.O.D basis so that Drivetrain can continue to pay its suppliers.
- As all of the above options were exhausted, Administrators were appointed on 16 February 2009.
- Receivers and Managers were also appointed on 16 February 2009, and they are continuing to pursue a sale process with an interested party identified during the Deloitte engagement.





## Functions of Committee of Creditors

- To consult with the Administrators
- To receive and consider reports by Administrators
- Committee cannot give directions
- Will be bound by confidentiality agreement
- Only for Administration period

## Membership of Committee

- Must be a creditor



# Appointment of Administrators



- Creditors may appoint alternate Administrator (s436E(4))





## Questions from Creditors

- Please state creditor name
- Direct questions through the Chairman

