

**Wallace Absolute Return Limited
(ABN 58 100 854 788)**

Prospectus

**8.5 for 10 Renounceable Rights Issue of
71,786,794 New Shares at an issue price of
3.5 cents per New Share to raise \$2,512,538**

Offer closes 5.00pm (Sydney time) 10 June 2010

This offer is fully underwritten by E-quest Capital Pty Ltd

IMPORTANT INFORMATION

This Prospectus is a replacement prospectus and replaces the original prospectus lodged by WAB with ASIC on 13 May 2010. It contains important information for you as a Shareholder and requires your immediate attention. It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

The Rights offered are renounceable and so any Shareholder who does not wish to take up the Offer in whole or in part may sell their Rights on ASX or privately, subject to demand. Rights trading commenced on 17 May 2010. If you do not take up all your Rights, your shareholding will be diluted. Shareholders who wish to take up more than their Entitlement may apply for New Shares in excess of their pro-rata entitlement under the Issue or purchase Rights, subject to the provisions of the Corporations Act. If not accepted or sold, the Rights will lapse.

This Prospectus was lodged with ASIC under section 719 of the Corporations Act on 24 May 2010.

IMPORTANT NOTICE

This Prospectus is a replacement prospectus issued by Wallace Absolute Return Ltd ABN 58 100 854 788 (AFSL 221 282), contains an offer to apply for New Shares and is dated 24 May 2010. This Prospectus replaces the original prospectus lodged by WAB with ASIC on 13 May 2010.

A copy of this Prospectus was lodged with ASIC and ASX on 24 May 2010. Neither ASIC nor ASX nor their respective officers take any responsibility with respect to the contents of this Prospectus.

The Closing Date of the Offer is 10 June 2010 unless the Offer is closed early or extended.

The Issue is fully underwritten by E-quest Capital Pty Ltd. See Section 5.3(c) and 7.2 for further details in relation to the Underwriter and the Underwriting Agreement.

No New Shares or other securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The maximum number of New Shares to be issued pursuant to the Offer is 71,786,794. New Shares will only be issued on receipt of a properly completed Application (including payment of the Application Money for the relevant number of New Shares) accompanying this Prospectus or on payment of the Application Money through BPay®.

All Application Money for New Shares received by WAB before the issue of New Shares subscribed for pursuant to this Prospectus will be held on trust for the relevant applicant. No interest will be paid on Application Money. If the Offer does not proceed for any reason, all Application Money will be returned in full as soon as possible to applicants, without interest.

Foreign Shareholders

The New Shares are not offered in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer.

The Offer is not being extended (and accordingly, Applications will not be sent), and the New Shares will not be issued, to a Shareholder with a registered address outside of Australia, other than Shareholders on the Record Date with a registered address in New Zealand. No action has been taken to register or qualify the New Shares or the Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside of Australia.

WAB has determined that it is unreasonable to extend the Offer to Excluded Shareholders having regard to the number of Shareholders residing in such places, the number and value of New Shares they would be offered, and the costs of complying with the legal and governmental and other regulatory requirements in those places. WAB will send details of the Issue and advice to those Excluded Shareholders that they will not be included in the Offer.

With respect to the Entitlements of Excluded Shareholders, WAB intends to appoint an ASIC approved nominee to sell their Entitlements. The net proceeds of sale (if any) of those Entitlements will be forwarded as soon as practicable to the Excluded Shareholders for whose benefit the Entitlements have been sold in proportion to their shareholdings (less brokerage commission and other expenses). The Nominee will have the absolute and sole

discretion to determine the timing and the price at which the Entitlements may be sold (subject to demand for the Entitlements on ASX) and the manner in which any sale is made.

Any interest earned on the proceeds of the sale of the Excluded Shareholders' Entitlements will firstly be applied against expenses of such a sale, including brokerage, and any balance will accrue to WAB.

Neither WAB nor the Nominee will be liable for a failure to sell Entitlements or to sell Entitlements at any particular price. If there is no viable market for the Entitlements of Excluded Shareholders, their Entitlements will be allowed to lapse and the relevant New Shares will be dealt with under the terms of this Prospectus as Shortfall Shares.

In making the Offer in this Prospectus available to Shareholders in New Zealand, WAB is relying on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand), by virtue of which this Prospectus is not required to be registered in New Zealand. Shareholders resident in New Zealand should consult their professional advisors as to whether any governmental or other consents are required or other formalities need to be observed to enable them to subscribe for New Shares pursuant to this Prospectus.

No representations or advice

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by WAB in connection with the Offer.

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account any person's investment objectives, financial circumstances or particular needs.

Certain words and expressions used in this Prospectus are defined in the Glossary in Section 8.



24 May 2010

Dear Shareholder

This Prospectus provides you with information regarding the re-capitalisation of Wallace Absolute Return Limited ("WAB" or "Company") via an 8.5 for 10 renounceable rights offer ("Offer") at 3.5 cents per share. At the same time the Company proposes to undertake other initiatives to re-position the Company as detailed below. The Offer will be fully underwritten by E-quest Capital Pty Ltd ("E-quest") and will raise approximately \$2.5 million before costs.

The additional capital is being raised to provide greater working capital for WAB, provide funds for further investment and provide WAB with greater scale and better position it to extract value from existing assets. It will also allow the Company to review other value accretive opportunities within its existing investment mandate.

Following completion of the Offer, WAB anticipates undertaking a number of other initiatives to re-position the Company, including:

- Appointment of Spiro Paule and Tony Roussos to the board of WAB ("Board"). Both Spiro Paule and Tony Roussos are the sole directors and shareholders of E-quest, the underwriter.
- Retirement of Alan Liddle and Michael Birch from the Board.
- Replacement of Michael Birch with Spiro Paule in the role of Managing Director of the Company.
- Cost saving initiatives including a reduction in Directors' fees and a relocation of the Company's office to Melbourne.
- Change of its name and consolidation of its share capital. The Company anticipates putting resolutions to effect these changes to Shareholders at the next annual general meeting together with resolutions to re-appoint any Directors, as appropriate.

Background to the Offer

At the AGM in November 2009, the Company announced it would conduct a strategic review. The strategic review assessed alternatives available to the Company to address its small capital base and the considerable costs associated with running a standalone listed investment company of its size.

Wallace Absolute Return Limited
Level 3, 20 Loftus Street Sydney 2000 NSW
ABN: 58 100 854 788
PO Box R1436 Royal Exchange NSW 1225
T. +612 9255 9770 F. +612 9255 9701
E. enquiries@wallaceabsolutereturn.com.au

As part of the strategic review, the Company explored a range of alternatives including:

- a sale or merger;
- winding up;
- a re-capitalising and re-positioning of the Company; and
- maintaining the status quo.

The Board has assessed each of these alternatives and believes that in order to maximise value for Shareholders, WAB should continue to trade and that a re-capitalisation and re-positioning of the Company presents the best available option for Shareholders.

Key terms of the Offer

The Offer price of 3.5 cents per New Share represents a 13.1% discount to the volume weighted average price of WAB Shares on the ASX in the 1 month ending 4 May 2010. This price was determined by the Board having regard to general market conditions and the size of the Offer relative to the existing capital base.

Eligible Shareholders will be entitled to subscribe for ordinary fully paid New Shares in WAB at a ratio of 8.5 for every 10 shares held on the Record Date.

The Company has agreed that E-quest will fully underwrite the Offer, having regard to the Company's other options. E-quest is a newly incorporated entity controlled by Spiro Paule and Tony Roussos, being E-quest's sole directors and shareholders.

Each of the Directors has indicated that he will be taking up his Entitlement or procure that third party holders associated with the Directors take up their Entitlement in full.

E-quest has confirmed to the Board that should it obtain a significant holding in WAB resulting from it underwriting the Offer it has no present intention to seek to modify or otherwise change the Company's present business and strategy. However, Spiro Paule has indicated that he will, in his position as Managing Director, seek to reduce the costs of WAB and to consider whether WAB's current investment mandate is appropriate having regard to the size of WAB and the funds it has available for investment.

As the Offer is renounceable, all eligible Shareholders have the opportunity to maintain their relative interest in the Company by subscribing for their Entitlement, or, alternatively, to possibly realise some value through the sale of their Rights on the ASX.

Further terms of the Offer are set out in this Prospectus. **I encourage Shareholders to read this Prospectus in its entirety.** If Shareholders have any questions relating to the Offer, they are encouraged to seek the advice of a legal or financial adviser.

Yours sincerely,



Ken Barry
Chairman

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1 KEY FEATURES OF THE OFFER

The following information is not intended to be comprehensive and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. You should read all of this Prospectus before making a decision to invest, especially information on the potential business and investment risk factors outlined in Section 6.

The Offer is fully underwritten by E-quest Capital Pty Ltd.

KEY STATISTICS

Offer price per New Share	3.5 cents per New Share
New Shares offered under this Prospectus	71,786,794 New Shares
Amount to be raised under this Prospectus	\$2,512,538
Shares on issue following the Offer	156,241,846 Shares

IMPORTANT DATES[†]

Announcement of Issue	5 May 2010
Prospectus lodged with ASIC and ASX and lodgement of Appendix 3B at ASX	13 May 2010
Despatch notice to Shareholders containing Appendix 3B information	14 May 2010
Shares quoted on an "ex" basis and rights trading starts	17 May 2010
Record Date to determine Entitlements	21 May 2010
Replacement Prospectus lodged with ASIC and ASX	24 May 2010
Prospectus and entitlement and acceptance forms sent out to Shareholders, announcement that despatch has been completed and opening date of the Offer	27 May 2010
Rights trading ends	3 June 2010
New Shares quoted on a deferred settlement basis	4 June 2010
Closing Date for lodgement of acceptances	10 June 2010
Notification to ASX of any under subscriptions	16 June 2010
Last date for entry of New Shares on the register and despatch of new holding statements, deferred trading ends and confirmation of Appendix 3B particulars	21 June 2010
Normal trading in New Shares commences on ASX	22 June 2010

† The above dates are subject to change and are indicative only. WAB reserves the right to amend this indicative timetable without notification including, subject to the Corporations Act and the Listing Rules, to extend the latest date for receipt of Applications.

2 WHAT ELIGIBLE SHAREHOLDERS MAY DO

2.1 Entitlements

Your Entitlement to New Shares is shown on the personalised Application accompanying this Prospectus. You may:

- take up all of your Entitlement;
- take up all of your Entitlement and apply for additional New Shares pursuant to the Shortfall Facility;
- take up some of your Entitlement and allow the balance to lapse;
- allow all or part of your Entitlement to lapse;
- sell all or part of your Entitlement as Rights on ASX (subject to there being sufficient demand);
- take up some of your Entitlement and sell the balance as Rights on ASX (subject to there being sufficient demand); or
- sell some or all of your Entitlement as Rights other than on ASX.

If you do not take up your full Entitlement, your interest in WAB will be diluted unless you purchase additional Shares on market. If you take up your full Entitlement your interest will not be diluted.

You are entitled to apply for New Shares in addition to your full Entitlement pursuant to the Shortfall Facility. The Directors reserve the right to issue any Shortfall at their discretion, in consultation with the Underwriter. Any remaining Shortfall will be issued to the Underwriter in accordance with the Underwriting Agreement referred to in Section 7.2.

You are encouraged to apply for New Shares as early as possible.

2.2 How to apply for New Shares

As set out below, to apply for New Shares under the Offer, you may either:

- make a payment for New Shares by BPay®; or
- complete and return the personalised Application accompanying this Prospectus together with a cheque for payment in full for the New Shares being subscribed.

You should follow the detailed instructions on completing the Application set out below.

All payments and/or completed Applications must be received by no later than 5.00pm (Sydney time) on 10 June 2010 (subject to the Offer being closed early or extended). The Application Money for an application for New Shares is an amount equal to the number of New Shares applied for, multiplied by the issue price per New Share (being 3.5 cents).

The Directors may at their discretion issue New Shares in response to an Application or BPay® payment that is received after the Closing Date, but they are under no obligation to do so.

All correctly completed Applications and BPay® payments that are received prior to 5.00pm (Sydney time) on the Closing Date will be treated as an offer to acquire New Shares on the terms and conditions set out in this Prospectus and with the rights and liabilities set out in the Constitution.

WAB in conjunction with the Underwriter reserves the right:

- not to proceed with the Offer at any time before the issue of New Shares under this Prospectus; and
- to issue any applicant fewer New Shares than applied for by the applicant in excess of the applicant's Entitlement.

Where the number of New Shares issued to an applicant is less than the number of New Shares applied for, the surplus Application Money will be returned to the applicant as soon as practicable after the close of the Offer. Interest will not be paid on Application Money held by WAB or returned to an applicant and any interest earned on Application Money will be retained by WAB.

New Shares will be issued as soon as practicable after the Offer closes. WAB will refund Application Money to the extent to which it relates to an unsuccessful application under the Shortfall Facility.

It is the responsibility of applicants to determine the number of New Shares issued to them prior to trading in New Shares. Applicants who sell New Shares before they receive their holding statement do so at their own risk.

If you have any questions on how to apply for New Shares you should contact Link Market Services Limited on +612 8280 7111. If you have any questions about the contents of this Prospectus or the procedure for investing in WAB or dealing with your Rights, you should contact your accountant, financial adviser or stockbroker.

(a) Payment of the Application Money by BPay®

Shareholders using BPay® should use the reference number shown on the personalised Application (which is required to identify their holding).

Shareholders using BPay® to pay the Application Money do not need to return an Application, however, by submitting payment through BPay®, a Shareholder:

- acknowledges it has read and understood the terms of the Offer and this Prospectus;
- agrees to be bound by the provisions relating to the Offer;
- will be deemed to have applied for New Shares in accordance with the terms of this Prospectus; and

- acknowledges that, subject to the requirements of the Corporations Act, the Application is an irrevocable offer which cannot be withdrawn.

Payments must be received by no later than **5.00pm (Sydney time) on 10 June 2010**.

(b) Completed Applications and acceptance of Applications

Applications under the Offer may be made using the relevant Application accompanying this Prospectus.

Completed Applications, together with payment in full of the Application Money by a cheque in Australian currency drawn on an Australian branch of an Australian bank, must be forwarded or delivered personally to WAB's Registry:

BY MAIL to:

Wallace Absolute Return Limited
C/- Link Market Services Limited
Reply Paid 3560
Sydney NSW 2000
AUSTRALIA

PERSONAL DELIVERY to:

Wallace Absolute Return Limited
C/- Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Cheques should be crossed, marked "Not Negotiable" and made payable to **"Wallace Absolute Return Limited - Share Account"**.

Applications must arrive no later than **5.00pm (Sydney time) on 10 June 2010**.

In consideration for the Directors agreeing to consider an Application, the relevant applicant agrees that, subject to the requirements of the Corporations Act, the Application is an irrevocable offer which cannot be withdrawn. An Application does not need to be signed to be a binding application.

NOTE: An Application will not be correctly completed unless it is accompanied by a cheque for the full amount payable in Australian currency drawn on an Australian branch of an Australian bank.

2.3 Full acceptance of Entitlement

You may accept all of your Entitlement by using BPay® (as referred to in Section 2.2(a)) or by completing the Application in accordance with the instructions on the Application and sending it, together with payment in full, to the Registry as set out in Section 2.2. If you accept all of your Entitlement, you may also apply for additional New Shares at the same time under the Shortfall Facility by completing the Application.

2.4 Partial acceptance of Entitlement

If you wish to take up part of your Entitlement and allow the balance to lapse, you should:

- pay the relevant Application Money for the number of New Shares you wish to take up through BPay®; or
- complete the Application for the number of New Shares you wish to take up and pay the relevant Application Money by cheque,

and do nothing in relation to the balance of your Entitlement, which will lapse on the Closing Date. Alternatively if you want to sell the balance as Rights on ASX, you should provide instructions to your stockbroker regarding the number of Rights you wish to sell on ASX.

See Section 2.2 for further details regarding acceptance of the Offer.

Rights which are not accepted, traded or transferred will lapse.

2.5 Selling Rights on ASX

If you wish to sell any of your Entitlement as Rights on ASX, you should provide instructions to your stockbroker regarding the number of Rights you wish to sell. Trading of Rights commenced on 17 May 2010 and will cease on 3 June 2010.

2.6 Selling Rights other than on ASX

If you are a Shareholder on the issuer sponsored subregister, you may sell all or some of your Entitlement as Rights to another person other than on ASX by forwarding a completed standard renunciation and transfer form (obtainable from the Registry) and the applicable buyer's cheque for the New Shares they wish to subscribe for **by 5.00pm (Sydney time) on 10 June 2010**, to the Registry as set out in Section 2.2.

If your Shares are on the CHESS subregister, you may sell all or some of your Entitlement as Rights to another person on the CHESS subregister by engaging your stockbroker. If the buyer wants to exercise some or all of those Rights, you should follow your stockbroker's instructions as to the most appropriate way to take up those Rights on their behalf. The buyer's cheque for the New Shares they wish to subscribe for must be received by the Registry as above.

2.7 Non-acceptance of Entitlement

If you do not wish to take up any part of your Entitlement, you are not required to take any action.

If you decide not to accept all or part of your Entitlement, the New Shares not accepted will be dealt with in accordance with Section 5.3 and will be dealt with under the terms of this Prospectus as Shortfall Shares.

2.8 Shortfall Facility and applications for additional New Shares

Subject to the Corporations Act, the requirements of the Listing Rules and the terms of the Underwriting Agreement, the Directors have reserved the right to place some or all of

any Shortfall arising from Shareholders applying for less than their Entitlement under the Offer, within 3 months after the Closing Date. The Directors may (in consultation with the Underwriter) at their discretion place the Shortfall Shares with Shareholders who apply for New Shares under the Shortfall Facility and may make this offer pursuant to this Prospectus.

Under the Shortfall Facility, Shareholders (other than Excluded Shareholders and related parties of WAB, unless approved by the Shareholders), may apply for additional New Shares forming part of the Shortfall Shares, provided that they take up their full Entitlement indicated on the Application. The allocation of these New Shares will be limited to any Shortfall Shares and will be at the discretion of the Directors (in consultation with the Underwriter). Accordingly, Shareholders who apply for additional New Shares under the Shortfall Facility may receive fewer than that number for which they applied.

In that event, any surplus Application Money received from the relevant Shareholders will be returned in full (without interest) as soon as practicable after the closing of the Offer.

Shareholders wishing to apply for New Shares in excess of their Entitlement should do so in accordance with the instructions on the Application.

Any Shares not issued to Shareholders pursuant to the Shortfall Facility will be issued to the Underwriter in accordance with the Underwriting Agreement.

As discussed in Section 3.8, the Offer is not being extended to Excluded Shareholders and Excluded Shareholders are also not entitled to apply for New Shares under the Shortfall Facility.

3 THE OFFER

3.1 The Offer

The Offer is a renounceable 8.5 for 10 offer of New Shares. Fractional Entitlements will be rounded up.

The Offer is made to all eligible Shareholders registered at 5.00pm on the record date of 21 May 2010. As set out in Section 3.8, the Offer is not being made to Excluded Shareholders.

The Issue price of a New Share is 3.5 cents, which represents a 13.1% discount to the volume weighted average price of the Shares on the ASX in the one month ending 4 May 2010.

The total number of New Shares which may be issued under the Offer is a maximum of 71,786,794 Shares.

3.2 Terms of the New Shares

Immediately after issue and allotment, the New Shares will be fully paid Shares. There will be no liability for any calls and the New Shares will rank pari passu with Shares then on issue.

See Section 7.1 for a summary of the rights attaching to the Shares. Detailed provisions relating to the rights attaching to Shares are set out in the Constitution and the Corporations Act. A copy of the Constitution can be inspected during office hours at the registered office of WAB.

3.3 Opening and Closing Dates

On 27 May 2010, copies of this Prospectus and entitlement and acceptance forms will be sent to Shareholders (other than Excluded Shareholders), the despatch will be announced and the opening of the Offer will occur. (Excluded Shareholders will be sent copies of this Prospectus for information purposes only.) The Closing Date for the lodgement of acceptances is 5pm (Sydney time) on 10 June 2010.

3.4 ASX quotation of the New Shares

Within 7 days after the date of this Prospectus application will be made to ASX for the New Shares to be quoted on ASX. Such quotation is not an indication that ASX has any views whatsoever as to the merits of the Shares or WAB and ASX accepts no responsibility with respect to the contents of this Prospectus.

If ASX does not give permission for quotation of the New Shares within 3 months after the date of this Prospectus (or a later date permitted by ASIC), none of the New Shares will be issued and if any have been issued, the issue will be void, unless ASIC grants an exemption permitting the issue. If no issue is made or if an issue is void, all monies paid on application for the New Shares will be refunded in accordance with the Corporations Act.

It is expected that quotation of the New Shares will initially be on a deferred delivery basis and following issue the New Shares will be quoted in the same class as the existing Shares.

3.5 Issue of New Shares

No New Shares or other securities will be issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date 13 months after the date of this Prospectus.

It is expected the issue of the New Shares and holding statements will all occur on the same day. It is currently anticipated that this issue will occur on or before 21 June 2010.

3.6 Market prices of shares on the ASX

The highest and lowest market sale price of the existing Shares in WAB during the three months immediately preceding 5 May 2010 (being the date of the announcement of the Offer) and the last market sale price on that date is set out below:

Three month high \$0.050 on 3 March 2010

Three month low \$0.023 on 21 April 2010

Last market sale price \$0.040 on 4 May 2010

3.7 Directors' undertakings

The following Directors have undertaken to WAB to subscribe for the respective Entitlements to New Shares under the Offer or procure that third party holders associated with the Directors take up their Entitlements as set out below:

Name of Director	Interest in Shares (Note 1)	New Shares Entitlement	% of New Shares taken up	Total Shares Held after Offer
Kenneth Barry	54,724	46,516	100%	101,240
Alan Liddle	23,467	19,947	100%	43,414
Michael Birch	143,350	121,848	100%	265,198

Note 1: Includes the Shares owned by associated persons' and/or entities and Shares that may not be beneficially owned.

3.8 Foreign offers and Excluded Shareholders

Subject to certain exceptions, the Offer is not being extended (and accordingly Applications will not be sent), and New Shares will not be issued or allotted, to Excluded Shareholders being those Shareholders with registered addresses outside of Australia or New Zealand.

The distribution of this Prospectus and the accompanying Application outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus and the accompanying Application should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The provision of this Prospectus to persons with registered addresses outside of Australia or New Zealand is for information purposes only.

3.9 Underwriting

The Issue is fully underwritten by E-quest Capital Pty Ltd. See Section 5.3(c) for further details in relation to the Underwriter and Section 7.2 for details in relation to the material terms of the Underwriting Agreement, including the circumstances in which the agreement can be terminated.

The Underwriter will receive a fee of 2.5% of the total amount sought to be raised under the Issue.

3.10 Risks

Subscribing for New Shares includes various risks. There are general risks associated with owning shares in a publicly listed company and specific risks associated with owning shares in WAB.

Refer to Section 6 for further information in relation to the risks associated with owning shares in WAB.

3.11 Taxation implications for eligible Shareholders

Set out below is a summary of the Australian tax implications of the Offer for eligible Shareholders who are residents of Australia for tax purposes and who hold their Shares as capital assets (rather than as assets used in carrying on a business or who carry on the business of share trading, banking or investment).

The summary below does not take account of the individual circumstances of any particular Shareholder. Shareholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

- (a) **Issue of Entitlements:** Subject to the qualifications noted above, the issue of the Entitlements should not of itself result in any amount being included in the assessable income of a Shareholder.

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- (b) **Acceptance of Entitlements:** Shareholders who accept their Entitlements and subscribe for New Shares will acquire them with a cost base for capital gains tax (CGT) purposes equal to the issue price payable by them for those New Shares plus any non-deductible incidental costs they incur in acquiring those New Shares. Shareholders should not make any capital gain or loss, or assessable income, from exercising their Entitlement or subscribing for the New Shares.
- (c) **New Shares:** Shareholders who accept their Entitlements will acquire New Shares. Any future dividends or other distributions made in respect of those New Shares will be subject to the same taxation treatment as dividends or other distributions made on Shares held in the same circumstances.

On any future disposal of New Shares, Shareholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Shares. The cost base of those New Shares is described above.

New Shares will be treated for the purposes of the CGT discount as having been acquired when the Shareholder exercised the Entitlement to subscribe for them. Accordingly, in order to benefit from the CGT discount in respect of a disposal of those New Shares, a Shareholder that is an individual, trust or complying superannuation fund must have held the New Shares for at least 12 months after that date before the disposal occurs (in addition to satisfying any other conditions affecting the ability of the Shareholder to benefit from the CGT discount).

- (d) **Other Australian taxes:** No Australian Goods and Service Tax (GST) or stamp duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of New Shares

4 THE COMPANY

4.1 Operational update

At WAB's annual general meeting in November 2009, the Board announced that it would undertake a strategic review process for WAB's future.

A concern of the Board and a focus of the strategic review are WAB's cost base and its sub-scale capital base. Being a listed investment company involves a certain amount of fixed regulatory and general running costs. As WAB's net assets have fallen (most significantly as a result of the write down of the investment in HAL and trading losses incurred when Wallace Funds Management was the investment manager), these costs as a percentage of overall net assets have risen.

WAB has also had a number of significant one off expenses as it has sought to resolve the complex issues associated with Wallace Funds Management and the restructuring of its investment in HAL.

The Board has endeavoured to rectify as far as possible these legacy issues by:

- terminating the external management agreement with Wallace Funds Management for material breach and commencing litigation against Wallace Funds Management and Richard Wallace;
- establishing an internal investment management capability;
- reducing risk in the investment portfolio by amending WAB's investment guidelines;
- restructuring WAB's investment in HAL; and
- implementing a strategic review process to identify the optimal strategy for WAB going forward.

The Offer is one element of the outcomes of the strategic review which has now been completed.

4.2 Litigation against Richard Wallace and his related entities

WAB has filed a claim in the Supreme Court of New South Wales against Wallace Funds Management, Richard Wallace and related entities. The damages claim seeks to recoup losses sustained by WAB as a result of:

- alleged breaches of contractual and fiduciary obligations and alleged misleading and deceptive conduct by Wallace Funds Management;
- alleged breaches of contractual and fiduciary obligations and directors' duties, and alleged misleading and deceptive conduct by Richard Wallace; and
- involvement of companies related to Richard Wallace in the alleged breaches and conduct of Wallace Funds Management and Richard Wallace.

4.3 Investment in HAL

In 2009, together with legal, financial and commercial advisers, the Board conducted a thorough review of WAB's investment in HAL. This resulted in a restructuring of the exposure to HAL and WAB now has greater rights than it did prior to the restructuring.

As announced on ASX on 4 May 2010, WAB received a written unconditional offer from HAL to acquire all of the debt and equity interests in HAL held by WAB and another third party, the Solar Fund. The total consideration offered to both parties is \$1.75 million to be paid in cash. This consideration would be shared between the parties in a manner to be agreed but it is expected that WAB's consideration would be in excess of \$1.5 million. The offer was open for seven days and lapsed on 11 May 2010. Subsequently, WAB received a renewed offer from HAL to acquire all of its debt and equity interests in HAL. WAB sought clarification on a number of matters in relation to the initial offer (including, for example, funding capacity, identity of the purchaser and the consent of secured lenders) and continues to seek clarification in relation to those matters. If appropriate, the Board will seek to engage further with HAL to see if an acceptable offer can be made.

WAB has had other confidential approaches from time to time in respect of its investment in HAL. However, on those occasions, the Board formed the view that the interest was of such a conditional or uncertain nature that disclosure to Shareholders was not appropriate or required under the Listing Rules.

The Board will continue to consider and assess any approaches it receives in relation to WAB's investment in HAL and will provide, as appropriate, updates in relation to such approaches and any material developments. In the meantime, WAB's investment in HAL continues to be carried at nil in WAB's accounts because:

- such value currently reflects WAB's considered view regarding the uncertainty, associated risks and likelihood of meaningful recovery of such investment. Until the Board is satisfied as to various matters (including the matters on which it has sought clarification from HAL as referred to above), and has had further access to HAL's records, it does not consider that it has a reasonable basis for revising the nil value of its investment in HAL;
- WAB understands that trading conditions for HAL remain difficult;
- the interests of various secured parties rank above those of WAB in relation to the realisation of WAB's investment in HAL; and
- the earlier valuation obtained by WAB of its investment in HAL was based on a number of key assumptions that are no longer valid.

WAB believes it will be in a stronger position financially to extract value from its investment in HAL following the completion of the capital raising.

4.4 Unaudited share portfolio and cash holding

WAB's unaudited asset value as at 31 March 2010 was \$3,738,000. This consisted of \$1,827,258 in listed equities and \$1,910,742 in cash held in WAB's cash management accounts and on deposit.

As at the close of trading on ASX on 11 May 2010 WAB's listed share portfolio has a market value of \$1,662,390 which was invested in securities of companies that are in the ASX200. The positions held by WAB as at 11 May 2010 are listed below.

Name	Number of Shares	Market Value (as at 11 May 2010)
Australia and New Zealand Banking Group Limited (ANZ)	7,200	\$162,144
BHP Billiton Limited (BHP)	5,000	\$190,650
Commonwealth Bank of Australia (CBA)	3,000	\$164,550
Leighton Holdings Limited (LEI)	5,000	\$170,500
National Australia Bank Limited (NAB)	5,800	\$146,508
QBE Insurance Group Limited (QBE)	7,800	\$161,850
Rio Tinto Limited (RIO)	2,600	\$174,460
Westpac Banking Corporation (WBC)	6,400	\$158,848
Wesfarmers Limited (WES)	6,000	\$170,400
Woolworths Limited (WOW)	6,000	\$162,480
Total		\$1,662,390

Portfolio holdings may change as securities are bought or sold by WAB.

4.5 Taxation Losses

- (a) **Realised tax losses:** WAB is carrying forward realised tax losses in excess of \$40 million as at 30 June 2009. WAB has written down the value of these losses on its balance sheet to nil because there is no guarantee that it will be able to utilise these losses in the future. The issue of New Shares under the Offer may impact WAB's ability to utilise these losses in the future.

Broadly, the availability of the tax losses is conditional on WAB being able to demonstrate continuity in the majority of its ownership or, failing this, that it has carried on the same business and has not entered any new types of transactions, until the time the tax losses are to be utilised. If there is a significant change in its ownership (including as a result of the issue of New Shares under the Offer), WAB may no longer be able to demonstrate the requisite continuity of ownership, in which case it would need to be able to demonstrate that it has continued to carry on the same business and has not entered any new types of transactions, until the time the tax losses are to be utilised. Whether WAB is able to utilise the losses in the future will be assessed in the tax year in which the losses are to be used (if any). Furthermore, tax losses can only be utilised if WAB is profitable, and no assurance is given that WAB will make a profit.

- (b) **Unrealised tax losses:** As a consequence of its write-off of its investment in HAL (noted in Section 4.3 above), WAB may realise additional losses estimated to exceed \$41 million in the future. The issue of New Shares under the Offer may impact WAB's ability to utilise these tax losses in the future. Should the New Share issue cause a substantial change in the ownership or voting control of WAB, these losses may only be available to WAB if WAB is able to demonstrate

that it has continued to carry on the same business and has not entered any new types of transactions. Whether WAB will continue to be able to carry forward these losses can only be properly assessed at the time a substantial change in the ownership or voting control of WAB occurs.

5 PURPOSE AND EFFECT OF ISSUE

5.1 Purpose of Issue

As at 31 March 2010, the unaudited value of WAB's net funds under management was approximately \$3.7 million (see Section 4.4 for further details). WAB will raise approximately \$2,512,538 from the successful completion of the Issue, less expenses of the Offer of approximately \$375,813.

WAB is subject to considerable costs associated with running a standalone listed investment company of its size. Such costs include operating costs (including various fixed costs associated with being a listed entity) and costs associated with its litigation against Wallace Funds Management, Richard Wallace and associated entities. Without additional funding, and in the absence of a return from its investment in HAL or greater returns on its other investments, WAB's current revenue is not of itself sufficient to cover its expenses and therefore its operations are not sustainable long term given its current capitalisation.

The purpose of the Offer is therefore to raise funds to provide working capital for WAB and for further investment by WAB. The additional capital raised will provide WAB with greater scale and the company therefore ought to be in a better position to:

- pursue the litigation against Wallace Funds Management, Richard Wallace and associated entities;
- extract value from existing assets (including putting WAB in a stronger position financially in relation to its investment in HAL); and
- review other investment opportunities within WAB's existing investment mandate (relating to listed securities (with the balance in cash management trusts or on deposit)),

than may otherwise be the case if it were to continue to be subject to its current financial constraints or did not proceed with the Issue or some other capital raising.

5.2 Overview of proposed corporate actions

WAB is currently considering a number of changes to the business following completion of the Issue to help re-position the Company as well as improving business efficiencies and reducing costs. These changes include:

- (a) **Board changes:** Resignation of Michael Birch and Alan Liddle. It is anticipated that these Directors will be replaced by appointments made by the Board (as casual vacancies) of Spiro Paule and Tony Roussos, who have been nominated by, and (as referred to in Section 5.3(c)(i)) are the sole directors and shareholders of, the Underwriter. Under the Constitution, the office of a Director appointed as a casual vacancy is vacated at the next general meeting of WAB unless the Director is re-appointed by the Shareholders. Assuming that the appointments of Mr Paule and Mr Roussos are made by the Board as casual vacancies, the Board will propose resolutions to effect such re-appointments at WAB's next annual general meeting, if appropriate. Further information on the proposed Directors can be found in Section 5.3(d). Further, Ken Barry has

indicated his intention to retire as chairman of the Board within 12 months subject to recruiting a suitably qualified independent chairman.

- (b) **Management change:** It is anticipated that Michael Birch will step down from his role as Managing Director of WAB and will be replaced by Spiro Paule. In the interim, Mr Birch intends to provide ongoing investment management services and support on an as required basis to assist with the transition of the new management team. Further information on Mr Paule can be found in Section 5.3(d).
- (c) **Relocation:** It is anticipated that the corporate head office will be moved to Melbourne to allow for additional cost savings.
- (d) **Reduction of Directors' fees:** The fees paid to the Directors will be reduced. It is anticipated that Spiro Paule will receive \$55,000 as Managing Director and Tony Roussos will receive \$30,000 as a non-executive Director. Ken Barry will receive a reduced fee of \$70,000 as chairman. These fees are a material reduction in the fees currently paid to the Board. However, it is likely that to attract an appropriately qualified candidate as WAB's new independent chairman, the fees paid to such chairman will be greater than the reduced amount agreed to be paid to Mr Barry.

In addition, WAB anticipates changing its name and consolidating its share capital. It is anticipated that WAB will put resolutions to effect such changes at WAB's next annual general meeting.

5.3 Effect of the Issue on WAB

(a) Cash reserves and capital structure

The Offer will increase WAB's cash reserves by a maximum of approximately \$2,136,724 (after expenses associated with the Issue).

The Offer will have the following effect on WAB's capital structure.

Shares

Number of Shares currently on issue	84,455,052
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Maximum number of New Shares issued pursuant to this Prospectus	71,786,794
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Maximum Total Issued Shares after completion of Offer	<u>156,241,846</u>
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(b) Unaudited pro-forma statement of financial position

Set out below are summary pro-forma statements of financial position, based on the half year unaudited statement of financial position for the period ended 31 December 2009, adjusted to reflect the financial effect of the Offer as if it had taken place at 31 December 2009.

Unaudited Consolidated Balance Sheet (31 December 2009)	As reported	Pro Forma Adjustments	Pro Forma Position
ASSETS			
Cash and cash equivalents	3,270,366	2,136,724	5,407,090
Trade and other receivables	7,500		7,500
Current tax assets	1,177		1,177
Financial assets	1,231,082		1,231,082
Other assets	13,439		13,439
Plant and equipment	14,377		14,377
TOTAL ASSETS	4,537,941		6,674,665
LIABILITIES			
Trade and other payables	451,497		451,497
Current tax liabilities	-		-
TOTAL LIABILITIES	451,497		451,497
NET ASSETS	4,086,444		6,223,168
EQUITY			
Issued capital	89,491,831	2,136,724	91,628,555

Unaudited Consolidated Balance Sheet (31 December 2009)	As reported	Pro Forma Adjustments	Pro Forma Position
Accumulated losses	(85,405,387)		(85,405,387)
TOTAL EQUITY	4,086,444		6,223,168
Shares on Issue (millions)	84.5	71.8	156.2
NTA per Share (cents)	4.8		4.0

These pro-forma statements of financial position are included for illustrative purposes only. The actual assets and liabilities of WAB after the issue of the New Shares are likely to vary according to the ongoing investments and operations of the Company at the precise time of the Offer. The pro-forma statements and the half year statement of financial position for the period ended 31 December 2009 from which the pro-forma statements have been prepared are not audited but have been subject to audit review.

(c) Underwriting arrangements – effect on capital structure and control

As described in Section 3.9, the Underwriter has agreed to fully underwrite the Offer and will subscribe for up to a maximum of 71,786,794 New Shares, being 100% of the New Shares offered under the Offer.

(i) The Underwriter

The Underwriter is a newly incorporated company controlled by Spiro Paule and Tony Roussos, being the Underwriter's sole directors and shareholders. The Underwriter has warranted to WAB that it has the power to perform its underwriting obligations and that, to the best of its knowledge, it has sufficient financial resources to satisfy a claim brought against it by WAB under the underwriting agreement. In addition, Mr Paule has undertaken to WAB that he will provide the necessary funds to the Underwriter in respect of its commitment to underwrite the Offer if such funds are not otherwise available to the Underwriter.

The Board agreed to the Underwriter underwriting the Issue for the following reasons:

- *Rights Issue* - as part of the strategic review conducted by WAB, the Directors sought advice on various means by which funding

could be raised for the purposes set out in Section 5.1 of this Prospectus. The Directors concluded that conducting a renounceable rights issue was the most appropriate method for WAB to raise funds because the Offer is renounceable so that all eligible Shareholders have the opportunity to maintain, or subject to the Corporations Act increase, their relative interest in WAB or, alternatively, to possibly realise some value through the sale of their Rights on-market (subject to sufficient demand on the ASX).

- *Pricing of the Issue* - when the Directors announced the Offer on 5 May 2010, the last traded price of Shares on the ASX was \$0.040. The Directors determined the price of the New Shares having regard to general market conditions and the size of the Offer relative to the existing capital base. The Board believed that a 13.1% discount to the volume weighted average price of Shares on the ASX in the one month ending 4 May 2010 was an appropriate discount to make the Issue attractive to Shareholders, thereby making it more likely that Shareholders would take-up their Entitlements and reducing the need for the Underwriter to underwrite the Offer.
- *Canvassed the market* - the Board actively sought out interested parties to underwrite the Offer or make other re-capitalisation proposals. After considering the alternative proposals, the Board determined that the Underwriter was the most appropriate party to conduct the underwriting.
- *Sub-underwriters* - As agreed with WAB, the Underwriter may seek parties interested in sub-underwriting the Issue. If sub-underwriters are appointed, the potential number of New Shares issued to the Underwriter (and therefore the effect the Issue will have on the control of WAB) will be reduced.

(ii) **Sub-underwriters**

As referred to in Section 5.3(c)(i), the Underwriter, under the terms of the Underwriting Agreement, has the right to appoint sub-underwriters to sub-underwrite the Offer.

(iii) **Control**

If all eligible Shareholders take up their Entitlements under the Offer and all Entitlements of Excluded Shareholders are sold and then exercised (other than by existing Shareholders or entities associated with or controlled by them), the issue of Shares pursuant to the Issue will have no effect on the control of WAB.

If no eligible Shareholder takes up their Entitlements under the Offer, then the Underwriter must subscribe for all of the Shortfall Shares in accordance with the Underwriting Agreement and, subject to the Corporations Act, may acquire Rights on ASX and exercise those Rights.

The potential effect that the issue of the New Shares under the Issue may have on the control of WAB by the Underwriter is illustrated below:

If the Offer is fully subscribed by eligible Shareholders	No effect on control.
If the Offer is subscribed to the extent of 50% by eligible Shareholders or by people who acquire Rights	The Underwriter's shareholding would increase from 0 to 35,893,397 Shares, being an increase in voting power from 0% to 23.0%.
If the Offer is subscribed by no eligible Shareholders or by people who acquire Rights other than the Underwriter	The Underwriter's shareholding would increase from 0 to 71,786,794 Shares, being an increase in voting power from 0% to 45.9%.

The above table does not include the potential number of Shares or Rights that the Underwriter may be able to purchase on ASX and subsequently exercise to participate in the Issue nor the possible control effects of a Shareholder taking up more than their Entitlements.

As referred to in Section 5.3(c)(i), the Underwriter is controlled by Spiro Paule and Tony Roussos, being the Underwriter's sole directors and shareholders.

(iv) Intentions

The Underwriter has confirmed to the Board that it has no present intention to seek to modify or otherwise change WAB's present business and strategy following the Issue, whatever the outcome. However, Spiro Paule has indicated that he will, in his position as Managing Director, seek to reduce the costs of WAB and to consider whether WAB's current investment mandate is appropriate having regard to the size of WAB and the funds it has available for investment.

Section 5.2 sets out other proposed corporate actions (including changes to the Board and management of WAB) that WAB is currently considering following completion of the Issue.

(v) Relationship with Pinnacle and Findex

Set out below is a description of the extent to which there is a relationship between Mr Paule (the proposed new Managing Director of WAB), Pinnacle (a WAB shareholder) and Findex (of which Mr Paule is the chief executive officer and a shareholder):

- Mr Paule and Mr Roussos are directors of Alliance, a wholly owned subsidiary of Findex.
- Mr Paule is a founder, shareholder and the current chief executive officer of Findex.

- Findex, together with Alliance and Findex's other subsidiaries, operate a business of providing financial planning advice and associated services.
- Alliance commissioned an independent trustee and superannuation fund operator (Top Quartile Management Pty Ltd) to establish Pinnacle as a "fund of funds" with portfolios offering lower volatility and competitive pricing. Alliance negotiated exclusive distribution rights in respect of Pinnacle.
- Pinnacle is an independently managed superannuation fund that has retained independent professional service organisations to provide trustee, managerial, custodial, administration and asset consultancy services. Pinnacle is governed by the *Superannuation Industry (Supervision) Act 1993* (Cth).
- Alliance is the promoter of Pinnacle. However, Pinnacle operates independently of Alliance and all other entities in the Findex group of companies.
- On the recommendation of one of its independent asset consultants, Pinnacle invested a small proportion of its funds under management into WAB (such investment equating to approximately 25% of WAB's Shares). The investment is managed independently by Pinnacle's trustee and manager who take advice from their asset consultants.

(d) Proposed Directors

As discussed in Section 5.2, it is proposed that Spiro Paule and Tony Roussos will be appointed to the Board and Mr Paule will be appointed as the new Managing Director following completion of the Issue. Set out below is information regarding the experience of Mr Paule and Mr Roussos.

(i) Mr Spiro Paule (B.Juris, FAIM, Dip. All)

Spiro entered the financial services industry in 1980 as a superannuation and insurance adviser, after which he held various management roles with the large U.S. insurance and funds management group, Aetna. He resigned from a senior management role with Aetna in 1988 to establish his own financial advice business. The business, Findex, successfully grew from a small start-up to a significant practice predominantly providing financial services to the clients of a number of accountancy and legal firms. In 1990, the business was recruited as one of the first member firms of Associated Planners Group Ltd (now known as Genysys and owned by AXA), an unlisted public company, which went on to become one of the largest non-institutional wealth management advisory businesses in Australia with more than 200 offices around the country. Spiro served as a member of the Associated Planners Group Ltd board between 1996 and 2000.

Starting in 1995 with two of his current partners, Spiro was instrumental in developing a unique technology platform to electronically manage all data, tasks, procedures and processes in a financial services enterprise. This technology was exclusively licensed to Findex from 2001 and the system has given the company ISO 9001 certification, the highest international quality standard. Findex purchased the system in 2008.

Spiro has served as the managing director and chief executive officer of the present Findex since its inception in 2001. Findex is a privately owned financial planning and portfolio services organisation formed in 2001 through a merger of several smaller firms. Findex has, over that time, continued to grow through mergers and acquisitions to now be a significant financial services business operating throughout Australia and presently advising on and managing round \$3 billion in investor funds.

Spiro is also chairman and a major shareholder of specialty dairy products manufacturing group, Lemnosfoods Pty Ltd, which over the last decade has grown to be a dominant player in its segment.

Spiro holds a Bachelor of Jurisprudence from Monash University, is a Fellow of the Australian Institute of Management and holds a Diploma from the Australian Insurance Institute.

(ii) **Tony Roussos (B.Sc., M.B.A., Dip.F.P.)**

Tony is the chief operating officer of Findex.

Tony has worked in the financial services industry since commencing work with Findex in 1992. He has been exposed to all facets of the financial services industry and specifically financial advice consulting, including providing personalised financial advice to clients. In his advising role, Tony has provided advice in investment planning and structuring, retirement planning, risk management and estate planning for professionals and business clients. Tony has been involved in industry issues and has headed various industry committees including the Financial Planning Association (FPA) Education Task Force from 2001 to 2004 and specifically chairperson of study units 3 and 7 of the Diploma of Financial Planning to do with Fundamental and Advanced Investment Planning. After Findex procured its own Australian financial services licence in 2001, Tony was appointed a director of the holding company and its subsidiaries. He has been chief operations officer since 2002. He has played an integral role in assisting the Findex board and CEO in implementing the company's growth strategy.

Tony has completed a Science degree (majoring in Applied Math and Statistics) at Monash University in Victoria in 1991, a Diploma of Financial Planning in 1998, and a Masters degree in Business Administration (MBA) in 1999. He has also served as a senior lecturer for The Securities Institute on a casual basis.

6 RISK FACTORS

Intending investors should be aware that subscribing for New Shares involves various risks.

6.1 General risks

There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of WAB. These factors include (but are not limited to) Australian and worldwide economic and political instability; natural disasters; social upheaval or war in Australia or elsewhere; the performance of the Australian stock market and foreign stock markets; Australian and International interest rates and inflation rates and foreign exchange rates.

There may be changes in the taxation, legal and regulatory environments in Australia. These may come about by way of new statutory provisions supplementing, amending or replacing existing statutes or by reason of a change in interpretation. An example of a detrimental change that could occur would be an increase in the rates of taxation applicable to WAB or companies in which it invests. Similarly, changes in government policy relating to taxation or investment may impact on the value of an investment in WAB.

6.2 Specific risks

The operating results and profitability of WAB are sensitive to a number of factors specific to WAB. The following matters, as well as others described elsewhere in this Prospectus, should be carefully considered in evaluating WAB and its prospects:

- (a) **Investment risk:** there are several types of investment risk that may affect your investment in WAB, including a decline in the value of your New Shares (the initial capital value may decrease especially if you are investing for the short term), the amount you receive as income may vary over time or the value of your investment may not keep pace with inflation.
- (b) **Key personnel:** WAB's success may be dependent on a number of key personnel. The loss of 1 or more of these key personnel could have an adverse impact on its business operations. WAB's future ability to recruit and retain highly qualified management personnel will also be critical to its success.
- (c) **Australian financial services licence:** the ability of WAB to conduct its business operations is dependent on the maintenance of its Australian financial services licence and its continued solvency. Maintenance of WAB's Australian financial services licence depends, among other things, on WAB continuing to comply with ASIC imposed licence conditions and the Corporations Act.
- (d) **No guarantee of returns on investment:** No guarantee can be given in respect of the future earnings of WAB and WAB cannot provide a guaranteed level of return to investors.
- (e) **Further capital requirements:** Although the Issue will raise additional capital for WAB, there can be no assurance that further financing will not be required in the future. Market conditions which are prevailing at the time of any further efforts to raise funds will impact on the price or costs at which WAB will be able to raise

funds. No assurance can be given that such funding will be available on terms acceptable to WAB or available at all. In addition, any additional equity financing may dilute shareholdings, and debt financing (subject to availability) may result in restrictions on financing and operating activities of the Company. If WAB is unable to obtain additional financing as needed in the future, it may be required to reduce the scope of its operations and scale back its investments as the case may be.

- (f) **Price and liquidity for Shares:** An investment in Shares should be regarded as speculative. The price of Shares can rise or fall. It can be affected by a range of factors affecting stock markets generally, or industries in which WAB operates. Those matters are often beyond the control of WAB. In addition, liquidity in the trading of Shares (whether on ASX or otherwise) can be affected by a range of matters beyond the control of WAB. There is no guarantee of any return in respect of an investment in Shares, whether by way of profit or capital. In particular, the price of many stocks listed on ASX have, in recent times, been subject to large fluctuations which, in some cases, may have been unrelated to the operating performance of the individual companies concerned. Such fluctuations may adversely affect the market price of Shares.
- (g) **Litigation:** There is no guarantee that WAB will be successful in its legal claim against its former Managing Director, Richard Wallace, and fund manager, Wallace Funds Management. If WAB loses its litigation against Richard Wallace and Wallace Funds Management then it may also be liable to pay the legal costs of those entities in addition to its own legal expenses. Further, even if WAB succeeds in its litigation against Richard Wallace and Wallace Funds Management, it will nevertheless have incurred significant legal costs and there may be no third party assets from which these costs and any judgement can be recovered.
- (h) **Operating expenses:** If WAB fails to generate sufficient profitability from its investments to cover the operating expenses, WAB's net asset value will fall.
- (i) **Tax losses:** Whilst WAB currently has significant carried forward tax losses, it has written down the value of these losses on its balance sheet to nil because there is no guarantee that it will be able to utilise these losses in the future. The issue of Shares under the Offer may have an impact on WAB's ability to utilise its carried forward tax losses in the future. For a discussion of the treatment of the tax losses that WAB is carrying, please see Section 4.5.
- (j) **Poor investment performance:** The financial performance of WAB is reliant on the investment performance of its portfolio of investments. There is no guarantee that the value of WAB's investments will increase in value and some, or possibly all, of the money invested in the portfolio of investments may be lost.
- (k) **Underwriter indemnities:** Pursuant to the terms of the Underwriting Agreement, WAB has agreed to indemnify the Indemnified Parties against all Losses incurred directly or indirectly by such parties in connection with the Offer. In particular, WAB has agreed to pay all Losses incurred by an Indemnified Party resulting from an application made to, hearing or order of, the Takeovers Panel in connection with the Offer or the Underwriter underwriting the Offer. Such Losses may include Losses suffered as a result of the Takeovers Panel requiring the

Underwriter to divest its interest in WAB, such interest having been acquired as a result of the underwriting of the Offer. Refer to Section 7.2 for further information in relation to the terms of the Underwriting Agreement.

The above list of risks is not exhaustive and other factors may in future affect the performance of WAB and the value of its Shares (including the New Shares offered under this Prospectus). WAB makes no assurances or guarantees of future profitability, distributions, payment of dividends, returns of capital or performance of WAB or its securities. Potential investors should read this Prospectus in full and, if they determine that they require further information regarding material risks, seek professional advice.

7 DIRECTORS' INTERESTS AND ADDITIONAL INFORMATION

7.1 Rights and liabilities attaching to the Shares

Immediately after issue and allotment, the New Shares will be fully paid ordinary Shares in the capital of WAB. There will be no liability on the part of Shareholders for any calls and the New Shares will rank *pari passu* with Shares currently on issue. Detailed provisions relating to the rights and liabilities attaching to the Shares are set out in the Constitution.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to all Shares which will be issued following acceptance of the Offer:

- (a) **Voting rights** - each Shareholder has the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares.
- (b) **Dividend rights** - each Shareholder has the right to receive any declared dividends, according to the amount paid up on the Share unless otherwise resolved by the Board.
- (c) **Rights on winding up** - in a winding up, the liquidator may, with the authority of a special resolution, divide among members the whole or any part of WAB's property, and may, for that purpose, set such value as the liquidator considers fair on any property so divided, and may determine how the division is to be carried out as between the members or different classes of members.
- (d) **Transfer of Shares** - subject to the Corporations Act and the Listing Rules, Shares are transferable in any form approved by the ASX or in any other form approved by the Directors.
- (e) **Further increases in capital** - subject to the Corporations Act and the Listing Rules, the Directors may issue additional Shares, options over Shares in and other securities of WAB with such preferred, deferred or other special rights or such restrictions as the Directors determine.
- (f) **Variation of rights attaching to Shares** - the rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.
- (g) **Notice of General meeting and other documents** - each Shareholder is entitled to receive notice of and to attend (unless refused permission pursuant to the Constitution) and vote at general meetings of WAB and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act and the Listing Rules.

7.2 Material contracts - Underwriting Agreement

WAB entered into an underwriting agreement with the Underwriter on 5 May 2010.
Pursuant to the Underwriting Agreement:

- (a) The Underwriter will fully underwrite the Offer.
- (b) WAB will pay the Underwriter a commission of \$62,813 (2.5% of the capital being raised) and the Underwriter's costs.
- (c) The Underwriter may appoint any sub-underwriters of its choice, in its sole discretion, on terms consistent with the Underwriting Agreement. The Underwriter must provide a list of all appointed sub-underwriters, copies of all sub-underwriting agreements and such other information reasonably requested by WAB within 48 hours of such request.
- (d) WAB agrees to indemnify and keep indemnified the Indemnified Parties and to hold them harmless against all Losses suffered, paid or liable to be paid or incurred directly or indirectly as a result of:
 - (i) the Offer;
 - (ii) non compliance with or breach of any legal requirement or the Listing Rules in relation to this Prospectus or any documents in respect of the Offer which accompany this Prospectus;
 - (iii) any statement, misstatement, misrepresentation, non disclosure, inaccuracy in or omission from any Offer Document, or any other documents in respect of the Offer;
 - (iv) WAB failing to perform or observe any of its obligations under the Underwriting Agreement;
 - (v) any representation or warranty made or given or deemed to have been made or given by WAB in the Underwriting Agreement proving to have been untrue or incorrect in any material respect;
 - (vi) any announcement, advertisement or publicity in relation to the Offer issued with WAB's knowledge and consent;
 - (vii) the distribution of the Offer Documents and the making of the Offer; or
 - (viii) any claim that an Indemnified Party has any liability under the Corporations Act or any other applicable law in relation to the Offer;
 - (ix) any investigation, proceeding, enquiry, hearing or order of ASIC, ASX or any governmental authority or agency including the Takeovers Panel in connection with the Offer or the Underwriter underwriting the Offer; or
 - (x) any application made to the Takeovers Panel, in connection with the Offer or the Underwriter underwriting the Offer.

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- (e) The indemnity granted by WAB does not extend to any Losses of an Indemnified Party where and to the extent that those Losses:
- (i) result from any fraud, wilful misconduct, gross negligence or breach of the Underwriting Agreement by an Indemnified Party; or
 - (ii) result from the market price of the Shares being less than 3.5 cents (unless WAB has, and then only to extent that the Loss arises as a result of WAB having, breached the Corporations Act).
- (f) The Underwriter may terminate its commitment to underwrite the Offer if any of the following events occurs prior to the allotment of Shares pursuant to the Offer:
- (i) the Issuer or ASIC notifies the Underwriter that:
 - (A) a material statement contained in this Prospectus is misleading or deceptive;
 - (B) a matter requiring disclosure is omitted from this Prospectus (having regard to the provisions of sections 710, 711, 713 and 716 of the Corporations Act); or
 - (C) the issue of this Prospectus is misleading or deceptive;
 - (ii) any material adverse change occurs in the assets, liabilities, financial position and performance, profits, losses or prospects of WAB from those respectively disclosed in this Prospectus;
 - (iii) approval to the quotation of all of the Offer Shares on the ASX is refused, withdrawn, not granted or granted subject to any condition which is unacceptable to the Underwriter (acting reasonably) on or before allotment of Shares pursuant to the Offer;
 - (iv) ASIC issues an order or indicates an intention to hold a hearing arising out of or in connection with the Offer under section 739 of the Corporations Act which is not withdrawn within 10 business days;
 - (v) an application is made by ASIC for an order under section 1324B of the Corporations Act in relation to this Prospectus;
 - (vi) at any time after the date of the Underwriting Agreement:
 - (A) there occurs a significant change affecting any matter contained in this Prospectus, as envisaged in sections 719 and 724 of the Corporations Act; or
 - (B) there arises a significant new matter, the inclusion in this Prospectus of information about which would have been required by Chapter 6D of the Corporations Act if it had arisen when this Prospectus was prepared, as envisaged in sections 719 and 724 of the Corporations Act;
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- (vii) at any time after the date of the Underwriting Agreement WAB withdraws this Prospectus;
 - (viii) any person gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of its name in this Prospectus or to be named in this Prospectus withdraws that consent provided that the Underwriter may only give such a notice if it is reasonable for it to do so;
 - (ix) there is a default by WAB in the performance of any of its material obligations under the Underwriting Agreement;
 - (x) a representation or warranty made or given or deemed to have been made or given by WAB under the Underwriting Agreement is reasonably considered by the Underwriter to have been untrue or incorrect in any material respect and the matters rendering the representation or warranty untrue in such respect are not remedied to the satisfaction of the Underwriter prior to the issue of a shortfall notice to the Underwriter;
 - (xi) WAB fails to provide the Underwriter with a shortfall notice by the required date;
 - (xii) any of the S&P All Ordinaries Index or the S&P Small Ordinaries Index as published by Standard & Poors is at any time after the date of the Underwriting Agreement 20% or more below its respective level as at the close of business on 4 May 2010;
 - (xiii) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph 7.2(f)(xxi) below, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and WAB fails to lodge such prospectus in such form and content and within such time as the Underwriter may reasonably require;
 - (xiv) WAB lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter;
 - (xv) WAB is prevented from allotting the Offer Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
 - (xvi) the Takeovers Panel makes a declaration that circumstances in relation to the affairs of WAB are unacceptable circumstances under Pt 6.10 of the Corporations Act;
 - (xvii) any authorisation which is material to anything referred to in this Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;

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- (xviii) a Director or senior manager of WAB is charged with an indictable offence;
 - (xix) there is a change in the composition of the Board or a change in the senior management of WAB before the allotment of the Shares pursuant to the Offer without the prior written consent of the Underwriter including any change resulting from a meeting requisitioned by Shareholders prior to the date of the Agreement;
 - (xx) the Board does not approve the underwriting of the Offer by the Underwriter for the purposes of Chapter 2E of the Corporations Act;
 - (xxi) an event occurs which gives rise to a material adverse effect in relation to WAB including, without limitation, if any forecast in this Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
 - (xxii) a Prescribed Occurrence occurs;
 - (xxiii) WAB suspends payment of its debts generally;
 - (xxiv) WAB passes or takes any steps to pass a resolution under section 254N, Part 2J.1 or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
 - (xxv) WAB alters its capital structure in any manner not contemplated by this Prospectus.
- (g) The Underwriter may also terminate its commitment to underwrite the Offer if any of the following events occurs prior to the allotment of Shares, but only if the Underwriter reasonably believes that the relevant event has or is likely to have a material adverse effect on the outcome of the Offer or could give rise to a material liability of the Underwriter under any applicable law:
- (i) hostilities not presently existing commence (whether war has been declared or not) involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
 - (ii) WAB contravenes the Corporations Act, the Constitution or the Listing Rules;
 - (iii) there is introduced or there is a public announcement of a proposal to introduce into the Parliament of Australia or any State of Australia a new law or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt a new policy, any of which does or is likely to prohibit or regulate the principal business of WAB, the Offer, capital issues generally or stock markets generally;
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- (iv) WAB defaults under or breaches the Underwriting Agreement;
 - (v) WAB contravenes any material provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (vi) any of the results of WAB's due diligence investigation or any part of the verification materials in respect of this Prospectus are false, misleading or deceptive or there is an omission from them;
 - (vii) without the prior approval of the Underwriter, WAB makes a public statement in relation to the Offer, the Issue or this Prospectus;
 - (viii) any information supplied at any time by WAB or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of WAB is or becomes misleading or deceptive or likely to mislead or deceive;
 - (ix) a judgment in an amount exceeding \$25,000 is obtained against WAB and is not set aside or satisfied within 7 days;
 - (x) litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against WAB, other than any claims foreshadowed in this Prospectus, previously disclosed as a continuous disclosure announcement to ASX or otherwise considered not material by WAB in consultation with the Underwriter;
 - (xi) there is a material change in the major or controlling shareholdings of WAB or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to WAB;
 - (xii) there is a delay in any specified date in the Offer timetable which is greater than three business days;
 - (xiii) a force majeure event affecting WAB's business or any obligation under the Underwriting Agreement occurs and lasts in excess of five business days;
 - (xiv) any person is appointed under any legislation in respect of companies to investigate the affairs of WAB;
 - (xv) a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets of the United Kingdom or Australia; or
 - (xvi) WAB is removed from the official list of the ASX or the Shares become suspended from quotation and that suspension is not lifted within 24 hours following such suspension.

7.3 Directors and their interests in WAB

As at the date of this Prospectus the Directors of WAB are Kenneth Barry (Chairman), Alan Liddle and Michael Birch.

The number of Shares in which Directors and their associates have an interest are as follows:

Director	Shares
Kenneth Barry*	54,724
Alan Liddle	23,467
Michael Birch	143,350

*Held through an associated entity

The intention of those Directors who have indicated that they will take up or procure an associate to take up their Entitlement to New Shares under this Issue or to procure third parties to subscribe for their Entitlement is set out in Section 3.7.

Neither the Proposed Directors nor their associates have a relevant interest in any Shares.

Currently, Alan Liddle is entitled to receive \$43,805 per annum and Ken Barry, the Chairman is entitled to receive \$76,300 per annum as Director's fees (including superannuation). For his role as Chief Executive Officer of WAB, Michael Birch is entitled to receive, through an associated entity, \$2,000 per week plus GST with an additional \$250 per hour plus GST for any time spent in providing the services that are in addition to eight hours per week in any one given week. The fees payable to the Directors exclude any additional fee for service based arrangements with WAB, which may be agreed from time to time.

Michael Birch was an employee and a director of Wallace Funds Management, he is also a shareholder of Wallace Funds Management with a 10% equity stake. Within the last two years, Wallace Funds Management was entitled to management fees from WAB. Michael Birch ceased employment with Wallace Funds Management in June 2008. Wallace Funds Management was terminated as WAB's manager in March 2009.

Other than as set out in this Prospectus:

- no Director or Proposed Director holds, or has held at any time during the last two years, any interest in the formation or promotion of WAB, or in any property acquired or proposed to be acquired by it in connection with its formation, promotion or the Offer or in the Offer; or
- no amounts or benefits, whether in cash or securities or otherwise, have been paid or agreed to be paid or given or agreed to be given to any Director or Proposed Director to induce him or her to become, or to qualify him or her as, a Director, or for services rendered by him or her in connection with the formation or promotion of WAB or the Offer.

The Directors and the Proposed Directors have consented to the lodgement of this Prospectus (including consenting to the references to them in the form and context in which they appear) and have not withdrawn their consent before such lodgement.

7.4 Interests of experts

Other than as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, no underwriter and no promoter of WAB:

- (a) holds, or held at any time during the last two years, any interest in the formation or promotion of WAB, or in any property acquired or proposed to be acquired by it in connection with its formation, promotion of the Offer or in the Offer; and
- (b) has been paid or agreed to be paid any amount, nor has been given, or agreed to be given, any benefit for services provided by the person in connection with the formation or promotion of WAB, or the Offer.

7.5 Expenses of the Offer

The estimated expenses of the Offer are as shown below:

Underwriting fees and costs \$106,813

Advisory (including legal) \$235,000

Other costs (including registry services and printing) \$34,000

TOTAL \$375,813

7.6 Continuous disclosure and documents available for inspection

WAB is a disclosing entity for the purposes of section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Specifically, as a listed company, WAB is subject to the Listing Rules which require continuous disclosure to the ASX of any information held by WAB which a reasonable person would expect to have a material effect on the price or value of the Shares.

As a disclosing entity, WAB has issued this Prospectus in accordance with the provisions of the Corporations Act applicable to prospectuses for continuously quoted securities.

Copies of documents lodged at ASIC in relation to WAB may be obtained from, or inspected at an office of, ASIC.

The ASX also maintains a public announcements platform for listed companies and copies of documents lodged by WAB pursuant to its continuous disclosure obligations can be viewed by visiting www.asx.com.au.

Continuous disclosure notices given by WAB after the lodgement with the ASX of the annual financial report for the year ended 30 June 2009 are as described in Attachment 1.

7.7 Other documents

WAB will provide a copy of any of the following documents free of charge to any Shareholder who requests a copy in relation to this Prospectus:

- (a) the annual financial report of WAB lodged with ASIC for the year ended 30 June 2009;
- (b) the financial statements of WAB for the half year ended 31 December 2009 being the last financial statements lodged with ASIC before the issue of this Prospectus; and
- (c) any other document or financial statement lodged by WAB with ASIC or ASX under the continuous disclosure reporting requirements in the period after lodgement of the 30 June 2009 financial statements referred to above to the date of lodgement of this Prospectus.

Copies of these documents may be requested by calling WAB on (02) 9255 9770 between 8.30am to 5.30pm Monday to Friday until the Closing Date.

7.8 Consents and responsibility statements

Link Market Services Limited has given and before lodgement of this Prospectus has not withdrawn its written consent to being named in this Prospectus as share registrar for WAB in the form and context in which it is so named.

E-quest Capital Pty Ltd has given and before lodgement of this Prospectus has not withdrawn its consent to be named in this Prospectus as an underwriter to the Issue in the form and context in which it is named.

Neither Link Market Services Limited nor E-quest Capital Pty Ltd:

- has authorised or caused the issue of this Prospectus;
- has had any involvement in the preparation of any part of this Prospectus (other than, in respect of E-quest Capital Pty Ltd in relation to its intentions set out in Section 5.3(c));
- have made, or purported to have made, any statement in this Prospectus, except this Section 7.8; and
- assumes responsibility for any part of this Prospectus except for statements in this Section 7.8 and, in respect of E-quest Capital Pty Ltd in relation to its intentions set out in Section 5.3(c).

Each of these entities to the maximum extent permitted by the law, disclaim any responsibility or liability for any part of this Prospectus other than a statement included in this Section.

7.9 Privacy

WAB collects information about each Shareholder provided on an Application for the purposes of processing the Application and, if the Application is successful, to administer the Shareholder's security holding in WAB.

By submitting an Application, a person agrees that WAB and the Underwriter may use the information provided on the Application for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Registry, the Underwriter, WAB's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application, WAB may not be able to accept or process your application.

A Shareholder has a right to gain access to the information that WAB holds about that person subject to certain exemptions under law. Access requests must be made in writing to WAB's registered office.

7.10 Investor considerations

Before taking up your Entitlement under this Issue, you should consider whether the Shares to be issued and allotted are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of shares listed on ASX may rise or fall depending on a range of factors beyond the control of WAB.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately. Follow carefully the instructions on the back of the accompanying Application regarding the acceptance of your Entitlement.

8 GLOSSARY

In this Prospectus:

Alliance means Alliance Capital Management Pty Ltd (ABN 29 128 576 072)

Application means the Entitlement and Application Form accompanying, this Prospectus.

Application Money means the application money with respect to an application for New Shares pursuant to this Prospectus being 3.5 cents multiplied by the number of New Shares subscribed for.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691).

Board means the board of directors of WAB.

Business Day means a day on which:

- (a) the ASX is open for trading in securities; and
- (b) banks are open for general banking business in Sydney.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

Closing Date means 5.00pm (Sydney time) on 10 June 2010.

Company means WAB.

Constitution means the constitution of WAB.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Directors or Board means the directors of Wallace Absolute Return Limited.

Entitlement means that number of New Shares a Shareholder is entitled to subscribe for as part of the Issue as set out in that Shareholder's Application under this Prospectus.

Event of Insolvency means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of the Issuer or any asset of WAB;
- (b) a liquidator or provisional liquidator is appointed in respect of WAB;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:

- (i) appointing a person referred to in paragraphs (a) or (b);
- (ii) winding up WAB; or
- (iii) proposing or implementing a scheme of arrangement of WAB;
- (d) WAB becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable legislation to be, insolvent or unable to pay its debts; or
- (e) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of WAB.

Excluded Shareholder means a Shareholder with a registered address outside Australia or New Zealand.

Findex means Financial Index Australia Pty Ltd (ABN 90 094 287 037).

HAL means HAL Data Services Pty Ltd (ABN 63 058 578 082).

Indemnified Parties means the Underwriter and its officers, employees and advisers.

Issue means the issue of 71,786,794 New Shares offered to eligible shareholders of WAB under this Prospectus.

Losses means all prosecutions, penalties, actions, suits, costs (including legal costs and disbursements on an indemnity basis), charges, outgoings, payments and proceedings (whether civil or criminal), claims, demands, damages, losses, costs, expenses and liabilities.

Listing Rules means the listing rules of ASX.

New Share means a Share with an issue price of 3.5 cents in the capital of WAB to be issued pursuant to this Prospectus.

Nominee means an ASIC approved nominee appointed by WAB to sell the Entitlements of Excluded Shareholders.

Offer means the offer to Shareholders (other than Excluded Shareholders) to subscribe for New Shares made in this Prospectus.

Offer Documents means the document issued or published by or on behalf of WAB in respect of the Offer, which comprises this Prospectus, the Application and any supplementary prospectus.

Pinnacle means Pinnacle Superannuation Fund (ABN 94 579 217 553).

Prescribed Occurrence means:

- (a) WAB converting all or any of its Shares into a larger or smaller number of Shares;
- (b) WAB resolving to reduce its share capital in any way;

- (c) WAB:
 - (i) entering into a buy-back agreement or;
 - (ii) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
- (d) WAB making an issue of, or granting an option to subscribe for, any of its Shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of the Underwriting Agreement;
- (f) WAB issuing, or agreeing to issue, convertible notes;
- (g) WAB disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (h) WAB charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (i) WAB resolving that it be wound up;
- (j) WAB executing a deed of company arrangement; or
- (k) an Event of Insolvency occurring in relation to WAB.

Proposed Director means each of Spiro Paule and Tony Roussos .

Prospectus means this prospectus as modified or varied by any supplementary or replacement document issued by WAB and lodged with ASIC from time to time.

Record Date means 21 May 2010 on which date a Shareholder's eligibility to participate in the Offer will be determined.

Registry means Link Market Services Limited (ABN 54 083 214 537).

Right means the right to subscribe for New Shares pursuant to this Prospectus.

Share means a fully paid ordinary share in WAB.

Shareholder means a registered holder of a Share.

Shortfall means that the number of Shortfall Shares is greater than zero.

Shortfall Facility means the facility to be offered to Shareholders pursuant to which they may apply for New Shares in excess of their Entitlement that form part of the Shortfall Shares and as described in Section 2.8.

Shortfall Shares means those New Shares not subscribed for by way of an Application or by payment through BPay® as the Entitlement of a Shareholder pursuant to this Prospectus by the Closing Date.

Underwriter means E-quest Capital Pty Ltd (ACN 143 305 766).

Underwriting Agreement means the agreement between WAB and the Underwriter dated 5 May 2010.

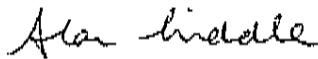
WAB means Wallace Absolute Return Limited (ABN 58 100 854 788).

Wallace Funds Management means Wallace Funds Management Pty Ltd (ABN 58 100 038 659).

9 APPROVAL

The Directors have consented to the lodgement of this Prospectus with ASIC and have authorised the subsequent issue of this Prospectus.

Dated: 24 May 2010



Alan Liddle
Director

Corporate Directory

Directors

Kenneth Barry, Chairman
Alan Liddle
Michael Birch, Managing Director

Underwriter

E-quest Capital Pty Ltd
Level 7, 416-420 Collins Street
Melbourne, VIC 3000

Company Secretary

Michael Birch

Registered Office

Unit 3, 20 Loftus Street
Sydney NSW 2000

Telephone: (02) 9255 9770
Facsimile: (02) 9255 9701

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Telephone: (02) 8280 7111
Facsimile: (02) 9287 0303

Annexure 1

Continuous disclosure notices

Date	Announcement
20 May 2010	Final Director's Interest Notice
20 May 2010	Initial Director's Interest Notice
17 May 2010	Results of General Meeting
17 May 2010	Appointment of Alternate Director
14 May 2010	Net Tangible Asset Value as at 30 April 2010
14 May 2010	Update on Offer from HAL Data Services
13 May 2010	Appendix 3B
13 May 2010	Renounceable Issue Prospectus
10 May 2010	Update on HAL Offer
5 May 2010	Renounceable Issue
5 May 2010	Trading Halt
4 May 2010	Unconditional Offer for Interests held in HAL Data Services
27 April 2010	Initial Director's Interest Notice
27 April 2010	Net Tangible Asset Backing
13 April 2010	Letter to Shareholders
13 April 2010	Notice of General Meeting
8 April 2010	Lodgement of 2007 Annual Report
7 April 2010	Board receives new requisition of meeting from Presmore
7 April 2010	Notice of General Meeting
1 April 2010	Board Recommends holders vote against Presmore Resolutions
25 March 2010	Net Tangible Asset Value as at 28 February 2010
18 March 2010	Requisition for General Meeting
10 March 2010	Change in substantial holding
5 March 2010	Ceasing to be a substantial holder
4 March 2010	Becoming a substantial holder
1 March 2010	Investment in HAL Data Services Pty Ltd – Update
1 March 2010	Net Tangible Asset Value as at 31 Jan 2010

Date	Announcement
26 February 2010	Half Yearly Report / Accounts
23 February 2010	Monthly Net Tangible Asset Backing
18 January 2010	Net Tangible Asset Backing
11 January 2010	Details of Company Address
5 January 2010	Monthly Net Tangible Asset Backing
27 November 2009	Results of AGM
27 November 2009	Chairman's address to Shareholders
27 November 2009	Update: Investment in Hal Data Services Pty Limited
25 November 2009	Net Tangible Asset Backing as at 31 October 2009
25 November 2009	Net Tangible Asset Backing as at September 2009
25 November 2009	Net Tangible Asset Backing as at 31 August 2009
25 November 2009	Net Tangible Asset Backing as at 31 July 2009
25 November 2009	Net Tangible Asset Backing as at 30 June 2009
27 October 2009	Notice of Annual General Meeting