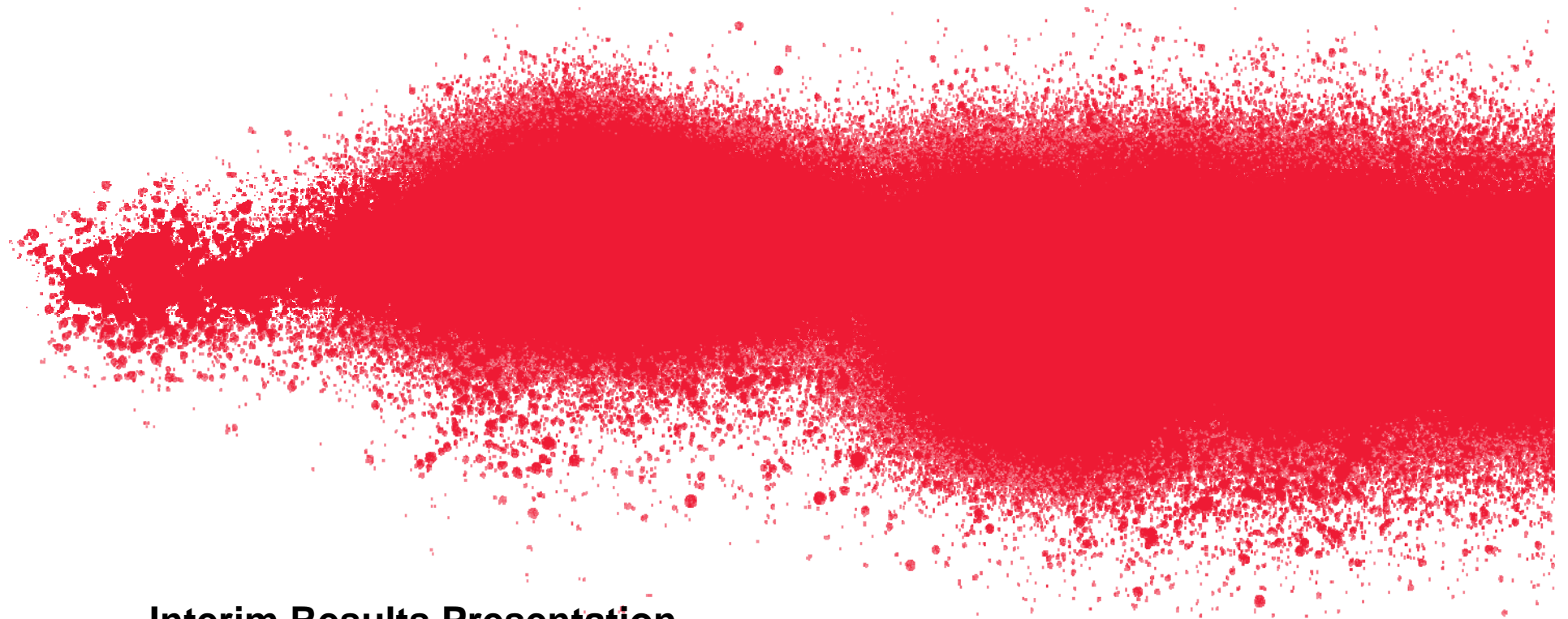

PhotonGroup



**Interim Results Presentation
Six Months Ended 31 December 2008**

PhotonGroup

Executive summary

- Strong revenue and earnings growth during tough times demonstrates Photon's positioning as a diverse, non-traditional focused marketing and communications group
- Net revenue increased 40% on prior period to \$221.6 million
- Underlying EBITDA increased 39% on the prior period to \$40.3 million
- Underlying net profit after tax increased 10% on the prior period to \$9.5 million
- Like-for-like net revenue growth of 18% and like-for-like EBITDA growth of 10%
- Diversified marketing and communications contributed 89% of EBITDA, while advertising agencies contributed 11% of EBITDA
- Non-cash impairment of \$4.2m on Dark Blue Sea minority holding
- Proceeds of rights issue used to pay down \$68.5 million of debt in July 2008
- Capital management program implemented with dividend payout ratio set at 50% - interim dividend of 6 cps fully franked
- Despite the second half forecast to be a tougher operating environment, we are cautiously optimistic we can achieve previous guidance for the full year

Interim profit & loss summary

Six months ended 31 Dec, A\$m	1H2009	1H2008	Change
Revenue	\$333.2m	\$245.6m	36%
Net Revenue	\$221.6m	\$158.6m	40%
Underlying EBITDA	\$40.3m	\$28.9m	39%
EBITDA Margin ¹	18.2%	18.2%	
Underlying Net Profit after minorities	\$9.5m	\$8.6m	10%
Underlying Net Profit after minorities Adjusted ²	\$16.7m	\$13.0m	28%
Underlying EPS Reported ³	9.4 cents	11.5 cents	
Underlying EPS Adjusted ^{2,3}	16.6 cents	17.3 cents	
Payout ratio (annual)	50%	100%	
Interim Dividend (ff)	6.0 cents	11.5 cents	

1. EBITDA margin is EBITDA / Net Revenue
2. Adjusted for amortisation of intangibles and present value charges
3. WANOS 1H2009 of 100,494,358 (1H2008 of 75,267,363)

Reconciliation of underlying net profit to reported net profit

- Review of carrying value of 28% minority holding in listed company Dark Blue Sea Limited
- No impact on dividend in FY2009

Six months ended 31 Dec, A\$m	1H2009	1H2008	Change
Underlying Net Profit after minorities	\$9.5m	\$8.6m	10%
Non-cash impairment of DBS holding	\$(4.2)m	-	
Reported Net Profit after minorities	\$5.3m	\$8.6m	

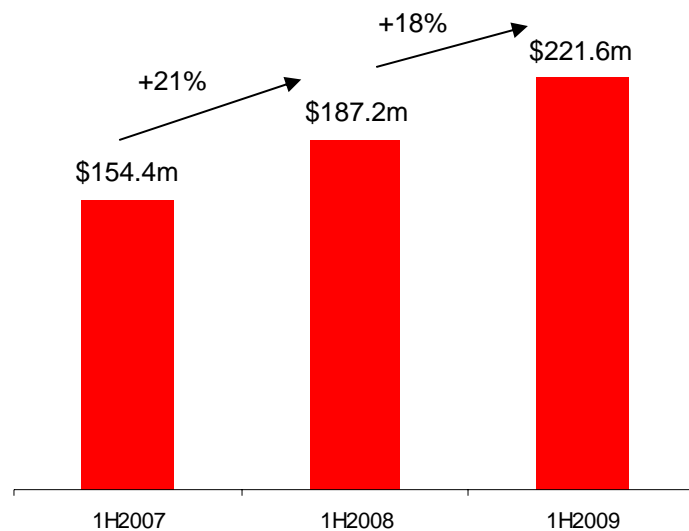
Operational overview

- The shift in marketing budgets has seen very strong growth in field marketing, internet marketing and public relations, which together account for 75% of EBITDA
- Field marketing division EBITDA grew 23% like-for-like and internet marketing division EBITDA increased 38% like-for-like
- Weaker sectors include promotional advertising, research and experiential marketing
- Photon's Australian advertising agencies increased net revenue by 16% and EBITDA by 25% on a like-for-like basis - very strong performance compared to other Australian groups
- International expansion during 2007 and 2008 has been very successful, diversifying the revenue and earnings base. International companies grew EBITDA by 27% like-for-like and achieved acquisition business cases
- Across the group there is large exposure to non-cyclical industry segments such as food, telecommunications, gaming, retail banking, alcohol and IT / software
- In anticipation of the impact of weaker sales in some businesses 129 positions have been made redundant, reducing staff numbers by approximately 5%

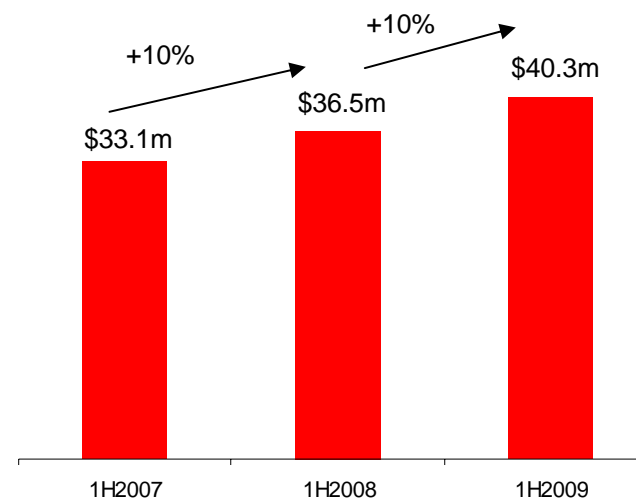
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Like for like growth continued at a double digit pace

Like for like Net Revenue¹



Like for like Underlying EBITDA



1. Throughout the presentation, like-for-like is based on results for all companies owned at 31 December 2008 for 100% of each relevant period

Photon initiatives for the economic climate

- Management focused on core operations – controlled costs and aggressively chased and won new business
- Reviewed all companies on a marginal cost basis and made 129 positions redundant resulting in one-off costs of \$1.2 million incurred during the half
- Redundancies focused on those sectors most impacted in the slowdown of revenue growth - research (17), smaller traditional agencies (35) and project driven experiential, event and design agencies (26)
- Closed unprofitable ABT China, DVL Smith London and Public Insight Australia
- Increased integration across divisions:
 - Sharing back office costs e.g. field marketing and internet divisions
 - Pooling employee talent
 - Co-location of certain businesses

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A consumer focus and innovation are common across each of the five divisions

	Strategic Intelligence	Internet Marketing and Communications	Experiential and Field Marketing	Integrated Communications and Digital	Specialised Communications
	Strategic media planning, brand insights, marketing spend effectiveness and new product ideas.	Technology enabled marketing solutions in the interactive, digital and mobile sectors.	Point of sale execution plus experiential marketing allowing consumers to experience brands.	Integrated brand strategies through traditional media, below the line, point of sale, and customer incentives.	Public affairs, public relations, corporate communications, impactful design, and event management.
Australia / NZ	BellamyHayden Jigsaw The Leading Edge	C4 Communications Crystal Storm Dark Blue Sea (28%) Found Agency Geekdom iMega Returnity	Ausrep Brand Impact Club Sales Counterpoint Demonstration Plus REL Australia The Bailey Group	AdPartners BCG Belong BeInteractive BMF Brass Tacks BWM ISS Marketing Kaleidoscope Love The Artel Group	ABT Auspoll City PR CPR Creo Image Box Kinetics Mark Communications Precinct
International	Naked The Leading Edge	Findology iMega OB Media	REL Retail Insight Sledge The Bailey Group UK	Corporate Edge	Frank PR Hotwire/Skywrite Likemind Precinct NY

Half year divisional operating review – Field Marketing & Experiential

- EBITDA growth of 23% on a like-for-like basis
- Increase in new business driven by acceleration of trend to outsource sales forces and merchandising in tough times
- Division also grew its market through horizontal diversification into the telecommunications, Government and IT / software industries
- Margin increased from 17% to 19% due to sharing of best practices and adopting common IT and field force monitoring systems
- Outlook for this division is very encouraging

Half year divisional operating review – Strategic Intelligence

- Naked performed exceptionally well as big brands turned to media neutral strategy specialists for advice on how to make their marketing spend more effective and efficient
- Naked opened new offices in Sweden and Denmark increasing the global reach to 10 countries
- Research businesses suffered as clients cut back on research and development
- Second half forecast to be impacted as global brands reduce overall budgets

Half year divisional operating review – Integrated Communications & Digital

- The Australian agency group grew strongly in the first half due to market share gains
- In comparison to other Australian agency groups Photon's agencies (Adpartners, BMF, BWM, Be.Interactive, Belong and Love) performed exceptionally – net revenue grew 16% like-for-like and EBITDA was up 25% like-for-like
- Smaller promotional agencies did suffer as clients cancelled or delayed project-based work
- Overall strong growth due to winning new business – provides good visibility for the outlook

Half year divisional operating review – Internet Marketing & Communications

- Fastest growing division, focused on businesses which sell products and information using the internet
- More and more businesses attracted to the internet as a sales distribution platform – direct and measurable
- Increased diversification of products, affiliates and clients due to divisional co-operation and innovation
- Seeing some slow down in internet commerce however growth rates remain higher than 20% plus and will underwrite a record full year for this division

Half year divisional operating review – Specialised Communications

- Public relations and public affairs consultancies did very well with net revenue up 35% and EBITDA up 19% on a like for like basis
- Weakness in project-reliant experiential, event and corporate communications services
- The focus for the second half will be on controlling costs in companies impacted by the downturn, whilst the division will continue to benefit from increased public relations spending by corporate and consumer clients

Growth across all divisions

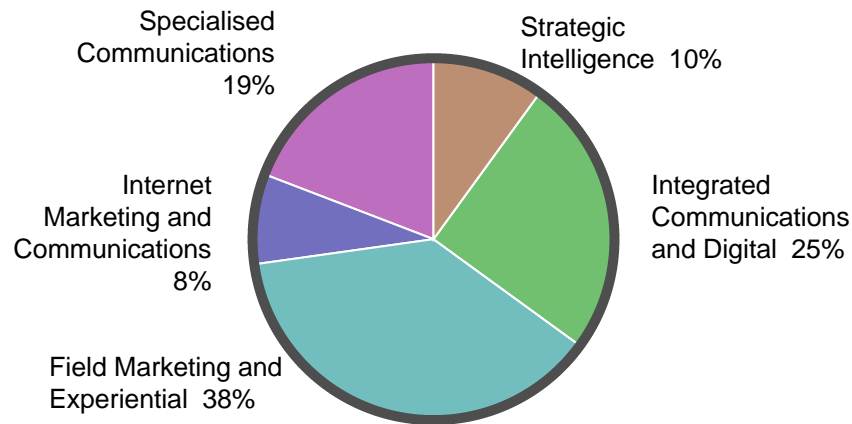
Six months ended 31 December, A\$m	1H2009	1H2008	Change
Strategic Intelligence	38.2	16.5	131%
Integrated Communications and Digital	48.0	38.9	31%
Experiential and Field Marketing	75.0	60.8	31%
Internet Marketing and Communications	21.0	13.1	60%
Specialised Communications	39.5	29.4	34%
Total Net Revenue	221.6	158.6	40%
Strategic Intelligence	4.9	3.0	63%
Integrated Communications and Digital ¹	6.8	5.2	31%
Experiential and Field Marketing	14.0	10.7	31%
Internet Marketing and Communications	10.8	6.0	80%
Specialised Communications	8.4	7.2	17%
Divisional EBITDA	45.0	32.1	40%
Service Centre	2.8	2.0	40%
Non-cash (out of the money) option expense	1.9	1.2	58%
Total Underlying EBITDA	40.3	28.9	39%

Av. FX Rates 1H2009 – A\$1:US\$0.76; A\$1:£0.45

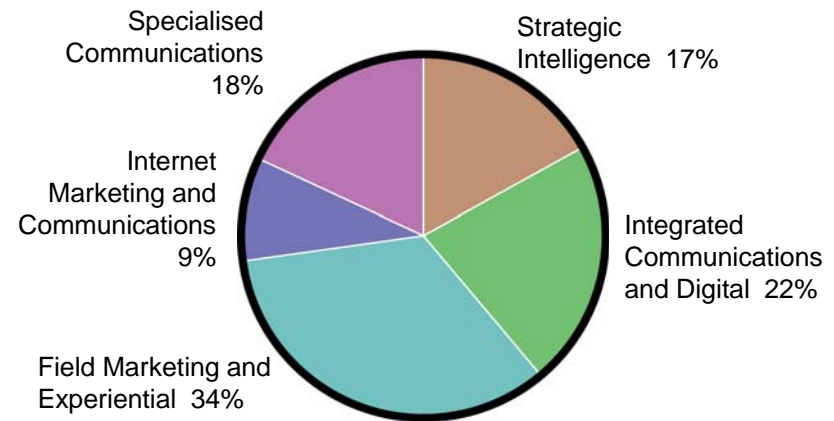
Av. FX Rates 1H2008 – A\$1:US\$0.87; A\$1:£0.43

Diversified across five specialist divisions

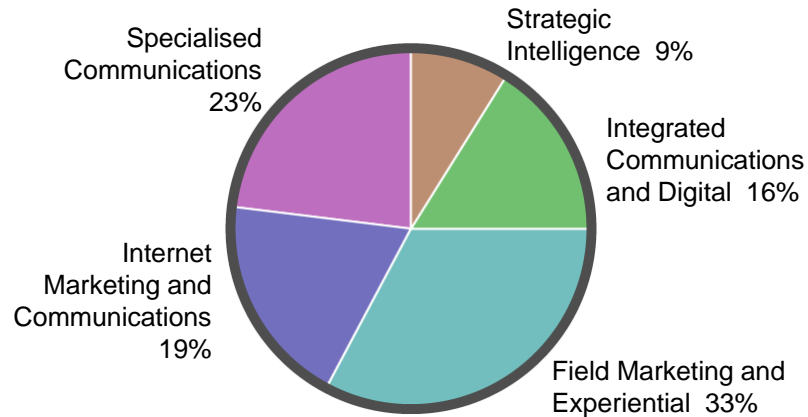
1H08 Net Revenue



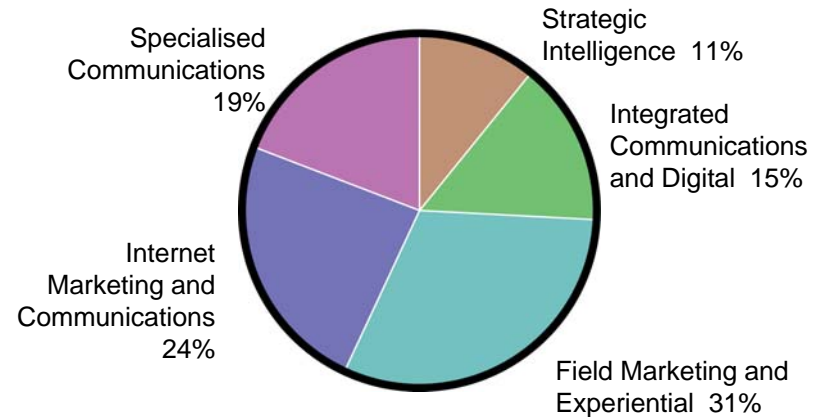
1H09 Net Revenue



1H08 EBITDA



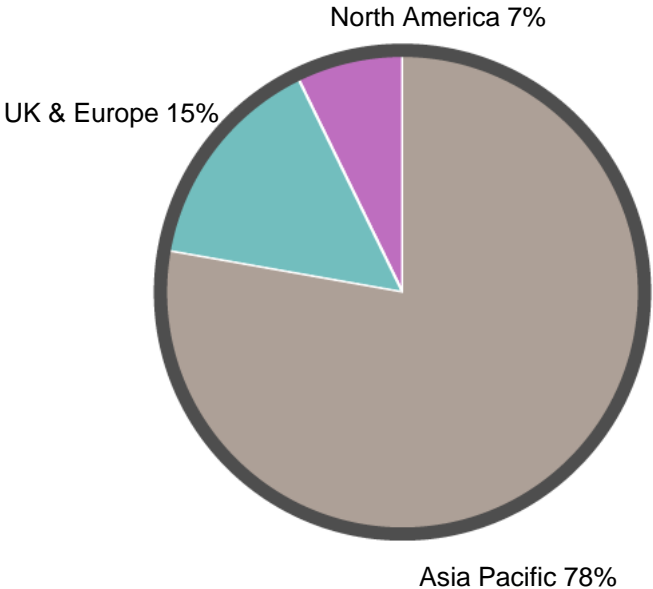
1H09 EBITDA



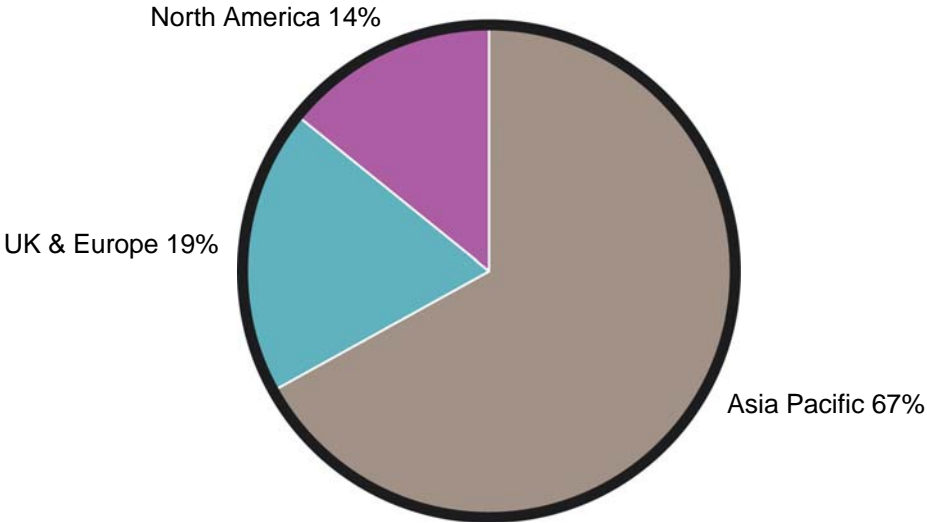
Excludes service centre and option expenses

Diversified geographic presence - 13 countries

1H08 EBITDA

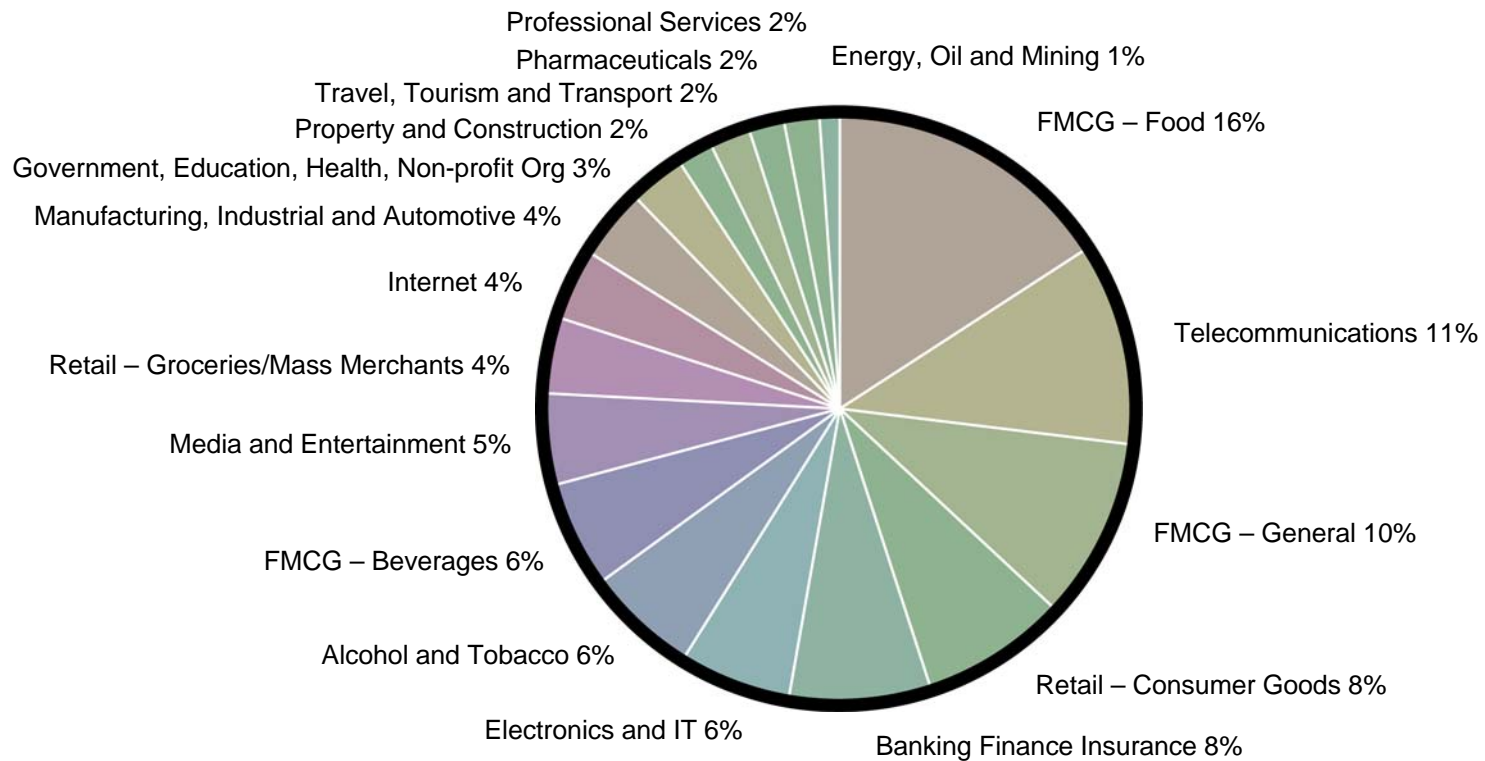


1H09 EBITDA



Excludes divisional, service centre and option expenses

Diversified industry exposure – greater than 60% exposure to non-cyclical industries



Balance sheet

- No impairment following review of goodwill attributed to controlled subsidiaries

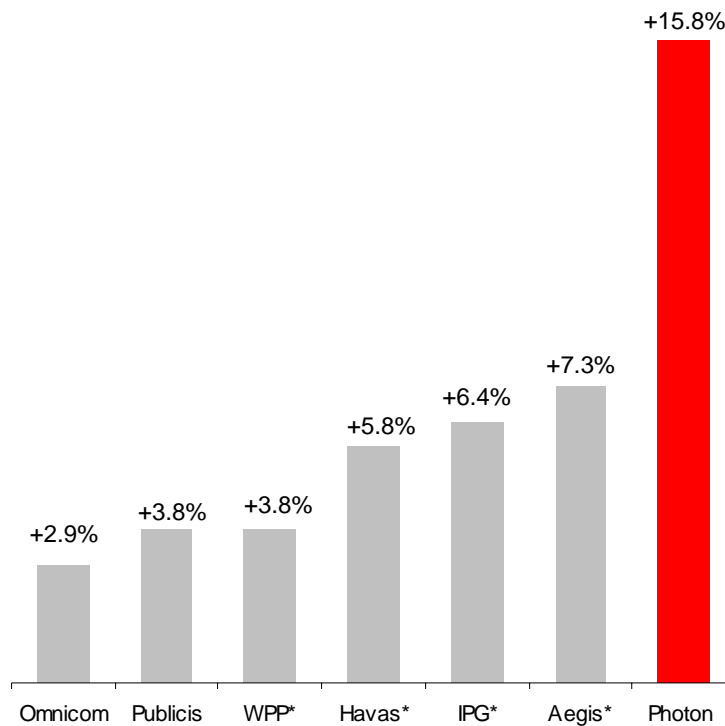
A\$m	31 Dec 2008	30 June 2008
Cash	27.3	35.0
Working Capital	29.4	19.1
Investments in Associates	9.9	13.9
Other Assets	26.1	25.8
Fixed Assets @ WDV	22.6	22.4
Intangibles:		
Goodwill	513.4	462.6
Identifiable Intangibles @ WDV	36.1	39.6
Total Assets	664.8	618.4
Provisions	33.2	34.6
Deferred Consideration (PV):		
Current	46.7	7.8
Non-Current	34.5	57.7
Borrowings:		
Bank – Current	100.2	-
Bank – Non-current	183.2	320.5
Finance Leases & Other	7.9	8.2
Net Assets	259.1	189.6

Active capital management strategy

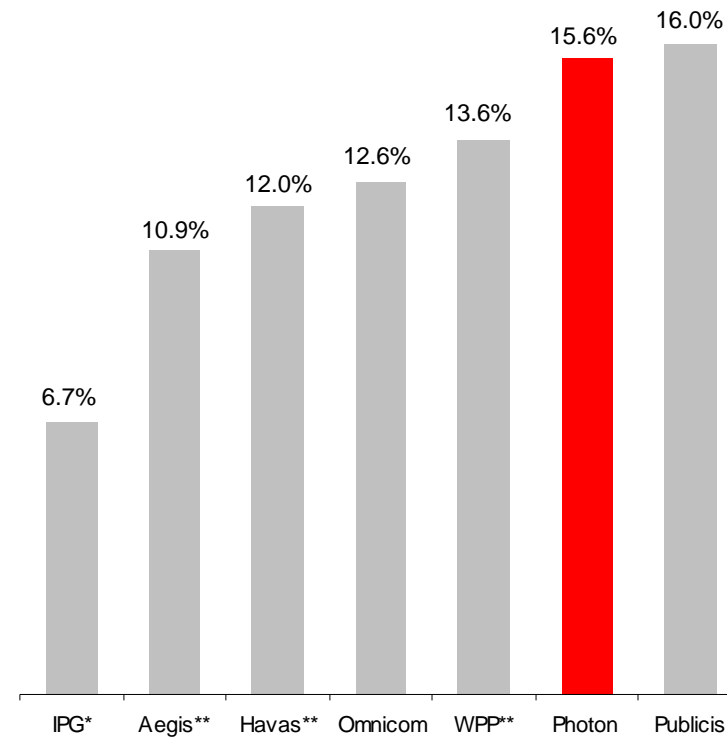
- Retained earnings resulting from 50% dividend payout ratio will be used to pay down debt over the next two financial years
- The company is in advanced discussions with ANZ regarding the extension of \$100 million due in July 2009. Based on these discussions to date, the company is confident that it will be able to announce the key terms of an extension shortly
- At 31 March 09, 76% of debt will be at floating rate – 2H2009 interest expected to be materially lower than 1H2009 interest of \$11.9m
- Weighted average interest rate at 31 December 2008 of 5.8%

Photon vs Peers

CY2008 Organic Revenue Growth



CY2008 Underlying EBIT Margin



* Results for nine months to 30 September 2008. Full year results not available at the time of preparation

** Results for first half CY2008. Full year results not available at the time of preparation

Outlook

- Photon's market positioning and diversity underwrite near- and medium-term revenue and earnings growth
- Field marketing, internet public relations and larger advertising agencies are winning market share and operating in expanding markets e.g. outsourced sales forces and developing new streams of income through product innovation
- The experiential, event, design and promotion agencies are operating in a difficult environment and the cost bases have been adjusted accordingly
- Cautiously optimistic that full year net revenue and underlying EBITDA will be up approximately 20% to 25% on FY2008 reported net revenue and EBITDA. Underlying EPS expected to be up approximately 10% on pcp - consistent with previous guidance
- Final dividend will be 50% of underlying net profit after tax

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