



HARRINGTONGROUP

ASX Company Announcement

5 June 2006

\$1.5M PLACEMENT

- **RELOCATION TO MELBOURNE, VICTORIA**
- **BUSINESS AND OPERATIONS COMMENT**

Harrington Group Limited is pleased to advise the Company has completed a \$1.5 million share placement to a number of sophisticated investors.

Placement

The placement comprises:

- 5,000,000 shares at \$0.06 per share with a 1:1 unlisted 10 cent option exercisable at anytime within six months of their issue. A further 1:1 loyalty option will be issued for each 10 cent option exercised. The loyalty options will be exercisable at 15 cents each at anytime prior to 31 December 2007.
- 20,000,000 shares which have been placed with Melbourne based investment group, Log Creek Pty Ltd, at \$0.06 per share with an attaching 1:1 unlisted 10 cent option exercisable at anytime before 30 June 2011. The Log Creek long term investment position will see that company emerge as Harrington Group's second largest shareholder. Log Creek has also been given the right to nominate a director to the Company's Board.

Of the total placement shares, 20,908,334 shares have been placed pursuant to the 15% placement limit under Listing Rule 7.1 and will rank equally with the Company's existing listed shares. The issue of the balance of the shares subscribed and all of the placement options is subject to approval by the Company's shareholders. A meeting of shareholders seeking the required approvals will be held as soon as possible and the Company will advise the market of the proposed date of the meeting following approval and lodgment of the Notice of Meeting and Explanatory Statement.

Application of Funds

The funds raised through this placement will be used for working capital required to support the commercialization of the Sun Biomedical drug testing products, especially the OraLine saliva drug screen product. Oraline was the subject of national media coverage last week through the majority of the weekend newspapers. The major commercialization focus for OraLine is in the global workplace drug testing



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market. OraLine will also be launched nationally throughout Australian pharmacies later this month where it will be available directly to small businesses as well as to parents. In a survey of parents conducted last week through a top rating national television show, an overwhelming 83% of parents advised that they would support the responsible use of the OraLine drug screen in teenage illicit drug use related situations.

Head Office Relocation

The Company in order to be better positioned for its ongoing business development and product commercialization will move its corporate headquarters to Melbourne, Victoria this week. A further announcement with the new address and telephone contact details will be made by the Company later this week.

Business and Operations Comment

With the appointment today of Mr. Brian Andrews as the Harrington Group Managing Director and Mr. Andrew Paice as its CFO and the completion of its \$1.5 million working capital raising, the Company is now well positioned to focus on its short term cash-flow based business opportunity within the drug testing, diagnostic and pharmaceutical markets. This will allow the Company to build on its achievements over the last six months which include:

- The conditional acquisition of the remaining 60% interest in Sun Biomedical Laboratories as announced on 4 April 2006.
- The move of Sun Biomedical product manufacturing and packaging activities from New Jersey to China.
- The build up of Sun Biomedical's wholesale inventory value from less than \$100,000 to over \$1 million.
- The first significant Oraline product shipments ex China with delivery to the USA and Australia due by mid June.
- The appointment of Gold Ethicals to represent the Company's products to the Australian pharmaceutical retail market as announced on 26 April 2006. Gold Ethicals is planning a national product launch through selected pharmacies later this month.
- The continued expansion of the global distribution networks for OraLine and the product distribution to support growing national and international workplace employee drug screening programs.



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- A continuing R&D program at the Sun Biomedical laboratories focused on the expansion of its product lines to support disease and threat diagnostics.

Business and Operations Update – ShockRounds

Over the next 90 days, the Company will undertake a strategic review of its “ShockRounds” technology project to determine the best commercialisation option for the technology. This review will consider potential partnering or joint venture opportunities with more experienced and established interests within the munitions or defence industry market sector, or the outright sale of the Company’s interest.

For further information see www.hgrltd.com

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