



DARK BLUE SEA LIMITED
ACN 091 509 796

Company Announcement

9 October, 2009

ANNUAL GENERAL MEETING - CHAIRMAN'S ADDRESS

In accordance with Listing Rule 3.13.3, we disclose below, the contents of the Chairman's Address to be delivered at the Company's Annual General Meeting to be held at the Hopgood Ganim Presentation Room, Level 7 Waterfront Place, 1 Eagle Street, Brisbane on Friday, 9 October 2009 commencing at 10.00am.

Introduction

Dark Blue Sea was founded in 1999 and its current business activities involve the provision of a range of Internet related services, most particularly in the professional domain name ownership sector of the market.

Over the last eight years, the Company has been progressively transformed from a relatively small online advertising intermediary into a full service provider in an important niche of the Internet, namely domain names.

Throughout this process, the Company has also accumulated a portfolio of approximately 400,000 domain names.

Today, the Company's domain name portfolio represents the significant majority of the value in the Company.

Most of the effort over the last year has been directed to developing the secondary market domain sales business.

This market continues to evolve.

The Company has recently announced the purchase of a company in the emerging Australian expired domain name industry.

As part of the acquisition Dark Blue Sea will become an Australian domain name reseller.

Dark Blue Sea has been actively reviewing opportunities in the Australian domain name market and believes this acquisition is an excellent fit with its domain name expertise and existing Australian infrastructure.



In addition, the acquisition will provide a source of Australian dollar revenue which provides a natural hedge on part of Dark Blue Sea's currency exposure.

Currently the majority of Dark Blue Sea's revenue and cost of goods sold is denominated in US dollars with the majority of overheads denominated in Australian dollars.

Photon Group recently announced an off-market takeover offer for Dark Blue Sea.

The offer is conditional and unsolicited.

Dark Blue Sea is yet to receive the offer documents to be prepared by Photon and will provide further advice to shareholders in due course.

In the meantime, Dark Blue Sea shareholders are advised to take no action in relation to Photon's proposal.

Dark Blue Sea will keep shareholders fully informed of further developments as they occur, and will provide further information on Photon's offer in time for shareholders to make an informed decision.

We are not in a position to make further comments on Photon's takeover offer at this meeting.

Financial Results

2008/09 was a challenging year for the Company.

The reported financial results were disappointing as the direct navigation advertising market turned significantly weaker in line with the US economy in the midst of a severe recession.

The financial results for Dark Blue Sea for the 2009 financial year were weaker than the prior year.

Revenue from ordinary activities was down from \$31.914 million in 2007/08 to approximately \$26.783 million in 2008/09.

EBITDA for the current year was approximately \$1.439 million, compared to \$4.453 million in the previous year, a decrease of 68%.



The group recorded a net profit from ordinary activities after income tax of approximately \$695,955 in the current year, a 74.4% decrease compared to the \$2.717 million the previous year.

At year end the Company had cash on hand at approximately \$3.476 million, and whilst there are debt facilities in place, these were undrawn.

The Board has not declared a dividend for this year.

Despite the global financial crisis (GFC), the Domain Distribution Network (the Company's secondary market domain name sales platform) has held up reasonably well.

Dark Blue Sea is a US centric business that generates most of its revenue from direct navigation advertising which is part of the US online advertising industry.

We continue to closely monitor the markets and industry trends for signs of a recovery in US economic online advertising activity.

There are some early signs that things might be improving and if that is the case the Company is very well positioned to participate in this growth.

Restoring the Company to acceptable levels of profitability is clearly extremely important.

In this context, the Company continues to review all of these key profit drivers in parallel with some strategic initiatives I will now outline.

As at the end of September, the Company had approximately A\$3 million net cash at bank.

The Company continues to maintain its debt facilities (A\$1 million and US\$2 million) which have remained substantially unused.

The Company also continues to have the ability to generate liquidity reasonably quickly if required by selling some domain names to other professional domain name owners.



Our People

Firstly, I would like to thank Joe Ganim, my fellow non-executive Board member for performing his duties in a professional and diligent manner throughout the year.

I would also like to thank the Company's Chief Executive Officer, Mr Gregory Platz and other key members of senior management. They are doing an excellent job and I thank them all for their continued efforts.

Finally, I would like to thank Richard Moore, who stepped back from the CEO role in June, 2009. Richard remains an Executive Director working on a half time basis.

The Company also has an outstanding group of technical development staff that has created products that are of the same or better standard as those of companies with much greater levels of resources.

Our customer service team is recognized within the industry as offering one of the best levels of customer support.

These two aspects have provided a very solid foundation for the sales and marketing group to promote our products in the market, and they have made considerable progress over the last year.

I would like to take this opportunity to thank all employees of the Company for their outstanding efforts over the last twelve months.