PhotonGroup

13 March 2007

ASX/MEDIA RELEASE

- **Photon will increase offer price to 90 cents per DBS share if more than 50% interest achieved on or by 2 April 2007**
- **Photon will increase offer price to $1.00 per DBS share if more than 50% interest achieved on or by 2 April 2007 and more than 90% interest achieved by end of Offer Period**
- **Photon will not acquire any DBS Shares under the Offer for 76 cents per share**

Photon Group Ltd (ASX:PGA) has today announced that it **will not waive the conditions (including the minimum acceptance condition of 50.1%)** of the Offer under its off-market takeover bid in relation to Dark Blue Sea Limited (**DBS**) or declare the Offer unconditional unless it has received sufficient acceptances to increase its relevant interest in DBS Shares to more than 50% on or before 6.00pm on 2 April 2007.

In this regard, Photon notes that the declaration of an interim dividend of 1.5 cents per share by DBS on 26 February 2007 constituted a breach of the condition in clause 8.8(a)(iv)(D) of Photon's Offer. Photon will not waive this condition (or the breach of it) unless it has received sufficient acceptances to increase its relevant interest in DBS Shares to more than 50% on or before 6.00pm on 2 April 2007.

As a result, DBS shareholders who accept Photon's Offer prior to 2 April 2007 will have comfort that unless Photon's relevant interest in DBS Shares has increased to more than 50% on or before 6.00 pm on 2 April 2007 Photon will, at the end of the Offer Period, rescind all contracts resulting from acceptances of the Offer and DBS shareholders will in that event retain their DBS Shares. **That is, Photon will not acquire any DBS Shares under the Offer for 76 cents per share**.

However, if Photon's relevant interest in DBS Shares increases to more than 50% on or before 6.00 pm on 2 April 2007, Photon proposes to increase its offer price to 90 cents per DBS Share[1] and waive the conditions of its Offer (including the condition (and breach thereof) in clause 8.8(a)(iv)(D) of the Offer).

Further, as announced on 7 March 2007, subject to Photon increasing its relevant interest in DBS Shares to more than 50% on or before 6.00pm on 2 April 2007 and further increasing its relevant interest in DBS Shares to more than 90% by the end of the Offer Period, Photon will further increase its offer price to $1.00 per DBS Share[1].

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[1] Note that under the Offer terms Photon is entitled to, and will, deduct from the revised Offer consideration the sum of 1.5 cents per DBS Share for which an acceptance is received (unless Photon has been paid, or is entitled to be paid, that amount in respect of the DBS Shares for which it has received acceptances) to take account of the interim dividend in that sum that was announced on 26 February 2007 by DBS.

In summary, if you accept Photon's Offer in relation to your DBS Shares, then:

(a) if Photon's relevant interest in DBS Shares does not increase to more than 50% on or before 6.00 pm on 2 April 2007, Photon will, at the end of the Offer Period, rescind all contracts resulting from acceptances of the Offer and **YOUR DBS SHARES WILL NOT BE ACQUIRED BY PHOTON**;

(b) provided Photon's relevant interest in DBS Shares has increased to more than 50% on or before 6.00 pm on 2 April 2007, **YOU WILL RECEIVE 90 CENTS FOR EACH OF YOUR DBS SHARES**[1]; and

(c) subject to Photon increasing its relevant interest in DBS Shares to more than 50% on or before 6.00 pm on 2 April 2007 and further increasing its relevant interest in DBS Shares to more than 90% by the end of the Offer Period, **YOU WILL RECEIVE $1.00 FOR EACH OF YOUR DBS SHARES**[1].

Geoff Nesbitt

Company Secretary