PhotonGroup

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18 August 2009

Ms Emma Badhni
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Ms Badhni

Amendment to Retail Offer Booklet

We wish to inform you of certain minor amendments to the Retail Offer Booklet lodged with the ASX by Photon Group Limited (PGA) on 17 August 2009.

The following amendments have been made in the Retail Offer Booklet lodged with the ASX today with this notice:

- Addition of phone numbers and contact hours for the Photon Group Rights Issue Infoline as follows, Australia: 1300 022 175 and Outside Australia: +61 3 9938 4345. Contact Hours: 8.30am to 5pm (AEST); and
- On pages 2 and 35 in the Key Dates table, the date for Trading on ASX of New Shares on a normal settlement basis is changed from 22 September to 21 September 2009.

In all other respects the Retail Offer Booklet lodged today remains the same as the document lodged by PGA with the ASX on 17 August 2009.

Yours sincerely

Eleni North
Company Secretary

PhotonGroup

Rights Issue
Offer Document

For a non-renounceable pro rata offer of New Shares each at an Issue Price of $1.50 on the basis of 1 New Share for every 2 Shares held on the Record Date.

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document, you have any questions about the securities being offered under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

Underwriter

Morgan Stanley

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IMPORTANT NOTICES

This Offer Document is dated **17 August 2009**.

This Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act and ASIC Class Order 08/35.

This Offer Document is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. Announcements made by Photon to ASX are available from the ASX website www.asx.com.au. The information in this Offer Document does not constitute a securities recommendation or financial product advice.

This Offer Document is important and should be read in its entirety before deciding to participate in the Offer. This Offer does not take into account, and this Offer Document has been prepared without taking into account, the investment objectives, financial or taxation situation or particular needs of any Applicant.

Before applying for New Shares, each Applicant should consider whether such an investment, and the information contained in this Offer Document, are appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Investors should note that the past Share price performance of the Company provides no guidance to its future Share price performance.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document.

Offering restrictions

This Offer Document has been prepared to comply with the requirements of the laws of Australia. No action has been taken to lodge this Offer Document in any jurisdiction outside Australia, or to otherwise permit a public offering of Rights or Shares, in any jurisdiction outside Australia.

The Offer is not being extended to any Shareholder whose registered address is outside Australia or New Zealand other than Eligible Institutional Shareholders, and persons who receive this Offer Document (including an electronic copy) in jurisdictions outside Australia and New Zealand should ignore those sections which relate to the Offer. Any failure to comply with foreign legal restrictions in connection with the Offer may constitute a violation of applicable securities laws, and persons who enter into possession of this Offer Document should seek advice on and observe any such restrictions. This Offer Document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Future performance and forward looking statements

Neither Photon nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the Rights Issue.

The pro forma financial information provided in this Offer Document is for illustrative purposes only and is not represented as being indicative of Photon's view on its future financial condition and/or performance.

The forward looking statements in this Offer Document are based on Photon's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Photon and its Directors, that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Offer Document. Investors should specifically refer to the "Key Risks" Appendix in the Investor Presentation which is reproduced in section 4 of this Offer Document. This section refers to some but not all of the matters that may cause actual results to differ from the position stated in any forward looking statement in this Offer Document.

Definitions, currency and time

Definitions of certain terms used in this Offer Document are contained in section 6. All references to currency are to Australian dollars and all references to time are to AEST, unless otherwise indicated.

Governing law

This Offer Document, the Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation in connection with the Offer not contained in the Offer Document may not be relied upon as having been authorised by the Company or any of its officers.

The Underwriter and Co Manager:

— has not, authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this document;

— does not make, or purport to make, any statement in this document, and there is no statement in this document which is based on any statement by the Underwriter; and

— to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any part of this document.

Enquiries

If you have any questions in relation to the Rights Issue, please contact your stockbroker, solicitor, accountant or financial adviser. If you have questions in relation to how to complete the Entitlement and Acceptance Form, please call the Photon Group Rights Issue Infoline on 1300 022 175 (Australia) or +61 3 9938 4345 (International). Contact hours 8.30am to 5.00pm (AEST).

Privacy

Photon and the Share Registry have already collected certain personal information from you as a Shareholder. If you apply for New Shares, Photon and the Share Registry may update your personal information or collect additional personal information. Such information will be used to assess your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

Photon and the Share Registry may disclose your personal information for purposes related to your shareholding to their agents and service providers as authorised under the Privacy Act.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) Photon and the Share Registry.

If Photon's or the Share Registry's record of your personal information is incorrect or out of date, it is important that you contact the Share Registry so that your records can be corrected.

Message from the Executive Chairman

17 August 2009

Dear Shareholder,

As announced on 17 August 2009, Photon intends to raise approximately $114.6 million through:

— an institutional placement (**Placement**); and

— a non-renounceable pro rata offer to eligible Photon Shareholders (**Rights Issue**),

(together, the **Capital Raising**).

On behalf of the Board, it is my pleasure to invite you to participate in the Rights Issue. This provides you with the opportunity to increase your investment in Photon to further participate in the continued growth of the Company.

Details of the Offer

Eligible Shareholders are being offered the opportunity to subscribe for 1 New Share for every 2 Shares held on the Record Date at the Issue Price of $1.50 per New Share. This represents a discount of 36% to the closing price of Photon Shares trading on ASX on Friday, 14 August 2009 and a 26% discount to the theoretical ex-rights price on that date.

Shareholders should note that the Offer is non-renounceable. This means that your Rights to subscribe for New Shares under this Offer Document are not transferable and there will be no trading of Rights on ASX.

Use of proceeds

The Placement, when completed, will raise approximately $26.6 million at an Offer price of $1.85 million per new Photon share. The Placement is fully underwritten by Morgan Stanley and is due to complete on Monday, 24 August 2009.

The Rights Issue is expected to raise a further amount of approximately $87.9 million and is also fully underwritten by Morgan Stanley. Entities associated with RG Capital and myself, who currently represent approximately 33% of the Share Register, have provided an irrevocable commitment to the Underwriter to take up their full Entitlement of approximately 16.95 million New Shares.

The proceeds of the Capital Raising will be used to retire debt and strengthen the balance sheet.

Next steps

Information about the Offer and the key risks of investing in the Company are set out in this Offer Document.

I encourage you to read it carefully before making your investment decision.

On behalf of the Board, I commend this Offer to you and look forward to you continuing your investment in the Company.

Yours sincerely,

Tim Hughes
Executive Chairman

Key dates

Event	Date
Record Date for determining Entitlements	25 August 2009 (7.00pm AEST)
Offer Document dispatched to Eligible Shareholders	27 August 2009
Offer Opening Date	27 August 2009
Offer Closing Date	14 September 2009 (5.00pm AEST)
Trading on ASX of New Shares on a deferred settlement basis	15 September 2009
Allotment of New Shares	18 September 2009
Dispatch of holding statements	21 September 2009
Trading on ASX of New Shares on a normal settlement basis	21 September 2009

These dates are subject to change and are indicative only. Photon reserves the right to amend this Timetable, with the consent of the Underwriter where required, including, subject to the Corporations Act and the Listing Rules, to extend the Closing Date, and Photon reserves the right to withdraw the Offer at any time in its absolute discretion.

Key Offer statistics

Issue Price per New Share	$1.50 per New Share
Entitlement – holders of Shares	1 New Share for every 2 Shares held at 7.00pm AEST on the Record Date
Number of New Shares offered under the Rights Issue[1]	Approximately 58.6 million
Amount to be raised under the Rights Issue[2]	Approximately $87.9 million
Amount raised under Placement[3]	Approximately $26.6 million
Total amount to be raised under Placement and Rights Issue	Approximately $114.6 million
Total number of Shares on issue at completion of the Capital Raising[1]	Approximately 175.9 million

New Shares will be issued under the Rights Issue at $1.50 per Share but will not participate in the FY09 Final Dividend. Shares issued under the Placement will participate in the FY09 Final Dividend but are issued at a higher issue price of $1.85 per Share.

1. Due to the rounding of Entitlements, the exact number of New Shares to be issued under the Rights Issue will not be known until completion of the Rights Issue.
2. The Rights Issue is underwritten by the Underwriter. See section 5.1 of this Offer Document for a summary of the Underwriting Agreement. If the Underwriting Agreement is terminated, the full amount of the Rights Issue may not be received, or the Placement and Rights Issue may not proceed. Costs of the Rights Issue have not been deducted.
3. Placement undertaken at $1.85 per Share. Costs of the Placement have not been deducted.

1 Key information

1.1
Offer

This Offer Document contains an Offer of New Shares in Photon under a non-renounceable Rights Issue. Under the Offer, Eligible Shareholders are entitled to subscribe for 1 New Share for every 2 Shares held on the Record Date, at an Issue Price of $1.50 each, subject to the terms of this Offer Document.

The New Shares will be fully paid and will rank equally with Photon's existing Shares on issue, except they will not be entitled to the FY09 Final Dividend of 6.5 cents per Share which will be paid on 11 September 2009.

The Closing Date and time for acceptances and payments is 5.00pm AEST on 14 September 2009. Photon must receive your Entitlement and Acceptance Form and payment or your BPAY® payment before this time.

Details of the Offer are set out in full in section 2.

1.2
What you need to do

The number of New Shares to which you are entitled (**Entitlement**) is shown on the accompanying Entitlement and Acceptance Form. Eligible Shareholders may:

— take up all of the Entitlement in full (refer section 3.2); or

— take up part of the Entitlement and allow the balance to lapse (refer section 3.3); or

— allow all of the Entitlement to lapse (refer section 3.4).

See section 3 for detailed instructions on what you need to do.

1.3
Purpose of the Capital Raising and use of proceeds

The Offer is fully underwritten[4] and will result in approximately 58.6 million New Shares[5] being issued, raising approximately $87.9 million (before the costs of the Offer).

The Placement, which is due to complete on 24 August 2009, is also fully underwritten and is intended to raise approximately $26.6 million.

The Company intends to apply the net proceeds of the Capital Raising of approximately $109 million to retire debt and strengthen the balance sheet.

1.4
ASX announcement of the Offer

A copy of the Investor Presentation released by Photon in relation to the Offer and its latest financial results is attached in section 4. Photon's results for FY09 can be found on Photon's website www.photongroup.com.

1.5
Effects of the Offer on the capital structure of Photon

There are 102,840,415 Shares on issue as at the date of this Offer Document. After the issue of the New Shares under the Placement and Rights Issue, there will be approximately 175.9 million Shares[5] on issue.

4. See section 5.1 for a summary of the Underwriting Agreement. If the Underwriting Agreement is terminated, the full amount of the Placement or Rights Issue may not be received, or the Rights Issue or Placement may not proceed.
5. Due to the rounding of Entitlements, the exact number of New Shares to be issued under the Rights Issue will not be known until completion of the Rights Issue.

1 Key information continued

1.6
Risk factors

Any investment in Photon involves general risks associated with an investment of shares listed on ASX. The price of the New Shares may rise or fall. There are also a number of risk factors, both specific to Photon and of a general nature, which may affect the future operating and financial performance of Photon and the value of an investment in Photon. These specific risks include:

— competitive industry dynamics;
— ability of clients to terminate contracts on short notice;
— dependence on key personnel;
— seasonality of revenue;
— management of profitability and growth;
— access to debt and equity funding to support the business and its growth;
— uncertain outstanding final purchase price payment obligations for some past acquisitions;
— international business risk, including foreign exchange exposure; and
— asset value impairment.

There is a further discussion of risks in the "Key Risks" Appendix in the Investor Presentation included in section 4. Before deciding to invest in New Shares, Eligible Shareholders should consider all risk factors carefully.

1.7
Tax

The taxation consequences of any investment in the New Shares will depend on the investor's particular circumstances. It is the responsibility of Eligible Shareholders to make their own enquiries concerning the taxation consequences of an investment in Photon. If you are in doubt as to the course you should follow, you should seek professional advice from your accountant, financial adviser, lawyer or other professional adviser. For further information in relation to the tax treatment of your investment, you should seek professional advice.

1.8
CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532 (**ASTC**), a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and ASTC Settlement Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are registered in the Issuer Sponsored Subregister, your statement will be dispatched by Security Transfer Registrars Pty Ltd and will contain the number of New Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time; however, there may be a charge associated with the provision of this service.

2 Details of the Offer

2.1
The Offer

Photon is making a pro rata non-renounceable rights issue offering Eligible Shareholders 1 New Share for every 2 Shares they hold on the Record Date, being 7.00pm AEST on 25 August 2009. The Issue Price of $1.50 per New Share is payable in full on application. The number of New Shares to which you are entitled (**Entitlement**) is shown on the accompanying Entitlement and Acceptance Form. In determining Entitlements under the Rights Issue, any fractional Entitlement, after aggregating all holdings of the one Eligible Shareholder, will be rounded up to the nearest whole number.

2.2
Opening and Closing Dates

The Offer will open for receipt of acceptances on 27 August 2009. The Closing Date and time for acceptances and payments is 5.00pm AEST on 14 September 2009, subject to Photon varying those dates in accordance with the Corporations Act, with the Listing Rules and with the consent of the Underwriter if required. Photon must receive your Entitlement and Acceptance Form and payment or your BPAY® payment before this time.

2.3
Who is entitled to participate in the Offer?

Every Eligible Shareholder who is registered as the holder of Shares at 7.00pm AEST on the Record Date is entitled to participate in the Offer.

2.4
No Rights trading

The Offer is non-renounceable. This means that your Right to subscribe for New Shares under this Offer Document is not transferable and there will be no trading of Rights on ASX. Any Rights not taken up by an Eligible Shareholder will be issued as directed by the Underwriter, subject to the terms of the Underwriting Agreement.

2.5
Issue of New Shares and refund of Application Monies

Photon expects that the New Shares will be issued on 18 September 2009 and holding statements will be dispatched on 21 September 2009. Issues of New Shares under this Offer will only be made after approval for their quotation on ASX has been granted.

Application Monies will be held in a subscription account established and held by Photon on behalf of each Eligible Shareholder until the New Shares are issued. If the above condition for the issue of New Shares is not satisfied, the Application Monies will be refunded to Eligible Shareholders.

If the Application Monies are refundable, they will be refunded as soon as reasonably practicable. Interest earned on the Application Monies will be for the benefit of Photon and will be retained by Photon irrespective of whether New Shares are issued.

2 Details of the Offer continued

2.6
Underwriting

The Offer is fully underwritten by Morgan Stanley.

The Underwriter has agreed to take up or procure subscribers for any New Shares which are not accepted by Eligible Shareholders, subject to the terms of the Underwriting Agreement. RG Capital and Hughes, who currently represent approximately 33% of the Share Register, have provided an irrevocable commitment to the Underwriter to take up their full Entitlement of approximately 16.95 million New Shares.

Details of the Underwriting Agreement are set out in section 5.1.

2.7
Restrictions on the Offer in jurisdictions outside Australia and New Zealand

This Offer does not constitute an offer or invitation to subscribe for New Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue this Offer Document. In accordance with the Listing Rules, Entitlement and Acceptance Forms are not being sent to Non-participating Shareholders. It is the responsibility of any Shareholder outside Australia or New Zealand to ensure compliance with the laws of any country relevant to their Application.

No action has been taken to register or qualify the Offer in any jurisdiction outside Australia.

3 What you need to do

3.1
What you may do

The number of New Shares to which Eligible Shareholders are entitled is shown on the accompanying Entitlement and Acceptance Form. Eligible Shareholders may:

— take up all of the Entitlement in full (refer section 3.2); or
— take up part of the Entitlement and allow the balance to lapse (refer section 3.3); or
— allow all of the Entitlement to lapse (refer section 3.4).

Non-participating Shareholders may not take any of the steps set out in sections 3.2 and 3.3.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date. An Application for your Entitlement may be for any number of New Shares but must not exceed your Entitlement as shown on the Form. If it does, your Application will be deemed to be for your full Entitlement.

By completing an Entitlement and Acceptance Form or paying your Application Monies through BPAY®, Shareholders will be deemed to have made the representations, warranties and agreements set out in the Entitlement and Acceptance Form.

3.2
If you wish to apply for all of your Entitlement

If you wish to take up the Entitlement in full, complete the Entitlement and Acceptance Form, in accordance with the instructions set out therein. Post your completed Entitlement and Acceptance Form, together with your Application Monies, in accordance with section 3.5 for the amount shown on the Entitlement and Acceptance Form so that it is received no later than 5.00pm AEST on 14 September 2009 at the address set out below:

Photon Group Limited
Computershare Investor Services Pty Limited
GPO Box 253
Sydney NSW 2001
Australia

You may also take up all of your Entitlement by arranging for payment of the Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY®, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than 5.00pm AEST on 14 September 2009.

3.3
If you wish to apply for part of your Entitlement and allow the balance to lapse

If you wish to take up part of the Entitlement and allow the balance to lapse, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the steps required in accordance with section 3.2. Alternatively, arrange for payment through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form. If you take no further action, the balance of the Entitlement will lapse.

3.4
If you wish to allow all of your Entitlement to lapse

If you do not wish to accept any part of the Entitlement, do not take any further action and the Entitlement will lapse. You will receive no payment for your lapsed Entitlement. You cannot sell or transfer your Entitlement to another person. Your holding of existing Shares will, however, be diluted because the issue of New Shares will increase the total number of Shares on issue.

3.5
Payment

The Issue Price for the New Shares is payable in full on application by a payment of $1.50 per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank account and made payable to "Photon Group Limited Share Offer" and crossed "Not Negotiable".

Alternatively, you may arrange for payment of the Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

4 ASX Offer announcement

PhotonGroup

FY 2009 Results Presentation and Equity Raising

17 August 2009

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PhotonGroup

Disclaimer

This document has been prepared by Photon Group Limited (Photon) and comprises written materials/slides for a presentation concerning Photon. This is not a prospectus, disclosure document or offering document.

This document is for information purposes only and does not constitute or form part of any offer or invitation to acquire, sell or otherwise dispose of, or issue, or any solicitation of any offer to sell or otherwise dispose of, purchase or subscribe for, any securities, nor does it constitute investment advice, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

Certain statements in this presentation are forward looking statements. You can identify these statements by the fact that they use words such as “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “believe”, “target”, “may”, “assume” and words of similar import. These forward looking statements speak only as at the date of this presentation. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements.

No representation, warranty or assurance (express or implied) is given or made by Photon that the forward looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. Except for any statutory liability which cannot be excluded, each of Photon, its related companies and their respective officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the forward looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom.

Subject to any continuing obligation under applicable law or any relevant listing rules of the ASX, Photon disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of Photon since the date of this presentation.

Key risks

There are a number of factors that could cause actual results or performance to differ materially from those expressed or implied in the forward looking statements or which otherwise apply to Photon and its operations. The key risk factors are described in pages 37 to 39 of this presentation.

Underwriters

The Underwriter and Co-Manager:

- Have not authorised, permitted or caused the issue, lodgement, submission, dispatch, or provision of this document;
- Do not make, or purport to make any statement in this document, and there is no statement in this document which is based on any statement by the Underwriter or Co-Manager; and
- To the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this document.

This document does not constitute an offer of shares into the United States or to any U.S. Person (as defined in Regulation S under the United States Securities Act of 1933 as amended), or in any other jurisdiction in which or to any other person an offer to whom would be illegal. The shares have not been registered under the Securities Act and may not be offered or sold in the United States or to or for the account or benefit of U.S. Persons unless the shares are so registered or an exemption from the registration requirements of the Act is available.

PhotonGroup

Definitions & Assumptions

- Pro Forma (PF) – throughout the document pro forma FY 2008 and FY 2007 net revenue and EBITDA are calculated assuming ownership of all companies in the group at 30 June 2009 for the full 12 month period. Pro forma calculations are based on unaudited management accounts and company estimates
- Like-for-like – throughout the presentation like-for-like growth is calculated assuming results for all companies in the group at 30 June 2009 were owned by the group for 100% of the relevant period. Like-for-like EBITDA growth represents the growth in underlying EBITDA on a like-for-like basis for the relevant periods
- Pro forma equity raising shows the impact of the equity raising on Photon's consolidated balance sheet at 30 June 2009 and profit and loss and cash flow statements for the 12 months ended 30 June 2009. The pro forma balance sheet assumes the $114.6 million net of the fees associated with the equity raising are used to retire debt. The pro forma profit and loss and cash flow statements show the impact assuming the debt was repaid on 1 July 2008
- Underlying EBITDA, EBIT and NPAT in FY 2009 are before one-off restructuring and redundancy charges of $3.7 million ($2.6 million after tax) and non-cash impairment charges of $4.2 million related to the investment in Dark Blue Sea Limited (DBS)
    - Restructuring and redundancy charges are associated with headcount reductions and business consolidations mainly in the following divisions: (i) Integrated Communications and Digital (merged operations of Love, belong and Ad Partners and reduced headcount) (ii) Strategic Intelligence (merged DVL Smith with The Leading Edge and reduced headcount in certain businesses and (iii) Specialised Communications (significant headcount reductions and closed ABT's operations in China and Precinct's operations in New York)

Contents

Executive Summary

We are announcing strong results for the Photon Group in the worst economic climate in decades.

Photon has been a beneficiary of the structural changes currently taking place in the marketing and advertising industry ...

- Structural shift in marketing spend from mass media to direct-to-consumer channels, including internet, mobile and POS
- Consumer marketing has changed to a two-way communication, consumers have a say and control what they want and when
- Channels are fragmented and require one-on-one personal communications driven by state of the art technology

...and built a robust business, strategically positioned to deliver growth in good times and bad,

- Portfolio of specialist businesses to capture industry trends
- Truly diversified, where no single channel, client, business, person or industry represents material risk to performance
- Exposure to counter-cyclical segments
- Past acquisitions at the right price and with the right incentives to retain clients and people

and in the midst of a global advertising and financial crisis we delivered...

- 7% like-for-like revenue growth, 8% like-for-like underlying EBITDA growth in FY 2009
- Grew portfolio organically with no material acquisitions
- Focused on cost measures where required

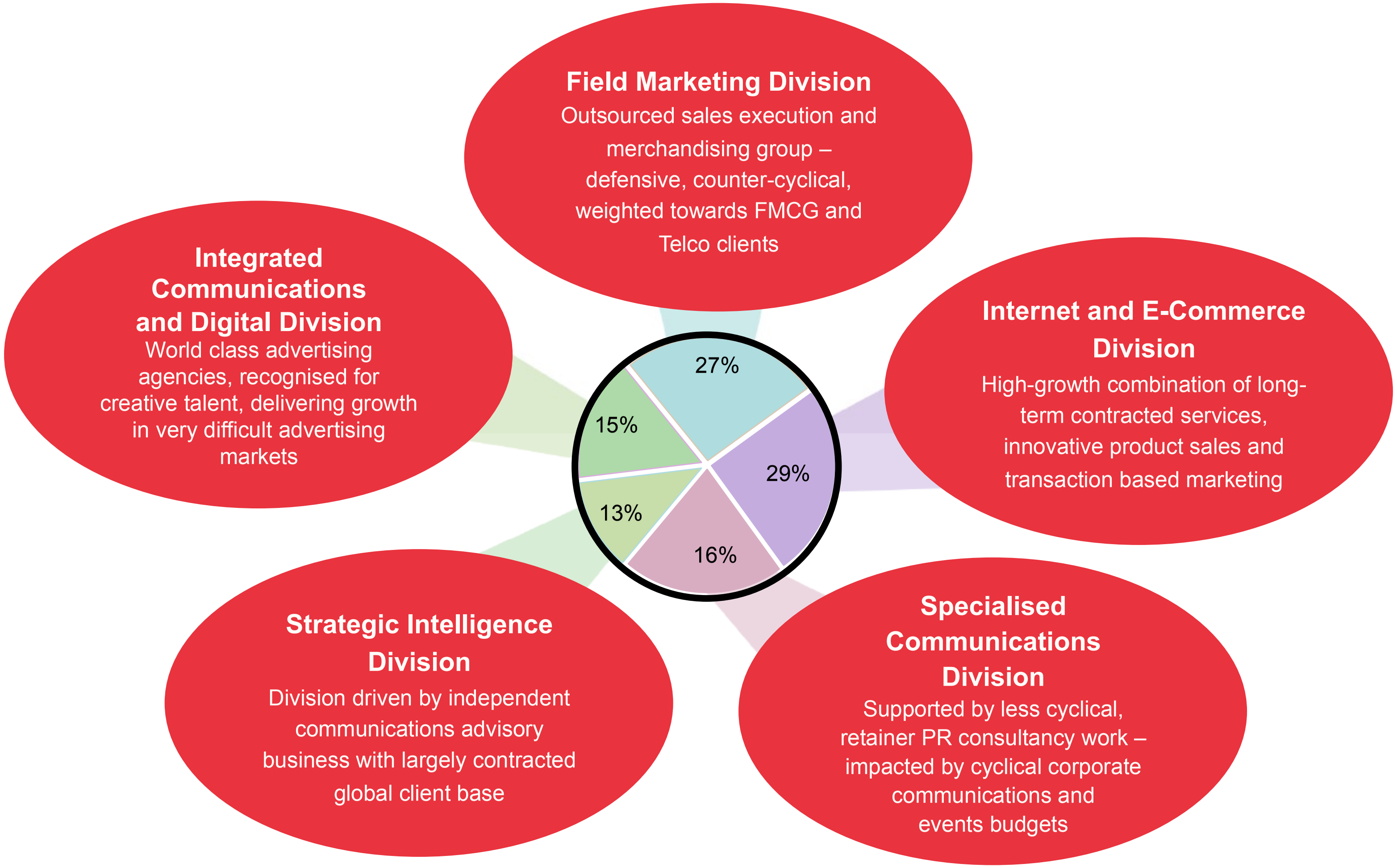
...and we will continue to deliver, with a strategy to grow our business organically.

- High single digit EBITDA growth expected in FY 2010
- Focusing on organic growth
- Announcing equity raising to strengthen balance sheet

PhotonGroup

We Engage Where The Customer Is

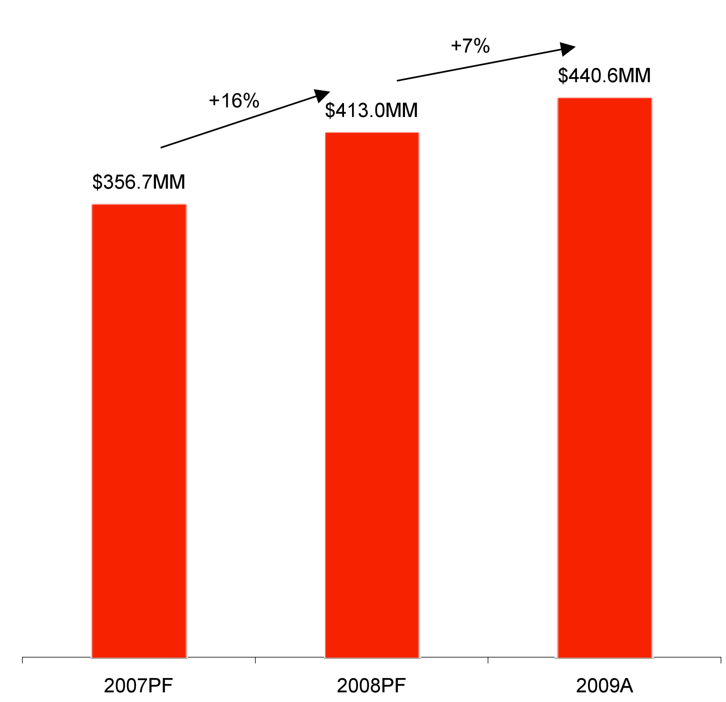
FY 2009 underlying EBITDA by division



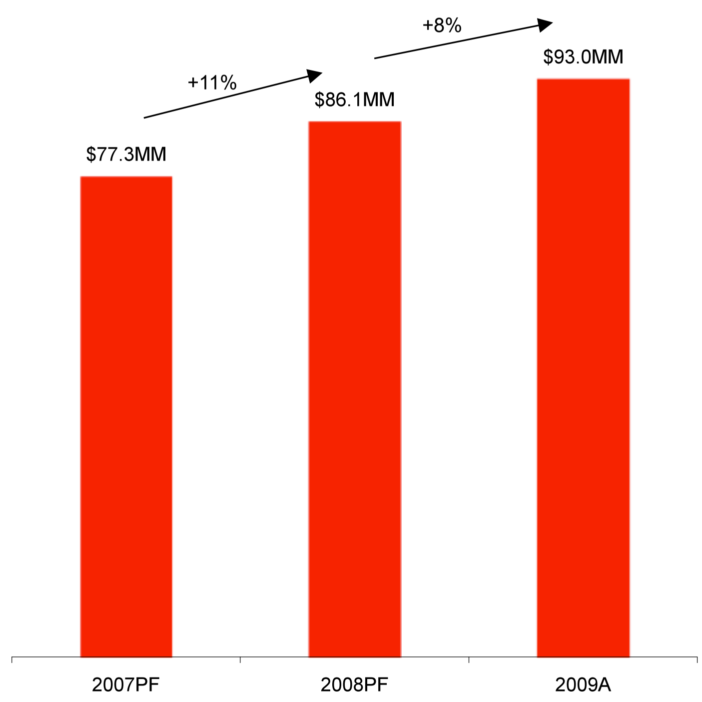
PhotonGroup

Like-for-Like Growth

Like-for-Like Net Revenue



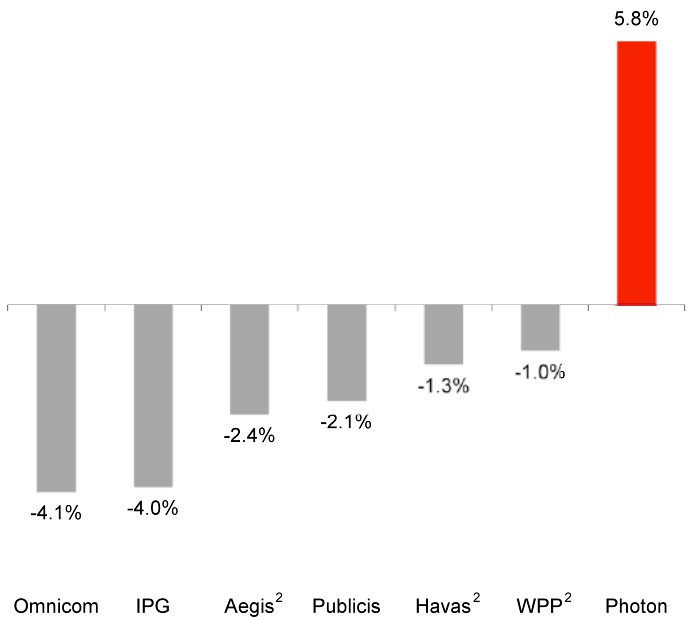
Like-for-Like EBITDA



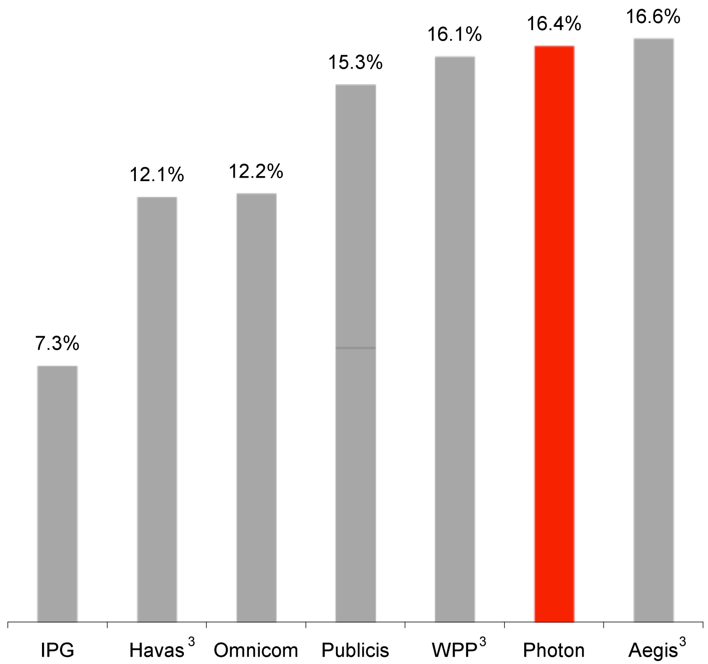
PhotonGroup

FY 2009 Global Peer Analysis

Revenue Grew in a Tough Market
FY 2009 Organic Revenue Growth[1]



Best in Class Margin
FY 2009 Underlying EBIT Margin



1. All companies are presented on a constant currency basis. On a constant currency basis, Photon's growth was 5.8%. On a reported (effective currency basis), Photon's revenue growth was 6.7% (like-for-like)
2. Most recent results available for three quarters ended March 31, 2009
3. Most recent results available for six months ended December 31, 2008

FY 2009 Financial Highlights

- Strong performance in challenging market conditions
- Net revenue increased 17% year-on-year to $440.6 million (7% like-for-like)
- Underlying EBITDA increased 19% year-on-year to $93.0 million (8% like-for-like)
- Underlying net profit after tax increased by 30% year-on-year to $28.2 million
- Underlying EPS of 27.8 cents vs. 28.6 cents in FY 2008
- Final dividend of 6.5 cps fully franked, taking full year dividends to 12.5 cps

Divisional Performance

- Field Marketing – significant growth across key businesses in FY 2009 – EBITDA up 21% on FY 2008 (like-for-like)
- Internet and E-Commerce – strong growth with EBITDA up 15% on FY 2008 (like-for-like)
- Specialised Communications – corporate communications and event management businesses suffered due to reduced client spend and exposure to M&A / equity raising markets, however, this was countered by the strong performance of the PR and public affairs companies – EBITDA down by 22% on FY 2008 (like-for-like)
- Strategic Intelligence – Naked performed very well, however research saw a drop in revenue as clients (particularly FMCG) substantially reduced testing ideas for new products, services and marketing strategies – EBITDA up 1% on FY 2008 (like-for-like)
- Integrated Communications and Digital – very strong performance for leading agencies with significant new client wins – EBITDA up 31% on FY 2008 (like-for-like)

Equity Raising

- Photon is undertaking a $114.6 million fully underwritten equity raising comprising a $26.6 million placement and a $87.9 million 1 for 2 non-renounceable rights issue
- Proceeds will be used to retire debt and strengthen the balance sheet
- Following the equity raising, pro forma debt / underlying EBITDA will be reduced to 1.8x at 30 June 2009 with pro forma underlying interest cover of 7.6x in 2009
- Offer supported by founders and largest shareholder - Interests associated with RG Capital and Tim Hughes who, prior to the capital raising, collectively own 33% of Photon have committed to subscribe for their full rights entitlements
- At the time the proceeds of the equity raising are used to repay debt, the current estimate of future earn-out liabilities will be matched by available headroom under existing facilities

Outlook

- Photon in FY 2009 delivered solid earnings growth in the worst economic environment seen in decades
- With a diversified business model and strong market position, Photon expects to continue to deliver revenue and earnings growth
- Photon has made no material acquisitions since February 2008 and its strategy is to focus efforts on consolidating and integrating the existing operations to improve profitability and grow organically
- In 4Q 2009 and in the first month of FY 2010 there is evidence that the market environment where Photon's businesses operate overall has improved – July and August to date are performing in line with budgets
- We expect high single digit EBITDA growth in FY 2010, in line with broker consensus
- We anticipate a continuing dividend payout ratio of 50%

FY 2009 Results

PhotonGroup

FY 2009 Profit and Loss summary

YE 30 June, A$m	2009A	2008A	Change	2009 Pro Forma for Equity Raising
Gross Revenue	653.5	574.4	14%	653.5
Net Revenue	440.6	376.8	17%	440.6
EBITDA	89.3	78.2	14%	89.3
Underlying EBITDA	93.0	78.2	19%	93.0
Underlying EBITDA Margin	21.1%	20.8%	30bps	21.1%
Underlying EBIT	72.4	61.3	18%	72.4
Underlying EBIT Margin	16.4%	16.3%	9bps	16.4%
Underlying Net Profit After Minorities	28.2	21.7	30%	34.4
Reported Net Profit After Minorities	21.4	21.7	(1%)	nm
Underlying EPS[1]	27.8 cents	28.6 cents		19.6 cents
Reported EPS[1]	21.1 cents	28.6 cents		nm
Payout Ratio[2]	50%	100%		50%
Full Year Dividend	12.5 cents	28.5 cents		9.0 cents

1. WANOS FY 2009 of 101,576,597 (FY 2008 of 75,888,613)
2. FY 2009A payout ratio calculated based on reported NPAT adjusted for non-cash impairment charges of $4.2 million

PhotonGroup

Balance Sheet and Cash Flow Summary

- As at 30 June 2009 Photon had drawn debt facilities of $273 million and deferred consideration payment obligations estimated at $111 million
- The equity raising will assist Photon to reduce debt and fund deferred consideration payments
- No off-balance sheet financing

30 June, A$m	2009A	2009 Pro Forma for Equity Raising
Cash	24	24
Working Capital	45	45
Financial Assets	10	10
Other Assets	15	15
Fixed Assets	21	21
Intangibles:		
Goodwill	547	547
Identifiable Intangibles	34	34
Total Assets	**695**	**695**
Provisions and Other Liabilities	39	39
Deferred Consideration		
Current	67	67
Non-current	45	45
Borrowings		
Current	34	-
Non-current	240	165
Other	6	6
Net Assets	**265**	**373**

YE 30 June, A$m	2009A	2009 Pro Forma for Equity Raising
Underlying EBITDA	93.0	93.0
Increase in working capital	(13.6)	(13.6)
Underlying Gross cash flow	**79.4**	**79.4**
Net interest paid	(21.0)	(11.5)
Other	0.1	0.1
Tax	(17.4)	(20.0)
Underlying Operating cash flow	**41.0**	**47.9**
CAPEX	(12.3)	(12.3)
Underlying Free cash flow (Pre dividends)	**28.7**	**35.6**

PhotonGroup

Debt Profile at 30 June 2009

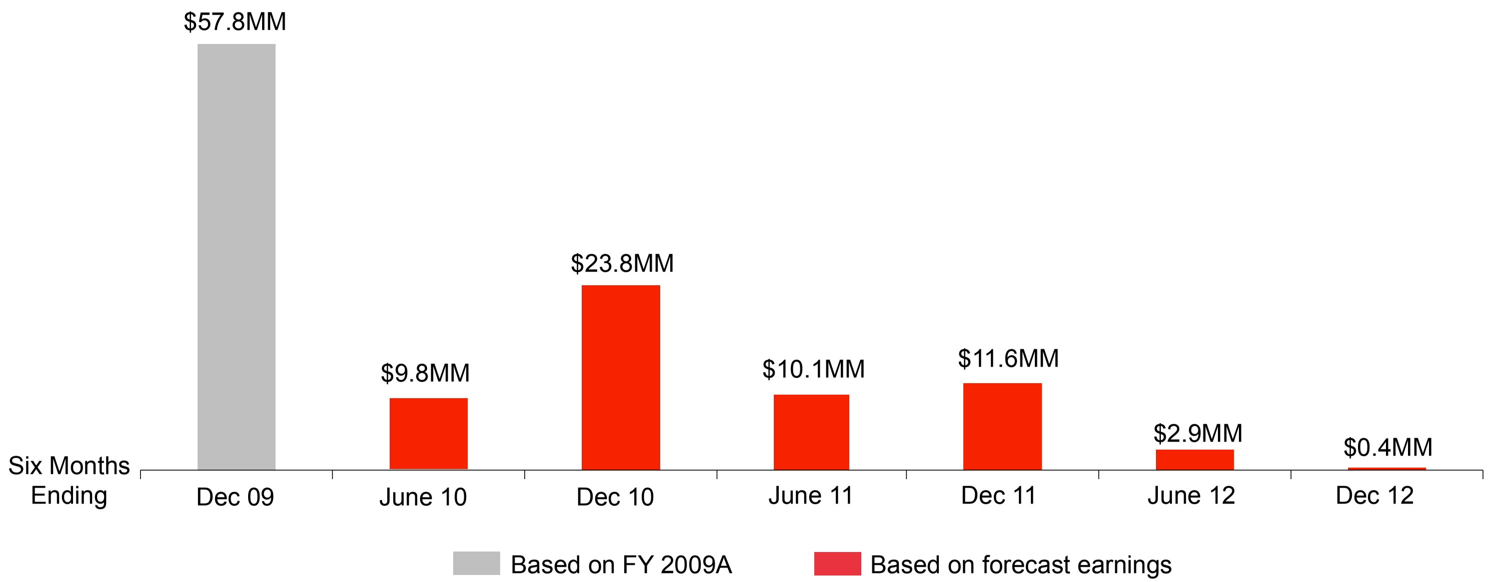
- The equity raising will reduce pro forma leverage at 30 June 2009 to 1.8x debt/EBITDA and increase interest cover to 7.6x

			30 June 2009		30 June 2009 Pro Forma for Equity Raising
A$ million	**Facility Limit**	**Term**	**Drawn[1]**	**Av. Interest Rate**	**Drawn[1,4]**
Facility A1	$88m	April 10	$33m	7.3%	-
Facility B	$120m	Oct 10	$120m	4.2%	$45m
Facility A2	$46m	March 11	$46m	7.0%	$46m
Facility C	$76m	Oct 11	$74m	4.5%	$74m
Total Facilities	**$330m**		**$273m**	**5.2%**	**$165m**
Interest Cover[2]	>3.0x		4.2x		7.6x
Leverage Ratio[3]	<3.0x		2.9x		1.8x

1. GBP and USD denominated borrowings converted at 30 June 2009 exchange rate
2. Interest cover = normalised LTM EBITA before non-cash options expense / net interest
3. Leverage ratio = financial indebtedness / normalised LTM EBITDA before non-cash options expense
4. Total facilities drawn after the payment of earn-outs due in FY 2010 is expected to be $233 million. Refer to paragraph (f) on page 38 regarding debt maturity. The next refinancing date is April 2010. Unless refinanced prior, it is anticipated that $50 million of currently undrawn facilities will be cancelled in April 2010

Earn-outs

- Photon has earn-out payables on its balance sheet in relation to previous acquisitions
- Estimate of the liabilities at 30 June 2009 was $116 million (net present value $111 million)
- The size of the payments is dependant on the earnings growth of these companies over, typically, a four year period and as a result the actual payment may vary from that presented below
    - However, approximately 50% of earn-out payment liabilities are based on FY 2009 performance and are not subject to material change
- Earn-outs have been strategically designed to allow Photon to retain and integrate businesses, incentivise vendors to stay with the Group and limit risks during integration
- After earn-out period, most vendors have stayed with the Group, either in the management teams of the vended business or in relevant division and Group management positions



Operational Update and Divisional Performance

FY 2008 – FY 2009 Net Revenue by Division

	Reported			Like-for-Like		
AUD '000s	**FY 2008A**	**FY 2009A**	**Growth**	**FY 2008PF**	**FY 2009A**	**Growth**
Field Marketing	125,774	141,178	12%	129,061	141,178	9%
Internet and E-Commerce	40,018	51,065	28%	43,164	51,065	18%
Specialised Communications	76,726	79,320	3%	87,289	79,320	(9%)
Strategic Intelligence	52,952	75,739	43%	71,033	75,739	7%
Integrated Comms and Digital	81,359	93,337	15%	82,470	93,337	13%
Total Operating Companies	**376,829**	**440,639**	**17%**	**413,016**	**440,639**	**7%**

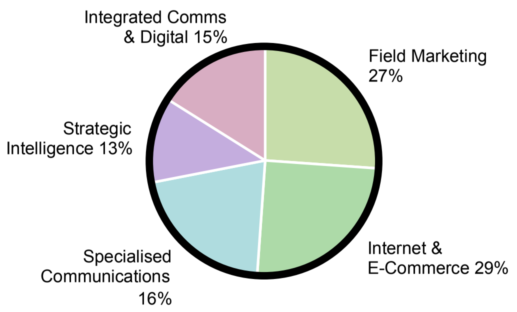
FY 2008 – FY 2009 EBITDA by Division

	Reported			Like-for-Like		
AUD '000s	**FY 2008A**	**FY 2009A**	**Growth**	**FY 2008PF**	**FY 2009A**	**Growth**
Field Marketing	22,327	27,635	24%	22,929	27,635	21%
Internet and E-Commerce[1]	24,343	29,059	19%	25,340	29,059	15%
Specialised Communications	18,036	16,422	(9%)	21,135	16,422	(22%)
Strategic Intelligence	10,284	12,770	24%	12,589	12,770	1%
Integrated Comms and Digital	11,745	15,727	34%	12,010	15,727	31%
Total Operating Companies	**86,736**	**101,614**	**17%**	**94,003**	**101,614**	**8%**
Service Centre	(8,562)	(8,639)	1%	(7,856)	(8,639)	10%
Total Group (Underlying)	**78,174**	**92,975**	**19%**	**86,147**	**92,975**	**8%**
One-Off Costs[2]	–	3,671	nm	–	3,671	nm
Total Group (Reported)[1]	**78,174**	**89,304**	**14%**	**86,147**	**89,304**	**4%**

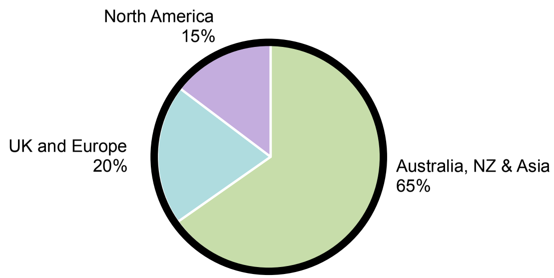
1. Internet and E-Commerce division includes income from associates of $136k and $145k in FY 2008 and FY 2009, respectively. Reported EBITDA before income from associates is $89.2 million
2. Restructuring and redundancy charges of $3.7 million

A Highly Diversified Company

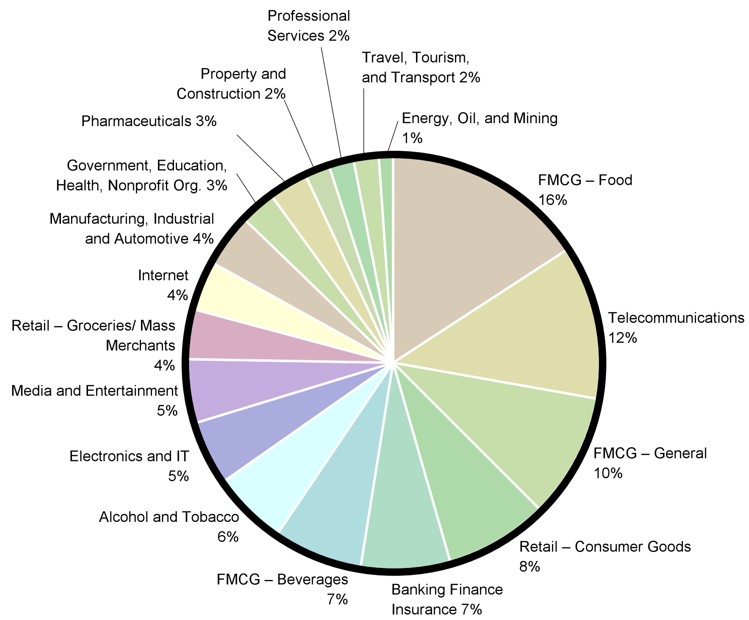
FY 2009A Underlying EBITDA by Division



FY 2009A Underlying EBITDA by Geography



FY 2009A Revenue by Industry



PhotonGroup

Field Marketing Division
Outsourced sales execution and merchandising group - defensive, counter-cyclical, weighted towards FMCG and Telco clients

What the Division Does

- Leading outsourcing group for FMCG and Telco clients
- Field marketing support, including shelf maintenance, display building, POS implementation, ordering and out-of-stock audits
- Store refurbishments / refits for suppliers
- In-store advertising programs
- "Face-to-face" consumer promotions and in-store sampling
- POS data analytics for retailers, suppliers and execution partners
- Flexible work-force of 6,500 casual people and latest field technology

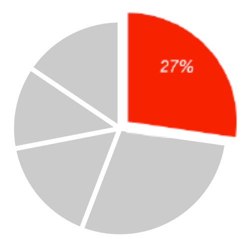
Examples of Customers

Sainsbury's
Procter & Gamble
Waitrose
Coles
Microsoft
Red Bull
Diageo
Foster's
Woolworths
Vodafone
Reckitt Benckiser
George Weston Foods
MasterFoods

Key Drivers

- Large growth opportunity as the industry continues to outsource merchandising function from a low base
- Retailers move cost of shelf-stocking and store promotional compliance to suppliers and suppliers outsource to Photon's field marketing division – better economics and performance
- Defensive, counter-cyclical business weighted towards less cyclical FMCG products
- Not directly correlated with companies' advertising spend on media (shelf-stocking / store promotions continue through a downturn)
- Expansion of merchandising into non-FMCG provides growth opportunities

Field Marketing Contribution to Underlying EBITDA



The Bailey Group
Counterpoint Marketing & Sales Pty Ltd
CLUB SALES & MERCHANDISING
AUSREP
DemoPlus
theartelgroup

PhotonGroup

Field Marketing Division
Outsourced sales execution and merchandising group - defensive, counter-cyclical, weighted towards FMCG and Telco clients

FY 2009 Performance

- Significant growth across key businesses in FY 2009 – EBITDA up 21% on FY 2008 (like-for-like)
- Difficult operating environment for many clients led to an increase in outsourcing activity as clients sought to reduce sales distribution costs
- Significant new contract wins across a number of companies
  - The Bailey Group – Microsoft, Red Bull, Foster's non-alcoholic beverages, Coles re-fit
  - Club Sales – George Weston Foods, Tasti
  - Demonstrations Plus – significant growth in Woolworths account
  - Some clients did cut back spending in FY 2009 due to budget constraints – opportunity to leverage increased spend as budget constraints are lifted
- Increased integration of back-end systems and resources such as IT, casual labour and finance

Like-for-Like Results

YE 30 June, A$m	2008PF	2009A	Change
Net Revenue			
First Half	62.5	74.0	18%
Second Half	66.6	67.2	1%
Full Year	129.1	141.2	9%
Underlying EBITDA			
First Half	11.0	15.0	36%
Second Half	11.9	12.6	6%
Full Year	22.9	27.6	21%

Outlook

- Strong focus on new business conversion as clients continue to outsource sales execution
- Retail Insight launched its range of data products in Australia
- Seek continued growth in existing customer relationships

The Bailey Group Counterpoint Marketing & Sales Pty Ltd CLUB SALES & MERCHANDISING AUSREP DemoPlus theartelgroup

PhotonGroup

Internet and E-Commerce Division

High-growth combination of long-term contracted services, innovative product sales and transaction based marketing

What the Division Does

- Website management and online publishing services for high volume and high maintenance sites with strong interaction with customer
- E-mail and SMS technology combines with customer data to generate large-volume personalised direct marketing
- Innovative product development in e-commerce marketing
- Online social media marketing services
- Online performance marketing services to drive online traffic
- On-premise and outdoor screen marketing services and events

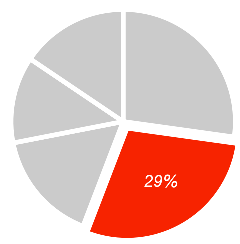
Examples of Customers

Optus, AFL, Travelex, Ask, Sensis, SuperPages, ValidClick, Miva, Telstra, Accor, NRL, Yahoo!, CISCO

Key Drivers

- Secular growth as advertisers follow consumers online
- Participation in overall trend towards internet, social media and direct-to-consumer marketing
- Services and support contracts sticky as costly for clients to replicate or transport technical expertise
- State of the art technology to stay ahead of the curve in reaching consumers, resulting in high growth and high margins
- Well diversified portfolio of businesses and clients

Internet and E-Commerce Contribution to Underlying EBITDA



PhotonGroup

Internet and E-Commerce Division

High-growth combination of long-term contracted services, innovative product sales and transaction based marketing

FY 2009 Performance

- Strong growth in division with EBITDA up 15% on FY 2008 like-for-like
- Online marketing gained market share
  - Online marketing offers marketeers ability to accurately measure ROI which is crucial in a tight marketing environment
- Division growth powered by innovation and product developments – e.g. launch of Internet in a Box and Geekversity on-line training program
- New client wins across the group including Travelex, Cisco and Sensis
- Launch of The Population, a specialist social media consulting and activation agency
- Search marketing companies leveraged opportunity to licence proprietary technology to other industry participants

Like-for-Like Results

YE 30 June, A$m	2008PF	2009A	Change
Net Revenue			
First Half	17.3	22.4	29%
Second Half	25.9	28.7	11%
Full Year	43.2	51.1	18%
Underlying EBITDA			
First Half	8.7	12.1	39%
Second Half	16.6	16.9	1%
Full Year	25.3	29.1	15%

Outlook

- New products, clients and increased sector share of total marketing spend are growth drivers
- Social networking and video content remain under monetised providing growth opportunity

PhotonGroup

Specialised Communications Division

Supported by less cyclical, retainer PR consultancy work – impacted by cyclical corporate communications and events budgets

What the Division Does

- PR and public affairs: consultancy work for corporate clients on corporate communications or product launches advising on communications to media, industry analysts, industry groups, consumers, etc.
- Corporate communications: consultancy, design and production of print and online reports (financial reports, prospectus, etc.)
- Experiential and events management: design, planning and execution of live events around brands for both internal and external brand promotion

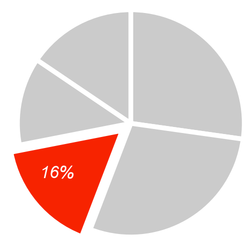
Examples of Customers

Nestle, RIM, Optus, Premier Foods, npower, GlaxoSmithKline, Unilever, O2, British American Tobacco, Port of Melbourne

Key Drivers

- Key exposure is PR, less cyclical business than corporate communications and events with 70 – 80% of revenue contracted
- Clients consolidate PR consultancy providers in a downturn, allowing top tier companies to gain share
- Corporate communications and events clients' budgets reduced during a slowdown which impacts the business
- Highly diversified client base, no single client represents 5% of business

Specialised Communications Contribution to Underlying EBITDA



PhotonGroup

Specialised Communications Division
Supported by less cyclical, retainer PR consultancy work – impacted by cyclical corporate communications and events budgets

FY 2009 Performance

- Very different performance across different parts of the business
- PR and public affairs companies grew strongly with EBITDA up approximately 15% on FY 2008 (like-for-like)
- Counter-cyclical as public relations firms took market share from other forms of marketing spend – cost effective and measurable
- Significant consolidation in public relations sector saw larger operators (i.e. Frank PR and Hotwire) win a greater share of their clients' total PR spend
- Corporate communications and event management businesses suffered due to reduced client spend and exposure to M&A and equity raising markets – EBITDA down over $8.2 million from FY 2008
- Cost base restructuring across these business with significant headcount reductions (12% of employees)
- Closed ABT's operations in China and Precinct's operations in New York to focus on core markets

Like-for-Like Results

YE 30 June, A$m	2008PF	2009A	Change
Net Revenue			
First Half	35.8	41.4	16%
Second Half	51.5	37.9	(26%)
Full Year	87.3	79.3	(9%)
Underlying EBITDA			
First Half	10.5	7.5	(29%)
Second Half	10.6	8.9	(16%)
Full Year	21.1	16.4	(22%)

Outlook

- Public relations has good visibility due to retainer nature of revenue
- Frank PR strong start to operations in Australia and Hotwire looking to grow organically in the U.S.
- Anticipating modest recovery in corporate communications and event management

PhotonGroup

Strategic Intelligence Division

Division driven by independent communications advisory business with largely contracted global client base

What the Division Does

- Qualitative and quantitative market research
- Communications strategy advice – solve a marketing problem based on consumer and brand insight
- Develop solutions based on 21st century marketing: tailored communication where consumers have an active role in the process
- Remain independent in providing advice

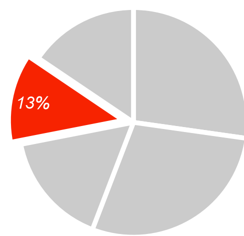
Examples of Customers

Vodafone, Adidas, SC Johnson, Nokia, George Weston Foods, Kimberly Clark, Yum!, GlaxoSmithKline, Coca-Cola, Johnson & Johnson

Key Drivers

- The research part of the business tracks economic activity
- Communications strategy brings ideas to clients that can help them improve their communications with clients and other stakeholders – less correlated to the economic cycle
- Fragmentation of communications market is a driver of retaining independent communication strategy
- Business expanding across geographies following client demand
- About 2/3 of the business outside Australia
- Approximately half of revenue is contracted with global clients – reducing reliance on project work
- Well diversified client base with important less cyclical FMCG sector exposure

Strategic Intelligence Contribution to Underlying EBITDA



PhotonGroup

Strategic Intelligence Division

Division driven by independent communications advisory business with largely contracted global client base

FY 2009 Performance

- Strong support for Naked's strategic consulting offering in current environment – authority on how global brand can integrate marketing communications
  - U.K. and U.S. markets over-performed with the growth of existing clients and new client wins – Kimberly Clark, Ameriprise, SC Johnson, Adidas
  - Naked broadened its Nordic presence with offices in Sweden and Denmark
- However research saw a drop in revenue as clients halted testing ideas for new products, services and marketing strategies – Australian research market fees down approximately 15% Y-o-Y since 1 January 2009 (source: Association of Market & Social Reseach Organisations)
- Significant cost base re-alignment in certain businesses to protect margins (13% of headcount reduced)

Like-for-Like Results

YE 30 June, A$m	2008PF	2009A	Change
Net Revenue			
First Half	33.5	38.2	14%
Second Half	37.5	37.5	0%
Full Year	71.0	75.7	7%
Underlying EBITDA			
First Half	5.0	4.9	(1%)
Second Half	7.6	7.9	4%
Full Year	12.6	12.8	2%

Outlook

- Research tends to be a leading indicator of economic activity and spending is expected to recover in this sector
- Naked expected to continue to perform well across all jurisdictions

PhotonGroup

Integrated Communications and Digital Division

World class advertising agencies, recognised for creative talent, delivering growth in very difficult advertising markets

What the Division Does

- Leading advertising agencies – bmf and bwm top tier agencies. "World class agencies based in Sydney"
  - bmf ranked no. 16 agency in the world (The Won Report)
- Success driven by creativity and client commitment
- Integrated campaigns across traditional and new mediums
- Promotional agencies with below the line promotional marketing campaigns, including integrated campaigns, consumer and trade promotions, events, displays, etc.

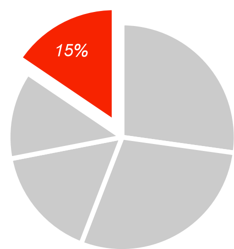
Examples of Customers

Telstra, GIO, Gatorade, Dairy Famers, OPSM, Commonwealth Bank, Lion Nathan, Aldi, MBF, Sanitarium, RYOBI, Simplot, Pepsi, Novartis

Key Drivers

- Leading advertising agencies in Photon are talent-driven. Have delivered strong high growth in a very difficult advertising market
- Trend towards appointment of best of breed local agencies
- Mid-market agencies faced more challenging environment and have been consolidated into one operation and cost base reduced
- Majority of revenue under retainer agreements and existing contracts
- Oriented towards less cyclical clients in FMCG and banking
- Well diversified client base
- Significant investment in digital teams and expertise provides incremental revenue opportunities from existing customers

Integrated Communications and Digital Contribution to Underlying EBITDA



bmf PARTNERS ISS MARKETING KaleidoScope BRASS tacks CORPORATEDGE (belong) Be.interactive

Integrated Communications and Digital Division

World class advertising agencies, recognised for creative talent, delivering growth in very difficult advertising markets

FY 2009 Performance

- Very strong performance for leading agencies with significant new client wins – the agency group's EBITDA was up over 30% on FY 2008 like-for-like
  - BMF – Commonwealth Bank Media, Solo, Ryobi, several Government campaigns
  - BWM – Sanitarium, Telstra Business, Bigpond Digital, Next G
  - AdPartners – Britex, Safcol
  - ISS – Novartis, Gatorade, Pepsi
- Photon's agencies were beneficiaries of trend of appointing best of breed local specialists
- Clients concentrated in non-cyclical sectors - FMCG, beverages, banking and telecommunications – provided a buffer against budget cuts
- Merged operations of smaller agencies (Love, AdPartners and Belong) under AdPartners brand to maximise profitability – reduction 15% employees across division
- Exited joint venture business in New Zealand due to low growth environment

Like-for-Like Results

YE 30 June, A$m	2008PF	2009A	Change
Net Revenue			
First Half	38.1	45.6	20%
Second Half	44.4	47.7	7%
Full Year	82.5	93.3	13%
Underlying EBITDA			
First Half	4.7	5.4	15%
Second Half	7.3	10.3	41%
Full Year	12.0	15.7	31%

Outlook

- Agency group expected to continue to work with existing base of key clients and target new client opportunities
- Strong focus on growth areas i.e. digital campaigns and mobile promotions
- Continue emphasis on networking and new business referrals across the division

Equity Raising

Summary of the Equity Raising

- Photon is undertaking a fully underwritten equity raising to repay debt and strengthen its balance sheet
- At the time the proceeds of the equity raising are used to repay debt, the current estimate of future earn-out liabilities will be matched by available headroom under existing facilities
- The equity raising of approximately $114.6 million comprises:
  - An institutional placement of approximately 14.4 million shares at $1.85 per share to raise approximately $26.6 million
  - A 1 for 2 non-renounceable rights issue to eligible existing shareholders at $1.50 per share to raise approximately $87.9 million
  - New placement shares will rank equally with existing securities and be entitled to receive the final FY 2009 dividend of 6.5 cents and participate in the rights issue
  - New rights issue shares will not be entitled to receive the final FY 2009 dividend
- Entities associated with RG Capital and Tim Hughes who collectively own 33% of Photon (pre-equity raising) have committed to subscribe for their rights entitlements in full
- The institutional placement and entitlement offer are fully underwritten
- Key risks are set out in the Appendix

Key Investment Highlights

Strategically well positioned to capture shift in marketing trends	• Overweight exposure to segments where marketing dollars are being directed
	• Approximately 80% of FY 2009 net revenue generated from:
	    • Field Marketing – driven by direct to consumer marketing / in-store expenditure
	    • Internet and E-Commerce – exposed to growing online marketing spend
	    • PR and Strategic Communications – driven by need to obtain independent advice as channel fragmentation continues
	    • Leading local advertising agencies – supported by move to local specialists

Diversified portfolio of marketing services companies	• Impact of market volatility significantly reduced due to highly diversified client base, revenue type, service offering and geography • Top 10 clients represent less than 20% of FY 2009 net revenue across 48 group relationships with no one client representing more than 6% of net revenue. Client base weighted towards non-cyclical sectors such as FMCG, banking and telecommunications • No one of the five divisions accounts for more than 1/3 of FY 2009 EBITDA. More than 75% of total net revenue from existing contracts and client relationships • In FY 2009 65% of EBITDA from Australia, NZ and Asia, 35% from North America, U.K. and Europe

Established track record of growth and profitability	• Management has successfully grown Photon both organically and through acquisitions
	    • Since listing in 2004, net revenue CAGR of 67% and EBITDA CAGR of 77%
	    • Average multiple paid for acquisitions since 2000 is 4.7x underlying FY 2009 EBITDA (including all earn-outs paid to date)
	• In FY 2009, the worst economic climate experienced in decades, Photon delivered like-for-like EBITDA growth of 8%, compared to market peers who generally experienced a decline in revenues and earnings

Effective division management structure	• Divisions headed by experienced industry practitioners who work with the company CEOs to ensure businesses are meeting strategic and growth objectives • Small head office provides financial reporting and risk management framework • Cooperation across group companies to capture revenue synergies

PhotonGroup

Key Investment Highlights

Strengthened balance sheet post equity raising	• Equity raising will significantly de-lever the business
	  • Pro forma leverage will be reduced to 1.8x at 30 June 2009 (excluding estimated future earn-outs liabilities)
	  • Pro forma interest cover of 7.6x
	• At the time the proceeds of the equity raising are used to repay debt, the current estimate of future earn-out liabilities will be matched by available headroom under existing facilities

Positive growth outlook	• For FY 2010, management is expecting a continuation of growth trends experienced in FY 2009, with high single digit EBTIDA growth, in line with broker consensus • Businesses most impacted by the economic cycle (event management, corporate communications and consumer market research) underperformed in FY 2009. Opportunity for upside from recovery of these segments as the economic environment improves • Year to date tracking ahead of budget

Attractive price to participate in the future success of Photon	• Rights issue price of $1.50 per share represents:
	  • 36.4% discount to last closing price
	  • 27.6% discount to last month VWAP
	  • 26.2% discount to TERP
	• $1.50 per share implies:
	  • FY 2009PF P/E multiple of 7.7x
	  • FY 2009PF EV/EBITDA multiple of 4.5x, earn-out adjusted FY 2009PF EV/EBITDA multiple of 5.7x

Equity raising supported by founders and key shareholder	• Entities associated with RG Capital and Tim Hughes who collectively own 33% of Photon (pre-equity raising) have committed to subscribe for their rights entitlements in full

PhotonGroup

Key Offer Statistics

Institutional Placement	
Amount to be raised under the Institutional Placement	Approximately $26.6 million
Number of New Shares offered under the Institutional Placement	Approximately 14.4 million
Issue Price of $1.85 per New Share	21.6% Discount to Last / 18.0% Discount to 5Day VWAP
Non-Renounceable 1 for 2 Right Issue	
Amount to be raised under the Rights Issue	Approximately $87.9 million
Number of New Shares offered under 1 for 2 Rights Issue	Approximately 58.6 million
Entitlement	1 New Share for every 2 Shares held on Record Date (7.00pm 25 August 2009)
Issue Price of $1.50 per New Share	36.4% Discount to Last / 26.2% Discount to TERP / 33.5% Discount to 5Day VWAP
Total Raising	
Total number of New Shares offered	Approximately 73.0 million
Total amount to be raised under the Offer	Approximately $114.6 million

PhotonGroup

Timetable

Event	Date
Offer Document lodged with ASX	17 August 2009
Record Date for determining Entitlements	25 August 2009 (7.00pm AEST)
Offer Document Dispatched to Eligible Shareholders	27 August 2009
Offer Opening Date	27 August 2009
Offer Closing Date	14 September 2009 (5.00pm AEST)
Trading on ASX of New Shares on a deferred settlement basis	15 September 2009
Allotment of New Shares	18 September 2009
Dispatch of holding statements	21 September 2009
Trading on ASX of New Shares on a normal settlement basis	21 September 2009

Appendix

Key Risks

Photon is subject to a number of risks and other factors that may impact on both its future performance and the market price at which its Shares trade. Broadly, these risks can be classified as risks general to investing in the stock market and risks specific to an investment in Photon. The New Shares to be issued under the Rights Issue do not carry any guarantee of profitability, dividends or the price at which they will trade on ASX. The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors of which investors need to be aware. However, before taking up the Offer or investing in Photon, the Directors strongly recommend that Shareholders consult their professional advisers before deciding whether to subscribe for New Shares.

General

As with all stock market investments, there are risks associated with an investment in Photon. Share prices may rise or fall and the price of Shares might trade below or above the Issue Price for the New Shares.

General factors that may affect the market price of Shares include:

- Economic conditions in both Australia and internationally;
- Investor sentiment and local and international share market conditions;
- Changes in interest rates and the rate of inflation;
- Variations in commodity prices;
- The global security situation and the possibility of terrorist disturbances;
- Changes to government regulation, policy or legislation;
- Changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws;
- Changes to the system of dividend imputation in Australia; and
- Changes in exchange rates.

The share prices for many companies have in recent times been subject to wide fluctuations, which in many cases may reflect a diverse range of non-company specific influences including the above factors. Such market factors may have a material adverse effect on the market price of Shares.

Specific risks relating to Photon

There are also a number of specific risk factors that relate to Photon, including, but not limited to, those set out below.

(a) Competitive nature of the industry

Photon and its operating subsidiaries (the Photon Operating Companies) are subject to vigorous competition from other operators within the marketing and communication services industry. Their competitors in the industry include both the large internationally aligned groups and local specialist firms. The competitive environment may result in Photon experiencing client loss. Further, the ability of clients to terminate contracts on short notice (discussed in more detail below) means clients may move their accounts to competitors on relatively short notice. In many cases, a Photon Operating Company represents a client for only a portion of its advertising or marketing services needs or only in particular geographic areas, thus enabling the client continually to compare the effectiveness of Photon's Operating Company against other companies' work. Many clients do not permit a company working for them to represent competing accounts or product lines in the same market. These client conflict policies can and sometimes do prevent Photon from seeking and winning new client assignments.

(b) Client's ability to terminate contracts on short notice

In the communications services industry, service agreements with clients are generally terminable by the client upon short notice, typically between one and six months. Some clients also put their advertising and communications contracts up for competitive bidding at regular intervals. Clients generally are able to reduce advertising and marketing spending or cancel projects at any time for any reason. Photon and its Operating Companies rely upon personal relationships with a large number of clients within the marketing and communication services industry in order to maintain and grow their earnings. A significant reduction in spending by key clients, or the loss of key clients or a suite of clients in a particular industry segment, could adversely affect Photon's prospects, business, financial condition and results of operations. Photon has in the past been able to grow its turnover notwithstanding client loss, but there is no guarantee that this will continue.

Key Risks cont'd

(c) Dependence on key personnel

The advertising and marketing services industries are highly dependent on the talent, creative abilities and technical skills of the personnel of the service providers and the relationships their personnel have with clients. Photon believes that its Operating Companies have established reputations in the industry that attract talented personnel, as well as structures for retaining and motivating existing employees. However, Photon, like all service providers, is vulnerable to adverse consequences from the loss of key employees. Employees may choose to resign or leave the business, including due to competition among providers of advertising and marketing services for talented personnel.

(d) Profitability and growth management

While the Company has successfully acquired and grown profitable Operating Companies to date, Photon's continued financial success is dependent upon the continued growth in profitability of these companies. To manage this growth effectively, Photon will need to maintain efficient control and supervision of its operating and financial systems and continue to expand and manage its employees. Future operating results depend to a large extent on management's ability to successfully manage and implement group strategy, organically grow the Operating Companies and manage corporate overhead costs according to budget.

(e) Seasonality of revenue

Photon's Operating Companies generally experience seasonality in earnings which historically has resulted in stronger revenue generation in the six months ending 30 June compared to the six months ending 31 December. Photon relies on the seasonality trends displayed by its Operating Companies historically to prepare forecasts and budgets. There is no guarantee that the seasonality trends displayed historically will continue in the future, including in the current financial year ending 30 June 2010.

(f) Current and additional capital requirements

There is no assurance that additional funding will be available to Photon in the future on acceptable terms. If adequate funds are not available, Photon may not be able to meet future funding obligations, develop new business concepts, satisfy existing contractual obligations or otherwise respond to competitive pressures.

Photon has a $330 million corporate debt facility, of which $76 million matures in October 2011, $46 million matures in March 2011, $120 million matures in October 2010 and $88 million matures in April 2010. The facilities are currently drawn to $273 million. Following the Capital Raising Photon will retain these facilities but will reduce the total debt drawn under these facilities to approximately $165 million and reduce the balance of the debt due in 2010 to approximately $45 million. Historically, Photon has successfully refinanced its corporate debt facility before it has fallen due. However, there is a refinancing risk that a replacement debt facility will not be available or will not be available on terms as attractive to Photon as its previous borrowing facilities. The next refinancing date is in April 2010. Unless refinanced prior, it is anticipated that $50 million of currently undrawn facilities will be cancelled in April 2010. Assuming all remaining facilities are refinanced when due, the current estimate of future earn-out liabilities due after April 2010 will be matched by available headroom under those remaining facilities. If Photon is not able to refinance these obligations when they fall due, it could have a materially adverse impact on Photon's financial position and its ability to meet its capital requirements.

(g) Interest rates

Photon will continue to be exposed to adverse interest rate movements to the extent that underlying borrowings have a floating interest rate exposure that is not hedged. Photon currently has approximately 77% of its total interest rate exposure over the next 12 months subject to movements in interest rates. There is a risk that adverse interest rate movements may have a negative impact on the underlying profitability of Photon.

(h) Asset value impairment

Photon has a significant amount of acquired goodwill and other acquired intangible assets recorded on its balance sheet. It also has investments in other companies (including a 30.5% non-controlling investment in Dark Blue Sea Limited). Photon annually tests the carrying value of goodwill and investments for impairment. The estimates and assumptions about results of operations and cash flows made in connection with impairment testing could differ from future actual results of operations and cash flows. In addition, future events could cause Photon to conclude that the asset values associated with a given operation have become impaired. Any resulting impairment loss could have a material impact on Photon's financial position, profitability and capacity to pay dividends.

Photon may use Shares, incur indebtedness, expend cash or use any combination of Shares, indebtedness and cash for all or part of the consideration to be paid in future acquisitions that would result in additional goodwill being recorded on Photon's balance sheet.

Key Risks cont'd

(i) Systems risk

A number of Photon's Operating Companies rely to a significant degree on its information technology systems and from time to time incur significant expenditure on systems upgrade and maintenance. IT systems are an essential part of a number of businesses in the group, and as a result, Photon is potentially exposed to a number of risks, including the capacity of existing systems and capital expenditure requirements going forward.

(j) Regulatory risk

Photon and its Operating Companies are required to comply with a variety of legal and regulatory regimes, including in relation to regulation governing privacy, electronic mail, online/SMS communications, direct sales and marketing, and advertising of certain products and services. Photon is not in a position to foresee the impact that future regulation or changes in the interpretation or operation of existing regulation may have on its Operating Companies. Such changes could have an adverse effect on Photon's business and financial performance.

(k) Liability risk

The provision of services by Photon's Operating Companies carries with it the risk of liability for losses arising from their work, including indirect or consequential losses suffered by third parties. Where possible, Photon and the Operating Companies will seek to limit their liability contractually to the extent permitted by the law, as it is interpreted from time to time, and it will maintain adequate levels of professional indemnity insurance. However, Photon's insurance and contractual arrangements may not adequately protect it against all potential claims, and any losses falling outside the scope of insurance or contractual limits may adversely affect the earnings of Photon.

(m) Intellectual property and proprietary rights

The Operating Companies have invested significantly in the development of their information technology platforms, intellectual property, proprietary processes and systems. There can be no guarantee that unauthorised use or copyrighting of the Operating Companies' intellectual property or proprietary rights will be prevented.

(n) Uncertain final acquisition price for Operating Companies

The acquisition agreements entered into with the vendors of certain Operating Companies require Photon to potentially make additional payments or issue further Shares based on deferred consideration arrangements. The final amounts to be paid and the number of Shares to be issued are uncertain and dependent on individual company EBIT performance, the level of growth in individual company EBIT performance, the Photon Share price, financial performance and the preferences of the vendors to receive cash or Shares. The quantum of outstanding deferred consideration payment obligations is material (refer to page 16) and Photon intends to meet the majority of these obligations from its corporate debt facilities. Refer to paragraph (f) above regarding Photon's current and additional capital requirements.

(o) International business

Photon and the Operating Companies operate in 14 countries throughout the world. Photon's reporting currency is Australian dollars. However, Photon's significant international operations give rise to an exposure to changes in foreign exchange rates, since most of its revenues from countries other than Australia are denominated in currencies other than Australian dollars. Therefore, changes in exchange rates could adversely affect Photon's profitability and financial position.

Further, Photon's international operations are subject to a number of risks inherent in operating in different countries, including, but not limited to, risks regarding:

- Restrictions on repatriation of earnings; and
- Changes in a specific country's or region's political or economic conditions.

The occurrence of any of these events or conditions could adversely affect Photon's profitability and its ability to increase or maintain its operations in various countries.

(p) Unfavourable economic conditions

Photon's business is affected by downturns in general economic conditions, changes in clients' underlying businesses and decreases in marketing budgets. At present, the global economy is experiencing a range of adverse effects and any further deterioration in global economic conditions may adversely impact the operating and financial performance of Photon. Downturns in general economic conditions may adversely affect the businesses of Photon's Operating Companies' clients, which can have the effect of reducing the amount of services they purchase from Photon's Operating Companies and thus can materially adversely affect Photon's consolidated results of operations.

5 Additional information

5.1
Underwriting Agreement

Photon has entered into the Underwriting Agreement with the Underwriter pursuant to which the Underwriter has agreed to fully underwrite the Capital Raising.

The Underwriter may at its cost appoint sub-underwriters to sub-underwrite the Capital Raising at its absolute discretion.

(a) Fees
The Underwriter will receive market-based fees under the Underwriting Agreement.

(b) Indemnity
Subject to certain exceptions, Photon has agreed to indemnify the Underwriter, their affiliates, related bodies corporate, directors, officers, employees, agents and advisers (**Indemnified Parties**) from and against all losses incurred by an Indemnified Party in connection with the Capital Raising.

(c) Termination events
(i) Termination events which are not linked to materiality
The Underwriter may terminate the Underwriting Agreement with immediate effect if any of the following events occurs at any time before completion of the Capital Raising or such other time as specified below:

— (**Constitution**) The Constitution or any other constituent document of Photon is amended after the date of this Underwriting Agreement without the prior written consent of the Underwriter (which consent shall not be unreasonably withheld);

— (**Quotation of Shares**) Approval is refused or not granted to the quotation (or approval is granted subject to conditions other than customary conditions) on the ASX of all Shares to be issued under the Placement or Rights Issue or if such approval is granted, the approval is withdrawn or qualified;

— (**ASX actions**) ASX does any of the following:

(A) announces publicly or notifies Photon that Photon will be removed from the official list of ASX or Shares will be suspended from quotation, other than any announcement by ASX of a trading halt or suspension made before the date of the Underwriting Agreement or in accordance with the Timetable or otherwise with the agreement of the Underwriter;

(B) removes Photon from the official list of ASX; or

(C) suspends the trading of Shares for any period of time, other than any trading halt or suspension made before the date of the Underwriting Agreement or in accordance with the Timetable or otherwise with the agreement of the Underwriter;

— (**Insolvency event**) An insolvency event occurs in respect of a member of the Group;

— (**Stock market index**) From and including the date of the Underwriting Agreement until and including the settlement date of the Rights Issue, the S&P/ASX 200 Index stands:

(A) at the close of trading on any two consecutive Business Days; or

(B) on the Business Day immediately prior to the settlement date of the Rights Issue;

at a level that is less than 85% of the level of the relevant index as at the close of trading on the Business Day before the date of this Underwriting Agreement;

- (**ASIC inquiry into Capital Raising**) ASIC issues or threatens to issue proceedings in relation to any aspect of the Capital Raising, or commences or threatens to commence any inquiry or investigation in relation to any aspect of the Capital Raising;
- (**Material adverse change**) There is a material adverse change, or there is a development involving a prospective material adverse change, in the financial position, business, assets, results, operations or prospects of the Group;
- (**Debt facilities**) Photon, or any other member of the Group, breaches, or defaults under, any provision, undertaking, covenant or ratio of a debt or financing arrangement or any related documentation to which that entity is a party which has a material adverse effect on the Group; or an event of default or event which gives a lender or financier the right to accelerate or require repayment of the debt or financing, or other similar material event, occurs under or in respect to any such debt or financing arrangement or related documentation which has a material adverse effect on the Group (except where such right has been waived by the lender or financier);
- (**Withdrawal**) The Company withdraws the Capital Raising or any component of the Capital Raising;
- (**Certificate**) Photon fails to deliver certificates required to be given to the Underwriter under the Underwriting Agreement or any such certificate has been or is untrue, incorrect, misleading or deceptive in a material respect as at the date of that certificate;
- (**Shortfall notice**) A statement in a shortfall notice given to the Underwriter is untrue or incorrect in any material respect;
- (**Cleansing notices**) The Company fails to lodge a notice under section 708A or 708AA of the Corporations Act in accordance with the Underwriting Agreement;
- (**Notifications**) Any of the following notifications are made:
  - (A) ASIC making a determination in relation to the Company under subsection 708A(2) or 708AA(3) of the Corporations Act; or
  - (B) an application is made by ASIC for an order under Part 9.5 in relation to the Capital Raising or any public document issued for the Capital Raising or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 1989* (Cth) in relation to the Capital Raising or any public document issued for the Capital Raising;
- (**Timetable**) The Capital Raising is not conducted in accordance with the Timetable or any event specified in the Timetable is delayed without the prior written consent of the Underwriter (which must not be unreasonably withheld or delayed); or
- (**Alteration of capital**) Photon alters its share capital or attempts to dispose of a substantial part of its business or property without the prior consent of the Underwriter (which must not be unreasonably withheld or delayed).

(ii) Termination events which are linked to materiality
The Underwriter may terminate the Underwriting Agreement with immediate effect if any of the following events occur at any time before completion of the Capital Raising or such other time as specified below:

- (**Breach of agreement**) Photon is in default of any of the terms and conditions of the Underwriting Agreement or any representation or warranty given or made by it under that agreement proves to be, or has been, or becomes, untrue or incorrect;

5 Additional information continued

- (**Change in management**) A change in the senior management of Photon or in the Board of Directors of Photon occurs;
- (**Change in laws**) There is introduced into the Parliament of Australia, or any State in Australia, any law or prospective law (or any such law or prospective law is publicly contemplated):
  - (A) that is reasonably expected to adversely affect investors in Photon; or
  - (B) which does or is likely to prohibit, restrict, regulate or otherwise affect any aspect or component of the Capital Raising, capital issues or stock markets;
- (**Hostilities**) There is an outbreak or major escalation of hostilities in any part of the world, whether war has been declared or not, involving any one or more of Australia, the United States, the United Kingdom, the People's Republic of China, Japan, New Zealand, South Korea or any member country of the European Union, or a significant act or acts of terrorism is perpetrated anywhere in the world;
- (**Banking moratorium**) A general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- (**Market or trading disruption**) There occurs a suspension or material limitation in trading in securities generally on ASX, NYSE or LSE;
- (**Failure to comply**) A member of the Group fails to comply with any of the following:
  - (A) a provision of its constitutions;
  - (B) any applicable law;
  - (C) a requirement, order or request made by or on behalf of ASIC or any other governmental agency;
  - (D) ASX Listing Rules; or
  - (E) any material agreement entered into by it;
- (**Charges**) A member of the Group charges, or agrees to charge, the whole or a substantial part of the business or property of the Company other than:
  - (A) a charge over any fees or commissions to which the Company is or will be entitled; or
  - (B) as disclosed in the Offer Document; or
  - (C) as agreed with the Underwriter (acting reasonably); or
  - (D) as required to comply with the facility agreement in place with the Australia and New Zealand Banking Group;
- (**ASIC investigations**) ASIC or any other regulatory body commences or gives notice of an intention to commence:
  - (A) a prosecution of Photon or any Director or employee of Photon; or
  - (B) a hearing or investigation into Photon;

— (**Offence**) Any Director or member of senior management of Photon is charged with a criminal offence, or a Director of Photon is disqualified from managing a corporation under the Corporations Act; or
— (**New circumstance/Supplementary Offer Documents**) Any new circumstances arise or become known which, if known at the time of issue of any of the public documents released for the Capital Raising, would have been included in the public documents released for the Capital Raising, any such document is or becomes misleading or deceptive, any notice given by Photon for the Capital Raising under section 708A or 708AA of the Corporations Act is or becomes defective (within the meaning of the Corporations Act), or any amendment or update to any such notice is issued or is required to be issued under the Corporations Act.

However, if any of the termination events linked to materiality occurs, the Underwriter may not terminate the Underwriting Agreement unless it has reasonable grounds to believe and does believe that the event:

(A) has, or could reasonably be expected to have, a material adverse effect on:
  (i) the settlement of or the willingness of persons to apply for Shares to be issued under the Capital Raising (or would, in the absence of any contractual obligations, have or reasonably be expected to have such an effect); or
  (ii) the price at which Shares are sold on the ASX; or

(B) could be expected to give rise to a liability of the Underwriter or a contravention by the Underwriter of, or the Underwriter being involved in a contravention of, the Corporations Act or any other applicable law.

5.2
Commitments given by RG Capital and Hughes

RG Capital and Hughes have given an irrevocable commitment to the Underwriter to subscribe for their full Entitlement of approximately 16.95 million New Shares under the Rights Issue. They will be paid a fee of 2.0% of the value of their New Shares taken up, which will be paid by the Underwriter out of its underwriting fees.

5.3
Continuous disclosure

Photon is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These disclosure obligations require Photon to disclose to ASX any information that a reasonable person would expect to have a material effect on the price or value of the securities of Photon.

This document contains summary information only which does not purport to be complete. It should be read in conjunction with Photon's periodic and continuous disclosure announcements lodged with ASX which are available at www.asx.com.au or on Photon's website at www.photongroup.com.

Copies of documents lodged with ASIC in relation to Photon may be obtained from, or inspected at, an office of ASIC.

5 Additional information continued

5.4
Effect on control

In addition to undertaking the Rights Issue, Photon proposes to undertake the Placement which is fully underwritten by Morgan Stanley. Shares will be issued under the Placement on or about Monday, 24 August 2009 and these Shares will participate in the Rights Issue. Accordingly, the information which follows considers the effect of the Rights Issue on the control of Photon on the basis that the Placement Shares have been issued.

Given the underwriting arrangements with Morgan Stanley and irrevocable commitments given by RG Capital and Hughes, the potential effect the issue of the New Shares under the Rights Issue will have on the control of Photon is as follows:

(i) if all Eligible Shareholders take up their Entitlements under the Rights Issue, then the Rights Issue will have no significant effect on the control of Photon;

(ii) the proportional interests of Photon's major Shareholders may be maintained but cannot increase as a result of the Rights Issue;

(iii) if particular Eligible Shareholders do not take up all of their Entitlements under the Rights Issue, then the shareholding interests of those Eligible Shareholders in Photon will be diluted;

(iv) the proportional interests of Shareholders with registered addresses outside Australia and New Zealand (excluding Eligible Institutional Shareholders) may be diluted because (unless Photon determines otherwise) such Shareholders are not entitled to participate in the Rights Issue; and

(v) although the issue of New Shares to the Underwriter under the Rights Issue may increase the shareholding interests of the Underwriter in Photon, it is not expected to have any material effect on the control of Photon.

5.5
Withdrawal of Rights Issue

The Directors reserve their right to withdraw all or part of the Rights Issue at any time prior to the issue of New Shares, in which case Photon will refund Application Monies in accordance with the Corporations Act without payment of interest.

6 Defined terms

These definitions are provided to assist persons in understanding some of the expressions used in this Offer Document.

AEST means Australian Eastern Standard Time.

Applicant means an Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or arranging for payment through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

Application means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

Application Monies means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY®.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

Business Day has the same meaning as in the Listing Rules.

Capital Raising means the Placement and the Rights Issue.

Closing Date means 5.00pm (AEST) on 14 September 2009.

Co Manager means Southern Cross Equities.

Company or **Photon** means Photon Group Limited ACN 091 524 515.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company.

Eligible Institutional Shareholder means a Shareholder as at the Record Date with a registered address that is not in Australia or New Zealand to whom Photon determines to make the Offer.

Eligible Shareholder means a Shareholder as at the Record Date who is not a Non-participating Shareholder.

Entitlement means the entitlement to subscribe for New Shares pursuant to the Offer.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

FY09 means the financial year ending 30 June 2009.

FY09 Final Dividend means the final dividend for the year ended 30 June 2009 of 6.5 cents per Share payable on or about 11 September 2009.

Group means Photon and its related bodies corporate and controlled entities.

Hughes means Tim Hughes and certain entities associated with or controlled by him.

Investor Presentation means the "FY 2009 Results Presentation and Equity Raising" presentation released by Photon to ASX on 17 August 2009 and reproduced in section 4 of this Offer Document.

Issue Price means $1.50 each per New Share.

Listing Rules means the official listing rules of ASX.

Morgan Stanley means Morgan Stanley Australia Securities Limited.

New Shares means Shares to be allotted and issued under the Offer.

Non-participating Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand or who is not an Eligible Institutional Shareholder.

Offer means the pro rata non-renounceable offer to the Eligible Shareholders to subscribe for New Shares on the basis of 1 New Share for every 2 Shares of which the Eligible Shareholder is the registered holder as at 7.00pm AEST on the Record Date at an Issue Price of $1.50 each per New Share, pursuant to this Offer Document.

Offer Document means this document.

Opening Date means 27 August 2009.

6 Defined terms continued

Placement means the proposed placement of approximately 14.4 million Shares at $1.85 per Share to certain institutional investors as announced to ASX on 17 August 2009.

Privacy Act means the *Privacy Act 1988* (Cth).

Record Date means 7.00pm AEST on 25 August 2009.

RG Capital means the RG Capital Group of companies.

Rights means the rights to subscribe for New Shares pursuant to this Offer Document.

Rights Issue means the issue of New Shares offered pursuant to the Offer.

Share Register is the register comprising all of the Company's Shareholders and Shares held.

Share Registry means Computershare Investor Services Pty Limited.

Shareholders means holders of Shares.

Shares means fully paid ordinary shares in the capital of the Company.

Southern Cross Equities means Southern Cross Equities Limited ABN 87 071 935 441.

Timetable means the indicative table set out on page 2 of the Offer Document.

Underwriter means Morgan Stanley.

Underwriting Agreement means the underwriting agreement dated 17 August 2009 between the Company and the Underwriter.

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Corporate Directory

Offices and officers

Principal Registered Office
Level 9, 155 George Street
Sydney NSW 2000
Telephone: +61 2 8213 3031
Facsimile: +61 2 8213 3030

Directors
Tim Hughes (Executive Chairman)
Matthew Bailey (CEO)
Sue McIntosh
Brian Bickmore
Paul Gregory

Company Secretary
Eleni North

Location of Share Registry
Computershare Investor
Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone: 1300 855 080
Outside Australia: +61 3 9415 4000
Facsimile: +61 2 8234 5050

Securities Exchange
The Company is listed on the Australian Securities
Exchange (PGA)
The home exchange is Sydney.

Other Information

Photon Group Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Legal Adviser to Offer
Gilbert + Tobin
2 Park Street
Sydney NSW 2000

Auditors
KPMG
10 Shelley Street
Sydney NSW 2000

Underwriter
Morgan Stanley Australia Securities Limited
Level 39, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Co Manager
Southern Cross Equities Limited
Level 32, 88 Phillip Street
Sydney NSW 2000

Photon Group Limited
Rights Issue Infoline
Within Australia: 1300 022 175
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