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ASX RELEASE

**PHOTON ACQUIRES ONLINE MARKETING
AND ADVERTISING GROUP IMEGA**

- **Acquires leading online marketing group iMega**
- **Enhances Photon's marketing services offering**
- **Expected to be positive to Photon's earnings per share over next 12 months**

Photon Group Limited (ASX:PGA) has entered into an agreement to acquire the online performance-based marketing group, iMega.

Photon Executive Chairman, Mr Tim Hughes said, "Strategically this deal is very important for Photon. It places us at the forefront of the evolving marketing landscape as more and more people are using the internet for entertainment, awareness, search and purchase decisions. This new media is accountable and direct and operators like iMega earn commission for driving traffic which links consumers with product suppliers."

iMega group has three distinct profit centres;

OPERATING DIVISION		
Online Pay for Performance	Online Global Search	Online Market Intelligence
MARKET BRANDS		
iMarketing iWhiz Coolworkz	MarketingWhip.com	AdRankings USAOnline

The purchase price comprises an upfront payment of \$7.57 million in cash, to be funded using existing debt facilities and the issue of 101,415 ordinary Photon shares at \$4.24 per share. The shares will be restricted by a voluntary escrow for 6 months from the date of issue. In addition, deferred consideration tied to the earnings of iMega through to 31 March 2009 is payable each year by 31 July 2009. Over the next twelve months, the acquisition of iMega is expected to be positive to Photon's earnings per share.

Photon Group CEO, Matthew Bailey, said, "Performance-based marketing is the future with more companies directing their marketing spend online. The internet has provided the means for advertisers to market to consumers more effectively and measurably. iMega is our gateway to the US market - with a team focused on outcomes, not limited by geography, spanning Australia to the US and the UK"

Photon announced the proposed appointment of Siimon Reynolds as Chairman of iMega following completion.

Siimon Reynolds said, "I look forward to working with iMega CEO Ari Klinger to continue to expand the group's product range and client base. Online performance based marketing offers client's tangible, cost effective results. "

iMega's CEO, Ari Klinger, said, "We considered an IPO but in the end we felt that by joining Photon we could focus on the enormous opportunities our existing business currently has in addition to using Photon's skill, capital and network to continue to look for further online acquisitions.

"Our current operations are growing strongly. For example, six months ago the group directed 40,000 people a day to advertisers. Today we direct 200,000 people a day to advertiser sites. Unlike other media, the value for clients is immediately measurable. They know instantly if their campaign is working. Sophisticated tracking technology delivers hard facts and figures in real time and if the campaign needs tweaking it takes minutes or hours - not days or weeks, nor is it cost prohibitive."

The acquisition requires the satisfaction of a number of conditions. Subject to those conditions being satisfied, it is anticipated that completion of the acquisition will occur during July 2006.

Photon Group is a specialist market services company comprised of five strategic pillars: Business Intelligence, Digital & Interactive, Sales & Presence Marketing, Mass Communications and Specialised Communication Services.

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