PhotonGroup

Level 9, 155 George Street
Sydney New South Wales 2000
Telephone 61 2 8213 3031
Facsimile 61 2 8213 3030
ABN 97 091 524 515

www.photongroup.com

17 September 2010

Ms Emma Badhni
ASX Markets Supervision Pty Limited
Level 1, 20 Bridge Street
Sydney NSW 2000

Dear Ms Badhni

General Meeting of members of Photon Group Limited – 17 September 2010

I attach a copy of the Chairman's Overview and Presentation to be presented at today's General Meeting of members of Photon Group Limited.

Yours Sincerely

Eleni North
Company Secretary

Photon Group Limited ACN 091 524 515 (Company)

Chairman's Overview - General Meeting 17 September 2010

2010 has been a challenging year for the Photon Group, particularly in relation to its disappointing financial performance and the material increase in the estimated deferred consideration liabilities. We regret the material impact this has had on the value of shareholders' investments.

The 2010 EBITDA of $46.7 million and NPAT loss of $87.4 million included one-off costs, including losses associated with discontinued businesses, in particular Geekdom and Geekversity, and non-cash impairments charges relating primarily to impairment of intangible assets in the search marketing segment.

As a result of the material increase in Photon's estimated deferred consideration liabilities, Photon has insufficient funds to meet its deferred consideration payments due on or around 30 September 2010 and, without a waiver from our lender, would be in breach of our debt facilities.

Photon suspended its shares from trading on the ASX on 7 June 2010 while we, with the assistance of our advisers, conducted a strategic review which considered a range of options to reduce debt and manage estimated deferred consideration liabilities. That review resulted in the recapitalisation proposal which was announced on 17 August 2010 and which you are being asked to consider today. Detailed information on the proposal has been provided to shareholders including a unanimous recommendation from the Directors that the shareholders support the recapitalisation proposal.

The effect of the recapitalisation proposal is that it will enable Photon to meet the deferred consideration payments due in September 2010 and avoid being in breach of its debt facilities at that date. The board also believes that the proposal will provide an improved capital structure to allow Photon to better serve its clients and meet its strategic objectives.

The strategic objectives include continuing to support new business activities, organic expansion of key international businesses and completing the operational restructure which was announced on 28 June 2010, and Jeremy will provide more details on in due course.

It is too early in the year to have a strong indication on the full year result. Consistent with the historical experience, July and August are budgeted to contribute a relatively small portion of the year’s total earnings, however to date the revenue and EBITDA results are in line with last year.

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Recapitalisation Proposal

Restructure of substantially all deferred consideration payments[1]

Bank debt refinance – extend the term of the debt facilities by 3 years

Equity raising to raise a minimum of $102.5 million

1. Deferred consideration beneficiaries presently estimated to receive 99.7% of future deferred consideration payments have agreed to cap and restructure their payments. Some of these payments are denominated in foreign currency and as such the capped amount is subject to exchange rate movements. Detail of the restructure is contained in the Prospectus

Repositioning for the future

Decision made to restructure the business to exploit strengths and reduce complexity

CEO

- **Australia**
  - **Agencies** — Major brands
    - Focused on providing broad spectrum of marketing services to Australian clients, including above the line advertising, direct marketing, promotional campaigns, consumer research, public relations, corporate communications and digital agency services
  - **Field Marketing** — Major brands
    - Outsourced sales forces and point-of-sale marketing
- **International**
  - **Agencies** — Major brands
    - International expertise in specialised marketing services weighted towards public relations, communications strategy & research and data analytics
  - **Search Marketing Group**
    - A smaller US-facing search marketing group will also sit within the International division

Agency-related Internet & E-Commerce is a core capability across the group and will no longer operate in a silo