

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

23 December 2009

2 Introduction

Following the last quarterly update to creditors dated 30 September 2009, we now provide a further update on the status of the administration and the progress made in dealing with shareholder claims.

3 Cash position of ION Consolidated Group

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

ION Consolidated Group

Cash flow for the period 1 September 2009 to 30 November 2009

	\$'000
Cash as at 1 September 2009	349,662
Residual payables and receivables	5
Administration costs	(2,058)
Interest	2,687
Proceeds from divestments	-
Other	(1,280)
Total cash flow for the period	(647)
Total cash as at 30 November 2009	349,016

The Deed Administrators were anticipating a cash inflow during the last quarter from the Australian Taxation Office (“ATO”) in relation to an income tax refund. The payment of this amount has been delayed by the ATO and the Deed Administrators now anticipate payment in early 2010.

Deed Administrators’ fees were paid during the period. The fees, which were reported in the previous Deed Administrators’ Update, totalled \$1.28 million for the period 1 October 2008 to 21 August 2009 and were approved by the Committees of Creditors. Other significant administration costs represent legal fees in relation to the claims made by shareholders.

4 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 has been drafted and is currently being 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. The application to the Court will be made in early 2010 once Senior Counsel have completed their review and the report finalised.

5 Workcover SA claim

The Deed Administrators' Update dated 6 May 2008 notified creditors of a claim received from Workcover SA in relation to a Supplementary Levy (referred to as an 'Exit Levy' or 'Balancing Payment'). A confidential settlement was recently reached with Workcover SA to settle their claim in relation to the South Australian operations of ION.

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 ascertained, the Deed Administrators are unable to make a distribution to creditors. 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)

A handwritten signature in black ink, appearing to be a stylized name, possibly 'Colin Nicol'.

Colin Nicol and Peter Anderson
Deed Administrators