



Wallace Absolute Return Limited
The Executive Centre
Level 33, Australia Square
264 George Street
Sydney NSW 2000
Telephone: +612 9258 1114
Fax: +612 9258 1111
ACN 192 851 288

March 25, 2009

The Manager
Australian Stock Exchange
The Exchange Centre
20 Bridge St
Sydney NSW 2000

Management Agreement and Shares and Debt Securities held in HAL Data Services Pty Ltd

On 24 December 2008, Wallace Absolute Return Limited (*WAB*) advised that the manager of WAB's investment portfolio, Wallace Funds Management Limited (the *Manager*) had initiated proceedings against WAB in the Supreme Court of New South Wales. On 24 March 2009, Mr Justice Palmer of the Supreme Court of New South Wales delivered judgment in respect of those proceedings and dismissed the Manager's summons.

The effect of the judgment is that the notice served on the Manager on 5 December 2008 (and referred to in WAB's announcement of 24 December 2008) requiring the Manager to rectify certain breaches of the Management Agreement between WAB and the Manager (the *Management Agreement*) is valid and may be enforced by WAB.

The Manager may seek an injunction restraining WAB from terminating the Management Agreement pending an appeal of Justice Palmer's decision. WAB has provided an undertaking to the Manager that WAB will not terminate the Management Agreement until 4pm on Thursday, 26 March 2009. If, by that time, the Manager has not applied for an injunction, WAB intends serving a notice on the Manager terminating the Management Agreement with immediate effect.

Justice Palmer's judgment refers to certain of WAB's investments in Hal Data Services Pty Ltd (*HAL*). As previously advised, WAB's investment in HAL comprises unlisted shares and debt securities. Further to its announcement on 16 February 2009, and the statements made in the half year Appendix 4D statement, directors report and accounts.

WAB is working with the directors and shareholders of HAL in an endeavour to assess the value of its investment in HAL.

As part of this process, WAB is considering all available options in relation to the HAL securities. At this stage, as discussions with HAL are ongoing and incomplete, the value able to be realised may be materially less than the amount ascribed to those securities in the half year accounts.

For further information, contact:

Mr Michael Birch
Chief Executive Officer
Wallace Absolute Return Limited
Ph: +612 9258 1114

Wallace Absolute Return Limited: ABN 58 100 854 788
Wallace Absolute Return Limited: AFS Licence No. 221282
Wallace Absolute Return Limited: ASX Code WAB