

1 November 2007

ASX / MEDIA RELEASE

**PHOTON GROUP EUROPEAN EXPANSION
WITH ACQUISITION OF HOTWIRE AND SKYWRITE**

Photon Group (ASX:PGA) has entered the European market by, today announcing that it has acquired 100% of North by Northwest Group Limited the holding company of top-ranked international technology public relations agency, Hotwire Public Relations (Hotwire) and full service agency Skywrite Communications (Skywrite).

Hotwire is consistently rated one of Europe's leading PR companies. At the recent PR Week Awards, it was awarded Best Technology Campaign and International Consultancy of the Year.

Established in 2000, Hotwire has six specialist practice areas: applications & services, banking & finance, consumer, digital media, enterprise & electronics and telecommunications which it offers from offices in London, Paris, Frankfurt, Madrid and Milan. Skywrite was launched early in 2007 and is a fast growing London-based full service communications agency.

Executive Chairman of Photon, Tim Hughes said: "This acquisition re-affirms Photon's international expansion strategy, through building a market position in the lower risk, higher margin sectors such as public relations. It also provides an exciting opportunity for Photon to expand into four further European countries."

"Hotwire and Skywrite have a stable of leading technology companies as clients, with a rapidly growing earnings profile. Hotwire was recently named as Europe's fastest growing technology PR consultancy."

Matt Bailey, CEO of Photon said: "Hotwire and Skywrite are excellent businesses with strong client service ethos and reputation. The group is on a clear growth trajectory with solid momentum and will be a strong complement to our other recently acquired UK businesses, Frank PR, REL and Corporate Edge, as well as providing the opportunity to expand Photon's presence in the continental European marketing services sector."

Hotwire and Skywrite founder, Kristin Syltevik, said: "Photon has an exciting and disciplined strategy to develop its business in Europe. The company is a fantastic

partner to help us expand our client service and to grow our footprint internationally. We are delighted to be joining the group at such an exciting time in its development.”

The purchase price comprises an initial payment in cash of A\$22.4 million plus deferred payments tied to performance targets. The initial payment was funded from Photon’s acquisition facility, which has been expanded as set out below. Over the next 12 months, the acquisition of Hotwire is expected to be positive to Photon’s earnings per share.

Update on Photon Group Funding

Photon has entered into agreements with the Australia and New Zealand Banking Group Limited (ANZ) to expand its existing debt facilities by A\$120 million. This takes Photon’s funding capacity for acquisitions to A\$346 million plus ancillary facilities. The terms of the expanded facilities are materially the same as Photon’s existing arrangements with the ANZ, both in terms of pricing and covenants, and have extended Photon’s average debt from 1.25 years to almost 2 years. The additional facilities provide Photon with the flexibility to continue to acquire high quality companies, subject to total debt remaining at less than 3.5 times EBITDA.

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

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