

**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")**

## **Update to Creditors and Declaration of First Interim Distribution**

**21 January 2011**

## 1. Update on Shareholder Claims

As previously reported in the Deed Administrators' Update to Creditors dated 20 October 2010, the Deed Administrators' updated Report to Creditors was published on 20 October 2010 via the ION website at [www.ionlimited.com](http://www.ionlimited.com). The purpose of the Report was to assist current and former shareholders of ION to consider whether they have a basis for a claim against ION and to lodge new or amended proofs of debt.

Since the publication of the Report the Deed Administrators have received approximately 3,500 new or amended proofs of debt, taking the total number of shareholder proofs received to date to more than 5,000 proofs.

In the Report, the Deed Administrators made an offer to resolve shareholder claims relating to ION shares purchased on or after 10 September 2004 (**Compromise Offer**). The Compromise Offer gave shareholders, who purchased shares on or after 10 September 2004, the opportunity to make their claim concerning those shares without providing causation evidence. Provided the shareholder proved the other aspects of their claim, the Deed Administrators offered to admit their proof in relation to those shares at 80% of its admissible value.

In respect of those shareholders who have made claims only in relation to share purchases on or after 10 September 2004 and who have accepted the Compromise Offer, the Deed Administrators have completed their adjudication of these proofs (**Compromised Claims**).

All other shareholder claims are currently being processed. The Deed Administrators and their legal representatives have allocated the necessary resources to ensure that these remaining shareholder claims are dealt with and determined as soon as possible. Due to the volume and complexity of these remaining shareholder claims, 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.

## 2. Declaration of First Interim Distribution

Now that most shareholder claims have been submitted and the likely maximum admissible value of those claims is known, the Deed Administrators consider it appropriate to commence the distribution of funds pursuant to the DOCAs.

To that end, on 14 December 2010, the Deed Administrators published a Notice of Intention to Declare a Dividend which notified all creditors of the ION DOCA Group that a first interim dividend would be declared on 21 January 2011 (**Notice of Intention**). The Notice of Intention required creditors who had not done so already, to lodge a proof of debt or claim with the Deed Administrators on or before 7 January 2011 (**Deadline**) to participate in the interim distribution.

A first interim distribution at the rate of 45 cents in the dollar is declared for the benefit of all creditors of the ION DOCA Group who lodged their proofs of debt or claim with the Deed Administrators on or before the Deadline and whose debts or claims are already admitted or are subsequently admitted (**First Distribution Creditors**).

All proofs of debt lodged with the Deed Administrators after the Deadline will not be eligible to participate in the first interim distribution.

The first interim distribution will be paid as follows:

- (a) on 28 January 2011 for those First Distribution Creditors whose debts or claims are adjudicated and admitted by that date; and
- (b) for those First Distribution Creditors whose debts or claims are not adjudicated and admitted by 28 January 2011, but are subsequently admitted by the Deed Administrators, payment will be made within 7 days after the date of admission.

Admitted trade creditors, financiers and shareholders with Compromised Claims will be paid their first interim distribution on 28 January 2011.

Shareholders with claims lodged by the Deadline that are in the process of being adjudicated as at 28 January 2011, will receive payment of the 45 cent first interim distribution as and when their claims are admitted. As noted above, it is not possible at present to estimate how long this process will take, however the Deed Administrators will provide an update in this regard as soon as they are able.

The Deed Administrators will also update creditors in due course as to the likely timing of a second interim distribution once the process of adjudicating the shareholder claims is further advanced.

### 3. Further Information

If you require further information in relation to the matters dealt with in this update, please refer to the ION website or contact the Deed Administrators at [ionshareholder@mcgrathnicol.com](mailto:ionshareholder@mcgrathnicol.com) or (03) 9038 3133.



*ION Limited (Subject to Deed of Company Arrangement)*

Colin Nicol and Peter Anderson  
*Deed Administrators*