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ASX/MEDIA RELEASE

PHOTON GROUP ACQUIRES SPECIALIST SALES MERCHANDISING BUSINESS

- **Acquires The Australian Representative Company (AUSREP)**
- **EPS positive during FY07**

Photon Group Limited (ASX: PGA) has further strengthened its presence in the field marketing sector, today announcing an agreement to acquire the sales and merchandising business, The Australian Representative Company (AUSREP).

AUSREP specialises in sales and merchandising for the retail hardware market across Australia. The business was established in 1993 and employs over 60 staff. AUSREP provides merchandising, store representation, inventory management and point of sale display for a range of clients who supply products to the retail hardware industry.

They have established relationships with clients ranging from large global players to Australian manufacturers and suppliers of hardware products such as tiling accessories, electrical consumables, storage shelving, bathroom products and personal safety equipment.

Photon executive chairman, Tim Hughes said: "Field marketing has shown strong growth over the last decade. More and more the retail environment is seen as the trigger for the final purchase decision. Hence merchandising and point of sale display and promotions are fast growing sectors. AUSREP has a proven track record in servicing the rapidly expanding hardware sector. "

Matthew Bailey, CEO of Photon said, "Sales territories are becoming increasingly costly to service and the benefits of using an outsourced sales force, such as AUSREP, are now recognised as a common sense approach to providing the appropriate level of customer service to the retail market in general."

"Additionally we see AUSREP as a strong complement to our existing businesses in the Sales and Presence Marketing Pillar."

Karen Read, Joint CEO of AUSREP said, "Superior customer service and high standards have been the foundations of Ausrep's training and service since inception. With the partnership of Ausrep and the Photon Group, we are very excited about the future growth and possibilities of expansion into other geographies through the combination of our knowledge and the experience and resources that will be made available through other Photon businesses."

The purchase price comprises an upfront cash payment to be funded using existing debt facilities and the issue of 400,000 Photon shares. In addition, deferred consideration tied to the earnings of AUSREP through to 30 June 2009 is payable each year by September 2009. Over the next twelve months, the acquisition of AUSREP is expected to be positive to Photon's earnings per share.

The acquisition requires the satisfaction of a number of conditions. Subject to those conditions being satisfied, it is anticipated that completion of the acquisition will occur during July 2006.

Photon is a specialist marketing services company comprised of five strategic pillars: Business Intelligence, Digital & Interactive, Sales & Presence Marketing, Mass Communications and Specialised Communication Services.

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