

MINUTES OF A MEETING OF CREDITORS OF DRIVETRAIN SYSTEMS INTERNATIONAL PTY LTD (ADMINISTRATORS APPOINTED) ACN 117 069 404 HELD AT THE OFFICES OF FERRIER HODGSON, LEVEL 29, 600 BOURKE STREET, MELBOURNE, VICTORIA ON 26 FEBRUARY 2009 AT 11:30AM.

1. PRESENT

See attached attendance register.

2. IN ATTENDANCE

See attached attendance register.

3. CHAIRMAN

John Ross Lindholm, one of the Administrators of the company, opened the meeting and advised that he would act as Chairman of the meeting in accordance with Regulation 5.6.17(1) of the Corporations Regulations.

The Chairman advised that the meeting had been called in accordance with the notice of meeting dated 16 February 2009, the meeting having been advertised in The Melbourne Age on 17 February 2009.

The Chairman then advised, in accordance with Regulation 5.6.16(2) of the Corporations Regulations that a quorum was present and, in accordance with Regulation 5.6.14, that the meeting was being held at a date, time and place convenient to the majority of persons entitled to receive notice of the meeting.

The Chairman advised that the purpose of the meeting was to determine:

- Whether to appoint a Committee of Creditors and, if so, who are to be the committee members.
- Confirm the appointment of the Administrators.
- Any other business.

4. MOTIONS

The Chairman advised that all motions were to be resolved on the voices, unless a poll was demanded (Regulation 5.6.19)

5. RESOLUTIONS

The Chairman advised that a resolution is carried if:

- A majority of creditors voting (whether in person, by attorney or by proxy) vote in favour; 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.

The Chairman advised that a resolution put to the vote of the meeting must be decided on the voices unless a poll is demanded, before or on the declaration of the result of the voices (Regulation 5.6.19):

- (a) By the Chairperson; or by

- (b) By at least two persons present in person, by proxy or by attorney that are entitled to vote at the meeting; or
- (c) By a person present in person, by proxy or by attorney representing not less than 10% of the total voting rights of all the persons entitled to vote at the meeting.

6. VOTING

The Chairman noted that he may exercise a "casting vote" if no result is reached for or against (Regulation 5.6.21). The Chairman's decision to exercise this vote is subject to review by the Court upon application by a creditor (Section 600B and Section 600C).

The Chairman also noted that a secured creditor may vote with respect to the whole of its debt or claim, without being required to estimate the value of its security (Regulation 5.6.24).

In addition, the Chairman noted that a related party is permitted to vote as a creditor at the meeting, provided its claim has been admitted by the Administrators for the purposes of voting.

7. DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

The Chairman tabled the Declaration of Independence, Relevant Relationships and Indemnities. The Chairman noted that:

- (i) A copy of the declaration had been provided to creditors with the notice of meeting.
- (ii) There has been no change to the declaration since the date the Administrators signed them.

The chairman explained that the Administrators were contacted in December 2008 to provide professional advice to the Company on their solvency position in view of the changing climate of the automotive industry.

8. PROGRESS REPORT OF THE ADMINISTRATORS

The Chairman presented to the creditors, the circumstances leading up to the appointment. A copy of the presentation has been attached.

The Chairman advised that immediately after the appointment of Administrators, Stephen Longley and David McEvoy of PriceWaterhouse Coopers were appointed Receivers and Managers ("Recievers") of the Company. It was further advised by the Chairman that the Recievers were continuing to trade on the Company for the purpose of a sale of business.

The Chairman then advised that a liquidation is the most likely outcome of the administration, given the Company's current circumstance. Liquidation will allow for the employees to claim for their entitlements as soon as possible from the Department of Education, Employment and Workplace Relations via the GEERS scheme. Further, the Chairman noted that several suppliers were also eager for the same outcome so that they can claim on their debtor's insurance policy with regard to their respective pre-appointment debt.

The meeting was then opened for discussion.

Mr Mark Hardman, as proxy for Hardman Bros. Pty Ltd asked of the likelihood of dividends being paid to unsecured creditors. The Chairman advised that it is too early to tell due to the unknown outcome of the sale of the Company's assets. Furthermore, the Chairman advised that even though the priority creditors (employees) will likely be paid under the GEERS scheme (in the event of a liquidation), DEEWR then subrogates as a priority creditor in the liquidation. Accordingly, a distribution will need to be made to them before one is made to unsecured creditors.

The Chairman was then asked the likely price for the sale of the business. It was advised that there are a number of interest parties who are proceeding with due diligence, however, a sale price at this stage would only be speculation.

Mr Ian Alabakis, as proxy for Mett Pty Ltd then questioned whether the Administrators have reviewed the Company's cashbooks. The chairman advised that a review of the Company's cashbooks has not yet been completed in detail, however, will be completed in due course and disclosed in the s439A report, to the extent that financially sensitive information is not released which would compromise the sale of the business.

The Chairman was asked if the Administrators had access to the Company's books and records. The chairman confirmed that they have access via the Recievers.

Ms Anna Odrzywolska, as proxy for Australian Superannuation, Care Super, Construction and Building Union Superannuation and Retail Employees Superannuation Trust, questioned how the outstanding superannuation was to be calculated. It was advised the the Recievers will be handling this as they have direct access to the source documents.

The Chairman was asked if the work completed pursuant to Ferrier Hodgson's prior appointment in December 2008 has been paid for. The Chairman responded that no tax invoice had been rendered, and as such no payment was recieved.

The Chairman was then asked if the Company had been trading whilst insolvent. The Chairman referred back to the work performed by Ferrier Hodgson in December 2008, and commented that the Company needed to be restructured to move in line with the slowing economy. The solution to this issue was to reduce production and staff levels. However, the Company was unable to afford the redundancy costs in order to do so.

As such, Deloitte was engaged to assist with sourcing equity partners or interested purchasers for the business, to provide the Company with the cashflow required to meet redundancy costs, and allow production to continue. The Chairman was further questioned on the sale process conducted by Deloitte, and whether the short sale period was realistic. The Chairman advised that both Deloitte and the board of directors felt confident with the period as the sale was targeted towards major industry players and was not an open campaign.

It was then asked if potential buyers still existed. The Chairman confirmed that there are a number of interested parties, however, he is unable to disclose them at this point.

The Chairman was asked if there was any Goodwill on the balance sheet, for which it was advised that there was none. Mark Frecheville, one of the shareholders and creditor of the Company advised that there is capitalised research and development costs of approximately \$10 million on the balance sheet.

The receivership of Ssang Yong was then discussed and the Chairman was queried regarding the extent to which Ssang Yong were indebted to the Company and the likelihood of this debt being recovered. The Chairman advised that he understands Ssang Yong owes the Company several million dollars and that this debt was unlikely to be recovered.

The Chairman was then asked in regards to Retention of Title claims, if there was any stock left at the date of the Administrators' appointment. It was advised that this matter is to be dealt with by the Receivers; however, the Chairman noted that there were minimal raw materials on hand. He confirmed that a small amount of work in progress and finished goods were on hand.

The Company's relationship with Ford was then discussed. The Chairman noted that Ford that had been very good in providing Cash on Delivery terms for supplies made prior to the appointment of the Administrators to ensure the plant continued to operate. Since the appointment, Ford has been very supportive and the Chairman was confident that Ford will continue to support the DSI plant when sold. However, he confirmed that, to his knowledge, Ford have not made any formal commitment.

The Chairman was then asked to disclose the number of unsecured creditors and the amount they were owed by the Company. The Chairman advised that there are approximately 420 creditors that were owed in excess of \$20 million.

9. COMMITTEE OF CREDITORS

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

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

The Chairman called for nominations.

It was moved by Steven Nicholson as proxy for Albins Off-Road Gear Pty Ltd and seconded by Anna Odrzywolska as proxy for Australian Superannuation, Care Superannuation, Construction and Building Union Superannuation and Retail Employees Superannuation Trust.

"That a Committee of Creditors be appointed comprising representatives of the following creditors:

- Anna Odrzywolska as proxy for Australian Superannuation, Care Superannuation, Construction and Building Union Superannuation and Retail Employees Superannuation Trust.
- David Smith as representative for the employees.
- Glenn Paine as proxy for Edwards JIT Services Pty Ltd.
- Graeme Sinclair as proxy for Parish Engineering Co Pty Ltd.
- Ian Alabakis as proxy for Mett Pty Ltd.
- Mark Frecheville as proxy for Moore Nominees Pty Ltd.
- Paul Phillips as proxy for Benson – MFI Pty Ltd.

The motion was declared carried.

10. APPOINTMENT OF ADMINISTRATORS

The Chairman advised that pursuant to an Instrument of Appointment dated 16 February 2009, John Ross Lindholm and George Georges were appointed Administrators of the Company.

The Chairman advised that pursuant to Section 436E(4), creditors may, by resolution, appoint someone else as Administrator of the Company.

The Chairman was questioned on the process of the appointment of new administrators. The Chairman reiterated the advice in the report dated 16 February 2009.

The Chairman noted that there were no other nominations for Administrator and announced that the Company's appointment stands and accordingly, John Ross Lindholm and George Georges remain as Administrators.

11. CLOSURE OF MEETING

There being no further business, the Chairman thanked those present for attending and advised that a further meeting would be held within 21 days to receive the Administrators' report as to the 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.

The Chairman advised that a circular would be forwarded to creditors advising them of the meeting.

The Chairman declared the meeting closed at 12:25pm.

Signed as a correct record.



JOHN LINDHOLM
CHAIRMAN