

16 May 2011

PhotonStar LED Group plc

Acquisition of Camtronics

PhotonStar LED Group PLC (AIM: PSL, "PhotonStar" or "the Group") the British designer and manufacturer of smart LED lighting solutions, has acquired Camtronics Vale Limited ("Camtronics") for a maximum consideration of £375,000.

Based in Tredegar Wales, Camtronics is a specialist contract assembly company, focusing on complex electronic products covering everything from surface mount PCB population to final product assembly, test and distribution.

The acquisition of Camtronics will provide PhotonStar with an expanded manufacturing base as it continues to broaden its presence in the LED lighting space. It is expected to be earnings enhancing in the first full financial year of ownership.

In the year to 31 March 2010, Camtronics achieved sales of £1.6 million, profit before tax of £20,900 including the benefit of a non-recurring £103,573 intercompany loan waiver from its former parent. Excluding the credit from the loan waiver, EBITDA for the year was a loss of £14,367. Net assets at 31 March 2010 were £0.2 million.

Terms of the Acquisition

The initial consideration of £275,000 will be satisfied by a cash payment of £100,000 and by the issue of 1,121,076 ordinary shares of 10 pence each in the share capital of the Company ("Consideration Shares"). The amount of additional consideration payable, up to a maximum of £100,000, will be calculated by reference to Camtronics' turnover for the period 1 April 2011 to 31 December 2011. The additional consideration will be settled 75% in cash and 25% in Ordinary Shares.

The Acquisition was completed on 13 May 2011. Application has been made to the London Stock Exchange for the Consideration Shares to be admitted to trading on AIM ("Admission"). It is expected that such Admission will occur at 8.00am on 19 May 2011. Following Admission the issued ordinary share capital of the Company will consist of 87,507,579 ordinary shares of 10 pence each with one voting right per share. There are no shares held in Treasury.

James McKenzie, CEO of PhotonStar said:

"We are delighted to welcome Camtronics to the Group and look forward to developing the expertise within both companies. This acquisition provides us with technical strength and capability in surface mount electronics and reduces planned capital equipment spend."

"PhotonStar continues to trade in line with expectations and our LED fixture business continues to scale up as anticipated."

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About Camtronics Vale Ltd

Camtronics is a privately held company provides a professional outsourcing solution for those companies requiring high quality assembly of complex electronic products. Camtronics specialises in technically and logistically demanding contract assembly covering everything from surface mount PCB population to final product assembly, test and distribution. Camtronics runs two identical Europlacer Vitesse based SMT lines (each capable of a placement rate of 20000 components per hour), each with reflow ovens. The machines are networked and therefore share programs and package libraries. The company has been ISO 9001:2008 approved. These standards verify that the procedures and manufacturing systems are in place to ensure repeatability. Camtronics is fully committed to the aims and requirements of the RoHS Directive.

About PhotonStar LED Group Plc

PhotonStar LED Group PLC ("PhotonStar" or the "Group") is a British designer and manufacturer of smart LED lighting solutions. The Company's proprietary technology seamlessly integrates LEDs, sensors and controls to provide intelligent lighting for commercial and architectural applications which benefit from greater CO2 reduction, lower cost of ownership & improved functionality compared to other available light sources. Photonstar's lighting products have won numerous awards for performance, innovation and reliability, and are unique in the industry for the use of recycled, and recyclable materials, which means they have 90% less embodied CO2 than equivalent products providing the same levels of illumination.

PhotonStar comprises two divisions: PhotonStar LED which works with lighting designers, architects, house builders, facilities management companies and sustainability consultants to provide intelligent, high-end LED lighting solutions for the commercial and architectural market, and PhotonStar Technology which provides LED lighting solutions for specialist applications such as film & television production lighting, UV curing and medical applications.

PhotonStar is based in Romsey Hampshire, with manufacturing in Swansea. The Company was admitted to AIM in December 2010 following the reverse takeover of AIM-listed Enfis Group.

About LED Lighting

LEDs – Light Emitting Diodes – are semi conductor chip devices that emit coloured light when an electrical current is passed through them. The light range is wide, including infra-red, visible spectrum (including red, green and blues) and near ultra-violet. They can be used to make light either by mixing colours or adding phosphors to blue or UV devices. Software controls also greatly expand the range of light output to provide a more flexible offering than other light sources.

LEDs have the potential to be the most efficient light source available: they can last up to 50 times longer than incandescent sources and up to 10X longer than compact fluorescent sources. Furthermore they are robust, shockproof with no fragile filaments, which combined with their longevity, means that they have significant benefits in terms of reducing the cost of maintenance in large commercial buildings.

Whilst the LED market is still in its early stages, currently accounting for less than 3% of the \$70bn global general lighting market, the market is rapidly transitioning to LED lighting, driven by cost reductions, increased efficiency and multiple regulatory drivers such as Europe-wide phased banning of incandescent lamps and the code for sustainable homes. It is estimated that by 2015 LED sources will account for over 50% of the \$100bn general lighting market¹. Currently, lighting accounts for 19% of global electricity usage, much of which is wasted as traditional light sources radiate up to 90% of their energy as heat.

A rapid switch over to LED lighting will not only lead to significant reduction in energy usage but it will also have a significant impact on greenhouse gas production, because grid electricity use has a disproportionately higher impact on CO2 emissions than other energy sources. As a result, in markets where development is required to meet CO2 reduction targets (such as CRC, Code for sustainable homes & the Kyoto agreement) reducing electricity use (by using cleaner supplies or reducing demand) will have 3x the impact compared to addressing heating and insulation and 2x the impact of addressing transport – this is due to the greater CO2 emissions associated with grid electricity². Today, CO2 emissions attributable to lighting are equivalent to 70% of all global car CO2 emissions.

¹JP Morgan 2010 estimates

²Source: Carbon Trust (Grid electricity kWh 0.544, Natural gas kWh 0.184, LPG kWh 0.214, Gas oil kWh 0.277, Fuel oil kWh 0.266, Burning oil kWh 0.247, Diesel kWh 0.253, Petrol kWh 0.243, Wood pellets kWh 0.026)