

Photon Group Limited

2005 Annual Results

August 2005

Photon Group Limited

- ◆ “A community of Specialist Marketing Services Companies, recognised as leaders within each discipline through delivering tangible sustainable competitive business results for our clients”

- ◆ 2005 was a watershed year for Photon:
 - 3 major acquisitions taking the group to 16 companies.
 - Exceeded expectations with Revenue of \$81.0m and EBITDA of \$18.3m verse prospectus forecast \$62.3m and revenue \$13.4m EBITDA.
 - EPS (adjusted for goodwill amortisation) 17.6 cents exceeded 14.8 cents prospectus forecast by 19%.
 - Firmly established as a significant player in the marketing & communications sector. We are diverse and independent.
 - We now have a clear vision and corporate structure involving 5 distinct pillars which will be the platform for organic growth and future acquisitions.

Actual Results

	Actual 2005	Prospectus 2005	Actual 2004	Actual 2003
Revenue	81.0	62.3	34.3	21.9
EBITDA	18.3	13.4	5.6	3.2
Depreciation/Amortisation/PV*	8.0	4.8	1.9	1.8
EBIT	11.2	8.7	3.6	1.4
NPBT	8.2	7.6	3.4	1.4
NPAT after minorities	4.6	3.8	1.3	-
NPAT adjusted for Goodwill Amortisator	9.9	7.2	2.7	-
EPS adjusted for Goodwill Amortisation	17.6	14.8	5.5	-
Final Dividend	5.0	4.0	2.0	-
Final Share/s on Issue	56,392,127	49,036,632	49,036,632	21,149,722

* PV represent a non cash discounting charge against deferred acquisition payments

Financial Year Overview

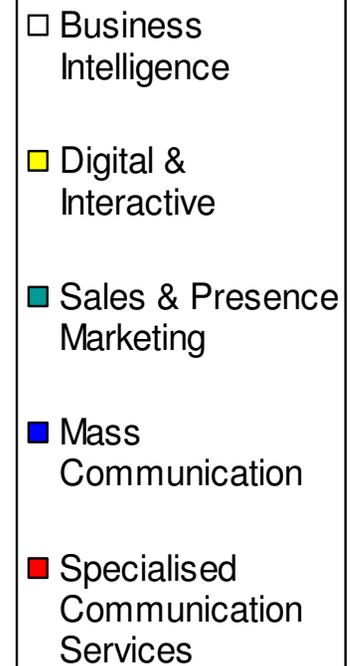
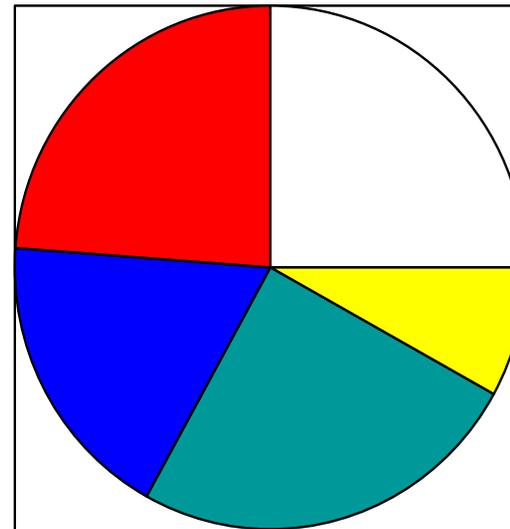
- ◆ Marketing & Communications business is robust. Like on like revenue is up 9%
- ◆ Market Research, Mainstream Advertising, Corporate Events and Direct Marketing best performing sectors with above average growth
- ◆ Group EBITDA Margin running at approx 22-23%
- ◆ Acquisition of three companies during the year and a further four in July and August 2005, taking the total group companies to 20;
- ◆ Tony Rowlinson commenced as COO to help drive performance based culture, cross pollination of customers across companies and the development of future leaders program.
- ◆ **The Leading Edge** - Acquired – July 2004
Australia's leading independent research based consultancy business providing over 15 years operation experience with a special emphasis on identifying new category and product opportunities for the FMCG, retail, health, pharmaceutical and finance industries
- ◆ **Orchard National** - Acquired – January 2005
Retail brokerage catering to small-medium enterprises
- ◆ **Legion Interactive** - Acquired – March 2005
With over 15 years industry experience specialising in promotional marketing services (competition and marketing), information services, unique communication solutions & content aggregation, Legion is Australia's premier provider of interactive telephone, SMS/MMS, internet and email services for broadcast media. Clients include TV networks, media clients and FMCG clients.

Recent Announced Acquisitions

Recent acquisition/s			
	Related existing company	Description	Other Information
1 Kinetics	AdPartners (Advertising and PR Agency)	Specialist IT PR and marketing consultancy	<ul style="list-style-type: none"> Established in 1996 by specialist IT marketer Jody Lennon Now a subsidiary of AdPartners
2 Republicorp	IDEAssociates (Corporate Design)	Online document solutions – including for Annual Reports	<ul style="list-style-type: none"> The solution comprises 3 main solutions – software suite documentation methodologies and consulting services.
3 Kaleidoscope Marketing Communications	Brass Tacks (Promotional Marketing)	Promotional Marketing Agency	
4 Media Zoo (50.1%)	Photon	Start-up interactive marketing company	<ul style="list-style-type: none"> Start-up company (July 2005). Photon is providing seed capital in return for a controlling interest. “Founders” include the former Brainwaave Interactive team headed by Tom Kennedy (previously CEO of ASX listed Hyro Limited which acquired Brainwaave in 2003) and Chris O’Hanlon (ex Spike Networks CEO).

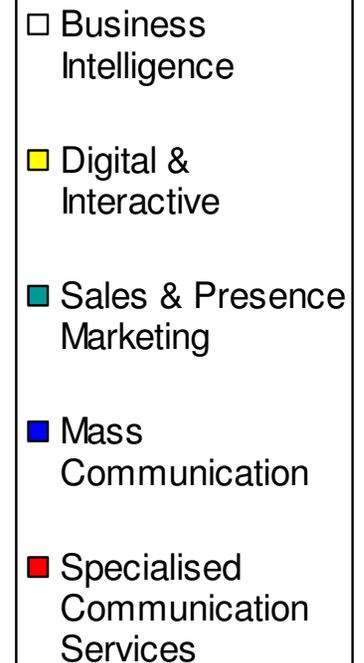
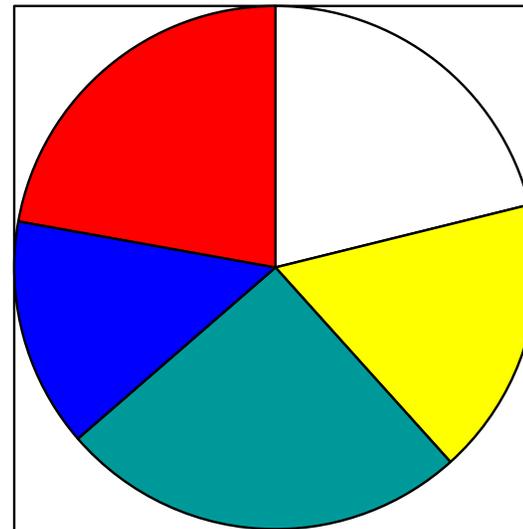
Actual Revenue Mix

◆ Business Intelligence	25%
◆ Digital & Interactive	8%
◆ Sales & Presence Marketing	25%
◆ Mass Communication	18%
◆ Specialised Communication Services	24%



Projected Revenue Mix

◆ Business Intelligence	22%
◆ Digital & Interactive	17%
◆ Sales & Presence Marketing	25%
◆ Mass Communication	14%
◆ Specialised Communication Services	22%



Balance Sheet Summary

As at 30 June 2005

Net Working Capital	2,297
Other Assets	7,858
Fixed Assets	6,145
Intangible Assets	116,203
Total Assets	<u>132,503</u>
Less: Provisions	7,824
Deferred Payments (PV)	20,107
Net Debt	21,202
Total Equity (incl OEI)	<u><u>83,370</u></u>

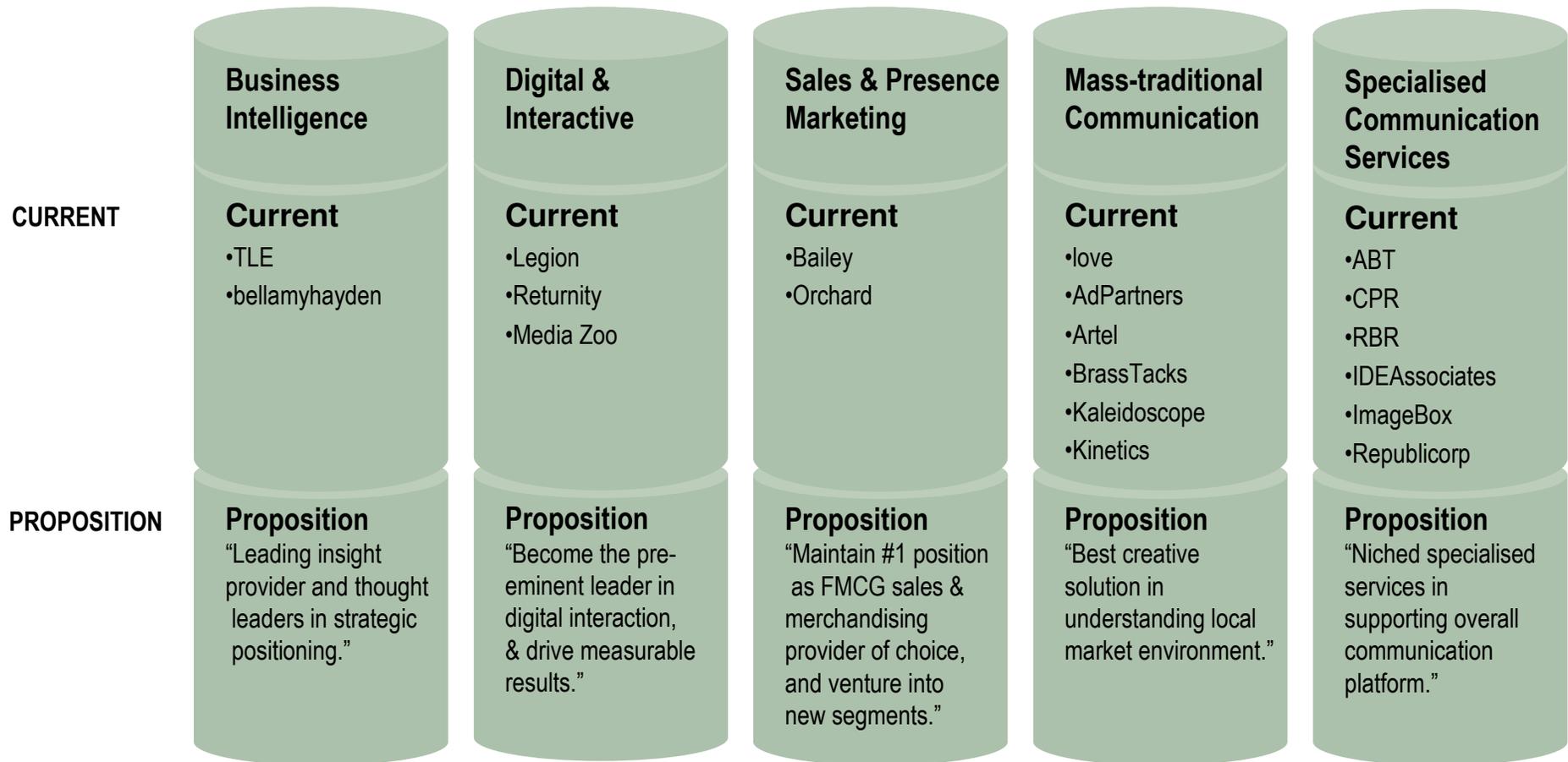
Photon Group Vision

“We will deliver industry leading **financial returns** through **understanding our markets** and customers better than anyone else, through **cutting edge innovative solutions** that deliver sustainable profitable sales and insuring we continue to foster an entrepreneurial culture through our **independent structure** .”

Structure To Deliver Vision

- ◆ To capitalise on our industry knowledge, know how & leadership, we will create five strategic pillars that will deliver by pillar a winning proposition, improved understanding & sharing of the market, best customers solutions, and greater back office synergies
- ◆ Each pillar will have a champion who will be chartered with growing the pillar through providing the strategic direction, finding attractive acquisitions & potential start-ups as well as ensuring the effective interaction between the applicable businesses in that pillar

5 pillars



Issues / Growth Strategies

- ◆ Continue need to remain at the forefront of Marketing services.
 - *(eg new ways to look at adding value and helping clients sell more goods and services)*
- ◆ Paradigm shift to digital and interactivity. Making certain we are leading the way and keeping pace with technology change
- ◆ Ongoing development of staff and skill base in the group
- ◆ Following clients into new geographic locations. Being where the clients are
- ◆ Acquiring the right business's that are not reliant on any one client or any one member of staff
- ◆ Drive performance culture across all companies and cross pollination of customers across companies.

Outlook

- ◆ Solid growth outlook for 'marcomms' in the medium term, compared to more mature advertising sector
- ◆ Management's focus is on revenue growth, earnings margins and further diversifying the Group's revenue and earnings stream's
- ◆ Costs remain tightly controlled with ongoing focus in seeking operational efficiency in all aspects of the business
- ◆ During September, 7 of the Group companies are relocating to 155 George Street in Sydney. This is an exciting progression in the Group's strategic direction
- ◆ Continue to explore and assess further acquisitions that will further diversify the groups revenue and earnings