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ASX RELEASE

**LONGER TERM AGREEMENT WITH ONLINE MARKETING
AND ADVERTISING GROUP IMEGA**

Photon Group Limited (ASX:PGA) completed an agreement to acquire the online performance-based marketing group, iMega in July 2006.

Photon today entered into a Deed of Variation that varies the transaction documents in relation to the iMega acquisition, amongst other things, in the following respects:

- Photon has acquired from the iMega vendors the 10% shareholding in iMega that they retained at completion of the initial transaction, taking Photon's ownership of iMega to 100%.
- The iMega vendors have agreed to vary the terms of the deferred consideration payable to them over subsequent years. The deferred consideration is tied to the earnings of iMega through to 30 September 2011.
- Photon has paid additional payments totalling \$15,740,170.65 in cash, to be funded using existing debt facilities, and has issued 2,262,769 ordinary Photon shares at \$5.86 per share to the iMega vendors. The shares will be issued on the same terms as other ordinary Photon shares, however, the shares will be restricted by voluntary escrow for 6 months from the date of issue. Photon is not required to seek security holder approval in relation to this issue of securities.
- Over the next twelve months, the acquisition of iMega is expected to be positive to Photon's earnings per share.
- Photon Executive Chairman, Mr. Tim Hughes said today, "We have renegotiated the iMega deal so as to more closely align the interests of Photon

and the vendors of iMega. The deal whilst financially, not materially different based on current earnings, provides for a longer earn-out period. The first payment of the earn out will not occur until September 2008 following the cash and share payments made today. The online pay for performance marketing sector is experiencing strong growth and iMega is ahead of budget for the first 4 months of the financial year”.

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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