



CIRCULAR TO SHAREHOLDERS

**NYLEX LIMITED and each entity listed in Schedule 1,
collectively The Nylex Group
ACN 009 375 553**

(Administrators Appointed)

1. APPOINTMENT OF ADMINISTRATORS

Messrs George Georges and John Lindholm of Ferrier Hodgson were appointed Voluntary Administrators (“Administrators”) of the Nylex Group on 11 February 2009.

It should be noted that the Receivers and Managers, Messrs Colin Nicol, Johan Vorster and Sam Davis of McGrathNicol were subsequently appointed over 20 companies in the Group as per the attached schedule and are in control of the companies’ assets and operations. They will be solely responsible for, and will determine all issues relating to these companies’ ongoing operations and the manner in which their assets are dealt with.

Updates on the business operations, when available, will be published on the Nylex and McGrathNicol website. It is the intention of the Receiver and Manager to continue trading during this period.

Updates for shareholders will be provided from time to time by the Administrators on the Ferrier Hodgson website. A copy of the ASIC Information Sheet: “Insolvency – a guide for shareholders” can be downloaded from www.asic.gov.au.

2. IMPORTANT INFORMATION FOR SHAREHOLDERS

2.1 Suspension of Trading

As shareholders are aware, trading of shares in the listed company was already suspended on the Australian Stock Exchange (“ASX”) as at the date of our appointment. A trading halt will be maintained until the outcome of the Administration is known. Whether the listed entity is ultimately re-listed on the ASX will depend on any offer to restructure the company.

Information about the Company and the status of our Administration can be found on our website www.ferrierhodgson.com.au and the ASX website on www.asx.com.au.



2.2 Transfer of Shares

Pursuant to Section 437F of the Corporations Act 2001, a transfer of shares in a company, or an alteration in the status of the members of a company that is made during the administration of a company, is void except so far as the Court orders.

2.3 Capital Gains Tax

A recent amendment to the Income Tax Assessment Act 1997 allows an Administrator, in certain circumstances, to declare shares or financial instruments worthless, with the effect of creating a capital loss on the shareholding.

Pursuant to Schedule 8 – CGT Event G3 to the Taxation Laws Amendments (2004 Measures Number 6) Act 2005, an Administrator can only make this declaration if there is no likelihood that shareholders in the company, or shareholders of the relevant class of shares, will receive any further distribution for their shares.

Whilst potential still exists for the recapitalisation of the company, I am unable to make this declaration for shareholders at this point in time.

I will not write to shareholders until the earlier of circumstances arising that enables me to make the aforementioned declaration or just prior to the end of the financial year to apprise you of developments since the Administrators' appointment.

3. FURTHER INFORMATION

Should you require any further information on the Administration, enquiries may be sent to nylexenquiries@fh.com.au.

Updates will be placed on the Ferrier Hodgson website www.ferrierhodgson.com.au from time to time and ASX website.

DATED this 11th day of February 2009



GEORGE GEORGES
ADMINISTRATOR



Schedule 1 Ferrier Hodgson Administrators Appointed:

Company Name	ACN
Nylex Limited *	009 375 553
Pitmain Pty Ltd *	009 399 339
Nylex Automotive Investments Pty Ltd *	071 601 315
Jetpur Pty Ltd *	066 054 420
CDA Industries Pty Ltd *	075 723 054
National Consolidated Pty Ltd *	004 222 404
Hawker Richardson Limited	059 923 705
Austrim Textiles Pty Ltd *	077 622 096
Austrim Properties Pty Ltd *	075 723 072
Nylex Corporation Pty Ltd *	084 725 002
Nylex Water Solutions Pty Ltd	004 758 070
Nylex Properties Pty Ltd	084 724 998
Mitemon Pty Ltd	117 201 037
Ajax Cooke Pty Ltd *	006 926 656
Spurway Cooke Holdings Pty Ltd *	002 528 216
ACN 010 139 223 Pty Ltd (Formerly Steelfast Limited) *	010 139 223
ACN 006 630 137 Pty Ltd (Formerly Pryda Aust Pty Ltd) *	006 630 137
Nylex Industrial Products Pty Ltd *	053 301 296
Eilloc Pty Ltd *	004 283 729
Ivingham Cross Pty Ltd *	007 223 574
Ekul Investments Pty Ltd *	004 164 998
Natcorp Investments Pty Ltd *	000 007 474
Residual Assco Group Finance Pty Ltd	008 578 425
ACN 009 656 428 Pty Ltd (Formerly Toowoomba Foundry) *	009 656 428
Henderson's Pty Ltd *	004 285 063

* McGrathNicol, Receivers and Managers Appointed