

4 June 2008

ASX / MEDIA RELEASE

**PHOTON GROUP UNDERWRITTEN RIGHTS ISSUE AND
EXTENSION TO DEBT FACILITIES**

Photon Group Limited (ASX:PGA) has today lodged documents with the ASX for its shareholders to participate in an underwritten non-renounceable rights issue. Under the offer, existing eligible Photon shareholders will have the opportunity to subscribe for one new share for each three shares held on the record date (13 June 2008) at a price of \$3.00 per new share.

The offer is expected to raise approximately \$76.6 million. The offer is fully underwritten by UBS and Southern Cross Equities. The RG Capital group of companies, Matthew Bailey and members of his family, together with Tim Hughes have provided commitments to take up their share of entitlements which represent 40.35% of the offer.

The proceeds from the offer will enable Photon to reduce the balance due under its debt facilities and allow it to continue to pursue opportunities to acquire high quality businesses whilst maintaining prudent leverage ratios.

Photon today also announced that ANZ has approved the extension of the terms of two of its debt tranches; the \$76 million tranche will be extended from FY2009 to FY2012, and the \$150 million tranche from FY2009 to the beginning of FY2010. Photon will use the proceeds of the rights issue to repay short term debt and reduce total debt outstanding to approximately \$245 million. Photon expects that following the rights issue \$52 million will remain outstanding under its FY2010 facilities and 80% of its total debt balance will mature in FY2011 or later.

Mr Tim Hughes, Executive Chairman said "Photon is pleased to offer its shareholders the opportunity to subscribe for new shares. Photon has a diversified international portfolio of specialist companies which will provide an excellent platform for future growth. In FY08, the company is forecasting exceptional organic growth from its internet communications, public relations companies and communications consultancies. Traditional advertising agencies are expected to generate less than 15% of forecast FY08 EBITDA."

"The pay down of debt with the proceeds of the offer, combined with the extension of the terms of two of the company's debt facilities, leaves Photon's balance sheet in a

strong position, and allows Photon to continue to pursue smart acquisitions which fit the group's strategic goals."

Photon today also confirmed that it is on track to deliver FY08 net revenue of approximately \$375 million and FY08 EBITDA of approximately \$75 million.

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Attached: Investor Presentation and Rights Issue Offer Document