

# HEADLINE

*Group Limited*

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12 October, 2009

**For immediate release to the market**

## **BUSINESS UPDATE**

Please find attached for release to the market a business update from the Company's executive Chairman.

**Headline Group Limited**



**ian Gordon**  
**Company Secretary**

Dear Shareholders,

The Headline Group ("HLD") board is pleased to announce that settlement has taken place in the Kids Central transaction. We have already begun the process of merging the Skansen and Kids Central businesses from a management perspective and synergy in areas such as warehousing and administration are being pursued immediately.

The Mothercare roll out is gathering strong momentum – merchandise has been ordered for the March opening of our first stores, store fit outs are being delivered, and we are refining the marketing campaign that will launch the brand in Australia. Already we are receiving communication from future customers eagerly anticipating the arrival of Mothercare.

Skansen's Beanie Kid business continues to generate positive earnings post last year's restructuring. The focus on Beanie Kids has delivered a renewed emphasis on promotion at store level and sales are responding accordingly. We continue to build the BK presence online, with our member base now having climbed over 150,000. We remain in the top 3 Australian Children's Lifestyle sites in key performance categories such as page impressions received and average time spent at the BK site. The online BK exchange for collectors has generated our first revenue from [www.beaniekids.com](http://www.beaniekids.com). Importantly, our push to introduce BK Bears to international markets is continuing and promising opportunities both in Europe and North America have emerged.

We look forward to the opportunity to meet with as many of you as possible at our upcoming AGM where we will be in a position to update you further with respect to the progress of the company, particularly as it relates to the launch of Mothercare and its goal of becoming the choice of destination for Australian mothers in the coming years.

Kind regards,



Gordon Elkington

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