HEADLINE
Group Limited

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For immediate release to the market

AMMENDMENT TO ANNOUNCEMENT

This morning Headline Group Limited (HLD) announced the acquisition of Babies Galore Assets and Investments Into Headline.

HLD wishes to advise an amendment to that announcement, and a revised announcement is attached. Under the heading 'Updated profitability projections', some financial year references have been changed.

HLD wishes to apologise for the error.

Headline Group Limited

Ian Gordon
Company Secretary

MOTHERCARE EXPANDS TO NATIONAL FOOTPRINT BY ACQUIRING BABIES GALORE ASSETS

MYER FAMILY COMPANY & ALLEGRO PRIVATE EQUITY INVESTMENTS INTO HEADLINE

Babies Galore asset acquisition

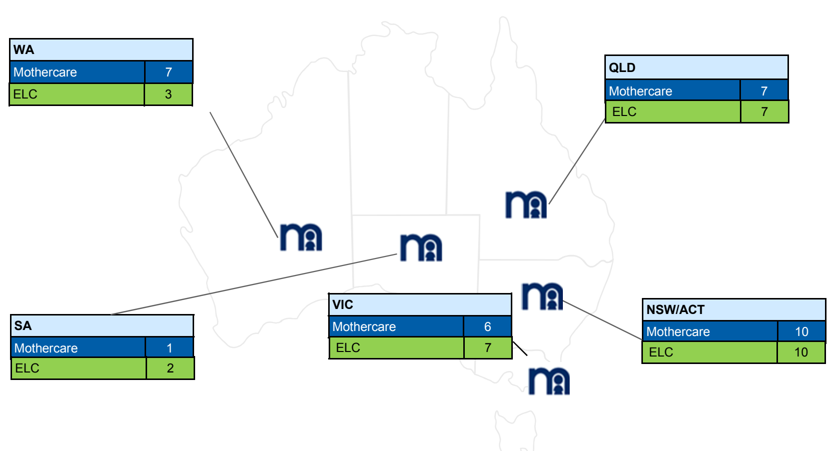
Headline Group ("HLD") has acquired for $8.8M (plus contingent liabilities of $1M) the operating assets of the Babies Galore business, and will take over up to 13 of the Babies Galore stores that historically have generated approximately $35M in revenue. The assets acquired in the transaction are inventory, and store fixtures and fittings. In addition, HLD will access the 70,000 strong customer database and the Babies Galore online technology assets. As part of the transaction, HLD expects to assume the majority of the store employees and will make offers to key support office personnel to assist in the integration of the Babies Galore stores into the Mothercare Australia operations.

The acquisition of the Babies Galore assets accelerates the rollout of the Mothercare and Early Learning Centre brands to a national footprint in Australia. HLD will invest to re-fit the Babies Galore stores it acquires, and will convert the majority of these locations to Mothercare parenting centres over the next 18 months. Mothercare's exclusive product range will be introduced to the stores as they are converted. The positive margin impact of introducing the higher margin Mothercare product will be earned once the stores have been rebranded.

This transaction will take HLD to an estimated annual turnover run rate of between $90M and $100M for this 2010/11 financial year. This results in HLD (trading as Mothercare Australia) becoming a leading player in the specialist parent and baby retail category.

Australian Landscape: post acquisitions 2010/11

Mothercare will become a leading player market with an extensive national footprint...



Myer Family Company and Allegro Private Equity investment into HLD

To strengthen the HLD balance sheet in the process of completing this transaction, the Myer Family Company and Allegro Private Equity have each invested $5M into HLD. The investments will provide additional funding required for;

- Expenses associated with the acquisition,

- Capital investment contributing to the re-fit and conversion of the Babies Galore stores to Mothercare,
- The additional operating costs that will be associated with absorbing the $35M of new business and accelerating the stores conversions, and
- The integration costs that will flow from the transaction.

The Myer Family Company's ("MFC") investment of $5M is initially in the form of a convertible note that will convert into 16.7M HLD ordinary shares upon HLD Shareholder approval subject to Mothercare plc's approval (as per the recent Mothercare plc investment agreement). The terms of the note are:

- Conversion price of $0.30 per share
- The term of the note is until March 31st 2011, prior to which the conversion is anticipated to occur
- Interest rate of 6% p.a.
- MFC will appoint a director to the HLD board.

The HLD board believes MFC will add significant value as a strategic investor and board representative. HLD will benefit from MFC's extensive retail management experience and property expertise in the retail sector.

Allegro Private Equity's $5M investment will be for 16.67M HLD ordinary shares. Allegro will also nominate a director to the HLD board, and will provide important input to HLD as the previous Babies Galore shareholder. Allegro's investment focus is on entities with accelerated growth profiles such as HLD.

Updated profitability projections

This transaction, together with the recently completed Beanie Kids divestment, changes substantially the shape of HLD's growth trajectory and earnings projections for the company.

- In 2010/11, we estimate revenue will be circa $85M, reflecting an annual run rate of approximately $95M for the business.
- Operating profit for the business will be negatively impacted in 2010/11 due to the operating, integration and store conversion costs that will be driven by the Babies Galore asset acquisition and by the loss of earnings that was attached to the Beanie Kid business ($500k in 2009/10). EBITDA is now an estimated range of $0.4M to $0.7M for 2010/11. As Babies Galore stores are converted to the Mothercare brand, margins will improve to be line with existing Mothercare locations.
- The operating profit projection for the 2011/12 year will rise from our previous projection of $6.2M to between $7.4 and $7.9M, reflecting the introduction to Babies Galore of the expanded Mothercare range with higher margins
- With the now significantly accelerated roll out, the 2013/14 projections for the company are to arrive to projected revenue approaching $175M

Summary

The HLD Board is very pleased that it can announce that:

- The Babies Galore asset acquisition accelerates the expansion of Mothercare and Early Learning Centre to a national footprint. The transaction enables Mothercare to quickly position itself as a leading player in Australia. We will anticipate revenue to accelerate beyond $100 Million in the following financial year as a result of the acquisition, and the Mothercare new store openings.

- While profitability in this financial year will be adversely affected due to store conversions, integration and training costs, and additional support office requirements, the 2011/12 HLD profitability is expected to grow substantially as a result of the increased scale, relative market share and market coverage.

- The additional funding from The Myer Family Company and Allegro Private Equity substantially strengthens the HLD balance sheet as is necessary to support the business integration and accelerated store conversion program. The effect of the investments is to maintain the strength in the HLD balance sheet that was created with the Mothercare investment of \$12.2M announced on July 30th this year.
- In particular, adding The Myer Family Company as a strategic investor will add significant retail sector experience to HLD
- Following the placements and associated acquisitions, HLD will have liquid funds in excess of \$10 million which ensures the funding of our store rollout and the negotiation of attractive working capital banking arrangements in coming months

Overall, this acquisition initiative and the associated investments into HLD from Myer and Allegro give the business a further opportunity to leverage Mothercare's competitive advantage in product categories and gross margin. HLD will rapidly expand the Mothercare store network to the national footprint and be a leading player in its category – this was our stated objective 12 months ago when the initial investment was made into the Mothercare business in Australia. The very clear focus is now on making successful store conversions, and continuing the profitability improvement of the business.

Headline has transformed over the past 12 months to a leading retailer rapidly tracking towards \$100M in turnover in the attractive parenting retail segment. While 2010/11 will be a year of further investment as the Babies Galore and Baby on a Budget stores in WA are converted to Mothercare, we anticipate the growth trajectory and underlying profitability of the Mothercare model to drive future shareholder value creation.

We look forward to seeing as many shareholders as possible at our upcoming EGM where we will go through the new state of play for the business in greater detail.

Gordon Elkington	Brent Dennison
Executive Chairman	Managing Director