HEADLINE
Group Limited

Financial Report

2010

how quickly they grow...

mothercare

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CHAIRMAN'S REPORT

On behalf of the Board, I am pleased to present this year's Financial Report.

OVERVIEW

- **Headline has transformed over the past 12 months from the small Skansen business to a leading market player rapidly tracking towards $100M in turnover in the attractive parenting retail segment**

- **Headline to obtain 100% ownership of Skansen KCG (Mothercare in Australia, Early Learning Centre toy and Kids Central locations) by acquiring minority interests**

- **HLD's balance sheet to strengthen following the sale of Headline's Beanie Kid Giftware business and the investment by Mothercare plc**

- **Combination of organic store roll outs and acquisitions of Baby on a Budget in WA, and the assets of Babies Galore in NSW to deliver a national footprint for Mothercare.**

- **Myer Family Company investment (subject to HLD shareholder and Mothercare plc approval) provides additional capacity to accelerate the conversion of new stores acquired in the Baby On A Budget and Babies Galore transactions.**

2009/10 marked a new era for The Headline Group ("HLD"). Following the investment in Mothercare and ELC Australia via the acquisition of the controlling interest in the Kids Central Group last October, HLD has entered into a period of substantial investment to place the company on a strong growth trajectory. While the previous 2008/09 year represented the final year of restructuring of the previous HLD era, 2009/10 has been one of investment where the company has put in place the pillars to achieve significant returns in the coming three to four years. In the 2009/10 year post the acquisition of Kids Central, we consolidated the existing operations, and committed capital to establish the foundations launching the Mothercare brand in Australia and embarking on a growth path of accelerated growth via acquisition. Importantly, the performance of the Mothercare stores to date has validated the critical assumptions regarding Mothercare's margin advantage and product category breadth that underpinned the initial HLD investment strategy.

The new financial year continues the organic store roll out with Mothercare Highpoint and Knox store openings. Our geographic expansion is continuing with two large format Mothercare sites being commissioned in New Zealand, following up on our recent opening of a new ELC store in Wellington leveraging the strength of the Mothercare and ELC brands in that market.

We also began the process of transforming a number of the legacy Kids Central locations by inserting the Mothercare brand into store. While it is very early to report the results from this initiative, the gross margin impact has been positive as expected. We expect the sales results from the Mothercare inserts to continue to improve as the merchandise mix is refined, and we undertake greater communication to inform the loyal customer base that Mothercare is now available in the Kids Central locations.

These initiatives along with the acquisitions of Baby on a Budget and Babies Galore will accelerate our revenue run rate in 2010/11 toward $100M, continuing the growth exhibited in 09/10.

Result

The HLD board is announcing a HLD after tax loss of $3.18 million. The loss is characterised by the following:

- Revenue for the group increased to $31.1 million up from $12.1 million – underlining HLD's return to scale.
- The operating loss for the Skansen KCG business – the remaining HLD operating subsidiary of which it owned 73% - was in line with projections in HLD's May Trading Update.
- Transaction costs, including stamp duty of $0.68 million.

CHAIRMAN'S REPORT

- Restructuring costs of $0.24 million due to redundancy and stock write downs as the Beanie Kids and the Kids Central businesses were integrated.
- Depreciation and Amortisation of $1.07 million.
- $0.14 million impairment of assets.

Overall, the 2009/10 loss is a function of HLD positioning the company to take advantage of the growth opportunity that is associated with rolling out the Mothercare and ELC parenting retail businesses to a national footprint.

To support the roll out, the board has invested in:

- Marketing and brand positioning.
- Establishing Mothercare's online presence.
- Training across a broader base of customer service advisors, such that new stores have strong customer service propositions immediately when opened, inculcating the Mothercare Service DNA.
- Increased resources at head office, including retail design and store fit out project management, such that the knowledge and expertise of Mothercare store openings remain in-house.
- Additional skills in Buying for the new Mothercare categories, and in Finance and Administration for the required management systems to be put in place.
- Cost efficient sourcing ex China, of fixtures & fittings for new store rollouts.
- New, dedicated Mothercare Distribution Centre set up and operational in NSW.

We would also note that the retail environment in which the Mothercare roll out and ELC and Kids Central businesses are operating remains challenging. Across the board, major Australian retailers are reporting softness in demand and increased consumer price sensitivity. As the macroeconomic environment improves, this will provide additional impetus to the growth of the new HLD retail businesses.

New business/acquisitions

Baby On A Budget

The acquisition of Baby On A Budget ("BoaB") in Western Australia brings to the business significant management experience in the parenting retail sector, $11 million in revenue and $0.75 million in EBIT and the number one position in the W.A. market.

Purchase of Skansen KCG Minority Interests

The acquisition of the remaining minority stake in Skansen KCG will deliverer HLD with the complete equity upside associated with the Mothercare and ELC roll out.

Babies Galore

The acquisition of the assets of the NSW/Qld based Babies Galore business delivered 13 store locations that historically have generated ~$35 million in revenue, access the 70,000 strong customer database and the Babies Galore online technology assets. As per the WA business many valuable store and head office staff joined the company assisting in the integration of the Babies Galore stores into the Mothercare Australia operations.

Divestment

The Beanie Kids and gift wholesaling business has been divested as part of the process of focusing HLD on its Mothercare, ELC and Kids Central retail operations. While this will have an estimated $0.5 million impact on early projections of the 2010/11 EBITDA for the business, it provides additional cash for what is the equivalent of 4 new large format Mothercare stores.

Dividends

Headline is preserving its cash reserves for the funding requirements of the ongoing development of the business. The Company anticipates paying dividends in the near future when it returns to profitability.

Headline currently has franking credits of $3 million enabling the payment of fully franked dividends of $7 million. Available tax losses are $ 13 million (however these tax losses are subject to ongoing Continuity of Ownership Tests).

SUMMARY

The HLD board is very pleased with the progress the company has made towards its stated strategic objectives from 12 months ago. We are buoyant about the current position of the company which has transformed over the past year from a small Skansen business to a leading player with a national footprint in the attractive parenting retail segment.

We are excited about the team and resources that the 2009/10 investment has put in place, together with the strategic cornerstone investors that have secured the funding requirements necessary to achieve the company's aspirations.

While 2010/11 will be a year of further investment as the WA business of Baby on a Budget and Babies Galore stores are converted to Mothercare, the growth trajectory and underlying profitability of the Mothercare model will drive future shareholder value creation.

Shareholders have been rewarded with significant capital appreciation over the past 12 months, and the board is looking forward to delivering increased returns over the next 3 years. We certainly recognize the challenges of a successful execution of the accelerated growth strategy, but believe we have put the necessary fundamentals in place over the past 10 months to ensure the company is in a strong position to achieve its medium term growth and profitability projections.

Gordon Elkington
Executive Chairman
30 September 2010

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity ('the Group') consisting of Headline Group Limited and the entities it controlled at the end of, or during, the year ended 30 June 2010.

DIRECTORS

The names of the directors of Headline Group Limited ('the Company') in office during the year and until the date of this report unless otherwise stated are:

Gordon Elkington (Executive Chairman)

Gordon Elkington was appointed to the Board on 31 October 2004. Gordon has over 30 years experience in the retail and manufacturing sectors. From 1999 to 2003 Gordon was the Managing Director of Sabco Limited. From 1994 to 1999 he was the Managing Director of Willow Sales Management. He was previously a director of Davis Plastics, prior to its acquisition by the Willow Group. Gordon is also the Chairman of the Audit Committee.

Directorship of public listed companies for the past three years: Nil

Brent Dennison (Managing Director)

Brent Dennison was appointed to the Board on 21 July 2008. Brent has recently returned to Australia after working in the European private equity industry for the last 6 years. Immediately prior to returning, Brent executed and managed a successful buy-and-build investment in Italy in conjunction with the Dutch fund, Favonius Ventures. Before working with Favonius, Brent was a director with Citigroup in NY evaluating small to medium sized financial services investment opportunities of strategic interest to the bank. Prior to Citigroup, Brent led two entrepreneurial ventures, a UK-based software business that was sold to a German ERP player, and the launch of Turkey's first management consulting practise in the mid-1990s. Before embarking on his entrepreneurial pursuits, Brent was a strategy consultant with the Boston Consulting Group in Melbourne and New York.

Directorship of public listed companies for the past three years: Nil

George Choo (Executive Director & Chief Financial Officer)

George Choo was appointed to the Board on 10 June 2008. George has 30 years commercial experience in both management and financial accounting. He has held numerous senior positions both in Australia and overseas prior to joining Headline Group as the Chief Financial Officer. George is also a member of the Audit Committee and an additional Company Secretary of Headline Group.
George holds qualifications in Business Studies majoring in Accounting and Graduate-Diploma in Electronic Data Processing (EDP).

Directorship of public listed companies for the past three years: Nil

Ross Bartlett (Executive Director)

Ross Bartlett was appointed to the Board on 1st September 2009 at the time of the merged Skansen-Kids Central entity. Ross has over 30 years experience in retail, marketing, brand management and product development. Over that period, Ross held many senior management roles at Coles Myer including General Manager of Merchandising & Marketing for Kmart Australasia. He has experience in Strategic Planning and Buying-Brand management including the development of exciting new Brands and unique products, long term development of retail formats and their market positioning.

Directorship of public listed companies for the past three years: Nil

Mike Lewis & Jerry Cull were appointed to the Board which was approved by shareholders at the Extraordinary General Meeting on 30 September 2010.

COMPANY SECRETARY

Ian Gordon

Ian Gordon was appointed Company Secretary on 9 October 2007. Ian has been a Fellow of The Institute of Chartered Accountants in Australia since 1977, and has practised as a Chartered Accountant in Sydney since 1974 as a partner in McBurney & Partners. He has had previous experience acting as Company Secretary for Neverfail Springwater Limited from its initial ASX listing until taken over by Coca-Cola Amatil Limited, and is responsible in his accounting practice for corporate secretarial services for a diverse range of unlisted companies.

George Choo

George Choo, Executive Director & Chief Financial Officer, was appointed as an additional Company Secretary on 22 August 2008.

DIRECTORS' REPORT

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Ordinary shares fully paid	Options over ordinary shares
G Elkington	8,492,346	-
Brent Dennison	12,741,374	-
G Choo	82,567	-

CORPORATE STRUCTURE

Headline Group Limited (ACN 060 199 082) is a company limited by shares that is incorporated and domiciled in Australia. Headline Group Limited has prepared consolidated financial statements incorporating the entities that it controlled during the financial year. All subsidiaries are 100% owned and domiciled in Australia except where indicated.

Headline Group Limited

Skansen Pty Limited

A.C.N. 000 950 649 Pty Limited (Formerly Reko Pty Limited **)**

DoDo Holdings Pty Limited

BK World Online Pty Limited

Skansen Giftware (UK) Limited (domiciled in the United Kingdom)

Skansen KCG Pty Limited – 73%

DIRECTORS' REPORT

REGISTERED OFFICE
Level 10
68 Pitt Street
Sydney NSW 2000

NATURE OF OPERATION AND PRINCIPAL ACTIVITIES

The principal activities during the year within the Group were the distribution of giftware products and retailing educational toys, parenting and children's products.
The Group is focused on marketing and retailing exclusive brands to the Australian parenting and children's market segment. The Group is entering an exciting growth phase with the roll-out of Mothercare in Australia and New Zealand.

DIVIDENDS

No dividends have been declared or paid during the financial year.

REVIEW OF OPERATIONS

For the year ended 30 June 2010, the Group incurred a net loss before tax of $4.12 million and a net comprehensive loss after tax of $4.05 million. This is not comparable to the 30 June 2009 net loss before tax of $1.89 million because of the acquisition of Kids Central on 1 October 2009 which has incurred some one-off expenses for the year ended 30 June 2010.

The result is in line with our expectations after we have decided to invest in various resources including human resources to roll out the Mothercare and ELC parenting retail businesses to a national footprint.

The major factors impacting the result included:

- Softening of the retail sector due to lower consumers' confidence.
- Website development expenses of $274,000.
- Restructuring costs including redundancies of $244,000.
- Transaction expenses, including stamp duty, of $676,000.
- Depreciation and amortisation of $1,067,000.

SHAREHOLDER RETURNS

The figures in the table are not all sourced from audited accounts as they reflect a combination of audited and internal management information. Accordingly the figures should only be used as a guide to trends to business performance.

	2010	2009	6-Month Year 2008	2007	2006
Revenues from ordinary activities ($'000)	31,081	11,588	5,966	21,569	57,329
Return on sales (EBITDA)/Revenue	(10.0)%	(14.5)%	(17.4)%	(8.7)%	8.6%
NTA (cents per share)	4.5	11.7	13.0	13.9	17.4
Basic EPS (cents per share) attributable to members	(2.7)	(1.3)	(0.9)	(2.3)	3.0
Dividends paid during the year (cents per share)	-	-	-	1.5	2.0
Closing share price (cents per share)	28.0	12.0	15.5	15.0	23.0
Shares on issue ('000)	119,690	119,690	119,690	120,046	122,113

COMPANY PERFORMANCE

The above table shows the performance of the Group over the last five periods.

REVIEW OF FINANCIAL CONDITION

Capital Structure

No new shares were issued in 2010 (2009:nil). No shares were issued under the Dividend Reinvestment Plan following the suspension of the plan on 28 March 2006. The plan remains suspended until further notice.

Cash from Operations

Net cash flows from operating activities for the year ended 30 June 2010 was ($3.58) million as compared to ($0.69) million for the year ended 30 June 2009.

Liquidity and Funding

The Group has funding facilities as at 30 June 2010 as shown in note 10 to the financial statements.

Cash on hand as at 30 June 2010 was $4.8 million (2009 $9.6 million).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 1st October 2009, Headline acquired the 73% of the Kids Central / Early Learning Centre business, a leading retailer in the parent's and children's fashion and toys retail industry.

We are looking forward to an exciting growth phase with the roll-out of Mothercare in Australia and New Zealand.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the Directors, it would prejudice the interests of the Group to include additional information, except as reported in this Directors report and the annual report, which related to likely developments in the operations of the consolidated entity and the expected results of those operations in financial periods subsequent to 30 June 2010.

EVENTS SUBSEQUENT TO REPORTING DATE

On 30 July 2010, the Company announced that Mothercare Plc (which is listed on the London Stock Exchange) investment into the Company was completed following the finalisation of due diligence and documentation being signed.

The investment was approved by shareholders at an Extraordinary General Meeting (EGM) held on 30 September 2010. The key features are as follows:

1) Mothercare Plc ('Mothercare') has agreed to invest $12.2 million of fresh capital to acquire 25% of the Company. Mothercare's investment is made in the form of a convertible note which was drawn down on 30 July 2010.
2) The convertible note will convert to equity. In the event that shareholder approval is not received, the note will be interest bearing and repayable on 31 December 2010.
3) The Company will issue 43,620,000 ordinary shares (representing 25% plus 1 share of the share capital on a fully diluted basis at a conversion price of $0.28 per share).
4) The Company will issue an Option over Headline ordinary shares to Mothercare Finance Limited (MFL). On exercise of the Option, MFL will be entitled to 6,000,000 ordinary shares making the total number of shares to which MFL may become entitled 49,620,000 equivalent to a voting power of approx. 27.5%, assuming that point 3 has taken place.
5) Mothercare's protections under its franchise agreement will be enhanced by the surrender by the Company of its trade marks to Mothercare which will be relicensed to the Company. In addition, Mothercare will nominate one representative to join the Company's Board and certain limited corporate decisions by the Company will require Mothercare approval.
6) The parties will also enter into a development agreement and store conversion plan for Australia and a development agreement for the Mothercare and ELC brands in New Zealand.
7) The increased funding enables us to rapidly roll out to a national footprint both the Mothercare and Early Learning Centre brands. We are looking forward to working closely with Mothercare to achieve our accelerated expansion plans. As we have mentioned before, Mothercare Plc is the leading global retailer of parenting and children's products with 1,167 stores in 53 countries worldwide, operating under the Mothercare and Early Learning Centre brands.

The Company also proposes to acquire 100% ownership of Skansen KCG (now 73%). The Company has proposed to purchase the remaining 27% of shares from minority shareholders in exchange for the repayment of the outstanding convertible note of $2.5 million and the issue of 7,500,000 shares. This acquisition will enable the Company to distribute its franking balance should profits be generated. Additionally, Mr Mike Lewis (responsible for building the Early Learning Centre and Kids Central retail business in Australia) will join the Company's Board. The issue of the 7,500,000 shares and appointment as a Director of Headline Group Ltd of Mr Mike Lewis was approved by shareholders at the EGM held on 30 September 2010.

On 1 June 2010, Headline entered into Heads of Agreement to acquire 100% of "Baby On A Budget" (BOAB) in Western Australia for $2 million, with the purchase price split 50% equity (the Company will issue 3,333,333 shares at $0.30 per share which was approved by shareholders at the EGM held on 30 September 2010) and 50% cash. In addition, the Company will assume $1.1 million of bank debt currently in BOAB.

We are unable to estimate the transaction costs of this acquisition as at the date of this report. Headline is expecting to finalise this acquisition as soon as possible. The primary reason for this acquisition is to accelerate the roll out of Mothercare and Early Learning Centre locations across Australia. This also brings to the business significant management experience in the parenting retail sector, $11 million in revenue and $0.75 million in EBIT.

On 31 August 2010, the directors of Headline announced the sale of Skansen KCG's giftware business to ZooSkyMedia Pty Ltd for an agreed sale price of $2.5 million with $2 million being received up front and the remaining $0.5 million being payable based on the business achieving budget revenue targets.

On 22 September 2010, Headline announced the acquisition of the operating assets of the Babies Galore business for $8.8 million plus contingent liabilities of $1 million. The primary reason for the acquisition is to further speed up the acceleration of the rollout of the Mothercare and ELC brands. At this stage we are unable to estimate the total transaction cost of this acquisition and the total amount of goodwill on acquisition.

In the same announcement of 22 September 2010, it was stated that to strengthen the balance sheet of Headline, the Myer Family Company (MFC) and the Allegro Private Equity (vendor of the Babies Galore) have each invested $5 million with one board representative each.

MFC investment is in the form of a convertible note that will convert, with a conversion price of 30 cents per share, into 16.7 million ordinary shares upon shareholders' approval subject to Mothercare plc's approval as per the recent Mothercare plc investment agreement

Allegro investment is in the form of 16.7 million ordinary shares.

Apart from the matters above, no other matters or circumstances have arisen since the end of year which significantly affected the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group complies with all environmental regulations.

SHARE OPTIONS AND SHAREHOLDINGS

During the year, no options were granted to executives and employees.

As at the date of this report, there were 6,000,000 unissued ordinary shares under options.

Refer to note 28 for shareholdings and option holdings of directors and key management personnel.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Group has paid premiums in respect of a contract insuring all of the directors and certain officers of Headline Group Limited against costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty; or
(b) a contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

The Group is bound by a confidentiality clause in its insurance policy not to disclose the insurance contract premiums.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of the Company and the Group.

A) PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Remuneration Philosophy

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Establish appropriate performance hurdles in relation to variable executive remuneration; and
- A portion of executive remuneration "at risk" dependent upon meeting pre-determined performance benchmarks.

Responsibility

The Board is responsible for determining and reviewing compensation arrangements for the directors, the managing director and the executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

To assist in achieving these objectives, the Board links the nature and amount of executive directors' and officers' emoluments to the Company's financial performance.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and senior management remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of a high calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The constitution of the Company and the ASX Listing Rules specify that the aggregate of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 29 July 2002 when shareholders approved an aggregate remuneration of $250,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers, when needed, advice from external consultants as well as fees paid to non-executive directors of comparable companies when undertaking the annual review process. This review process does not

REMUNERATION REPORT (Continued)

necessarily mean a fee increase is sought from the next annual general meeting. Each director receives a fee for being a director of the Company. No additional fee is paid for sitting on a board committee. However a director may, at the request from the Board, undertake additional consulting work, which will be invoiced in addition to normal director's fees. Non-executive directors do not receive performance related remuneration.

Executive Director Remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- Reward executives for the Group, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the two key elements:

- Fixed remuneration; and
- Variable remuneration

The proportion of fixed and variable remuneration is established by the Board.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board and the process involves a review of business unit and individual performance and relevant competitive remuneration in the market.

Structure

Key management personnel are given the opportunity to receive their fixed remuneration in a variety of forms including cash, car allowance and fringe benefits such as a motor vehicle. It is intended that the manner of payment chosen will be optimal for the recipient without undue cost for the Company.

Variable Remuneration

Objective

The objective of the variable remuneration is to link the achievements of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The main target is the achievement of the business unit's profit budget. The total potential variable remuneration available is set so as to provide sufficient incentive to the key management personnel to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Details of the nature and amount of each element of the emolument of each director of the Group and each of the key management personnel of the Group and the consolidated entity are as follows:

B) DETAILS OF REMUNERATION

Details of directors and other key management personnel

(i) Directors

G Elkington	Executive Chairman
B Dennison	Managing Director
G Choo	Executive Director / Chief Financial Officer
R Bartlett	Executive Director (appointed September 2009)

(ii) Other key management personnel

I Gordon	Company Secretary

- The terms "director" and "officer" have been treated as mutually exclusive for the purposes of this disclosure. The elements of emoluments have been determined on the basis of the cost to the Group and the consolidated entity; and

- Key management personnel are those directly accountable and responsible for the operational management and strategic direction of the Group. In the directors' view, other senior personnel do not fall into the definition above.

REMUNERATION REPORT (Continued)

Details of the remuneration of the Directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosure) and specified executives are set out in the following table.

		Short term				*Post Employment*	*Non Monetary*	
		Salary & fees	*Cash bonus*	*Car Allowance*	*Termination Benefits*	*Super-annuation*	*Motor Vehicle*	*Total*
Directors		*$*	*$*	*$*	*$*	*$*	*$*	*$*
G Elkington								
	2010	**314,994**	**-**	**35,000**	**-**	**31,499**	**-**	**381,493**
	2009	314,994	-	35,000	-	35,699	-	385,693
B Dennison								
	2010	**262,500**	**-**	**-**	**-**	**23,625**	-	**286,125**
	2009	195,676	-	-	-	7,500	-	203,176
G Choo								
	2010	**120,000**	**-**	**8,509**	**-**	**11,566**	**15,491**	**155,566**
	2009	120,000	-	-	-	10,800	20,000	150,800
R Bartlett (appointed Sept 2009)								
	2010	**157,500**	**-**	**-**	**-**	**-**	**-**	**157,500**
	2009	-	-	-	-	-	-	-
R Montgomery (resigned May 2009)								
	2010	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2009	44,630	-	-	-	-	-	44,630
J Fox (resigned July 2008)								
	2010	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2009	6,667	-	-	-	600	-	7,267
Sub-totals - Directors	**2010**	**854,994**	**-**	**43,509**	**-**	**66,690**	**15,491**	**980,684**
	2009	681,967	-	35,000	-	54,599	20,000	791,566
<u>Other key management personnel</u>								
I Gordon *								
Grand Totals	**2010**	**854,994**	**-**	**43,509**	**-**	**66,690**	**15,491**	**980,684**
	2009	681,967	-	35,000	-	54,599	20,000	791,566

* Mr. I Gordon , Company Secretary, is a partner of McBurney & Partners, who provides company secretarial services to Headline Group Limited. The agreement between Headline Group Limited and McBurney & Partners is based on normal commercial terms. In 2010, a total of $23,967 (2009: $58,127) was received by McBurney .

∞ No share based payments were made during the year and the previous reporting period.

∞ Percentage of remuneration related to performance and share options during the year is Nil.

REMUNERATION REPORT (continued)

C) EMPLOYMENT CONTRACTS

Mr Gordon Elkington, Executive Chairman

- Duration of contract is three (3) years commencing 1 May 2008.
- Base salary excluding superannuation is $350,000 per annum and it is to be reviewed by the Board on an annual basis.
- The contract may be terminated by either party by providing 90 days notice. Mr Elkington is entitled to compensation for the unexpired months and the compensation shall be no greater than $525,000.
- In May 2010, Mr Elkington's contract was extended for 12 months and now terminates on 30 April 2012.
- Remuneration is not linked to any performance indicators.

Mr Brent Dennison, Managing Director

- Duration of contract is three (3) years commencing 1 March 2009.
- Base salary excluding superannuation is $250,000 per annum and it is to be reviewed by the Board on an annual basis. In April 2010, Mr Dennison's base salary excluding superannuation was increased to $300,000 per annum.
- The contract may be terminated by either party by providing 90 days notice. Mr Dennison is entitled to compensation for the unexpired months and the compensation shall be no greater than $250,000.
- Remuneration is not linked to any performance indicators.

Mr George Choo, Executive Director & Chief Financial Officer

- Duration of contract is three (3) years commencing 1 October 2008.
- Base salary excluding superannuation is $120,000 per annum and it is to be reviewed by the Board on an annual basis.
- The contract may be terminated by either party by providing 90 days notice. Mr Choo is entitled to compensation for the unexpired months and the compensation shall be no greater than $60,000.
- Remuneration is not linked to any performance indicators.

D) OPTIONS GRANTED AS PART OF REMUNERATION

There were no options granted for the year ended 30 June 2010 (2009: nil).

E) ADDITIONAL INFORMATION

Remuneration for key management personnel is linked to the Group's performance. Personnel may be rewarded by way of year end bonuses or/and increases in remuneration. Details of the Group's performance during the last five years are tabled below.

	2010	**2009**	**6-Month Year 2008**	**2007**	**2006**
Revenues from ordinary activities ($'000)	31,081	11,588	5,966	21,569	57,329
NTA (cents per share)	4.5	11.7	13.0	13.9	17.4
Basic EPS (cents per share) attributable to members	(2.7)	(1.3)	(0.9)	(2.3)	3.0
Dividends paid during the year (cents per share)	-	-	-	1.5	2.0
Closing share price (cents per share)	28.0	12.0	15.5	15.0	23.0
Shares on issue ('000)	119,690	119,690	119,690	120,046	122,113

DIRECTORS' MEETINGS

During the year, 9 directors' meetings and 2 audit committee meetings were held. The number of meetings at which directors were in attendance is as follows:

	Meeting of Directors		**Audit Committee**	
	No. held while in office	**Meetings attended**	**No. held while in office**	**Meetings attended**
G Elkington	9	9	2	2
B Dennison	9	9	-	-
R Bartlett	7	7	-	-
G Choo	9	9	2	2

As at the date of this report, the Company has an Audit Committee. The members of the Audit Committee are Mr G Elkington (Chairman) and Mr G Choo.

ROUNDING
The amounts contained in this report and in the financial statements have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

AUDITOR INDEPENDENCE
The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 18 of this report.

NON-AUDIT SERVICES
Non-audit services were provided by the entity's auditor PKF. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. PKF received or are due to receive the following amounts for the provision of non-audit services.

- other assurance services provided $31,892 (2009: $5,106)

CORPORATE GOVERNANCE
In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Headline Group Limited support and have adhered to the principles of corporate governance. The Company's corporate governance statement is detailed in the financial report.

Signed in accordance with a resolution of the directors.

Gordon Elkington
Executive Chairman

30 September 2010
Sydney

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ('the Board') of Headline Group Limited ('the Company') are responsible for the corporate governance practices of the consolidated entity. Headline Group and its controlled entities are referred to in these policies as 'the Group'. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board supports the core principles developed by the Australian Securities Exchange ("ASX") Corporate Governance Council ("the Council") as a basis for enhancing the credibility and transparency of our capital markets. The structures, policies and procedures already in place at the Company have been developed and implemented by the Board and management over many years to ensure the Company has historically operated on those principles.

The Board believes that the Company's Corporate Governance policies should be tailored to account for the size and structure of the Company, risks associated with the Company's operations and the Company's inherent strengths and weaknesses. The ASX concurs with this view and allows companies to explain deviations from the ASX Corporate Governance Council's recommendations.

Areas where the Company has deviated from the Council's recommendations are discussed below, but the Board believes the areas of non-conformance do not impact on the Group's ability to operate with the highest standards of Corporate Governance.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 : Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Board is responsible to shareholders for the Group's overall corporate governance practices, and is responsible for the direction and oversight of the Group's businesses on behalf of the shareholders.

The Board's responsibilities include:
- reviewing and determining the Group's strategic direction and operational policies;
- establishing goals for management and monitoring the achievement of these goals;
- reviewing and approving the Group's Business Plan;
- appointing and remunerating the Managing Director;
- approving all significant business transactions including acquisitions, divestments and property developments;
- monitoring business risk exposures and risk management systems;
- approving and monitoring financial and other external reporting;
- approving changes to the Group's capital structure;
- reporting to shareholders; and
- promoting ethical conduct.

The Board delegates responsibility for the formulation of strategy and administration of day-to-day business to the Managing Director and Chief Financial Officer who comprise the Company's senior management group.

The senior management group is responsible for:

- ensuring business development and other activities are conducted in accordance with the Group's overall business strategy;
- managing the Group's property developments, businesses and other investments to maximise returns to shareholders;
- informing the Board on a regular basis of the status of all projects and the performance of all Group's assets;
- managing relationships with investors and analysts;
- approving capital expenditure and business transactions within predetermined limits set by the Board;
- planning in accordance with the financial control guidelines which govern the allocation and management of financial resources throughout the Group;
- ensuring that appropriate financial reporting is provided to the Board on a monthly, six monthly and annual basis; and
- establishing and monitoring the Group's risk management framework to ensure that policies, guidelines and controls are effective in reducing the Group's operational and financial exposures to an acceptable level.

Recommendation 1.2 Disclose the process for evaluating the performance of senior executives.

Senior management's performance is assessed regularly against both qualitative and quantitative factors at board meetings.

There have been no departures from Principle 1 during the year ended 30 June 2010.

Principle 2: Structure the board to add value

The Board comprises the Executive Chairman, Managing Director and two Executive Directors. The size and composition of the Board is formulated to provide an appropriate range of experience, skills, knowledge and perspective to enable it to appoint, guide and supervise a high standard of management for the Group's business. The names, skills, experience and expertise of each Director of the Company are set out in the Annual Report and on the Company's website.

Recommendation 2.1 : A majority of the Board should be independent directors.

Directors of Headline Group are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their independent judgement. In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. The Board considers an item to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the ability of the director in question to shape the direction of the Company's loyalty.

In accordance with this definition of independence, none of the current directors are independent directors by virtue of their substantial shareholdings in Headline Group as detailed in the Annual Report or by their management role. The Board does not comprise a majority of independent directors and consequently its composition does not comply with Recommendation 2.1 of the ASX Corporate Governance Guidelines. This departure arises from the size and nature of operations of the Group.

However, the Board has adopted the following measures to ensure that independent judgment is achieved and maintained in respect of its decision-making processes:

- Directors are entitled to seek independent professional advice at the Company's expense, subject to the approval of the Board;
- Directors having a conflict of interest in relation to a particular item of business must absent themselves from the board meeting before commencement of discussion on the topic; and
- Non-executive directors confer on a needs basis without management in attendance.

Each director brings a range of complementary skills and experience to the Group as indicated in the Annual Report.

Recommendation 2.2 : The Chairperson should be an independent Director.

The Company's Chairman is Mr Gordon Elkington. Whilst not independent and an executive, the Board considers that it is appropriate for him to be Chairman due to the size and nature of the Group, given his skills, experience and knowledge of the Group. This is a departure from Recommendation 2.2.

Recommendation 2.3: The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.

The Chairman is Mr Gordon Elkington and the Chief Executive Officer is Mr Brent Dennison, therefore as required under best practice, there is a separation of these two roles.

Recommendation 2.4: The Board should establish a Nomination Committee.

Due to the size and structure of the Company's Board, a Nominations Committee has not been established as required under ASX Recommendation 2.4. All directors may make recommendations to the Board regarding the membership of the Board, including proposed new appointments. However, all directors must agree unanimously on any new director appointments. In addition, the Company's Constitution provides that at each annual general meeting, one third of directors shall retire (and be eligible for re-election).

The Board believes that these alternative procedures are more than adequate to preserve the integrity of the Board.

Recommendation 2.5: Disclose the process for evaluating the performance of the Board, its committees and individual directors.

Due to the size and nature of the Group, the Board believes that external formal evaluation is not necessary as performance is continually being evaluated on an ongoing basis. This is therefore a departure from Recommendation 2.5.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1: Companies should establish a code of conduct and disclose the code.

The Board encourages the highest standards of ethical conduct by all directors and employees of the Group. The Board has adopted a Code of Conduct & Ethics that sets out the principles and standards with which all Group's officers and employees are expected to comply in the performance of their respective functions. Officers and employees are expected to:

- comply with the law;
- act honestly and with integrity;
- reduce the opportunity for situations to arise which result in divided loyalties or conflicts of interest;
- use the Group's assets responsibly and in the best interests of the Company's shareholders; and
- be responsible and accountable for their actions.

Senior management immediately investigates possible failures to comply with the principles of ethical and responsible conduct, employing the use of third party expertise where necessary. The appropriate level of disciplinary action is applied where departures from these principles are confirmed.

This Code is regularly reviewed and updated as necessary to ensure it remains consistent with the Board's objectives.

Recommendation 3.2: Establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Dealing in Company Shares

Officers, management and employees are actively encouraged to own shares in the Company. The Board's policy is that trading in the Company's shares and/or options over such shares by directors and staff should only occur in circumstances where the market is fully informed of the Group's activities. The Board considers at each months board meeting whether trading in the Company's shares is appropriate in the coming month taking into account the circumstances which exist. The policy requires that Directors discuss any intention to trade in the Company's shares and/or options over such shares with the Chairman in circumstances where there exists a board decision that shares and/or options over such shares ought not to be traded. Senior management and employees require the approval of the Executive Chairman prior to trading. The Board recognises that it is the individual responsibility of each Director and employee to ensure that they comply with the spirit and letter of the insider trading laws, and that notification to the Board, the Chairman or the Managing Director of an intention to trade in no way implies their approval of any transaction.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1: The Board should establish an Audit Committee.

The Company's Managing Director and Chief Financial Officer report in writing to the Board that the consolidated financial statements of the Group for each half and full financial year present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards. The Audit Committee operates throughout the year with the primary objective to assist the Board of Directors in fulfilling the Board's responsibilities relating to the accounting, reporting and financial risk management practices of the Group. In fulfilling this objective, the Audit Committee meets at least two times each year.

The main duties and responsibilities of the Audit Committee include:
- review and consideration of statutory compliance matters;
- review of the annual and half-yearly financial reports;
- recommend to the Board nominations for appointment as external auditors;
- review the scope of the audit, the level of audit fees and the performance of the external auditors;
- liaison with external auditors, review of audit planning and consideration of audit results; and
- evaluation of the adequacy and effectiveness of the Group's administrative, operating and accounting policies and internal controls through active communication with operating management and the external auditors.

Recommendation 4.2: Structure the Audit Committee so that it consists only of non-executive directors, consists of a majority of independent directors and is chaired by an independent chair, who is not chair of the board and has at least three members.

Recommendation 4.3 : The Audit Committee should have a formal charter.

Principle 4: Safeguard integrity in financial reporting (continued)

The members of the Audit Committee during the year were Mr G Elkington (Chairman) and Mr G Choo. Both members of the committee are not independent and hold executive positions and hence this represents a departure from Recommendation 4.2.

The Audit Committee also does not have a formal charter in accordance with Recommendation 4.3.

The departures from Recommendations 4.2 and 4.3 arise on account of the size and nature of the Group and the present structure of the Board. The Board is aware of the Corporate Governance Principles and Recommendations (2nd Edition), and will continue to work towards full adoption of the recommendations in line with growth and development of the Group in the years ahead.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for the compliance and disclosure of those policies or a summary of those policies.

Documented procedures are in place to identify matters that are likely to have a material effect on the price of the Company's securities and to ensure those matters are notified to the ASX in accordance with the Company's Listing Rule disclosure requirements. The Managing Director and Chief Financial Officer are responsible for monitoring the Company's activities in light of its continuous disclosure policy and where necessary discussing disclosure obligations with the Board.

The Company Secretary is responsible for all communications with the ASX. All communications with external stakeholders in respect of sensitive company information is subject to the relevant safeguarding and confidentiality procedures. These communications are undertaken in light of continuous disclosure requirements of the ASX and the broad principles of ensuring the market is fully informed of price sensitive information.

Principle 6: Respect the rights of shareholders

Recommendation 6.1 : Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. Use company websites to complement the official release of material information to the market.

The Board encourages communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group.

Mechanisms employed include:
- regular shareholder communications such as Half-Yearly Reports, and the Full Financial Report;
- financial results presentations at the Company's Annual General Meeting ("AGM");
- shareholder access to communications through the use of information technology such as the Company's website; and
- utilising Computershare, the Company's share registry service provider.

The Board encourages full participation of shareholders at the AGM to ensure a high level of accountability and understanding of the Group's strategy and goals. The Company encourages the Group's external auditor to attend the AGM.

Principle 7: Recognise and manage risk

Recommendation 7.1: The Board or appropriate Board Committee should establish policies on risk oversight and management of material business risk and disclose a summary of those policies.

The Board is responsible for oversight of the Group's risk management and control framework (the Group does not have a separate Risk Management Committee). The Audit Committee assists the Board in fulfilling its responsibilities in this regard by reviewing the financial and reporting aspects of the Group's risk management and control framework. The Group has implemented a policy framework designed to ensure that the Group's risks are identified and that controls are adequate, in place and functioning effectively.

This framework will incorporate the maintenance of comprehensive policies, procedures and guidelines that encompass the Group's activities. It addresses areas such as contract negotiation, project management, occupational health and safety, environmental management, trade practices, IT disaster recovery and business continuity planning.

Principle 7: Recognise and manage risk (continued)

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Managing Director and Chief Financial Officer having ultimate responsibility to the Board for the Group's risk management and internal control activities. Arrangements put in place by the Board to monitor risk management and internal controls include:

- regular monthly reporting to the Board in respect of operations and the financial position of the Group;
- reports by the Chairman of the Audit Committee and circulation to the Board of the minutes of each meeting held by the Audit Committee;
- presentations made to the Board throughout the year by appropriate members of the Group's management team (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which are either in place or can be adopted to manage or mitigate the risk; and
- any Director may request that operational and project audits be undertaken by management.

Recommendation 7.3: The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Prior to signing the Group's annual financial statements, the Company's Managing Director and Chief Financial Officer report in writing to the Board that:

- the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Principle 8: Remunerate fairly and responsible

Recommendation 8.1:The Board should establish a remuneration committee.

Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The Group's polices relating to Directors' and Senior Executives' remunerations are set out in the Group's annual report.

Due to the size and nature of the Group, the Board has considered that establishing a formal remuneration committee will not achieve enhanced efficiency. As a result, the functions ordinarily undertaken by a remuneration committee are undertaken by the Board. The Group's polices relating to Directors' and Senior Executives' remuneration are set out in the Directors' report under the heading "Remuneration Report".

The Group does not have any scheme for retirement benefits, other than superannuation.

At the time of appointment, each Director and Senior Executive signs a formal employment contract outlining their duties, rights, responsibilities and any entitlements on termination. These duties and responsibilities are reviewed annually by the Board and when necessary is revised in consultation with the employee.

It is the Group's objective to provide maximum stakeholder benefit from the retention of high quality Board members and Senior Executives by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the nature and amount of executive directors' and officers' emoluments are linked to the Group's financial and operational performance.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Headline Group Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Headline Group Limited and the entities it controlled during the year.

John Bresolin
Partner

PKF

Sydney, 30 September 2010

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DX 10173 | Sydney Stock Exchange | New South Wales

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED	
		2010	2009
		$'000	$'000
Continuing operations			
Revenue		**31,338**	12,105
Total revenue	4	**31,338**	12,105
Cost of sales		**(15,051)**	(6,794)
Gross profit		**16,287**	5,311
Other income	5	**551**	411
Administration expenses	6	**(13,218)**	(6,129)
Distribution expenses		**(90)**	(81)
Marketing expenses		**(805)**	(649)
Occupancy expenses		**(5,449)**	(352)
Depreciation and amortisation expense	6	**(1,067)**	(199)
Finance costs	6	**(328)**	(2)
Operating expenses		**(20,957)**	(7,412)
Impairment of assets classified as held for sale		**-**	(198)
Loss from continuing operations before income tax expense		**(4,119)**	(1,888)
Income tax benefit	7	**65**	315
Loss from continuing operations after income tax expense		**(4,054)**	(1,573)
Other comprehensive income, net of tax			
Exchange differences on translation of foreign operations		**2**	10
Total comprehensive income for the year		**(4,052)**	(1,563)
Loss is attributable to:			
Members of Headline Group Limited		**(3,185)**	(1,573)
Non-controlling interest		**(869)**	-
		(4,054)	(1,573)
Total comprehensive income is attributable to:			
Members of Headline Group Limited		**(3,184)**	(1,563)
Non-controlling interest		**(868)**	-
		(4,052)	(1,563)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED	
		2010	2009
		$'000	$'000
Earnings/(loss) per share for profit attributable to members of Headline Group Limited			
Basic earnings/(loss) per share (cents per share)	26	**(2.66)**	(1.31)
Diluted earnings/(loss) per share (cents per share)	26	**(2.66)**	(1.31)

The accompanying notes form an integral part of this Statement of Comprehensive Income.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Notes	CONSOLIDATED	
		2010	2009
		$'000	$'000
CURRENT ASSETS			
Cash and cash equivalents	10	**4,805**	9,631
Trade and other receivables	11	**1,364**	2,606
Inventories	12	**7,884**	1,020
Derivative financial instruments	20	**186**	-
Other assets	13	**44**	45
		14,283	13,302
Assets classified as held for sale	8	**56**	1,805
TOTAL CURRENT ASSETS		**14,339**	15,107
NON-CURRENT ASSETS			
Property, plant and equipment	15	**6,029**	521
Intangibles	16	**6,546**	-
Deferred tax asset	7	**379**	251
TOTAL NON-CURRENT ASSETS		**12,954**	772
TOTAL ASSETS		**27,293**	15,879
CURRENT LIABILITIES			
Trade and other payables	17	**8,631**	1,149
Trade finance	10	**3,144**	-
Provisions	19	**704**	214
Borrowings	18	**2,354**	11
Derivative financial instruments	20	**-**	272
		14,833	1,646
Liabilities directly associated with the assets classified as held for sale	8	**3**	84
TOTAL CURRENT LIABILITIES		**14,836**	1,730
NON-CURRENT LIABILITIES			
Provisions	19	**583**	83
Borrowings – Finance lease		**-**	16
TOTAL NON-CURRENT LIABILITIES		**583**	99
TOTAL LIABILITIES		**15,419**	1,829
NET ASSETS		**11,874**	14,050
EQUITY			
Issued capital	21	**31,001**	31,001
Reserves		**118**	(111)
Accumulated losses	23	**(20,025)**	(16,840)
Equity attributable to the members of Headline Group Limited		**11,094**	14,050
Non-controlling interest		**780**	-
TOTAL EQUITY		**11,874**	14,050

The accompanying notes form an integral part of this Statement of Financial Position.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

CONSOLIDATED

	Note	Issued capital $'000	Share option reserve $'000	Con. note option reserve $'000	Foreign currency reserve $' 000	Equity reserve $'000	Accum. losses $'000	Total $'000	Non-control Interest $'000	Total equity $'000
As at 1 July 2008		31,001	134	-	(121)	-	(15,401)	15,613	-	15,613
Other comprehensive income for the year		-	-	-	-	-	(1,573)	(1,573)	-	(1,573)
Foreign currency translation differences		-	-	-	10	-	-	10	-	10
Total comprehensive income for the year		-	-	-	-	-	(1,573)	(1,563)	-	(1,563)
Transactions with owners in their capacity as owners										
Share based payments		-	(134)	-	-	-	134	-	-	-
As at 30 June 2009		31,001	-	-	(111)	-	(16,840)	14,050	-	14,050
As at 1 July 2009		**31,001**	**-**	**-**	**(111)**	**-**	**(16,840)**	**14,050**	**-**	**14,050**
Other comprehensive income for the year		-	-	-	**-**	**-**	**(3,185)**	**(3,185)**	**(869)**	**(4,054)**
Foreign currency translation differences		-	-	-	**2**	**-**	**-**	**2**	**-**	**2**
Total comprehensive income for the year		**-**	**-**	**-**	**2**	**-**	**(3,185)**	**(3,183)**	**(869)**	**(4,052)**
Transactions with owners in their capacity as owners										
Reversal of contingent consideration	**34**	**-**	**-**	**-**	**-**	**123**	**-**	**123**	**-**	**123**
Non-controlling interest on Kids Central acquisition		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,649**	**1,649**
Issue of convertible notes – equity component, net of deferred tax	**34**	**-**	**-**	**104**	**-**	**-**	**-**	**104**	**-**	**104**
As at 30 June 2010		**31,001**	**-**	**104**	**(109)**	**123**	**(20,025)**	**11,094**	**780**	**11,874**

The accompanying notes form an integral part of the Statement of Changes in Equity

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED	
		2010	2009
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**35,210**	13,543
Payments to suppliers and employees		**(39,199)**	(14,340)
Interest received		**257**	-
Other revenue		**176**	-
Interest and other finance costs paid		**(454)**	-
Income tax refund		**37**	108
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	10	**(3,973)**	(689)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received upon purchase of business	34	**438**	-
Purchases of property, plant and equipment		**(2,662)**	(159)
Proceeds from sale of property, plant & equipment		**-**	8
Payment for intangibles - license & development costs		**(64)**	-
Net proceeds from assets classified as held for sale		**1,900**	2,803
Interest received		**-**	517
Receipt of deferred Central Station settlement (a)		**-**	508
Loan to Kids Central Group		**-**	(500)
Payments for security deposits		**(98)**	-
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(486)**	3,177
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings - trade finance		**774**	-
Repayment of borrowings - convertible notes		**(1,114)**	
Repayment of leases		**(27)**	(10)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		**(367)**	(10)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(4,826)**	2,478
Cash and cash equivalents at beginning of year		**9,632**	7,154
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**4,806**	9,632

(a) Net of royalty claim settlement

The accompanying notes form an integral part of the Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

1. CORPORATE INFORMATION

The financial report of Headline Group Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 29 September 2010.

Headline Group Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The registered office of the Company is Level 10, 68 Pitt Street, Sydney, NSW 2000 and the principal places of businesses are at Lot 3, Ground Floor, 23-29 South Street, Rydalmere, NSW 2116 and at Level 1, Building 220/2A, The Entertainment Quarter, 122 Lang Road, Moore Park, NSW 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are general purpose statements, which have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including Australian Accounting Interpretations.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

(b) Reporting period and prior year comparatives

The financial statements have been prepared for the year ended 30 June 2010. The previous reporting period was for the year ended 30 June 2009.

(c) Statement of compliance

The financial statements of Headline Group Limited and its subsidiaries complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety. Compliance with AIFRS ensures compliance with International Financial Reporting Standards (IFRS).

(d) New accounting Standards and Interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010 but have not been applied in preparing these financial statements:

AASB 9 Financial Instruments

AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The IASB plans to complete its work on financial liabilities during 2010 and will issue requirements for financial liabilities that will be included in AASB 9 in due course.

The main changes from AASB 139 are described below.

a) Financial assets are classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. Application guidance has been included in AASB 9 on how to apply the conditions necessary for amortised cost measurement.
b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
(d) New accounting Standards and Interpretations not yet adopted (continued)

c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
d) Hybrid contracts with financial asset hosts are classified and measured in their entirety in accordance with the classification criteria. Embedded derivative assets that are separated from financial liability or non-financial hosts in accordance with AASB 139 are to be accounted for in accordance with AASB 9.
e) Investments in unquoted equity instruments (and contracts on those investments that must be settled by delivery of the unquoted equity instrument) must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value.
f) Investments in contractually linked instruments that create concentrations of credit risk (tranches) are classified and measured using a ‘look through’ approach. Such an approach looks to the underlying assets generating cash flows and assesses the cash flows against the classification criteria (discussed in (a) above) to determine whether the investment is measured at fair value or amortised cost.
g) Financial assets are reclassified when there is a relevant change in the entity’s business model changes.

AASB 1053 Application of Tiers of Australian Accounting Standards

This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

a) Tier 1: Australian Accounting Standards; and
b) Tier 2: Australian Accounting Standards – Reduced Disclosure

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

The following entities apply Tier 1 requirements in preparing general purpose financial statements:

a) for-profit entities in the private sector that have public accountability (as defined in this Standard); and
b) the Australian Government and State, Territory and Local Governments.

The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:

a) for-profit private sector entities that do not have public accountability;
b) all not-for-profit private sector entities; and
c) public sector entities other than the Australian Government and State, Territory and Local Governments.

Public accountability means accountability to those existing and potential resource providers and others external to the entity who make economic decisions but are not in a position to demand reports tailored to meet their particular information needs. A for-profit private sector entity has public accountability if:

a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or
b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks.

AASB 2009-5 Amendments Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]

AASB 2009-5 results from the International Accounting Standards Board’s annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to accounting standards.
The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The subjects of the principal amendments to the Standards are set out in the preface to the standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
(d) New accounting Standards and Interpretations not yet adopted (continued)

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]

AASB 2009-8 clarifies the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction,

and no matter whether the transaction is settled in shares or cash.
The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence these two Interpretations are superseded by the amendments.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]

The amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments.

AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]

The amendment to AASB 8 requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.
This Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.
These amendments have no major impact on the requirements of the amended pronouncements.

ASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]

The subjects of the principal amendments to the Standards are set out below:
AASB 3 Business Combinations

- Measurement of non-controlling interests
- Unreplaced and voluntarily replaced share-based payment awards
- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised AASB 3 (2008)

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]

The subjects of the principal amendments to the Standards are set out below:
AASB 1 First-time Adoption of Australian Accounting Standards

- Accounting policy changes in the year of adoption
- Revaluation basis as deemed cost
- Use of deemed cost for operations subject to rate regulation

AASB 7 Financial Instruments: Disclosures

- Clarification of disclosures

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) New, revised or amending Standards and Interpretations

AASB 101 Presentation of Financial Statements

- Clarification of statement of changes in equity

AASB 134 Interim Financial Reporting

- Significant events and transactions

Interpretation 13 Customer Loyalty Programmes

- Fair value of award credits

The consolidated entity has adopted all the new, revised or amending Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant and effective for the current reporting period.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these accounting standards and interpretations are disclosed in the relevant accounting policy.

The adoption of these Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Standards and Interpretations are most relevant to the consolidated entity:

AASB 101 Presentation of Financial Statements ('AASB 101')

The consolidated entity has applied the revised AASB 101 from 1 July 2009 and now presents a statement of comprehensive income, which incorporates the income statement and all non-owner changes in equity. As a result, the consolidated entity now presents all owner changes in the statement of changes in equity. The balance sheet is now referred to as the statement of financial position. There is a requirement to present a third statement of financial position if there is restatement of comparatives through either a correction of error, change in accounting policy or a reclassification. The cash flow statement is now referred to as the statement of cash flows.

AASB 3 Business Combinations ('AASB 3')

The consolidated entity has applied the revised AASB 3 for all new business combinations acquired on or after 1 July 2009. As well as the expensing of transaction costs and minority interest now being referred to as non-controlling interest, there are a number of significant changes - refer to the 'business combinations' accounting policy for further details.

AASB 127 Consolidated and Separate Financial Statements ('AASB 127')

The consolidated entity has applied the revised AASB 127 from 1 July 2009. The revised standard requires changes in ownership interest of a subsidiary without a change in control to be accounted for as a transaction with owners in their capacity as owners. It also changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary- refer to the 'principles of consolidation' accounting policy for further details.

AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

This amendment is applicable from 1 July 2009 and removes references to the cost method. The distinction between pre and post acquisition profits is no longer relevant as all dividends are now recognised in profit or loss - refer to the 'principles of consolidation' accounting policy for further details.

AASB 7 Financial Instruments: Disclosure ('AASB 7')

This amended standard is applicable from 1 July 2009 and requires additional disclosure about fair value measurement of financial instruments, using a three level fair value hierarchy. The amendments also clarify the disclosure requirements about liquidity risks for derivative transactions and assets used for liquidly management.

AASB 8 Operating Segments ('AASB 8')

The consolidated entity has applied AASB 8, which replaces AASB 114 'Segment Reporting', from 1 July 2009. AASB 8 requires a management approach to segment reporting based on the information reported internally. Refer to note 31.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Basis of consolidation

The consolidated financial statements comprise the financial statements of Headline Group Limited and its subsidiaries referred to collectively throughout these financial statements as the “Group” or “consolidated entity”.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transaction between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries and special purpose entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Change in accounting policy from 1 July 2009

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the ‘business combinations’ accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.
Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other Income by the parent entity and its receipt may be an indicator of an impairment of the investment.

The change in accounting policy has been applied prospectively.

(g) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree’s identifiable net assets. All acquisition costs are expensed as incurred.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity’s operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Business combinations (continued)
Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the

provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(h) Segment reporting

Change in accounting policy from 1 July 2009
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Accounting policy up to 30 June 2009
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different to those of segments operating in other economic environments.

(i) Foreign currency translation
Both the functional and presentation currency of Headline Group Limited and its Australian subsidiaries is Australian Dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial statements are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the overseas subsidiary Skansen Giftware (UK) Limited is Pounds Sterling (GBP) and of the Early Learning Centre Limited in New Zealand is NZ dollar (NZD).

As at the reporting date the assets and liabilities of the overseas subsidiary is translated into the presentation currency of Headline Group Limited at the rate of exchange ruling at the reporting date and the statement of comprehensive income is translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity, being the foreign currency reserve.

(j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with maturity of 4 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

(k) Trade and other receivables

Trade receivables are recognised at fair value and subsequently at amortised cost using the effective interest rate method. Trade receivables, which generally have 30-90 day terms.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(l) Inventories

Inventories are valued at the lower of cost or net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Finished goods and work-in-progress – cost of direct materials, freight and import charges.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

Forward currency contracts are entered into where agreements are made to buy or sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future
cash flows from sales and purchases in foreign currencies, to protect against the possibility of loss from future exchange fluctuations. The forward currency contracts are usually for no longer than 6 months.

The Company does not apply hedge accounting as it does not meet the requirements of the Australian Accounting Standards. The fair value of forward currency contracts are recognised through the statement of comprehensive income when the underlying transaction is recognised in income. Net receipts and payments are recognised through the statement of comprehensive income. Any gains or losses arising from changes in fair value are taken directly to the statement of comprehensive income.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

(n) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Non-current assets and disposal groups held for sale and discontinued operations (continued)

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

(o) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are measured at fair value, based on periodic but at least triennial valuations by external independent valuers, less accumulated depreciation on buildings and less any impairment losses recognised after the date of valuation.

Depreciation is calculated on a straight-line basis on all property, plant and equipment, other than freehold land.

Major depreciation periods are:	2010	2009
• Plant and equipment	5 to 15 years	5 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of fixed assets is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the period the item is derecognised.

(p) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Recoverable amount of assets (continued)

rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(q) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(r) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of an intangible asset is measured as the difference between net disposal proceeds and the carrying amount of the intangible assets. The method and useful lives of finite life intangibles are reviewed annually. Changes in expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Licences and development right

Other intangibles include costs associated with the acquisition of the development right of the Mothercare name and store concept, as well as the acquisition of the Kids Central and Early Learning Centre licences.
The licences and development right will be amortised over a period between 10 to 20 years. There was no impairment of other intangibles for the year ended 30 June 2010.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

(s) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Due to their short term nature they are measured at amortised cost and not discounted.

(u) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

-interest on the bank overdraft
-interest on short-term and long-term borrowings
-interest on trade finance
-interest on finance leases
-unwinding of the discount on provisions

(v) Provisions and employee leave benefits

Provisions are recognised when the Group has a current obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision is made for long service leave and annual leave estimated to be payable to employees on the basis of statutory and contractual entitlements.

(w) Share-based payment transactions

In 2003 the Group provided benefits to employees of the Group in the form of share-based payment transactions, whereby employees were granted rights over shares ('equity-settled transactions') as part of their salary and incentive scheme.

The Employee Share Option Plan is currently the only plan in place and no further options have been granted since 2003. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management using the Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Headline Group Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the grant date fair value of the award (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest and (iii) the extent to which the vesting period has expired. This opinion is formed based on the best available information at the reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Share-based payment transactions (continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(x) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(y) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards are considered passed to the buyer at the time the goods have been despatched to the customer.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the Group’s right to receive payments is established.

Royalties

Revenue is recognised when the Company receives the royalty statement from the licensee.

(z) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period’s taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Revenue (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised; and
- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(z) Income tax (continued)

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Headline Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Headline Group Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Headline Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly –owned tax consolidated entities.

(aa) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Other taxes (continued)

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(ab) Earnings per share

Basic earnings per share is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average numbers of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements in ordinary shares issued during the financial year.

(ac) Convertible notes

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

i) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise these temporary differences.

ii) Business combinations

As discussed in note 2 (g), business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by management taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

iii) Goodwill and other indefinite life intangible assets

The consolidated entity tests annually whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2 (r). The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell.

iv) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

	Notes	CONSOLIDATED	
		2010	2009
		$'000	$'000
4. REVENUE			
Revenue from sales of goods		**31,081**	11,588
Interest received – external parties		**257**	517
Total revenues from ordinary activities		**31,338**	12,105
5. OTHER INCOME			
Profit on sale of property (Lisarow)		**25**	103
Write back of provision for royalty claims		**-**	255
Sundry Income		**63**	53
Rental income		**5**	-
Net gain on derivative financial instruments		**458**	-
		551	411
6. EXPENSES AND LOSSES/(GAINS)			
(a) Loss before income tax includes the following specific expenses:			
Administration expenses			
Travelling expenses		**637**	369
Employee benefits expenses		**9,300**	3,845
Administration and office expenses		**3,281**	1,915
		13,218	6,129
Depreciation		**951**	199
Amortisation		**116**	-
Bad and doubtful debts			
Trade debtors - other persons		**18**	110
Finance costs expensed			
Interest expense - HP		**1**	2
Interest expense – Convertible notes		**180**	-
Interest expense - Bank		**147**	-
		328	2
Employee benefits expense			
Wages and salaries		**8,572**	3,514
Workers compensation costs		**111**	91
Superannuation costs		**617**	240
		9,300	3,845
Foreign exchange losses		**125**	-
Net loss on derivative financial instruments		**-**	272
Rental – operating leases		**4,789**	264
(b) Significant Expenses			
Restructuring expenses		**244**	360
Impairment of assets held for sale		**-**	198
Impairment of assets		**137**	-
Transaction expenses related to acquisition		**676**	-

	CONSOLIDATED	
	2010	2009
	$'000	$'000
7. INCOME TAX		
Major components of income tax expense/(benefit) for 30 June 2009 and 30 June 2010 :		
Statement of Comprehensive Income		
Current income tax		
Current income tax charge	**-**	-
Relating to origination and reversal of temporary differences	**(65)**	(315)
Income tax/(benefit) reported in the statement of comprehensive income	**(65)**	(315)
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**(79)**	(242)
Decrease/(increase) in deferred tax liabilities	**14**	(73)
	(65)	(315)
Numerical reconciliation between tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate.		
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate as follows:		
Accounting loss before tax from continuing operations	**(4,119)**	(1,878)
Total accounting loss before income tax	**(4,119)**	(1,878)
At the Group's statutory income tax rate of 30% (2009: 30%)	**(1,236)**	(563)
Non deductible expenses / (non assessable) items	**(109)**	(206)
Tax gain on sale of business and property	**264**	-
Tax losses not brought to account	**1,044**	636
Adjustment to prior year tax accounts	**(28)**	(182)
Aggregate income tax/(benefit)	**(65)**	(315)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
7. INCOME TAX (continued)				
Deferred income tax				
Deferred income tax at 30 June 2010 relates to the following				
CONSOLIDATED				
Deferred tax liabilities				
Fair value adjustment to land and buildings classified as held for sale (Note 8)	**-**	(79)	**(79)**	(242)
Gross deferred tax liabilities	**-**	(79)		
Deferred tax assets				
Leave entitlements	**252**	86	**(166)**	20
Other employee related	**24**	11	**(13)**	17
Provision for doubtful debts	**8**	30	**22**	-
Stock obsolescence and other accruals	**73**	42	**(31)**	(28)
Amortisation of intangibles	**22**	-	**(22)**	-
Unrealised exchange loss	**-**	82	**82**	(82)
Gross deferred tax assets	**379**	251		
Adjustments to deferred tax assets on purchase of subsidiary			**142**	
Made up as follows:				
Continuing operations	**379**	251		
	379	251		
Deferred tax expense/(benefit)			**(65)**	(315)
Aggregate deferred income tax expense is attributable to:				
Continuing operations			**(65)**	(315)
			(65)	(315)

7. INCOME TAX (continued)
Tax losses

Headline Group Limited management has received advice that the revenue and capital tax losses of the Headline Group Limited tax consolidated group will be available subject to the entity continuing to pass either the continuity of ownership or same business test criteria in the future as outlined in the Income Tax Assessment Act.

The Australian tax consolidated group has approximately $13.6 million of revenue and capital tax losses ($4.1 million tax effected) and Skansen KCG Pty Ltd has approximately $1.9 million of tax losses ($0.6 million tax effected). Of the Headline Group Limited revenue and capital tax losses, approximately $5.9 million are able to be immediately applied with the remainder subject to their reduced loss utilisation rates.

TAX CONSOLIDATION
Headline Group Limited and its 100% owned subsidiaries are a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on the basis as if they were individual tax entities.

Skansen KCG P/L (73% owned) is not part of the tax consolidated group. Losses are not transferable between Skansen KCG P/L and the Headline Group Limited tax consolidated group.

8. ASSETS AND LIABILITIES HELD FOR SALE

a) Details of operations disposed
The remaining property in Lisarow was sold and was settled in full in early May 2010 for a profit of $25,000. It was included in the 'Assets classified as Held for Sale' in June 2009 with an impairment charge of $198,000 recognised to align the carrying value of the asset with its fair value less cost to sell. The impairment charge was included on the face of the Statement of Comprehensive Income.

The major classes of assets and liabilities as at :

	30 June 2010 $'000	30 June 2009 $'000
Assets		
Land & Buildings	**-**	1,775
Other assets	**55**	29
Cash and cash equivalents	**1**	1
Assets classified as held for sale	**56**	1,805
Liabilities		
Trade and other payables	**3**	5
Deferred tax liabilities	**-**	79
Liabilities directly associated with assets classified as held for resale	**3**	84

	CONSOLIDATED	
	30 June 2010	30 June 2009
	$'000	$'000
9. DIVIDENDS PAID		
Dividends paid during the year	**-**	-
	-	-
Franking credit balance		
The amount of franking credits available for the subsequent financial year are :		
Franking account balance as at the end of the financial year at 30% (2009: 30%)	**2,996**	2,996
Franking debits that will arise from the refund of income tax payable as at the end of the financial year	**-**	-
	2,996	2,996

	CONSOLIDATED	
	30 June 2010	30 June 2009
	$'000	$'000
10. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	**650**	1,031
Deposits at call	**4,155**	8,600
	4,805	9,631

Cash at bank and in hand earns interest at floating rates based on daily deposit rates and fixed interest

The fair value of cash and cash equivalents is $4,805,000 (2009: $9,631,000)

Reconciliation of cash to cash flow statement

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at the reporting date

	30 June 2010	30 June 2009
Cash at bank and in hand	**4,805**	9,631
	4,805	9,631
Cash at bank and in hand attributable to discontinued operations (note 8)	**1**	1
	4,806	9,632

	CONSOLIDATED	
	30 June 2010	30 June 2009
	$'000	$'000
10. CASH AND CASH EQUIVALENTS (continued)		
Reconciliation of the net loss after tax to the net cash flows from operations		
Net loss after tax	**(4,054)**	(1,563)
Depreciation and amortisation expense	**1,067**	199
Gain on sale of properties held for resale	**(25)**	(103)
Impairment expense	**137**	198
Doubtful debts	**(56)**	-
Transfer interest received to investing cash flows	**-**	(517)
Fair value adjustment on foreign exchange contracts outstanding	**(458)**	272
Foreign exchange losses	**125**	-
Other non-cash items	**(134)**	10
Changes in assets and liabilities		
(Increase)/decrease in trade receivables	**904**	863
(Increase)/decrease in inventory	**(2,713)**	584
(Increase)/decrease in tax asset	**-**	109
(Increase)/decrease in deferred tax asset	**57**	(73)
(Increase)/decrease in prepayments / sundry debtors	**305**	(115)
(Decrease)/increase in trade and other payables	**498**	6
(Decrease)/increase in provisions	**453**	(317)
(Decrease)/increase in deferred tax liability	**(79)**	(242)
Net cash flow from operating activities	**(3,973)**	(689)

The consolidated entity and the parent entity have bank bills/letter of credit facility.

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

Total facilities available		
Forward exchange contract	**8,000**	5,000
Trade finance	**3,100**	-
Credit cards	**140**	120
Used at the reporting date:		
Forward exchange contract	**5,775**	1,560
Trade finance (a)	**3,144**	-
Credit cards	**20**	18
Unused at the reporting date:		
Forward exchange contract	**2,225**	3,440
Trade finance	**(44)**	-
Credit cards	**120**	102

10. CASH AND CASH EQUIVALENTS (continued)

(a) Trade finance of $3,144,000 includes interest payable at reporting date of $55,000, therefore the group have not exceeded the facility limit.

Non-cash financing and investing activities

During the year the consolidated entity and the parent entity did not acquire any plant and equipment by way of finance leases.

		CONSOLIDATED	
		30 June 2010	30 June 2009
		$'000	$'000
11. TRADE AND OTHER RECEIVABLES (CURRENT)			
Trade receivables		**1,227**	2,054
Provision for impairment of trade receivables	(a)	**(26)**	(100)
		1,201	1,954
Loans	(b)	**-**	500
Sundry Debtors		**163**	152
		1,364	2,606

(a) Allowance for impairment loss for continuing operations

Trade receivables are non-interest bearing and are generally on 30 day terms except for some who are on 60-90 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of $18,000 (2009: $110,000) has been recognised by the Group.
During the year the trade debtors amounting to $18,000 were considered fully impaired and written directly to the Statement of Comprehensive Income. The amount has been included in the administration expenses item.

Movements in the provision for impairment loss were as follows:

Opening balance	**100**	138
Amounts charged/(written back) during the year	**18**	110
Utilised during the year	**(92)**	(148)
Closing balance	**26**	100

As at 30 June 2010, the ageing analysis of trade receivables is as follows:

		Total	0-30 days	31-60 days	31-60 days PDNI*	61-90 days	61-90 days PDNI*	+91 days PDNI*	+91 days CI*
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2010	Consolidated	**1,227**	**540**	**-**	**322**	**-**	**197**	**142**	**26**
2009	Consolidated	2,054	1,109	50	337	49	222	187	100

* Past due not impaired ('PDNI')
Considered impaired ('CI')
Receivables past due but not considered impaired are: Consolidated $661,000 (2009: $746,000).
The Company has been in direct contact with the relevant debtors and is satisfied that payment will be received in full.

(b) Loans

The loan for 2009 represents loan given to the vendors of the Kids Central business. The amount was fully recovered as part of the purchase price on the acquisition of the Kids Central business.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

	CONSOLIDATED	
	30 June 2010	30 June 2009
	$'000	$'000
12. INVENTORIES (CURRENT)		
Finished goods	**7,884**	1,020
	7,884	1,020
13. OTHER ASSETS (CURRENT)		
Prepayments	**44**	45
	44	45

14. INVESTMENT IN CONTROLLED ENTITIES	**Country of incorporation**	**Percentage of equity interest held by the consolidated entity**	
		30 June 2010 %	30 June 2009 %
Skansen Pty Limited	Australia	**100**	100
BK World Online Pty Limited (before 1.10.09)	Australia	**100**	100
A.C.N. 000 950 649 Pty Limited	Australia	**100**	100
Dodo Holdings Pty Limited	Australia	**100**	100
Skansen Giftware (UK) Limited	UK	**100**	100
Skansen KCG Pty Limited	Australia	**73**	n/a
Less			
Consolidation elimination			
Provision for impairment			
Skansen KCG Pty Limited consists of the following businesses and subsidiaries:			
Kids Central / Mothercare /Early Learning Centre business	Australia	100	-
Beanie Kids business	Australia	100	-
BK World Online Pty Limited (after 1.10.09)	Australia	100	-
Early Learning Centre Limited	NZ	100	-

	Note	CONSOLIDATED 30 June 2010 $'000	30 June 2009 $'000
15. PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT)			
Plant and equipment			
At cost		**7,953**	1,617
Accumulated depreciation		**(1,924)**	(1,096)
Total carrying value		**6,029**	521

Assets

Included in "Assets classified as held for sale" (Refer Note 8(a)) are Freehold Land and Buildings.

Reconciliations of the carrying amount of fixed assets at the beginning and end of the current financial year.

	Note	30 June 2010 $'000	30 June 2009 $'000
Plant and equipment			
Carrying amount at beginning		**521**	583
Additions		**2,671**	159
Acquisitions through business combinations	34	**3,865**	-
Disposals		**(77)**	(22)
Depreciation	6	**(951)**	(199)
		6,029	521

	Note	30 June 2010 $'000	30 June 2009 $'000
16. NON-CURRENT ASSETS - INTANGIBLES			
Patents and trademarks – at cost		**5**	-
Less: Impairment		**-**	-
		5	-
Goodwill on acquisition – at cost	34	**3,607**	-
Less: Impairment		**-**	-
		3,607	-
Licence and development rights		**3,050**	-
Less: Accumulated amortisation		**(116)**	-
		2,934	-
Total Intangibles		**6,546**	-

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Patent & trademarks $'000	Goodwill on acquisition $'000	Licence & development rights $'000	Total $'000
Consolidated				
Balance at 1 July 2009	-	-	-	-
Amortisation Expense	-	-	-	-
Balance at 30 June 2009	-	-	-	-
Additions through business combinations (note 34)	**5**	**3,607**	**2,775**	**6,387**
Additions	-	-	**275**	**275**
Impairment of assets	-	-	-	-
Amortisation expense	-	-	**(116)**	**(116)**
Balance at 30 June 2010	**5**	**3,607**	**2,934**	**6,546**

16. NON-CURRENT ASSETS – INTANGIBLES (continued)

Impairment Testing

Goodwill is allocated to the following cash-generating unit (CGU):

	Consolidated 2010 $'000	2009 $'000
Retailing division	**3,607**	-

Impairment of cash generating units including goodwill and indefinite life assets

Goodwill on acquisition at cost is allocated to the cash generating unit according to business segment. The only CGU is the retailing division. The goodwill is attributable to the Kids Central and Mothercare / Early Learning Centre (ELC) existing network and systems, which were acquired on 1 October 2009, as well as the expected growth from the further development of the businesses. Synergies are expected to be achieved once the highly successful model of Mothercare's Parenting Centres across Australia has been rolled out. The recoverable amount of each CGU which includes goodwill or indefinite life intangibles has been reviewed.

The consolidated entity has determined the recoverable amount of the intangibles based on fair value less costs to sell. The fair value less costs to sell has been derived from an arms length market transaction between Headline Group Limited and Mothercare Plc. The transaction was announced to the Australian Securities Exchange on 16th July 2010 and is subject to shareholder approval at the extraordinary general meeting on 30th September 2010. The directors of Headline believe that this transaction represents what Headline could obtain, at the end of the reporting period, from the disposal of the asset in an arms length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

Headline has agreed to issue 43.62 million ordinary shares of Headline Group Limited (representing 25% plus 1 share of the issued capital at 30 June 2010) at a conversion price of $0.28 per share. This transaction is subject to shareholder approval which will be sought at the extraordinary meeting on the 30th September 2010. A value of $0.28 per share implies that Headline Group Limited has a fair value in excess of $48 million, which, when taking into account related disposal costs, is far in excess of the carrying value of the intangible assets.

Furthermore the directors also used the independent experts report dated 27 August 2010 to support that the valuation of the share price in relation to the Mothercare Plc transaction was reasonable. The independent experts report valued Headline Group Limited using different methods. The different methods all gave a value in excess of $35 million for Headline Group Limited.
This transaction clearly demonstrates the company has a market value of well in excess of the carrying value of the intangible assets of $6.546 million at 30 June 2010.

	CONSOLIDATED	
	30 June 2010	30 June 2009
	$'000	$'000
17. TRADE AND OTHER PAYABLES (CURRENT)		
Trade Payables	**8,233**	962
Other Payables	**398**	187
	8,631	1,149
Amounts payable in foreign currencies not effectively hedged:		
GB Pounds	**2,181**	-
US Dollars	**707**	293
18. BORROWINGS		
Convertible Notes	**2,354**	-

Headline entered into a business combination, effective on 20 August 2009, whereby it acquired 73% of the issued capital in Skansen KCG Pty Limited. The acquisition involves among other considerations, the issue of 2.5 million in redeemable convertible notes at an issue price of $1 per note to the vendors of the Kids Central / Early Learning Centre business. Each note is convertible at the option of the note holder into one share in Skansen KCG and carries an interest rate of Westpac variable home loan rate plus

18. BORROWINGS (continued)

3%. The notes are secured by way of fixed and floating charge over all the assets of Headline. Interest is payable monthly up until the note is redeemed or repaid.

As at 30 June 2010, the convertible notes is split as follows:

	$'000
Borrowings	2,354
Equity	146
Total	$2,500

Subsequent to the year end as disclosed in note 35 to the financial statements, Headline also proposes to acquire 100% ownership of Skansen KCG and has proposed to purchase the remaining 27% of shares in exchange for the repayment of the outstanding convertible note of $2.5 million and the issue of 7,500,000 ordinary shares.

	Notes	CONSOLIDATED		CONSOLIDATED	
		30 June 2010	30 June 2009	**30 June 2010**	30 June 2009
		$'000	$'000	**$'000**	$'000
19. PROVISIONS					
Current employee benefits (a)		**641**	214		
Current landlord contribution (b)		**63**	-		
		704	214		
Non-current employee benefits (a)		**280**	83		
Non-current landlord contribution (b)		**303**	-		
		583	83		

(a) The provision for employee benefits represents annual leave and long service leave entitlements. The calculation of the present value of future cashflows in respect to long service leave is based on historical data.

(b) Landlord contribution relates to lease incentives deferred over the period of each lease.

(c) **Movement in provision**

Movements in each class of provision during the financial year, other than employee benefits, are set out below

Consolidated	Disputed Royalty Claims		Landlord Contribution	
Carrying amount at the start of the year	-	522	-	-
Amount provided during the year	-	-	366	-
Amount paid	-	(267)	-	-
Amount written back to statement of comprehensive income	-	(255)	-	-
Carrying amount at the end of year	-	-	**366**	-

	CONSOLIDATED	
	30 June 2010	30 June 2009
	$'000	$'000
20. DERIVATIVE FINANCIAL INSTRUMENTS (CURRENT)		
Derivative financial instruments - liability	**-**	(272)
Derivative financial instruments - assets	**186**	-
	186	(272)

The derivative financial instruments represent foreign exchange contracts not effectively hedged at the reporting date.

21. ISSUED CAPITAL

(a) ISSUED AND FULLY PAID

- 119,690,390 ordinary shares fully paid (2009: 119,690,390)	**31,001**	31,001

(b) MOVEMENT IN SHARES ON ISSUE

	30 June 2010	
	Number of shares	**$'000**
Beginning of the financial year	**119,690,390**	**31,001**
End of the financial year	**119,690,390**	**31,001**

(c) NATURE AND PURPOSE OF RESERVES

Share options

The share option reserve is used to record the value of equity benefits provided to vendors of business as part of the sale. Refer to note 25 for further details.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Convertible note reserve

The fair value of the liability portion of a convertible bond is determined by using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability. The remainder of the proceeds is allocated to the Convertible Note Reserve. This is recognised and included as within equity, net of income tax effects.

Equity reserve

As disclosed in Note 34 Business Combinations, the contingent consideration payable an acquisition of Skansen KCG was $123,000. Given the performance criteria were not met, the contingent consideration was settled within the Equity Reserve at the year end.

(d) TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

There is no limited amount of Authorised Capital.

(e) SHARE OPTIONS

During the year, no options were issued. (2009:nil)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, trade finance, cash and short-term deposits and forward foreign exchange contracts (derivative financial instruments). These activities expose the Group to a variety of financial risks: market risk (including foreign currency risk, interest rate risk), credit risk and liquidity risk.

The Directors manage the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate and foreign exchange risk and by being aware of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through general business budgets and forecasts.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

The Group entity hold the following financial instruments:

Consolidated Entity	Fixed interest rate		Floating interest rate		Non interest bearing		Total	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000	**2010 $'000**	2009 $'000	**2010 $'000**	2009 $'000
Financial assets								
Cash and cash equivalents	**4,155**	8,600	**651**	1,032	**-**	-	**4,806**	9,632
Derivative financial instruments	**-**	-	**-**	-	**186**	-	**186**	-
Trade debtors	**-**	-	**-**	-	**1,227**	2,113	**1,227**	2,113
Loans	**-**	-	**-**	500	**-**	-	**-**	500
Financial Assets	**4,155**	8,600	**651**	1,532	**1,413**	2,113	**6,219**	12,245
Financial liabilities								
Borrowings	**-**	27	**2,354**	-	**-**	-	**2,354**	27
Derivative financial instruments	**-**	-	-	-	**-**	272	**-**	272
Trade Finance (excluding interest)	**-**	-	**3,089**	-	**-**	-	**3,089**	-
Trade and other payables	**-**	-	-	-	**8,631**	1,149	**8,631**	1,149
Financial Liabilities	**-**	27	**5,443**	-	**8,631**	1,421	**14,074**	1,448
Net Exposure	**4,155**	8,573	**(4,792)**	1,532	**(7,218)**	692	**(7,855)**	10,797

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market Risk

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's short term deposits held, borrowings and trade finance.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

Management considers the below movements in interest rates to have a material impact on the Group's interest rate exposure.

At as 30 June 2010, if interest rates had moved, as illustrated in the table below, with all other variables held constant, loss and equity would have been affected as follows:

	Consolidated entity	
	30 June 2010 $'000	30 June 2009 $'000
If interest rates were 1% higher	**50**	77
If interest rates were 1% lower	**(50)**	(77)

Foreign currency risk

The Group has transactional currency exposures. Such exposure arises from purchases by Skansen KCG Pty Ltd in currencies other than the unit's measurement currency. In order to protect against exchange rate movements, the group has entered into forward foreign exchange contracts. Management has a risk policy to hedge between 50% and 100% against anticipated transactions for the next 6 – 12 months.

The Group's exposure to foreign currency risk as at 30 June 2010 is as follows:

Expressed in foreign currencies	Note	**30 June 2010 $'000**	30 June 2009 $'000
Forward exchange contracts (buy foreign currency) - USD		**1,880**	1,045
Trade Payables – USD	17	**707**	293
		2,587	1,338
Forward exchange contracts (buy foreign currency) - GBP		**2,097**	-
Trade Payables – GBP	17	**2,181**	-
		4,278	-

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

Expressed in foreign currencies	**Sell Australian Dollars**		**Average Exchange Rates**	
	2010 $'000	**2009 $'000**	**2010**	**2009**
Buy US Dollars				
Maturity:				
0-3 months	**1,230**	1,045	**0.869**	0.671
3-6 months	**650**	-	**0.851**	-
Buy GB Pounds				
Maturity:				
0-3 months	**1,520**	-	**0.586**	-
3 -6 months	**577**	-	**0.577**	-

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposures and Responses (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

Expressed in Australian dollars Translated at spot rates at reporting date	Assets		Liabilities	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Consolidated				
US Dollars	**5**	24	**829**	361
GB Pounds	**-**	-	**3,844**	-
NZ Dollars	**103**	-	**-**	-
	108	24	**4,673**	361

The consolidated entity had net liabilities denominated in foreign currencies of $4,565,000 (assets $108,000 less liabilities $4,673,000) as at 30 June 2010 (2009: $337,000 (assets $24,000 less liabilities $361,000). Based on this exposure, had the Australian Dollar weakened by 10% or strengthened by 5% (2009: weakened by 5% or strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's loss before tax for the year would have been $71,000 lower or $165,000 higher (2009: $45,000 lower or $50,000 higher) and equity would have been $165,000 lower or $71,000 higher (2009: $50,000 lower or $45,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange gain for the year ended 30 June 2010 was $458,000 but loss of $125,000 giving us a net gain of $333,000 (2009: loss of $272,000).

Credit Risk

Credit risk arises from the Group's cash and cash equivalents, deposits with banks as well as credit exposure to wholesale and independent retail customers.

Credit risk is managed on a Group basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral but in many instances have personal/directors' guarantees from the customers.

The management closely monitors the receivable balance on a monthly basis and is in regular contact with customers to mitigate risk.

The Group trades only with recognised, creditworthy third parties.

It is the Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The Group's exposure to bad debts is not significant.

The Group's exposure to credit risk is detailed in note 11 in the financial statements.

Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in marker prices largely due to demand and supply factors for commodities.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposures and Responses (continued)

Liquidity risk

The Group's objective is to maintain sufficient available funding to meet its operational commitments and acquisitions that may arise. The need for available funds is monitored through the preparation and maintenance of future rolling cash flow forecast.

The Group's financial liabilities as at the reporting date comprise of trade payables and foreign currency forward contracts; and under the agreed terms, foreign currency forward contracts are payable within 12 months of the reporting date.

The Group's financing arrangements are shown in note 10 in the financial statements.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2010	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	**8,233**	-	-	-	**8,233**
Other payables	-	**398**	-	-	-	**398**
Interest-bearing – variable rate						
Trade finance	**5.02**	**3,144**	-	-	-	**3,144**
Convertible notes	**9.85**	**2,500**	-	-	-	**2,500**
Interest-bearing – fixed rate						
Lease liability	-	-	-	-	-	-
Total non-derivatives		**14,275**	-	-	-	**14,275**
Derivatives						
Forward foreign exchange contracts net settled	-	**5,900**	-	-	-	**5,900**
Total derivatives		**5,900**	-	-	-	**5,900**

Consolidated - 2009	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	962	-	-	-	962
Other payables	-	187	-	-	-	187
Interest-bearing – variable rate						
Trade finance	-	-	-	-	-	-
Interest-bearing – fixed rate						
Lease liability	7.23	11	11	5	-	27
Total non-derivatives		1,160	11	5	-	1,176
Derivatives						
Forward foreign exchange contracts net settled	-	1,288	-	-	-	1,288
Total derivatives		1,288	-	-	-	1,288

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposures and Responses (continued)

Fair values

The following tables detail the consolidated entity's and parent entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Consolidated - 2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments	-	186	-	186
Total Assets	-	186	-	186

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

All assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or at fair value, are recognised at amounts that represents a reasonable approximation of fair values unless otherwise stated in the applicable notes.

	Notes	CONSOLIDATED	
		30 June 2010	30 June 2009
		$'000	$'000
23. ACCUMULATED LOSSES			
Balance at the beginning of the financial year		**(16,840)**	(15,401)
Loss for the year attributable to members		**(3,185)**	(1,573)
Share based options cancelled		**-**	134
Total available for appropriation		**(20,025)**	(16,840)
Dividends paid	9	**-**	-
Balance at end of the financial year		**(20,025)**	(16,840)

24. COMMITMENTS AND CONTINGENCIES
COMMITMENTS AND CONTINGENCIES

(a) Lease expenditure commitments

Operating Leases Operating leases (non-cancellable)			
- not later than one year		**5,350**	296
- later than one year and not later than five years		**12,554**	466
- aggregate lease expenditure contracted for at balance date		**17,904**	762

Operating lease commitments include contracted amounts for stores and properties. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

24. COMMITMENTS AND CONTINGENCIES COMMITMENTS AND CONTINGENCIES (continued)

(b) Lease expenditure commitments

Financial Leases		
- not later than one year	-	11
- later than one year and not later than five years	-	16
- aggregate lease expenditure contracted for at balance date	-	27

Finance lease commitments include contracted amounts for a motor vehicle which was sold to the Chief Financial Officer on 1st January 2010. The finance lease commitments were also transferred to him.

(c) Remuneration commitments

Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at the reporting date but not recognised as liabilities payable:		
- not later than one year	**835**	835
- later than one year and not later than five years	**-**	-
	835	835

Remuneration commitments include contracted amounts arising from the service agreements of key management personnel as disclosed in the remuneration report in the directors report.

25. SHARE OPTIONS

No options were granted during the reporting year

	30 June 2010	30 June 2009
	Exercise price	Exercise price
	62 cents	62 cents
Balance of options issued at beginning of year	**-**	750,000
Lapsed	**-**	(750,000)
Balance of options issued at end of year	**-**	-
Options exercisable at beginning of year	**-**	750,000
Lapsed	**-**	(750,000)
Options exercisable at end of year	**-**	-

Details of options

Options exercisable at 62 cents

- Granted 11 November 2003
- No dividend or voting rights
- Vesting 50%; 30 June 2004; 25% 30 June 2005; and 25% 30 June 2006
- Expiry date 11 November 2008
- Under the Black Scholes model the fair value of the options was valued at 18 cents
- Dividend yield 4%
- Expected volatility 50.0%
- Risk-free rate 5.0%
- Expected life 5 years
- Option exercise price 62 cents
- Share price at date of grant 54 cents

There have been no conversions before the expiry date.

	30 June 2010	30 June 2009	**30 June 2010**	30 June 2009
	000's	000's	**EPS (Cents)**	EPS (Cents)
26. EARNINGS PER SHARE				
Basic earnings per share				
Net loss attributable to members of Headline Group Limited	**(3,184)**	(1,563)	**(2.66c)**	(1.31c)
Weighted average number of ordinary shares (in thousands) on issue used in the calculation of basic earnings per share	**119,690**	119,690		
Diluted earnings per share				
Net loss attributable to members of Headline Group Limited	**(3,184)**	(1,563)	**(2.66c)**	(1.31c)
Weighted average number of ordinary shares (in thousands) on issue used in the calculation of diluted earnings per share	**119,690**	119,690		

27. CONTINGENT ASSETS AND LIABILITIES

The consolidated entity has given bank guarantees as at 30 June 2010 of $1,626,960 (2009: $155,000) to various landlords.

28. KEY MANAGEMENT PERSONNEL

Details of directors and key management personnel

(i) Directors

The following personnel were directors of Headline Group Limited during the financial year

G Elkington	Executive Chairman
B Dennison	Managing Director
G Choo	Executive Director / Chief Financial Officer
R Bartlett	Executive Director

(ii) Other key management personnel

I Gordon	Company Secretary

Key management compensation

Detailed remuneration disclosures are provided in Sections A – E of the Remuneration Report on pages 8 – 11.

	CONSOLIDATED	
	30 June 2010	30 June 2009
	$	$
Short-term employee benefits	**898,503**	716,967
Post-employment benefits	**66,690**	54,599
Non-monetary benefits	**15,491**	20,000
	980,684	791,566

Shareholdings in Headline Group Ltd of directors and key management personnel
30 June 2010

	Balance as at 1 July 2009	*Granted as remuneration*	*Options exercised*	*Net change other*	*Balance at 30 June 2010*
Directors					
G Elkington	7,809,846	-	-	682,500	8,492,346
B Dennison	13,959,154	-	-	(1,217,780)	12,741,374
G Choo	82,567	-	-	-	82,567
R Bartlett	N/A	-	-	-	-

30 June 2009

	Balance as at 1 July 2008	*Granted as remuneration*	*Options exercised*	*Net change other*	*Balance at 30 June 2009*
Directors					
G Elkington	6,170,000	-	-	1,639,846	7,809,846
B Dennison	-	-	-	13,959,154	13,959,154
G Choo	100,000	-	-	(17,433)	82,567
J Fox (resigned in July 2008)	213,188	-	-	-	N/A

	CONSOLIDATED	
	30 June 2010	30 June 2009
	$	$
29. AUDITORS' REMUNERATION		
Amounts received or due and receivable by the auditors of Headline Group Limited for:		
– an audit or review of the financial statements of the entity and any other entity in the consolidated entity	**159,788**	94,359
– other assurance services in relation to the entity and any other entity in the consolidated entity	**31,892**	5,106
	191,680	99,465

30. RELATED PARTY DISCLOSURES

a) The directors of Headline Group Limited during the financial year were:
G Elkington
B Dennison
G Choo
R Bartlett (appointed in September 2009)

b) Interests in subsidiaries are shown in Note 14.

c) Headline Group Limited is the ultimate parent entity.

d) The following related party transactions occurred during the financial year. All were on normal commercial terms and conditions unless stated otherwise:

(i) Transactions with related parties in wholly-owned group

1. Loans made by Headline Group Limited to wholly-owned entities repayable on demand $2,507,000 (2009: $1,144,000); and

2. Loans made to Headline Group Limited by wholly-owned entities repayable on demand $592,000 (2009: $524,000).

(ii) Transactions with director-related entities.

There was no transactions with director-related entities up to 30 June 2010 (2009: nil).

31. SEGMENT INFORMATION

Year ended 30 June 2010

Operating Segments

	Retail	Giftware	Total
REVENUE	**$'000**	**$'000**	**$'000**
Sales to external customers	23,534	7,817	31,081
Other income			551
			31,632
Interest revenue			257
Total segment revenue			31,889
RESULT			
Segment contribution/(loss)	(3,382)	81	(3,301)
Unallocated revenue and expenses			579
EBITDA			(2,722)
Interest	(333)	5	(328)
Depreciation & amortisation	(940)	(127)	(1067)
Net loss from continuing operations before tax			(4,117)
Income tax (expense)/benefit			65
Net loss for the year			(4,052)
Assets			
Segment assets	20,264	2,668	22,932
Unallocated assets			4,361
Total assets			27,293

Year ended 30 June 2009

Operating Segments

	Retail	Giftware	Total
REVENUE	**$'000**	**$'000**	**$'000**
Sales to external customers	-	11,588	11,588
Other income			411
			11,999
Interest revenue			517
Total segment revenue			12,516
RESULT			
Segment contribution/(loss)	-	(1,112)	(1,112)
Unallocated revenue and expenses			(604)
EBITDA			(1,716)
Interest	-	(2)	(2)
Depreciation & amortisation	-	(160)	(160)
Net loss from continuing operations before tax			(1,878)
Income tax (expense)/benefit			315
Net loss for the year			(1,563)
Assets			
Segment assets	-	3,925	3,925
Unallocated assets			11,954
Total assets			15,879

31. SEGMENT INFORMATION (continued)

Management perceive that the consolidated group has two key reporting segments of Giftware and Retail. The Giftware consists of the Beanie Kids business and the Retail consists of Kids Central / Early Learning Centre / Mothercare business.

Geographical Information

Headline Group Limited and its subsidiaries operate predominantly in one geographical area, being Australia, except Skansen Giftware (UK) Limited and Skansen KCG New Zealand which operate in the United Kingdom and New Zealand respectively. These entities do not meet the requirements of a separate reportable segment.

Prior to this financial year, Headline Group just had Skansen Giftware (UK) Limited operating outside Australia.

32. CAPITAL MANAGEMENT STRATEGY

Headline Group and its subsidiaries objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders, benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There are no externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistently with others in the industry, Headline Group monitors capital on the basis of the gearing ratio.

The consolidated entity and parent entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity and parent entity are actively pursuing additional investments in the short to medium term as it continues to integrate and grow its existing businesses in order to maximise synergies.

33. PARENT ENTITY INFORMATION

	2010 $'000	2009 $'000
Information relating to Headline Group Ltd:		
Current assets	**6,486**	11,206
Total assets	**13,144**	15,177
Current liabilities	**(880)**	(803)
Total liabilities	**(892)**	(819)
Issued Capital	**(31,001)**	(31,001)
Retailed Earnings	**18,749**	16,643
Total shareholders' equity	**(12,252)**	(14,358)
Profit/(loss) of the parent entity	**(2,106)**	(678)
Total comprehensive income of the parent entity	**(2,106)**	(678)
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries:		
• Fixed and floating charge over parent's assets and uncalled capital for borrowings from Westpac for the consolidated group.		
• Total facilities – please refer to note 10	**11,240**	5,120
Details of any contingent liabilities of the parent entity	**-**	-
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment	**-**	-

34. BUSINESS COMBINATION

On 1 October 2009, Headline through a controlled entity, Skansen KCG Pty Ltd acquired the business assets and liabilities of the Kids Central / Early Learning Centre. The assets and liabilities from the acquisition are as follows:

Purchase consideration:	$'000
Issued convertible notes	**2,500**
Ordinary shares issued by Skansen KCG	**1,649**
Contingent consideration	**123**
Total purchase consideration	**4,272**

The assets and liabilities of the combined business at fair value are as follows:

Cash and cash equivalents	**438**
Trade receivables	**193**
Inventories	**3,629**
Other current assets	**341**
Property, plant and equipment	**3,865**
Intangibles – licences and development right	**2,780**
Deferred tax assets	**185**
Trade creditors and other payables	**(6,319)**
Convertible Notes	**(1,100)**
Trade Finance	**(2,370)**
Employee Entitlements	**(537)**
Related party payables	**(440)**
Net identifiable assets acquired	**665**
Add Goodwill	**3,607**
	4,272

Headline through a wholly owned subsidiary, Skansen Pty Ltd acquired 73% of Skansen KCG Pty Ltd and the non-controlling interest is 27%. This is based on Skansen Pty Ltd owning 4.5 million shares out of a total of 6.149 million shares.

The net cash inflow from the acquired business was $438,000.

The goodwill is attributable to the Kids Central and Mothercare / Early Learning Centre (ELC) existing network and systems as well as the expected growth from the further development of the businesses. Synergies are expected to be achieved once the highly successful model of Mothercare's Parenting Centres across Australia has been rolled out. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs of $ 676,000 are included in the administration expenses in the statement of comprehensive income.

Contingent consideration

The contingent consideration of $123,000 is the fair value of the expected future earn-out payable to Mike Lewis. Mr. Lewis will receive an earn-out up to a maximum of $351,000 in shares in Skansen KCG, if certain performance criteria are met. The contingent consideration is calculated by reference to the probability of weighted future expected earnings of the Kids Central business.

Given the performance of this financial year, the performance criteria was not met. The contingent consideration was settled within Equity during the year as shown in the Statement of Changes in Equity.

Revenue and profit contribution

The acquiree contributed revenues of $23.5 million with a net loss of $3.4 million to the Group for the period from 1 October 2009 to 30 June 2010. The contribution of the acquiree to the revenue and profit or loss of the consolidated entity if the acquisition had occurred on 1 July 2009 has not been disclosed as the acquiree has been restructured since acquisition and it is impracticable to determine its contribution since 1 July 2009.

35. EVENTS SUBSEQUENT TO REPORTING DATE

On 30 July 2010, the Company announced that Mothercare Plc (which is listed on the London Stock Exchange) investment into the Company was completed following the finalisation of due diligence and documentation being signed.

The investment was approved by shareholders at an Extraordinary General Meeting (EGM) held on 30 September 2010. The key features are as follows:

1) Mothercare Plc ('Mothercare') has agreed to invest $12.2 million of fresh capital to acquire 25% of the Company. Mothercare's investment is made in the form of a convertible note which was drawn down on 30 July 2010.
2) The convertible note will convert to equity. In the event that shareholder approval is not received, the note will be interest bearing and repayable on 31 December 2010.
3) The Company will issue 43,620,000 ordinary shares (representing 25% plus 1 share of the share capital on a fully diluted basis at a conversion price of $0.28 per share).
4) The Company will issue an Option over Headline ordinary shares to Mothercare Finance Limited (MFL). On exercise of the Option, MFL will be entitled to 6,000,000 ordinary shares making the total number of shares to which MFL may become entitled 49,620,000 equivalent to a voting power of approx. 27.5%, assuming that point 3 has taken place.
5) Mothercare's protections under its franchise agreement will be enhanced by the surrender by the Company of its trade marks to Mothercare which will be relicensed to the Company. In addition, Mothercare will nominate one representative to join the Company's Board and certain limited corporate decisions by the Company will require Mothercare approval.
6) The parties will also enter into a development agreement and store conversion plan for Australia and a development agreement for the Mothercare and ELC brands in New Zealand.
7) The increased funding enables us to rapidly roll out to a national footprint both the Mothercare and Early Learning Centre brands. We are looking forward to working closely with Mothercare to achieve our accelerated expansion plans. As we have mentioned before, Mothercare Plc is the leading global retailer of parenting and children's products with 1,167 stores in 53 countries worldwide, operating under the Mothercare and Early Learning Centre brands.

The Company also proposes to acquire 100% ownership of Skansen KCG (now 73%). The Company has proposed to purchase the remaining 27% of shares from minority shareholders in exchange for the repayment of the outstanding convertible note of $2.5 million and the issue of 7,500,000 shares. This acquisition will enable the Company to distribute its franking balance should profits be generated. Additionally, Mr Mike Lewis (responsible for building the Early Learning Centre and Kids Central retail business in Australia) will join the Company's Board. The issue of the 7,500,000 shares and appointment as a Director of Headline Group Ltd of Mr Mike Lewis was approved by shareholders at the EGM held on 30 September 2010.

On 1 June 2010, Headline entered into Heads of Agreement to acquire 100% of "Baby On A Budget" (BOAB) in Western Australia for $2 million, with the purchase price split 50% equity (the Company will issue 3,333,333 shares at $0.30 per share which was approved by shareholders at the EGM held on 30 September 2010) and 50% cash. In addition, the Company will assume $1.1 million of bank debt currently in BOAB.

We are unable to estimate the transaction costs of this acquisition as at the date of this report. Headline is expecting to finalise this acquisition as soon as possible. The primary reason for this acquisition is to accelerate the roll out of Mothercare and Early Learning Centre locations across Australia. This also brings to the business significant management experience in the parenting retail sector, $11 million in revenue and $0.75 million in EBIT.

On 31 August 2010, the directors of Headline announced the sale of Skansen KCG's giftware business to ZooSkyMedia Pty Ltd for an agreed sale price of $2.5 million with $2 million being received up front and the remaining $0.5 million being payable based on the business achieving budget revenue targets.

On 22 September 2010, Headline announced the acquisition of the operating assets of the Babies Galore business for $8.8 million plus contingent liabilities of $1 million. The primary reason for the acquisition is to further speed up the acceleration of the rollout of the Mothercare and ELC brands. At this stage we are unable to estimate the total transaction cost of this acquisition and the total amount of goodwill on acquisition.

In the same announcement of 22 September 2010, it was stated that to strengthen the balance sheet of Headline, the Myer Family Company (MFC) and the Allegro Private Equity (vendor of the Babies Galore) have each invested $5 million with one board representative each.

MFC investment is in the form of a convertible note that will convert, with a conversion price of 30 cents per share, into 16.7 million ordinary shares upon shareholders' approval subject to Mothercare plc's approval as per the recent Mothercare plc investment agreement

Allegro investment is in the form of 16.7 million ordinary shares.

Apart from the matters above, no other matters or circumstances have arisen since the end of year which significantly affected the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity.

DIRECTORS DECLARATION

FOR THE YEAR ENDED 30 JUNE 2010

The directors of Headline Group Limited declare that:

(a) in the directors' opinion the financial statements and notes on pages 20 to 62, and the remuneration disclosures that are contained in the Remuneration report in the Directors' report, set out on pages 9 to 12, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of their performance, for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standard Board (IASB) as disclosed in note 2 (c); and

(c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2010, required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.

Gordon Elkington
Executive Chairman

30 September 2010

PKF
Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Headline Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Headline Group Limited, which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the consolidated entity. The consolidated entity comprises Headline Group Limited and the entities it controlled at the year end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Headline Group Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2 the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion,

a) the financial report of Headline Group Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included under the heading 'Remuneration Report' in the Directors' Report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Headline Group Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

PKF

John Bresolin
Partner
Sydney, 30 September 2010

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SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2010

Additional information required by the Australian Stock Exchange Limited not shown elsewhere in this report is as follows:

The information is current as at 15 September 2010

1. Substantial shareholders

Shareholder	Shares	%
ANZ Nominees Limited	15,816,713	13.2
B Dennison	12,741,374	10.6
Clime Investment Management Ltd	11,434,274	9.6
Cobarm P/L / G & J Elkington	8,492,346	7.1
Black Mountain Corp. P/L / G Palumbo and M Williams	8,160,948	6.8
D Edwards	6,500,000	5.4

2. Securities subject to voluntary escrow:

Nil

1. Statement of shareholdings

Shareholder	*20 largest shareholders ordinary shares No. of shares*	
ANZ Nominees Limited	15,816,713	13.2
B Dennison	12,741,374	10.6
Clime Investment Management Ltd	11,434,274	9.6
D Edwards	6,500,000	5.4
Cobarm Pty Limited	5,226,550	4.4
M Williams	3,953,026	3.3
G Palumbo	3,952,922	3.3
Equipment Company of Australia P/L	3,890,508	3.3
Perpetual Trustees	2,713,218	2.3
UBS Wealth Management Australia Nominees P/L	2,653,077	2.2
K P & M L Galloway	2,130,050	1.8
D J & M A Schwartz	1,950,843	1.6
G W & J L Elkington	1,941,944	1.6
HSBC Custody Nominees	1,553,481	1.3
Oasys Australia P/L	1,538,461	1.3
Michael Andrew Wheatley	1,299,619	1.1
Jason Peter Hugh Rance	1,250,000	1.0
G Elkington	900,000	0.8
Wavet Fund No. 2 P/L	900,000	0.8
R B Stuart	830,033	0.7
	83,176,093	
Proportion held by 20 largest holders	69.5%	
Number of shareholders holding less than a marketable parcel (<2,000)	70	

Shareholder spread ordinary shares			**No. of holders**
1	-	1,000	41
1,001	-	5,000	187
5,001	-	10,000	120
10,001	-	100,000	367
100,001	-	Over	92
			807

4. Voting rights

Ordinary shares - carry one vote per share without restriction.

DIRECTORY

DIRECTORS

Gordon Elkington
Executive Chairman

Brent Dennison
Managing Director

George Choo
Executive Director / Chief Financial Officer

Ross Bartlett
Executive Director

Ian Gordon
Company Secretary

HEAD OFFICE

Headline Group Limited (ACN 060 199 082)
Lot 3 Ground Floor
23-29 South Street
Rydalmere NSW 2116

Telephone 02 9890 6041
Facsimile 02 9684 2801
www.headlinegroup.com.au

REGISTERED OFFICE

Headline Group Limited
Level 10
68 Pitt Street
Sydney NSW 2000

Telephone 02 9230 0808
Facsimile 02 9230 0807

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
SYDNEY NSW 2000

Telephone 02 8234 5000
Facsimile 02 8234 5050
www.computershare.com

AUDITORS

PKF
Chartered Accountants & Business Advisors
Level 10
1 Margaret Street
SYDNEY NSW 2000

HEADLINE GROUP COMPANIES

Skansen P/L (ACN 128 276 175)
Lot 3 Ground Floor & Level 2 West
23-29 South Street
Rydalmere NSW 2116

Telephone 02 9890 6000
Facsimile 02 9890 604

DIRECTORY

HEADLINE GROUP COMPANIES - Continue

Skansen KCG P/L (ACN 134 497 420)
Level 1, Building 220/2A
The Entertainment Quarter
122 Lang Road
Moore Park NSW 2021

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Facsimile 02 9358 5799

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