

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

30 June 2009

1 Introduction

Following our last update to creditors (20 March 2009), we now provide a further update on the status of the administration and the progress made in dealing with shareholder claims.

2 Cash position of ION Consolidated Group

The ION Consolidated Group cash position as at 30 April 2009 is summarised as follows:

ION Consolidated Group **Cash flow for the period 1 January 2009 to 30 April 2009**

	Actual
	\$'000
Cash as at 1 January 2009	343,995
Residual payables and receivables	1
Administration costs	(1,215)
Interest	5,056
Proceeds from divestments	-
Other	239
Total cash flow for the period	4,080
Total cash as at 30 April 2009	348,075

3 Shareholder claims

In previous updates to creditors, the approach to processing and review of claims received from shareholders was outlined.

As part of that process, extensive interviews with ION's former directors (other than those who elected to be publicly examined) and a number of former ION managers and employees were undertaken. Of the 23 people who participated in these interviews, the last person to formalise his evidence did so yesterday. The person's evidence is important to conclude the Deed Administrators' factual findings in relation to the various claims made by shareholders.

The Deed Administrators' findings of fact will form the basis of their determination of shareholder proofs of debt. Now that the final person has formalised his evidence, it is expected that the Deed Administrators will be in a position to finalise their factual findings within the next few weeks.

As previously reported to creditors, the Deed Administrators intend to make application to the Court seeking directions in relation to a number of issues. These issues include their obligation to notify creditors or potential creditors of their entitlement to lodge proofs of debt, the circulation of a Report to Creditors (which will detail their factual findings resulting from their further forensic investigations) and the processes that should be followed in relation to the lodgement by shareholders of further and/or amended proofs of debt.

Originally anticipated in April 2009, the Court application seeking directions has been postponed. This has been due to the delay in receiving confirmation of the evidence from the

person referred to above. While it is not possible to pre-empt the Court's availability for this matter, it is hoped that a preliminary administrative hearing may be scheduled for late August 2009 with the principal hearing for directions to take place in September 2009.

Once the Court has given directions and those directions have been implemented, the Deed Administrators will be in a position to adjudicate shareholder claims.

4 Investigations into potential claims against former directors

As previously reported, once the Deed Administrators' current work in relation to shareholder claims has been completed, they expect to be in a position to report to creditors regarding the existence of possible claims against former directors.

5 Proofs of Debt

The Deed Administrators have continued their work in adjudicating proofs of debt from suppliers of goods and services and financiers. There are only a small number of complex claims still in dispute.

From our assessments to date, the amount of admissible claims from suppliers of goods or services is not materially different to the estimates made in our Section 439A report to creditors issued on 15 April 2005.

6 Distributions to Creditors

There has been no change in the status of distributions to creditors since our last update. As previously reported, until the quantum of admitted claims by shareholders is known, the Deed Administrators are not in a position to make a distribution to creditors. The estimated return to creditors, and the proposed timeframe for the making of a distribution, are dependent on the processes outlined above being undertaken. Further information about these matters will be included in the Report to Creditors to be issued following the court application described above.

ION Limited (Subject to Deed of Company Arrangement)



Colin Nicol and Peter Anderson
Deed Administrators