

17 September 2007

ASX/MEDIA RELEASE

PHOTON GROUP ACQUIRES LEADING ADVERTISING AGENCY, BMF

- **Acquires Australia's leading independent advertising agency, BMF**
- **Significantly strengthens Photon's Integrated Communications and Digital Division**
- **Acquisition earnings per share accretive over 12 months**

Photon Group (ASX:PGA) has made a significant boost to its integrated communications division, today announcing the acquisition of Australia's leading independent advertising agency.

BMF has been consistently regarded as Australia's leading independent advertising agency since it was founded in 1996 by Matthew Melhuish and Warren Brown. BMF is currently B&T National Agency of the Year and B&T Direct Agency of the Year and collected three top awards at the recent AFA Effectiveness Awards.

BMF is a full-service creative agency with a blue-chip client portfolio across leading brands in a range of sectors, including major corporate businesses. It employs over 140 staff.

Executive Chairman of Photon, Tim Hughes said: "This is a significant development and a key acquisition for Photon. BMF is an outstanding Australian success story in advertising with a strong earnings growth profile from a stable of top-tier clients.

"Strategically, BMF provides a powerful complement to our existing integrated communications companies and significantly increases our presence in traditional advertising."

Matt Bailey, CEO of Photon, said: "BMF brings solid earnings momentum, long-term client relationships, and a substantial portfolio of creative achievements to the group.

"Their work is highly rated for both creativity and effectiveness which is why they are continuing to win major client mandates."

Matthew Melhuish, CEO of BMF, said "The agency is delighted to become a part of Photon. We really like their passion and their clear determination to succeed".

"We have successfully grown BMF as an independent for over ten years but we also have big plans for the future. What joining Photon offers us is a great many ways to further develop our business and maintain and grow our brand.

Warren Brown, Executive Creative Director of BMF said "Photon is the right fit at the right time for BMF. They will help us continue on our path of being 'A world class agency that happens to be based in Sydney."

The Purchase price comprises an initial up front payment in cash of A\$21.8 million and 600,000 Photon shares plus deferred payments tied to performance targets.

Over the next 12 months, the acquisition of BMF is expected to be accretive to Photon's earnings per share.

Photon is a specialist marketing services company comprised of five strategic divisions: Strategic Intelligence, Integrated Communications & Digital, Experiential & Field Marketing, Internet Marketing & Communications and Specialised Communications

Contact

Tim Hughes
Executive Chairman
Photon Group Limited
(02) 8213 3036; 0419 555 733

Matthew Melhuish
CEO
BMF
0419 925 559

Matt Bailey
CEO
Photon Group Limited
0413 337 722

Warren Brown
Executive Creative Director
BMF
0411 137 804