

ION Limited (ACN 009 106 272)
Yollatsac Limited (formerly Castalloy Limited) (ACN 007 528 583)
Yollatsac Manufacturing Pty Ltd (formerly Castalloy Manufacturing Pty Ltd)
(ACN 007 838 986)
Yollatsac Wheels Pty Ltd (formerly Castalloy Wheels Pty Ltd) (ACN 007 894 984)
Core Cast Limited (ACN 097 447 660)
ION Light Metal Castings Pty Ltd (ACN 104 930 181)
ION Automotive Group Limited (ACN 104 279 156)
XIAS Pty Ltd (formerly ION Automotive Systems Pty Ltd) (ACN 104 930 109)
XITMS Pty Ltd (formerly ION Transmissions Pty Ltd) (ACN 099 982 180)
XCTA Pty Ltd (formerly Cootes Transport Pty Ltd) (ACN 010 383 016)
XCTS Pty Ltd (formerly Cootes Tanker Service Pty Ltd) (ACN 004 495 765)
XIRC Pty Ltd (formerly I.R. Cootes Pty Ltd) (ACN 004 801 076)
XLC Pty Ltd (formerly Liquip Corp Pty Limited) (ACN 082 859 970)
XLO Pty Ltd (formerly Liquip Overseas Pty Ltd) (ACN 094 440 589)
XLS Pty Ltd (formerly Liquip Sales Pty Ltd) (ACN 001 595 222)
XLSE Pty Ltd (formerly Liquip Service Pty Ltd) (ACN 082 859 989)
XLSV Pty Ltd (formerly Liquip Sales (Vict.) Pty Ltd) (ACN 005 691 761)
XST Pty Ltd (formerly Stevenson Transport Pty Ltd) (ACN 006 271 352)

(All subject to Deed of Company Arrangement)
(Collectively "ION DOCA Group")

Deed Administrators' Update

18 August 2011

1 Introduction

Following the last update to creditors dated 21 January 2011, we now provide a further update on our progress in dealing with shareholder claims and distributions to creditors.

2 Update on Shareholder Claims

As previously reported in the Deed Administrators' Update to Creditors dated 21 January 2011, the Deed Administrators have received approximately 5,000 proof of debts from shareholders.

All shareholder claims received by the deadline set for the first interim distribution have been reviewed. Claimants have been advised in most instances of the status of their claim.

Where shareholder claims did not contain sufficient evidence of ION's conduct and / or causation, and their claims appeared to have sufficient merit, the Deed Administrators have provided shareholders with a further opportunity to provide additional evidence to support their claims prior to a final determination being made.

In respect of admitted claims, all shareholders (or their legal representative) have received payment of the first interim distribution of 45 cents in the dollar. Rejection notices have been, or are currently being sent to all shareholders whose claims have been rejected.

In relation to shareholder claims that include shares purchased on or after 10 September 2004, the Deed Administrators are in the process of making payments (at a rate of 45 cents in the \$) to these shareholders for 80% of the admissible value of their claim. This payment is in line with the Deed Administrators' compromise offer which gave shareholders who purchased shares on or after 10 September 2004 the opportunity to settle their claim for 80% of its admissible value without the need to provide causation evidence. Shareholders are required to provide causation evidence for the remaining 20% of their claim if they wish to pursue the balance.

There are several legal issues still to be resolved between the Deed Administrators and representative law firms prior to finalising all shareholder claims. Due to the complexity of these issues, it is not possible at present to estimate how long this process will take. The Deed Administrators will provide an update in this regard as soon as they are in a position to do so.

3 Second distribution

As previously reported in the last Update to Creditors, a first interim distribution of 45 cents in the dollar was declared on 21 January 2011 for the benefit of all creditors of the ION DOCA Group. The Deed Administrators will shortly be declaring a second interim distribution of 3 cents in the dollar for all creditors in the ION DOCA Group.

A Notice of Intention to Declare a Dividend will shortly be issued.

4 Shareholders who have not yet lodged proofs


Shareholders who have not already lodged a proof of debt and wish to do so may still lodge a claim and should contact the Deed Administrators' Office on ionshareholder@mcgrathnicol.com or (03) 9038 3133 to obtain the necessary documentation.

Claims received after 2 September 2011 may not be eligible to participate in the first and second distributions.

5 Further information

If you require further information in relation to the matters dealt with in this update, please refer to the ION website (www.ionlimited.com) or contact the Deed Administrators at ionshareholder@mcgrathnicol.com.

ION Limited (Subject to Deed of Company Arrangement)



Colin Nicol and Peter Anderson
Deed Administrators