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ASX / MEDIA RELEASE

DEBT EXTENSION

STRATEGIC REVIEW OF INTERNET & E-COMMERCE DIVISION

TRADING UPDATE

Photon Group Limited (ASX:PGA), today announced the following activities:

- Extension of \$158 million of debt facilities due in 2010 to 2012;
- Completion of a strategic review of its Internet & E-Commerce division; and
- A trading update, with outlook for FY2010 EBITDA in line with FY2009 normalised EBITDA taking into account first half trading conditions, the strength of the Australia dollar and the outcome of the strategic review of the Internet & E-Commerce division.

Debt Extension

Photon has reached agreement with Australia and New Zealand Banking Group (ANZ) regarding the extension of its two debt facilities due in calendar year 2010. A \$38 million facility which is currently undrawn, has been extended to 30 April 2012 and a \$120 million facility which is currently fully drawn, has been extended until 31 October 2012. Photon has two other debt facilities totalling \$122 million which are due in 2011.

Strategic Review of Internet & E-commerce Division

A strategic review has been underway of this division which has to date comprised two core business models: provision of digital services to clients, and the development and monetisation of on-line products.

The digital services business continues to generate stable consulting fees due to its medium term contractual relationships with corporate clients. The product development business requires continual investment in developing and commercialising new on-line applications. As discussed in the September Quarter Investor Update released to the ASX on 29 October 2009, the investment in new products occurring in the current half is not expected to generate significant earnings until later in FY2010 and FY2011.

Photon currently has a total relevant interest in DBS shares of 85% and has extended its offer of 35 cents per share until Monday 21 December to give the remaining DBS shareholders an additional week during which to accept the offer. Following the strategic review, after assessing its existing asset base of domain names and the DBS asset base of domain names, Photon will establish a third core business activity within the Internet & E-Commerce division which will be centred around the division's asset base of approximately 25,000 owned and managed domain names and DBS' portfolio of over 300,000 domain names. A number of companies across the Internet division will work collectively on maximising the value of these assets in the medium term.

Also following the strategic review, Photon subsidiary Geekdom decided to exit its Geekiversity business, which provided an on-line education product to individual consumers. Geekdom has now completed the sale of this business unit to a specialist provider of consumer training and education services.

The exit from the Geekiversity business as part of the restructure of the Internet & E-Commerce division is expected to result in non-recurring losses of approximately \$5.5 million in the first half of financial year 2010. As a result the EBITDA for the Internet & E-Commerce division is expected to be significantly lower in financial year 2010 than the prior period.

Trading Update

Since the September Quarter Investor Update, Photon's four other divisions continue to perform well and in-line with budgets. While the first quarter of financial year 2010 was weaker than expected, the second quarter is showing promising signs of recovery. Strategic Intelligence and Integrated Communications & Digital are showing strong growth on the prior period. The areas of Specialised Communications which were most impacted by the down-turn, including corporate communications and experiential and event management continue to show pleasing signs of recovery and public relations businesses continue to grow strongly. Field Marketing is performing solidly off a very high base in the prior period.

The strength of the Australian dollar continues to impact the 35% of earnings generated from international businesses. However overall we remain confident that these four divisions will together generate high single digit EBITDA growth in FY2010, in line with previous guidance.

After adjusting for the abnormal losses associated with the discontinued Geekiversity business and factoring in the continuation of the strength of the Australian economy and Australian dollar, Photon expects its 2010 EBITDA to be in line with normalised EBITDA in FY2009.

Contacts:

Tim Hughes
Executive Chairman
Photon Group Limited
+ 61 419 555 733

Matthew Bailey
CEO
Photon Group Limited
+ 61 413 337 722

Tim Allerton
City PR
+612 9267 4511
+61 412 715 707