

**Photon Reports Audited 2008 Financial Results and Achieves Second Consecutive Break-Even Quarter**

Burnaby, B.C., March 25, 2009 ~ Photon Control Inc. (“Photon”) (TSX-V: **PHO**), a leading developer of photonic sensors, released its audited financial results for 2008 and unaudited financial results for Q408 announcing the second consecutive break-even quarter.

For the fiscal year ended December 31, 2008, revenue was \$5.4 million compared to revenue for the year ended December 31, 2007 of \$6.1 million. Photon has made significant progress in market diversification in 2008 which reflected in sales to non-semiconductor customers of \$1.3 million, accounting for 25% of total sales, a significant increase from 2007 non-semiconductor sales of \$0.4 million accounting for only 6.4% of total sales in 2007. Gross Margin for 2008 was 37% compared to 41% for 2007.

The profit for the fourth quarter ending December 31, 2008 was \$0.04 million, equal to the profit for the third quarter ending September 30, 2008. Revenue for the fourth quarter of 2008 was \$1.4 million compared with revenue of \$1.5 million for the fourth quarter of 2007, representing a decrease of 5% due primarily to a slowdown in the semiconductor sector.

On December 31, 2008 the Company was utilizing \$287,539 of its \$500,000 line of credit.

The loss for the fiscal year ended December 31, 2008 was \$1.1 million (\$0.01 per share) an improvement of 53% compared to the fiscal year ended December 31, 2007 which reported a loss of \$2.4 million (\$0.03 per share). This improvement was principally due to Photon’s focus on cutting operating expenses through a number of permanent and temporary actions ranging from lean manufacturing, stricter capital allocation, reduction of personnel and restructuring of the Company’s research and development department. For 2008, General and administration expenses were reduced by \$0.2 million; Research and development expense reduced by \$0.9 million; Business development and marketing expense decreased by \$0.2 million.

Photon’s Interim President, Michael Weston comments, “We are proud of the break-even results accomplished through the second half of the fiscal 2008. These results affirm the tremendous dedication of our employees and market acceptance of Photon’s innovative technology and applications. Photon, like many other companies, faces a number of challenges in the wake of the global economic slowdown however, we continue to take steps to reduce the fluctuating effects of market conditions. Photon’s focus on prudent operational structure, quality of customer relationships and diversification is intended to secure strong partners and customers and to establish new sources of revenues.”

As part of ongoing restructuring efforts, and as announced in the News Release and the MD&A dated November 26, 2008, Photon has downsized its in house research and development department subject to regulatory approval.

Effective October 1, 2008 employees previously working in Photon’s research and development department severed employment with Photon and commenced employment with Photon Control R&D Ltd. Photon Control R&D Ltd is a newly formed and related Canadian Controlled Private Corporation. Photon has secured an agreement with Photon Control R&D Ltd to ensure ongoing support for its present and future products. The restructuring decision was based upon the following factors:

- Photon's research and development cost base should become financially stable.
- It is believed that raising additional funds through public offering would be costly and unadvisable.
- It is believed that a layoff of the research and development department would entail considerable severance payments.
- It is believed that Photon would improve the funding of its research and development by using this new model.
- It is believed that this new arrangement should allow Photon to better finance its future operations.
- It is intended that all current Intellectual Property ("IP") and any add-on IP developed by Photon Control R&D Ltd, derived from the existing IP, remain or become the exclusive property of Photon.
- This new arrangement should provide a higher level of cost certainty and improved ability to scale expenditures to specific projects and revenue streams, build a stronger sense of responsibility and improve accountability.
- This new arrangement should improve and increase the focus on our manufacturing efficiency.
- This new arrangement should give Photon a stronger focus on sales and its marketing programs and help Photon to leverage the revenue potential of products and to diversify products and offerings into the global market.
- An independent third party evaluation is being conducted by Evans and Evans, Inc. to substantiate these beliefs.

Photon also announces the resignation from the Board of Mr. Ted Parker due to his other professional commitments. The Board wishes Mr. Parker all the best in his future endeavours.

Photon has filled vacant positions on the Board of Directors by appointing and utilizing the expertise of two well established professionals already involved with Photon's operations. In light of the foregoing, the Board is pleased to announce the appointment of Helena Rebec and Christopher Weston to the Board of Directors. Helena Rebec continues to be responsible for all functions in her role as Assistant Corporate Secretary and Acting Investor Relations Manager. Christopher Weston continues to be responsible for all functions in his role as Marketing Director.

Welcoming the appointments, David C. Dueck, Chairman said: "Helena and Christopher bring specific industry expertise, wide range of skills and senior management oversight that will certainly complement our existing Board. These appointments fulfil our desire to strengthen our good corporate practices, marketing and growth opportunities." The Board is actively looking to recruit strong independent directors with deep industry and business expertise who can add valuable perspectives and support Photon's strategy, as the Company continues to explore the range of strategic, value creation and market possibilities.

Helena Rebec, with her education in international management and economics, is an accomplished administrative solution executive with over 15 years of management and corporate administrative experience. Prior to her employment with Photon, which commenced in 2001, Ms. Rebec held several senior and executive positions and provided corporate development solutions to start-up businesses.

Christopher Weston has over 11 years of extensive experience with marketing, strategic planning, and business development. Prior to joining Photon in 2008, he most recently held the position of Vice President for a global high-security information and asset management company, orchestrating a complete re-branding and strategic planning initiative. Christopher also provides advisory services to several other organizations, including the Canadian Association of Family Enterprise, where he sits on the Vancouver Island Board as well as being the treasurer on the National Board and holds two other Director positions for private companies.

Photon audited financial results are available at [www.sedar.com](http://www.sedar.com) and on Photon's website.

*Forward-Looking Statements: The forward-looking statements in this News Release are subject to various risks, uncertainties and other factors that could cause the Company's actual results or achievements to differ materially from those expressed in or implied by forward-looking statements. These risks, uncertainties and other factors include, without limitation, uncertainty as to the Company's ability to successfully complete new product development along the timelines expected; the Company's need for funds to achieve its goals and uncertainties as to the availability and cost of financing the Company; uncertainty as to the continued and future demand for the Company's products; the Company's present reliance on four major customers for the majority of its sales; the Company's reliance on the financial health of the semiconductor industry for nearly all its sales; the accuracy and reliability of the factors and assumptions of the Company listed above; the development of competing technologies and the possibility of increased competition; the effect of slow growth in the Canadian, United States and international economies generally and other economic trends and conditions in the markets that the Company and its customers serve; the effect of the risks associated with technical difficulties or delays in product introductions, improvements, implementation, product development, product pricing or other initiatives of the Company and its competitors; factors that may result in a reduction in capital expenditures and/or delayed buying decisions affecting demand for the Company's products; currency fluctuations, the possibility that the Company will pursue additional development projects or other business opportunities.*

*Forward-looking statements are based on the beliefs, opinions and expectations of the Company's management at the time they are made, and the Company may but does not assume any obligation to update its forward-looking statements if those beliefs, opinions or expectations, or other circumstances, should change except as may be required by applicable securities laws. Readers should not place undue reliance on forward-looking statements. Precautionary statements made herein should be read as being applicable to all related forward-looking statements wherever they appear in this News Release. Readers are encouraged to consider the other risks and uncertainties discussed in and additional information contained in the Company's required financial statements and filings filed on SEDAR at [www.sedar.com](http://www.sedar.com).*

**About Photon Control Inc.** [www.photon-control.com](http://www.photon-control.com)

Photon Control Inc. develops and manufactures opto-electronic products for measurement and control. All Photon's products have competitive advantages in both performance and cost. Markets for Photon's products include semiconductor capital equipment, oil and gas, power industry, life sciences and research.

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