



PhotonGroup

2007 Annual Results – August 2007

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Overview

- Net Revenue increased 56% to \$195 million and EBITDA was up 60% to \$45.1 million.
- Net profit increased 38% to \$16.3m
- EPS (adjusted for amortisation and PV interest) increased from 27.51 cents in 2006 to 34.43 cents in 2007.
- EBITDA margin was 23.2% (up from 22.5% in 2006).
- Acquisition of a further 10 companies during 2007, further diversifying revenue and earnings.
- Photon is not dependent on any one form of media, marketing sector, individual company or client.
- Photon is plugged into the high growth sectors of research, digital, internet, field marketing, and specialised services such as PR.
- Photon experienced very strong organic growth, with revenue up 11% and EBITDA up 10%. Organic growth underpinned the 2007 result.

Results Summary

	2005	2006	Change	2007	Change
Revenue	\$107.0m	\$169.5m	58%	\$307.3m	81%
Net Revenue	\$80.4m	\$124.8m	55%	\$194.6m	56%
EBITDA	\$17.9m	\$28.1m	57%	\$45.1m	60%
EBITDA margin	22.2%	22.5%	1%	23.2%	3%
Net Profit before minorities	\$8.6m	\$12.1m	40%	\$17.5m	45%
Net Profit after minorities	\$8.7m	\$11.8m	36%	\$16.3m	38%
EPS Reported (cents)	15.4c	20.27c	32%	23.28c	15%
EPS Adjusted (cents)	17.8c	27.51c	55%	34.43c	25%
Full Year Dividend (ff) (cents)	8c	20c	150%	23c	15%

* Adjusted for Amortisation of Intangibles, PV Charges.

Income Statement

Audited Income Statement Year Ended 30 June 2007	2005 Actual (\$'000s)	2006 Actual (\$'000s)	2007 Actual (\$'000s)	% Change 06-07
Revenue	107,029	169,508	307,328	81%
Net Revenue	80,394	124,778	194,596	56%
EBITDA	17,989	28,061	45,054	60%
Depreciation	1,743	3,126	4,898	57%
Amortisation – Identifiable intangibles	436	2,845	4,807	69%
EBIT	15,810	22,109	35,349	60%
Interest – PV Charges	924	1,384	3,014	118%
Reported NPAT (before minorities)	8,618	12,046	17,531	46%
Reported NPAT (after minorities)	8,703	11,835	16,325	38%
Adjusted NPAT **	9,978	16,275	25,352	56%
Reported EPS	15.4	20.27	23.28	15%
Adjusted EPS	17.8	27.51	34.43	25%
Interim Dividend (ff)	3.0	8.0	10.0	25%
Final Dividend (ff)	5.0	12.0	13.0	8%
EBITDA Margin *	22.2%	22.5%	23.2%	
WANOS	49.907m	58.398m	70.132m	

* EBITDA margin based on net revenue. ** Adjusted for Amortisation – Intangibles, PV Charges.

Organic and Acquisition Revenue / EBITDA Analysis

	2006	2007	Change
Net Revenue (Organic)*	\$141.3m	\$156.8m	11%
Acquired	–	\$37.8m	
Total	\$141.3m	\$194.6m	38%
EBITDA (Organic)*	\$31.2m	\$34.4m	10%
Acquired	–	\$10.7m	
Total	\$31.2m	\$45.1m	45%

* Organic growth represents like-like results for companies acquired in FY2006.

Balance Sheet

	\$'000
Cash	17,994
Working Capital	16,620
Financial Assets	15,912
Other Assets	9,030
Fixed Assets @ WDV	13,801
Intangibles:	
Goodwill	263,465
Identifiable Intangibles @ WDV	22,712
Total Assets	359,534
Provisions	25,648
Deferred Consideration (PV):	
Current	14,432
Non-Current	32,157
Borrowings:	
Bank	100,082
Finance Leases	6,039
Net Assets	181,176

* Adjusted for Amortisation of Intangibles, PV Charges

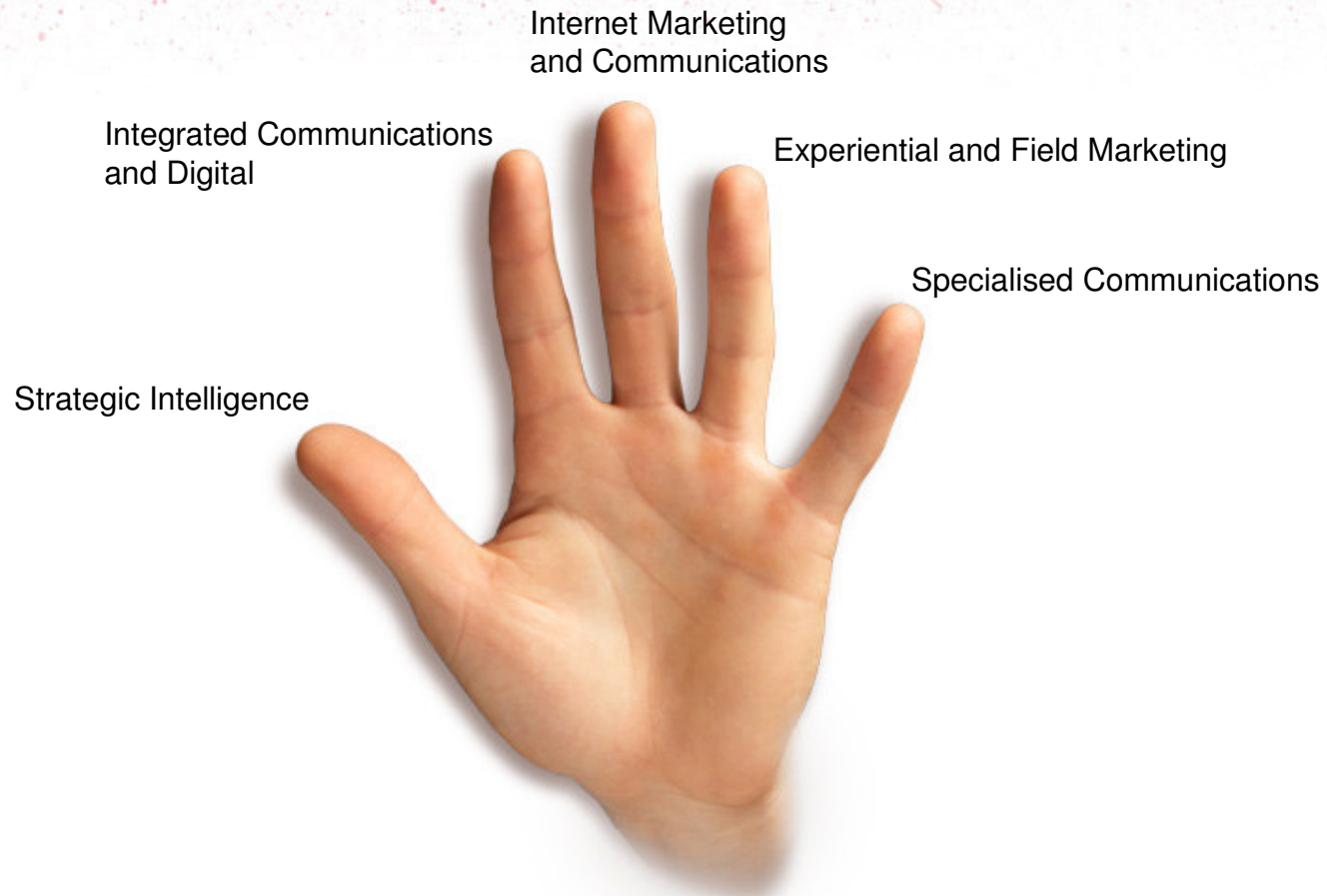
Cash Flow

	2006	2007
Operating EBITDA	28,096	45,053
Increase in working capital	(7,153)	(6,250)
Gross cash flow	20,943	38,803
Net interest paid	(2,987)	(5,826)
Other		253
Tax	(5,766)	(5,941)
Operating cash flow	12,190	27,289
CAPEX	(4,229)	(6,278)
Free cash flow (Pre dividends)	7,961	21,011

2007 Year in Review

- New structure in place with divisional managing directors appointed. Currently interviewing for an Internet Marketing and Communications Division Managing Director.
- Experiential and Field Marketing, Internet Marketing and Communications and Specialised Communications Divisions performed very strongly.
- Integrated Communications and Digital was inconsistent.
- The Strategic Intelligence Division was flat.
- 10 acquisitions with a first entry point into the UK and USA markets.
- Increased debt facility to \$250 million.
- Continued to promote and develop incubator ideas, e.g. Imega launching Wookah.
- Increased EBITDA margin from 22.5% to 23.2%.
- Strong organic EBITDA growth of 10%.
- Final dividend of 13 cents, a total dividend of 23 cents for the year.

Photon Group Five Divisions



Acquisitions

Acquisitions 2006/2007

Strategic Intelligence	Internet Marketing and Communications	Experiential and Field Marketing	Integrated Communications and Digital	Specialised Communications
Jigsaw DVL Smith	iMega Dark Blue Sea (20%) OBMedia (US) C4 Found Agency	Ausrep	BWM	BCG (NZ)

Acquisitions 2007/2008 to date

		REL (UK)	Messagenet ISS Marketing	Markson Sparks
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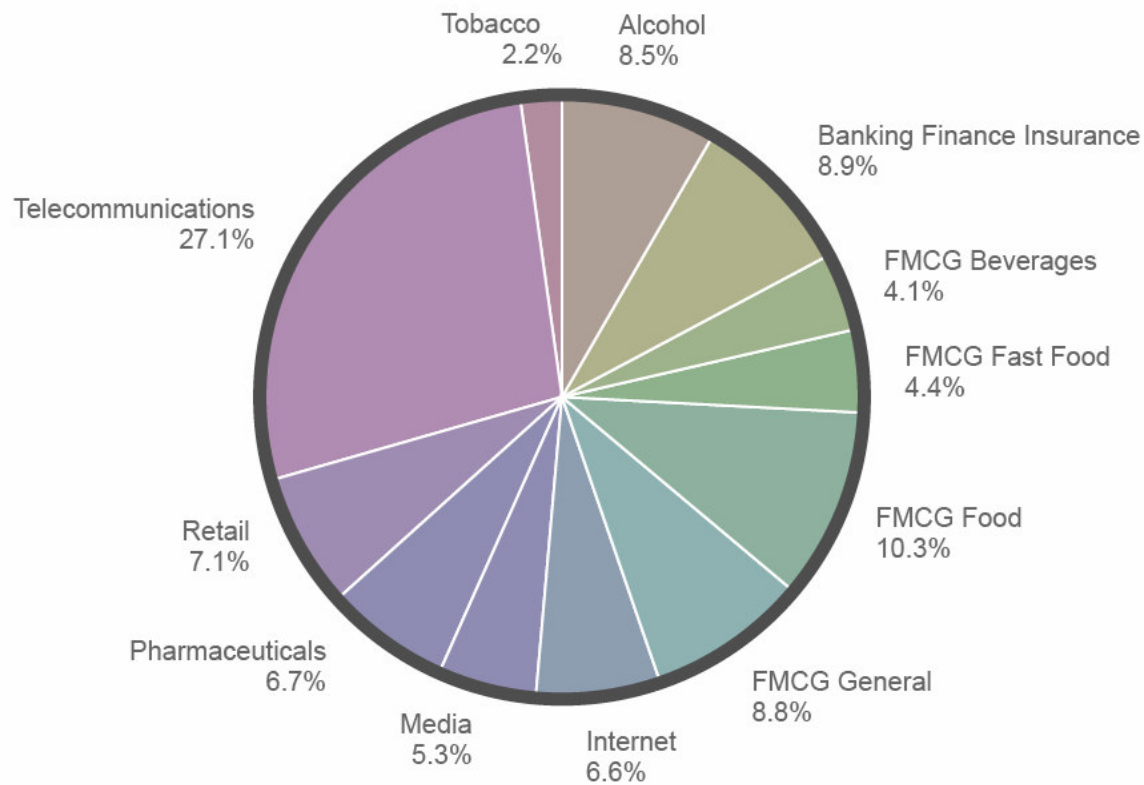
Division Composition

Strategic Intelligence	Internet Marketing and Communications	Experiential and Field Marketing	Integrated Communications and Digital	Specialised Communications
The Leading Edge Jigsaw DVL Smith	Returnity iMega Dark Blue Sea (20%) OBMedia (US) C4 Found Agency	The Bailey Group Brand Impact Counterpoint Demonstration Plus Ausrep REL (UK)	Love AdPartners Brass Tacks The Artel Group Kaleidoscope Belong BWM Messagenet ISS Marketing	Bellamyhayden Ideass/Precinct CPR ABT Image Box Kinetics Republicorp Creo (NZ) BCG (NZ) Markson Sparks

Acquired FY07
 Acquired FY08

Diversification by Sector

Top 25 Clients by Industry
For Year Ended 30 June 2007

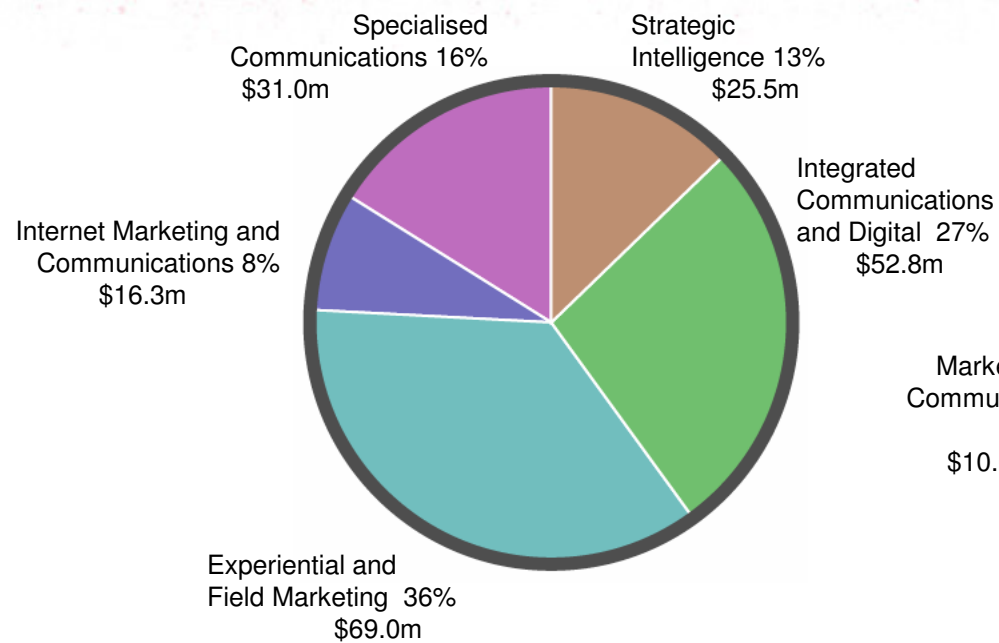


Diversification by Client

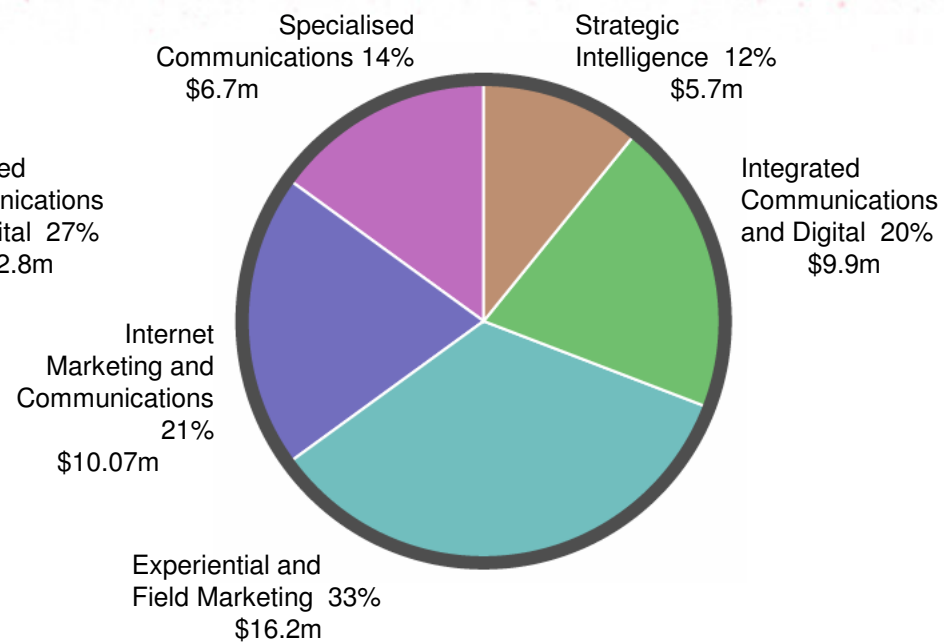
		Number of Photon Relationships	% of Total Revenue
Client 1	Telecommunications	7	6.5%
Client 2	Retail	7	2.6%
Client 3	Internet	2	2.4%
Client 4	Telecommunications	4	2.4%
Client 5	Alcohol	4	2.4%
Client 6	FMCG Food	2	2.1%
Client 7	Banking Finance Insurance	3	1.7%
Client 8	FMCG Fast Food	3	1.6%
Client 9	Pharmaceuticals	6	1.3%
Client 10	Pharmaceuticals	3	1.2%
Total Top 10			24.2%
Total Top 20			33.2%

2007 Revenue and EBITDA by Division

Revenue



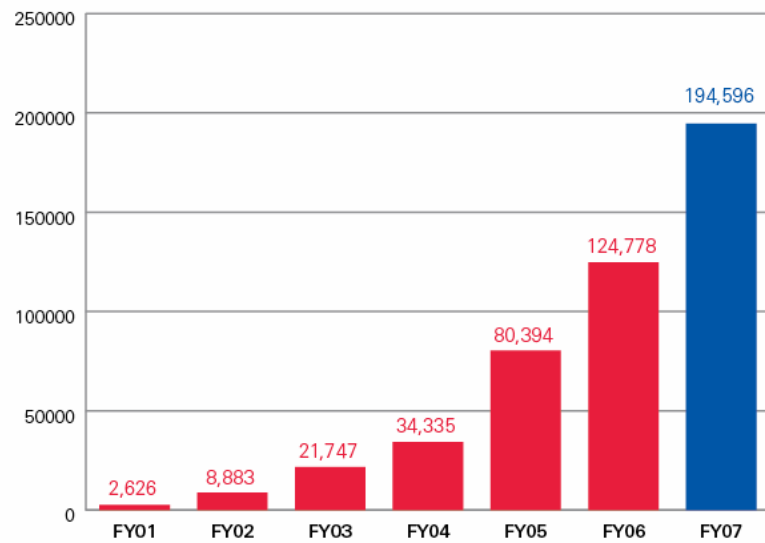
EBITDA



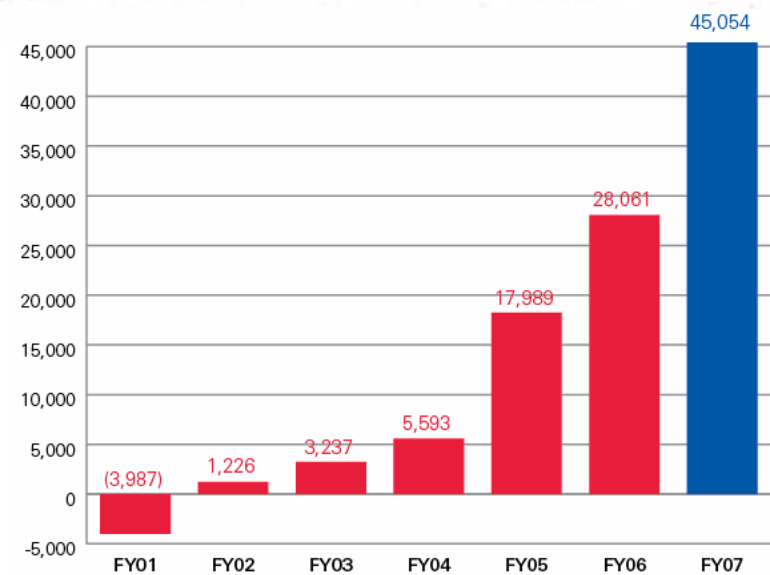
Revenue and EBITDA analysis excludes Photon Support centre

7 Year Revenue and EBITDA

Revenue ('000)



EBITDA ('000)



Outlook

- Continue international expansion into both the UK and USA.
- Expand in developing international markets with our existing businesses, e.g. ABT China.
- An emphasis on people development and succession planning.
- Drive financial disciplines within all businesses, e.g. cash flow.
- Maintain a culture to continue to attract the best talent in the industry.
- The Internet Division now accounts for 21% of the Group's EBITDA. There is an ongoing focus in the Internet Division of continuing to incubate concepts and monetise them within our current businesses and acquisitions.
- Healthy outlook for 2008 strengthening the new divisional structure, increased Photon support centre resources and a hungry attitude to succeed.