

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 September 2009

1 Introduction

Following the last update to creditors dated 30 June 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 31 August 2009 is summarised as follows:

ION Consolidated Group

Cash flow for the period 1 May 2009 to 31 August 2009

	\$'000
Cash as at 1 May 2009	348,075
Residual payables and receivables	(81)
Administration costs	(2,014)
Interest	3,444
Proceeds from divestments	-
Other	238
Total cash flow for the period	1,587
Total cash as at 31 August 2009	349,662

The Deed Administrators are anticipating a cash inflow of approximately \$13 million in the coming months from the receipt of an income tax refund. Administration costs chiefly represent legal fees in relation to the claims from shareholders of approximately \$983,000 and insurance liabilities for the ION Group of circa \$833,000. Deed Administrators fees were not paid during the period, however fees totalling \$1.28 million for the period 1 October 2008 to 21 August 2009 have recently been approved by the Committees of Creditors.

3 Shareholder claims

The approach to processing and investigation of claims received from shareholders has been outlined in previous updates to creditors. The Deed Administrators' findings of fact will form the basis of their determination of shareholder proofs of debt, and will be released in the form of a Report to Creditors. This report is well advanced and will shortly be reviewed by Senior Counsel.

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.

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 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 ascertained, the Deed Administrators are unable 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