



# HEADLINE

Group Limited



## MARKET UPDATE

### Cash Position-Lisarow Property Sold

The Headline board is pleased to announce our remaining property located at Lisarow NSW has been sold. The sale of the Lisarow property has been an objective of the HLD board for some time and further focuses the company solely on the growth of our Mothercare, ELC and Kids Central retail brands and the Beanie Kids collectable business.

Contracts and deposit have been exchanged, with final settlement scheduled for April 30<sup>th</sup>. The realized price of \$1.9M is against a book value of \$1.7M.

As Headline expects (within the next 3 months) to exercise its option to invest a further \$3M into the Skansen KCG business, the proceeds of the sale of the Lisarow property will make an important contribution.

- Following the \$3M investment, the cash position of HLD is projected to remain strong at \$3.5M.

### HLD Managing Director-Annual Contract Review

The remuneration committee wishes to announce that the employment of Mr Dennison has been secured and his package has been increased by \$50k. This increase brings Mr Dennison closer in line with the market which we see as an important interim step before his contract is reviewed again in March 2011.

The board would like to congratulate Brent on his achievements and thank him for his dedication and hard work.

### Continuity of Ownership Test regarding Tax Losses

We believe it important to advise shareholders that as part of our half year review, we conducted for tax purposes the Continuity of Ownership Test which allows us to utilize past tax losses when the business returns to profitability. We are pleased to confirm that we passed this test and that our \$14M of accumulated tax losses may be still be applied to future earnings.

### Mothercare Rollout-Store Openings

We want to remind and invite shareholders to attend the opening of our second Mothercare store at Westfield Doncaster Victoria, on April 9<sup>th</sup>.

The Chadstone Mothercare store continues to trade strongly, so we are eagerly awaiting the opening of the larger format Doncaster store, which will showcase the full suite of the Mothercare 'Home and Travel' products.

We look forward to reporting on the success of this milestone and further achievements in the near future.

Kind regards,

Gordon Elkington

Executive Chairman