



Australian Government

Takeovers Panel

MEDIA RELEASE

No: 28/2010

Tuesday, 8 June 2010

Wallace Absolute Return Limited Panel Receives Application and Makes Interim Order

The Panel has received an application from Armidale Investment Company Pty Limited¹ in relation to the affairs of Wallace Absolute Return Limited. The application concerns the renounceable rights issue announced by Wallace on 5 May 2010 seeking to raise \$2,512,538 by issuing 71,786,794 new shares at 3.5 cents.

On or about 4 June 2010 Armidale proposed a cash takeover offer to acquire all the shares in Wallace conditional on, among other things, the cancellation of the rights issue and achieving 50.1% of acceptances.

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

Armidale submits (among other things) that:

- the purpose of the rights issue is to effect a change of control in Wallace and not for genuine fundraising purposes
- E-quest and its two directors, Mr Spiro Paule and Mr Anthony Roussos, are associated with Pinnacle Superannuation Fund, a 24.7% shareholder in Wallace and
- the failure to disclose the voting power of E-quest and associated parties breaches the substantial holding notice provisions and prevents E-quest from being able to rely on the rights issue exception to the takeovers prohibition in respect of any Wallace shares to be issued to it as underwriter.

Armidale further submits that there is an unacceptable effect on control of Wallace and an effect on its takeovers bid.

¹ The application discloses that Mark Smith and Presmore Pty Ltd as trustee for the Smith Family Trust are associates of Armidale

Armidale seeks interim orders including an order deferring the closing of the rights issue until after completion of the takeover offer by Armidale.

Armidale seeks final orders including an order cancelling the rights issue to prevent an unlawful acquisition of Wallace shares in breach of the takeovers prohibition by E-quest upon allotment of shares to E-quest as underwriter.

The President of the Panel has today made interim orders² which require Wallace to:

- immediately take all action necessary to suspend deferred settlement trading of new Wallace shares to be issued under the rights issue
- as soon as possible announce on ASX the suspension of the deferred settlement trading of new Wallace shares and
- not shorten the offer period under the rights issue without first giving the Panel 24 hours' notice of its intention to do so.

The interim orders have effect until the earliest of further order of the Panel, determination of the proceedings or 2 months from the date of the interim orders.

A copy of the interim orders is attached.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

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² BACKGROUND: An interim order is designed to maintain the status quo until the Panel can consider the application in detail. It may be made by the President or a sitting Panel. Often a sitting Panel has not been appointed at the stage of considering the making of an interim order. An interim order does not indicate that the Panel has decided to conduct proceedings or necessarily indicate the merits of an application for a declaration of unacceptable circumstances



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**CORPORATIONS ACT
SECTION 657E
INTERIM ORDERS**

WALLACE ABSOLUTE RETURN LIMITED

Armidale Investment Company Pty Limited (**Armidale**) made an application to the Panel dated 4 June 2010 for interim orders in relation to the affairs of Wallace Absolute Return Limited (**Wallace**).

Armidale made an application for a declaration of unacceptable circumstances in relation to the affairs of Wallace on 7 June 2010.

The President **ORDERS**:

1. Wallace immediately take all action necessary to suspend deferred settlement trading of new shares to be issued under the rights issue announced by Wallace on 5 May 2010.
2. Wallace make an announcement on ASX as soon as possible regarding the suspension of deferred settlement trading of the new shares.
3. Wallace not shorten the offer period under the rights issue without first giving the Panel 24 hours' notice of its intention to do so.
4. These interim orders have effect until the earliest of:
 - (i) further order of the Panel
 - (ii) the determination of the proceedings and
 - (iii) 2 months from the date of these interim orders.

Alan Shaw
Counsel
with authority of Simon McKeon
President
Dated 8 June 2010