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Australian Securities Exchange
Company Announcements Office
10th Floor
20 Bond Street
SYDNEY NSW 2000

Dear Sirs,

aiAutomotive Completes Acquisition of Dair South Australia

The directors of aiLimited (aiL) wish to advise that it's subsidiary aiAutomotive (aiA) has completed the acquisition of the South Australian business of Dair Industries Pty Ltd, Dair SA.

Dair SA is a Tier 1 supplier to Holden, Futuris and General Motors Shanghai. It manufactures instrument panel cross car beams, an integral part of every vehicle, as well as park brake components and hinges. At present these are produced by Dair SA for the Holden VE range and its current and planned export derivatives such as the Pontiac G8 and the utility.

Over the next few weeks most of the Dair SA plant will be relocated from its current location at Elizabeth to aiA's premises at Woodville. The remainder will be moved in the first quarter of next year. This will deliver synergistic savings in overhead, rent and administrative costs of around \$1m per annum.

aiA paid \$6.5m for the business including payout of plant and equipment leases, the purchase of \$1m in stock and the assumption of employee entitlements. A further maximum of \$1m is payable by way of an earn-out in 12 months with payment linked to the number of car sets sold to Holden. aiA has utilised new bank borrowings to fund the acquisition.

The combination of aiA and Dair SA will push the revenue for aiL's automotive group above \$100m per annum and with the sharing of overhead costs enable strong earnings growth. It is expected Dair SA will add \$4m in EBITDA per annum to aiA as synergies are fully realised in the new year.

The acquisition of Dair SA fits with aiL's previously advised strategy to play a central role in consolidation of the automotive industry by acquisition of other component manufacturers. It is hoped another announcement regarding completion of the acquisition of Victorian based HPG will be made shortly. Acquisition negotiations are also ensuing with another Victorian based component manufacturer.

Yours sincerely,



Tony Dale
Managing Director



ai Limited