

24 June 2010

TO CREDITORS

Dear Sir/Madam

**RE: SONRAY CAPITAL MARKETS PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 104 482 993**

**SONRAY ADVISORY PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 121 868 826**

**SONRAY CAPITAL MARKETS (QLD) PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 119 300 300**

**SONRAY CAPITAL MARKETS NOMINEES PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 134 965 754**

(COLLECTIVELY REFERRED TO AS "THE GROUP" OR "SONRAY")

MELBOURNE
LEVEL 29 600 BOURKE STREET
MELBOURNE VIC 3000 AUSTRALIA
PO Box 290 COLLINS STREET WEST
MELBOURNE VIC 8007
PHONE +61 3 9600 4922
FAX +61 3 9642 5887
EMAIL FHMELB@MELB.FH.COM.AU
WWW.FERRIERHODGSON.COM
DX 125 MELBOURNE

ADELAIDE
BRISBANE
PERTH
SYDNEY
HONG KONG
JAKARTA
KUALA LUMPUR
MANILA
SHANGHAI
SINGAPORE
TOKYO

AFFILIATED THROUGH
ZOLFO COOPER
AND
KROLL WORLDWIDE
UNITED STATES
UNITED KINGDOM

George Georges and John Lindholm were appointed Administrators of the Group pursuant to section 436A of the Corporations Act 2001 ("the Act") on 22 June 2010.

We now control the Group's operations and are conducting an urgent assessment of the Group's financial position. The Group's directors have been requested to prepare a statement about the Group's business, property, affairs and financial circumstances as at the date of our appointment.

1. CLIENT POSITIONS

Sonray has approximately 3,000 active clients.

Whilst our investigations at this stage are limited, our preliminary views are set out below in relation to the positions of the Sonray clients.

This section of the circular is based on the terms and conditions forming part of the account application v3.0 dated 13 May 2010 (**Terms**) (a copy of this account application form can be reviewed at www.ferrierhodgson.com). Those terms and conditions may not apply to you, in which case your position may be different to that set out in this letter.

Depending on how you completed your account application the Terms cover trading in some or all of equities, equity options, warrants, contracts for difference, margin foreign exchange and/or futures.

1.1 Segregated account

Under the Terms, all money and property received by Sonray on behalf of a client are supposed to be held in a segregated account where it is mingled with money and property

received by Sonray from other clients. Sonray was authorised to use the money in the segregated account for a number of purposes, including Sonray dealing with its counterparties with respect to clients' positions.

Our preliminary investigations suggest that there may be a significant deficiency in the segregated accounts and related dealings.

I am presently investigating the segregated account and related dealings maintained by Sonray to determine:

1. The balance of money and property held in each account;
2. The location of that money and property; and
3. The reason behind why there appears to be a deficiency in the segregated accounts and related dealings.

The Terms indicate that clients are likely to be unsecured creditors following the appointment of the Administrators.

1.2 Counterparties

Sonray entered into arrangements with third party execution and clearing counterparties. As indicated in our circular to you dated 23 June 2010 we have contacted those counterparties and instructed them to immediately suspend trading activities for Sonray.

We are investigating the position of each of Sonray's counterparties with a view to recovering any of Sonray's assets in the hands of those counterparties. Any property recovered from counterparties will be dealt with consistently with Sonray's legal obligations.

1.3 Client accounts

Sonray also maintained an account or accounts for each client. Clients have been unable to trade on their accounts since my appointment. We are investigating the position of each client's account(s) and will report to each client individually as soon as we are in a position to do so.

Some clients have lodged collateral with Sonray and some clients have outstanding margin calls. The position of particular clients with respect to collateral and outstanding margin calls will be addressed when we report to those clients on their position.

Once the position of clients is determined some clients may be debtors of Sonray and some clients may be creditors. Clients who are debtors of Sonray will be required to pay their debts. Clients who are creditors of Sonray will be able to participate in the voluntary administration process.

The Terms set out a very detailed and complex contract between Sonray and each client. All of Sonray's clients should obtain financial and legal advice about their position following our appointment to the companies in the Sonray Group.

2. FIRST MEETING OF CREDITORS

We are required to call a first meeting of creditors within eight business days of our appointment pursuant to section 436E of the Act. The purpose of this meeting is to provide creditors with an opportunity to:-

- Appoint a Committee of Creditors; and,
- Appoint an alternative Administrator, if they so desire.

In this regard, we enclose the following documents:

- (a) Notice of Meeting of Creditors. *Please note that the meeting commences at **11:00am**. Registration begins at **10:00am** to allow sufficient time for all creditors to register. Please ensure you arrive no later than **45 minutes** prior to the meeting.*
- (b) Informal Claim Form for Voting Purposes.

*A person is not entitled to vote at the meeting unless they provide particulars of the debt or claim to the Administrators before the meeting. **Please note this form is for voting purposes only.** All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the Group or any lien over goods in their possession which are property of the Group.*

- (c) Appointment of Proxy form. The form enables you to appoint a person to act on your behalf at the meeting.
- (d) A publication of the Insolvency Practitioners Association of Australia (“IPA”) and the Australian Securities and Investments Commission concerning insolvency information for directors, employees, creditors and shareholders.

The Informal Claim Form for Voting Purposes and Proxy form should be lodged with this office before the meeting and, in any event, no later than **4.00pm on the business day prior to the meeting**. Forms can be sent by facsimile on **(03) 9642 5887** marked to the attention of Ms Courtney Davies or scanned and emailed to **sonray@fh.com.au**. However, Corporations Regulation 5.6.36A requires lodgement of the original of the Proxy form with the Administrators’ office within 72 hours of lodging the faxed copy.

3. DECLARATION BY ADMINISTRATORS

Pursuant to sections 435DA(2) and (3) of the Act and the IPA Code of Professional Practice, we enclose the Administrators’ ‘Declaration of Independence, Relevant Relationships and Indemnities’.

4. TRADING

Please note that the Administrators do not accept liability for the supply of any goods and services from the date of appointment without an approved purchase order.

You may be aware that payment of unsecured creditors' accounts as at 22 June 2010 is postponed pending the outcome of a second meeting of creditors (see section 8 below).

5. PROPERTY USED BUT NOT OWNED BY THE GROUP

In accordance with section 443B of the Act, the Administrators' liability under hire purchase or lease agreements does not commence until five business days after the Administrators' appointment. Further, pursuant to section 440C of the Act, the lessor or owner of property in the Group's control is not entitled to take possession of such property without leave of the Court or the Administrators' written consent.

We will write separately to known lease and hire purchase creditors regarding such assets. Please contact this office if you do not receive my letter.

6. LEGAL PROCEEDINGS

The appointment of Administrators' stays a proceeding in a court against the Group. You cannot commence or continue a proceeding against the Group without my written consent or with the leave of the Court.

7. EMPLOYEES

We have advised employees separately regarding the appointment of Administrators.

8. REPORT TO CREDITORS AND SECOND MEETING OF CREDITORS

The Administrators will prepare a report to creditors under section 439A of the Act which will include details on the Group's business, property, affairs and financial circumstances.

The second meeting of creditors will be held on or before **27 July 2010** unless the Court extends this date. It is at this meeting that creditors will consider the Administrators' report and consider resolutions regarding the Group's future.

9. ADMINISTRATORS' REMUNERATION

For the purposes of the Group's administration, the Administrators intend that their remuneration be fixed on the basis of time spent by them, and their staff of an appropriate level having regard to the nature and complexity of the work, and calculated by reference to hourly rates. Enclosed for your information are the following:

- Statement regarding remuneration setting out the four basic methods of calculating remuneration together with an explanation as to why hourly rates are appropriate in this administration
- Schedule of Rates and General Guide to Staff Experience

The Administrators will provide creditors with a remuneration report pursuant to section 449E of the Act with the report to creditors referred to above.

An information sheet concerning approval of remuneration in external administrations can be obtained from www.ipaa.com.au or through this office.

10. ELECTRONIC NOTIFICATION

You may elect to receive future notices or other documents, including circulars and reports regarding the Administration, via email. Should you wish to do so, please email sonray@fh.com.au with the following information:

- The person to whom matters regarding the Administration should be directed.
- The full name of the creditor entity.
- The email address at which the creditor is to receive future correspondence.

Given the large number of unsecured creditors, my preference is for creditor communication to be conducted via electronic form, however hard copies can still be obtained if creditors do not have internet access.

11. FURTHER INFORMATION

For further information concerning the Voluntary Administration process, Administrators' remuneration and Ferrier Hodgson, you may wish to visit our website at www.ferrierhodgson.com. Queries regarding the administration should be directed to sonray@fh.com.au

Yours faithfully



GEORGE GEORGES
ADMINISTRATOR

Encl.

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STATEMENT REGARDING REMUNERATION

A. Remuneration methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

Time based/hourly rates

This is the most common method. The total fees charged is based on the hourly rate charged for each person who carries out the work multiplied by the number of hours spent by each person on each of task performed.

Fixed fee

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes, a practitioner will finalise an administration for a fixed fee.

Percentage

The total fee charged is based on a percentage of a particular variable such as the gross proceeds of asset realisations.

Contingency

The insolvency practitioner's fee is contingent on achieving a particular outcome.

B. Method Chosen

Time based remuneration is appropriate in this administration given:

- It ensures creditors are only charged for work performed
- I am required to perform tasks unrelated to asset realisations; hence, fees solely based on asset realisation would be unrealistic
- I am unable to provide a reliable estimate of total fees to complete all tasks in the administration

C. Fee estimate

I estimate fees for the administration of the Group's affairs at between \$300,000 and \$400,000 unless the administration period is extended by creditors (at the second meeting) or by the Court. Please note this is an estimate only and may vary materially given the circumstances of the administration.

Dated this day of June 2010



GEORGE GEORGES
ADMINISTRATOR

SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Classification	Rate (\$)	Experience
Partner/Appointee	595	The Partner/Appointee is a registered liquidator and member of the ICAA and, generally, the IPA, bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at www.ferrierhodgson.com
Director	500	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and, generally, the IPA, with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	445	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and, generally, the IPA; very strong knowledge of relevant insolvency legislation and issues.
Manager	370	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and, generally, the IPA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	315	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	280	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues.
Senior 2	250	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	220	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	185	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Senior Secretary	180	Appropriate skills including machine usage.
Junior/Filing	145	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

Notes:

1. The hourly rates are exclusive of GST.
2. The guide to staff experience is intended only as a general guide to the qualifications and experience of our staff engaged in the administration. Staff may be engaged under a classification that we consider appropriate for their experience.
3. Time is recorded and charged in six-minute increments.
4. Rates are subject to change from time to time. Disbursements are recovered on the following basis.

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Photocopying	30c cents a copy
Facsimile	\$1 per page
Group Search	At cost
File Set up	At cost
Advertising	At cost
Storage	At cost
Couriers	At cost

Generally, the Partners of Ferrier Hodgson Melbourne are members of the Insolvency Practitioners Association of Australia. Ferrier Hodgson follows the IPA Code of Professional Practice.

A copy of the IPA Code of Professional Practice may be found on the IPA website at www.ipaa.com.au.

**FORM 529A
CORPORATIONS ACT 2001**

Paragraph 5.6.12(2)(aa)

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**NOTICE OF FIRST MEETING OF CREDITORS OF THE GROUP
UNDER ADMINISTRATION**

1. Notice is hereby given that on 22 June 2010, the Group, under Section 436A, appointed John Ross Lindholm and George Georges of Ferrier Hodgson, Level 29, 600 Bourke Street, Melbourne, Victoria as the joint and several Administrators of the Group.
2. Notice is also given that a meeting of the creditors of the Group will be held at the The Melbourne Convention and Exhibition Centre 1 Convention Centre Place, Melbourne, Victoria, on 2 July at 11:00am.

Facilities will also be available for creditors to attend and participate in the meeting at the following locations by audio visual link:

New South Wales: The Wesley Theatre, 220 Pitt St, Sydney.

Queensland: The Brisbane Convention and Exhibition Centre, Merivale St, South Bank.

3. The purpose of the meeting is to determine:
 - 3.1 Whether to appoint a committee of creditors; and
 - 3.2 If so, who are to be the committee's members.
4. At the meeting, creditors may also, by resolution:
 - 4.1 Remove the Administrators from office; and
 - 4.2 Appoint someone else as Administrator of the Group.

DATED this day of June 2010



**JOHN LINDHOLM
ADMINISTRATOR**

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INFORMAL PROOF OF DEBT FORM

I/Weⁱ

a creditor of:

SONRAY CAPITAL MARKETS PTY LTD
(ADMINISTRATORS APPOINTED)

SONRAY ADVISORY PTY LTD
(ADMINISTRATORS APPOINTED)

SONRAY CAPITAL MARKETS (QLD) PTY LTD
(ADMINISTRATORS APPOINTED)

SONRAY CAPITAL MARKETS NOMINEES PTY LTD
(ADMINISTRATORS APPOINTED)

Amount of debt claimed:

(see note)

Consideration for debt:

Whether debt secured or unsecured:

If secured, give details of security including dates, etc:

Balance, if any, after deducting value of security (see note):

.....
Creditor (or person authorised by creditor)

NOTE:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his claim has been admitted, wholly or in part, by the Administrator; or
- b. he has lodged with the Administrator particulars of the debt or claim, or if required, a formal proof of debt.

For the purposes of Part 5.3A, a secured creditor may vote (Regulation 5.6.24) for the whole of his debt without regard to the estimated value of his security.

Proxies must be made available to the Administrator.

¹ If a firm, strike out "I" and set out the full name of the firm.

**FORM 532
CORPORATIONS ACT 2001**

Regulation 5.6.29

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APPOINTMENT OF PROXY FOR CREDITORS MEETING

I/Weⁱ

a creditor of

**SONRAY CAPITAL MARKETS PTY LTD
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appoint

or in his absence

as *my/our *general/special proxy to vote at the meeting of creditors to be held on 2 July 2010, or at any adjournment of that meetingⁱⁱ, to vote on each of the following kinds of resolution:

	For	Against	Abstain
a. that in the event that an Administrator is proposed, that the existing Administrators be replaced.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. that a committee of creditors be appointed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this day of June 2010

.....
Signature of Individual^{iv} or person^v
authorised by corporate resolution
to represent the corporation.

OR

The Common Sealⁱⁱⁱ of

was hereunto affixed in the presence of:

.....
Director

.....
Secretary



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- INFO 41 *Insolvency: a glossary of terms*
- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*
- INFO 85 *Approving fees: a guide for creditors*

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the IPA website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

Important note: The information sheets contain a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.



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DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

Independence

We, John Ross Lindholm and George Georges have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Administrators of the Group. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

Relevant Relationships

Neither us, nor our firm, have, or have had within the preceding 24 months, any relationships with the Group, an associate of the Group, a former insolvency practitioner appointed to the Group or any other person or entity that has a charge on the whole or substantially whole of the Group's property other than:

- Sonray Capital Markets Pty Ltd are a creditor of RG Munro Futures Pty Ltd ("Munro"). Mr Tim Michael of Ferrier Hodgson Queensland is the Court appointed Liquidator of Munro. This matter does not impinge on our independence as there is no likelihood of a dividend being paid to creditors. Any prior relationship is remote and immaterial.

Prior Engagements with the Insolvent

Neither us, nor our firm, have undertaken any prior engagements for the Group.

We first met with the Groups director on the morning of our appointment.

There are no other professional relationships or engagements that should be disclosed.

Indemnities

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute.

Dated: 25 June 2010

JOHN LINDHOLM
ADMINISTRATOR

GEORGE GEORGES
ADMINISTRATOR

NOTE: *If circumstances change, or new information is identified, we are required under Section 436DA(5) of the Corporations Act 2001 and the IPA Code of Professional Practice to update this declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Group's creditors.*