

18 July 2014

PhotonStar LED Group Plc

Notification of Placing to raise £2.2 million and Trading Update

PhotonStar LED Group plc (AIM: PSL, "PhotonStar" or "the Group"), the British designer and manufacturer of smart LED lighting solutions, has conditionally raised, in aggregate, gross proceeds of £2.2million by way of a placing of 31,400,000 new ordinary shares of 1p each (assuming the Capital Reduction approved at the annual general meeting held on the 30 June 14 becomes effective) ("Placing Shares") at a price of 7p per Placing Share (the "Placing Price") with certain institutional and other investors (the "Placing"). The Placing has been conducted by Mirabaud Securities LLP pursuant to the terms of the Placing Agreement.

The net proceeds of the Placing will be used to maximise the commercial opportunities for the Company's Halcyon™ system.

In addition, the Group announces a trading update for the six months to 30 June 2014.

Group revenue in the first half was £3.8 million, down from £4.3 million last year. The Group has seen robust growth from its significant wholesaler and house builder contracts, which it expects to continue into the second half of the year. However, as in prior years, the Group will experience seasonality in other revenue streams, which are expected to be second half weighted as a consequence. In addition, several large new-build construction projects which were expected to be completed in the first half of the year have been delayed into the second half, primarily due to adverse weather condition during the first half of the year.

Despite the reduction in first half sales, the Group maintained adjusted EBITDA through focus on product margins and continued tight cost control. Adjusted EBITDA (before share option charge) was a loss of £0.3 million (1H 2013: loss £0.3).

Overall, the Board is very comfortable that the full year results will be in line with expectations.

Net debt at the half year was £0.4 million (1H 2013: £0.3m)

During the first half, Photonstar completed the technical milestones for its grant by the Department of Energy & Climate Change (DECC) Entrepreneurs Fund which underpin the Group's Halcyon™ smart circadian retrofit LED lighting system.

The Group was invited to demonstrate its Halcyon wireless home lighting system as part of ARM Holdings PLC's 'Seamless computing' demonstrating a future 'day in the life' scenario at the NMI Future World Symposium in April.

Shipping of Beta-test systems of the Halcyon™ next generation retrofit home lighting system also started in the second quarter.

James McKenzie, Chief Executive of PhotonStar, said:

"The completion of the milestone based DECC grant validates the technology underpinning the Group's Halcyon™ smart Circadian retrofit LED lighting system for both residential and commercial applications.

"The beta test systems and the field trials of the commercial Halcyon™ product move things on a pace with a full launch expected later in 2014.

"The new investment, which has come from both existing shareholders and new institutional holders, will be used to maximise the significant commercial opportunities that exist for the Company with its new Halcyon™ domestic and commercial system. We will also be pursuing Joint Development Agreements and Licensing opportunities to accelerate the uptake of PhotonStar's technology."

The Placing Shares will represent approximately 21.9% of the Company's issued share capital, as enlarged by the Placing.

The Placing is subject to the satisfaction of certain conditions precedent including the following:-

- (i) the passing of the Resolution at the General Meeting of the Company, to be convened for on or about 11 August 2014;
- (ii) approval by HMRC of the Company's EIS Advance Assurance Application made on 20 June 2014 (expected before end of July 2014);
- (iii) the Capital Reduction becoming effective (expected before 8 August 2014); and
- (iv) Admission of the Placing Shares to trading on AIM becoming effective by no later than 8:00 a.m. on 29 August 2014.

A circular containing a notice of general meeting (expected to be held on or about 11 August 2014), will be sent to Shareholders shortly outlining the terms of the Placing and seeking the necessary approval of the Shareholders to issue the Placing Shares for cash on a non-pre-emptive basis.

Application will be made for Admission of the Placing Shares to trading on AIM and, subject to the passing of the Resolution and satisfaction of the other conditions referred to above, it is expected that Admission of the Placing Shares will become effective on 12 August 2014.

Appendix I to this Announcement (which forms part of this Announcement) sets out the terms and conditions of the Placing. By choosing to participate in the Placing, Placees will be deemed to have read and understood this Announcement in its entirety (including the Appendices) and to be making an offer on the Terms and Conditions and providing the representations, warranties, acknowledgements and undertakings contained in Appendix I.

The Company is also pleased to announce that it has appointed Mirabaud Securities LLP as its joint broker, alongside finnCap Limited.

For further information:

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About PhotonStar LED Group PLC

PhotonStar LED Group plc is a leading British designer and manufacturer of intelligent lighting solutions. The Group's proprietary technology Halcyon™ is a connected lighting platform that includes hardware and software for wireless, microprocessor controlled retrofit LED lighting and control systems, optimised for energy saving, circadian and data-centric applications.

As light is needed wherever there are people, the Halcyon™ platform can also provide a connected grid that will enable rich data collection, as well as an ecosystem to enable other devices to operate simply and more effectively as part of the so-called Internet of Things. The Group is working with partners on ways of using the Halcyon™ system to deliver new business models and solutions based on light as a service, behavioural insight and cloud services and with developers of standalone hardware items that will utilise Halcyon's local IoT infrastructure to optimise their functionality.

The Group's ChromaWhite light source technology within Halcyon™ is optimised for "Circadian," or non-visual effects of light on humans. The Group is currently working with partners to deliver low-cost lighting solutions that can help improve productivity, health and wellbeing in healthcare facilities, schools, workplaces and homes.

The Group also provides fixed white LED lighting products for a range of commercial and architectural applications.

PhotonStar comprises two divisions: PhotonStar LED Ltd, which works with lighting designers, architects, house builders, facilities management companies and sustainability consultants to provide intelligent, high-end, recyclable LED lighting solutions for the commercial and architectural market which is expected to see rapid adoption of the new Halcyon ecosystem; and PhotonStar Technology which provides LED lighting solutions for specialist applications such as film & television production lighting, UV curing and medical applications.

Photonstar has won awards for performance, innovation and reliability, with its flagship light source technology ChromaWhite winning the Lighting Association's 'Light Source of the Year' Award for two consecutive years. The Group was also awarded the UKTI's Business Innovation Award for Energy and Environment in 2010 for a commercial lighting solution with embedded sensors and microprocessor control.

Appendix I**TERMS AND CONDITIONS OF THE PLACING****IMPORTANT INFORMATION FOR PLACEES ONLY REGARDING THE PLACING.**

THIS ANNOUNCEMENT, INCLUDING THE APPENDICES AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, CANADA, AUSTRALIA, JAPAN OR ANY JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT IN THIS APPENDIX ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: QUALIFIED INVESTORS WHO ARE PERSONS WHO: (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC") OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS APPENDIX I DOES NOT ITSELF CONSTITUTE AN OFFER FOR THE SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF A SUBSCRIPTION FOR THE PLACING SHARES.

Persons who are invited to and who choose to participate in the Placing, by making an oral or written offer to acquire Placing Shares will be deemed to have read and understood this Announcement in its entirety and to be making such offer to acquire Placing Shares on the terms and conditions, and to be providing the representations, warranties, acknowledgements and undertakings contained in this Appendix I.

Unless otherwise stated, defined terms used in this Appendix I have the meaning set out in Appendix II.

In this Appendix I, unless the context otherwise requires, "Placee" means a Relevant Person (including individuals, funds or others) by whom or on whose behalf a commitment to take up Placing Shares has been given and who has been invited to participate in the Placing by Mirabaud Securities.

Details of the Placing

Mirabaud Securities has today entered into the Placing Agreement under which, subject to the conditions set out in that agreement, Mirabaud Securities has agreed to use its reasonable endeavours to procure subscribers for Placing Shares at the Placing Price with certain institutional and other investors.

The Placing Shares will, when issued, rank *pari passu* in all respects with the existing issued Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid following Admission.

Application for admission to trading

Application will be made to the London Stock Exchange for admission of the Placing Shares to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 12 August 2014.

Participation in, and principal terms of, the Placing

Mirabaud Securities is arranging the Placing as agent for and on behalf of the Company. Mirabaud Securities will determine in its absolute discretion the extent of each Placee's participation in the Placing, which will not necessarily be the same for each Placee.

Each Placee will be required to pay to Mirabaud Securities, on the Company's behalf, the Placing Price for each Placing Share agreed to be acquired by it under the Placing in accordance with the terms set out herein. Each Placee's obligation to acquire and pay for Placing Shares under the Placing will be owed to Mirabaud Securities and the Company. Each Placee has an immediate, separate, irrevocable and binding obligation, owed to Mirabaud Securities, to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to subscribe for. Each Placee will be deemed to have read and understood the Appendices in their entirety, to be participating in the Placing upon the terms and conditions contained in the Appendices, and to be providing the representations, warranties, agreements, acknowledgements and undertakings, in each case as contained in the Appendices. To the fullest extent permitted by law and applicable Financial Conduct Authority ("FCA") rules (the "FCA Rules"), neither (i) Mirabaud Securities, (ii) any of its directors, officers, employees or consultants, or (iii) to the extent not contained within (i) or (ii), any person connected with Mirabaud Securities as defined in the FSA Rules ((i), (ii) and (iii) being together "affiliates" and individually an "affiliate"), shall have any liability to Placees or to any person other than the Company in respect of the Placing.

Conditions of the Placing

The obligations of Mirabaud Securities under the Placing Agreement in respect of the Placing Shares are conditional on, amongst other things:

- (a) the Company having complied with its obligations under the Placing Agreement (to the extent that such obligations fall to be performed prior to Admission);
- (b) the Capital Reduction having become effective;
- (c) receipt of VCT/EIS approval in respect of the Placing Shares;
- (d) the passing of the Resolution; and
- (e) Admission having occurred not later than 8.00 a.m. on 12 August 2014 or such later date as the Company and Mirabaud Securities may agree, but in any event not later than 8.00 a.m. on 29 August 2014.

If any of the conditions contained in the Placing Agreement in relation to the relevant Placing Shares are not fulfilled or waived by Mirabaud Securities, by the respective time or date where specified, the Placing will not proceed (save to the extent already performed) and the Placee's rights and obligations hereunder in relation to the Placing Shares (save to the extent already performed) shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

Mirabaud Securities may, at its discretion and upon such terms as it thinks fit, waive compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

None of Mirabaud Securities, the Company or any other person shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or the date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally, and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of Mirabaud Securities.

Termination of the Placing Agreement

Mirabaud Securities is entitled, at any time before Admission, to terminate the Placing Agreement in relation to its obligations in respect of the Placing Shares (save to the extent already performed) by giving notice to the Company if, amongst other things:

- (a) the Company fails, in any material respect, to comply with any of its obligations under the Placing Agreement; or
- (b) it comes to the notice of Mirabaud Securities that any statement contained in any document or announcement issued or published by or on behalf of the Company in connection with the Placing was untrue, incorrect or misleading at the date thereof in any respect which Mirabaud Securities (acting reasonably) considers to be material in the context of the Placing; or
- (c) any of the warranties given by the Company in the Placing Agreement has ceased to be true and accurate in any respect which Mirabaud Securities (acting reasonably) considers to be material in the context of the Placing; or
- (d) there happens, develops or comes into effect: i) a general moratorium on commercial banking activities in London declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United Kingdom; or ii) the outbreak or escalation of hostilities or acts of terrorism involving the United Kingdom or the declaration by the United Kingdom of a national emergency or war or any other occurrence of any kind which in any such case (by itself or together with any other such occurrence) in Mirabaud Securities' reasonable opinion is likely to materially and adversely affect the market's position or prospects of the Group taken as a whole; or iii) any other crisis of international or national effect or any change in any currency exchange rates or controls or in any financial, political, economic or market conditions or in market sentiment which, in any such case, in Mirabaud Securities' reasonable opinion is materially adverse.

Upon such termination, the parties to the Placing Agreement shall be released and discharged (except for any liability arising before or in relation to such termination and save to the extent already performed) from their respective obligations under or pursuant to the Placing Agreement subject to certain exceptions.

By participating in the Placing, Placees agree that the exercise by Mirabaud Securities of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of Mirabaud Securities and that they need not make any reference to Placees and that they shall have no liability to Placees whatsoever in connection with any such exercise or failure so to exercise.

No prospectus

No offering document, prospectus or admission document has been or will be submitted to be approved by the FCA or submitted to the London Stock Exchange in relation to the Placing and Placees' commitments will be made solely on the basis of the information contained in this

Announcement (including the Appendices) released by the Company today, and subject to the further terms set forth in the contract note to be provided to individual prospective Placees.

Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement (including the Appendices) is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Company or Mirabaud Securities or any other person and none of Mirabaud Securities nor the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Registration and settlement

Settlement of transactions in the Placing Shares following Admission will take place within the system administered by Euroclear UK & Ireland Limited ("CREST"), subject to certain exceptions. The Company reserves the right to require settlement for and delivery of the Placing Shares (or a portion thereof) to Placees in certificated form if, in Mirabaud Securities' opinion, delivery or settlement is not possible or practicable within the CREST system or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Participation in the Placing is only available to persons who are invited to participate in it by Mirabaud Securities.

A Placee's commitment to acquire a fixed number of Placing Shares under the Placing will be agreed orally with Mirabaud Securities. Such agreement will constitute a legally binding commitment on such Placee's part to acquire that number of Placing Shares at the Placing Price on the terms and conditions set out or referred to in the Appendices and subject to the Company's Memorandum and Articles of Association.

After such agreement is entered into, each Placee allocated Placing Shares in the Placing will be sent contract notes stating the number of Placing Shares allocated to it at the Placing Price and settlement instructions.

Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions that it has in place with Mirabaud Securities. Settlement should be through Mirabaud Securities against CREST ID: 834, account designation: CLEARING. For the avoidance of doubt, Placing allocations will be booked with a trade date of 18 July 2014 and settlement date of 12 August 2014.

The Company will deliver the Placing Shares to the CREST accounts operated by Mirabaud Securities as agent for the Company and Mirabaud Securities will enter its delivery (DEL) instruction into the CREST system. The input to CREST by a Placee of a matching or acceptance instruction will then allow delivery of the relevant Placing Shares to that Placee against payment.

It is expected that settlement will take place on 12 August 2014, on a delivery versus payment basis.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by Mirabaud Securities.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Company may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Company's account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

Representations and warranties

By participating in the Placing each Placee (and any person acting on such Placee's behalf) acknowledges, undertakes, represents, warrants and agrees (as the case may be) the following. It:

1. has read this Announcement, including the Appendices, in its entirety;
2. acknowledges and agrees that no offering document, prospectus or admission document has been or will be prepared in connection with the Placing and represents and warrants that it has not received a prospectus, admission document or other offering document in connection with the Placing or the Placing Shares;
3. acknowledges that the ordinary shares in the capital of the Company are admitted to trading on AIM, and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of AIM (collectively, the "Exchange Information"), which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such Exchange Information without undue difficulty and is able to obtain access to such information or comparable information concerning any other publicly traded company without undue difficulty;
4. acknowledges that none Mirabaud Securities nor the Company nor any of their respective affiliates or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company other than this Announcement; nor has it requested any of Mirabaud Securities, the Company, any of their respective affiliates or any person acting on behalf of any of them to provide it with any such information;
5. acknowledges that (i) it and, if different, the beneficial owner of the Placing Shares is not, and at the time the Placing Shares are acquired will not be located in or residents of a Restricted Jurisdiction and (ii) the Placing Shares have not been and will not be registered under the securities legislation of the United States, Canada, Australia or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, in or into those jurisdictions;

6. acknowledges that the content of this Announcement is exclusively the responsibility of the Company and that neither Mirabaud Securities nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to subscribe for the Placing Shares is contained in this Announcement and any information previously published by the Company by notification to a Regulatory Information Service, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by Mirabaud Securities or the Company and neither Mirabaud Securities nor the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing;
7. acknowledges that neither Mirabaud Securities nor any person acting on behalf of it nor any of its affiliates has or shall have any liability for any publicly available or filed information, or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
8. represents and warrants that neither it, nor the person specified by it for registration as a holder of Placing Shares is, or is acting as nominee or agent for, and that the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);
9. represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations 2007 (the "Regulations") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
10. if a financial intermediary, as that term is used in Article 3(2) of EU Directive 2003/71/EC (the "Prospectus Directive") (including any relevant implementing measure in any member state), represents and warrants that the Placing Shares subscribed for by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the European Economic Area which has implemented the Prospectus Directive other than to qualified investors, or in circumstances in which the prior consent of Mirabaud Securities has been given to the proposed offer or resale;
11. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the Financial Services and Markets Act 2000 ("FSMA");

12. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive (Directive 2003/71/EC) (including any relevant implementing measure in any member state);
13. represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
14. represents and warrants that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
15. represents and warrants that it is a person falling within Article 19(5) and/or Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or is a person to whom this Announcement may otherwise be lawfully communicated; and
16. acknowledges that any offer of Placing Shares may only be directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive and represents and agrees that it is such a qualified investor;
17. represents and warrants that it is entitled to subscribe for Placing Shares under the laws of all relevant jurisdictions which apply to it, and that its subscription of the Placing Shares will be in compliance with applicable laws and regulations in the jurisdiction of its residence, the residence of the Company, or otherwise;
18. undertakes that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as Mirabaud Securities may in its discretion determine and without liability to such Placee;
19. acknowledges that neither Mirabaud Securities, nor any of its affiliates, nor any person acting on behalf of any of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of Mirabaud Securities for the purposes of the Placing and that Mirabaud Securities has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
20. undertakes that the person whom it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be. Neither Mirabaud Securities nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of

such Placee agrees to participate in the Placing and it agrees to indemnify the Company and Mirabaud Securities in respect of the same on the basis that the Placing Shares will be allotted to the CREST stock accounts of Mirabaud Securities who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;

21. acknowledges that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions and any non-contractual obligations arising out of or in connection with such agreements shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or Mirabaud Securities in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
22. acknowledges that Mirabaud Securities and its affiliates will rely upon the truth and accuracy of the representations, warranties and acknowledgements set forth herein and which are irrevocable and it irrevocably authorises Mirabaud Securities to produce this Announcement, pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein;
23. agrees to indemnify and hold the Company, Mirabaud Securities and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in the Appendices and further agrees that the provisions of the Appendices shall survive after completion of the Placing;
24. represents and warrants that it will acquire any Placing Shares subscribed for by it for its account or for one or more accounts as to each of which it exercises sole investment discretion and it has full power to make the acknowledgements, representations and agreements herein on behalf of each such account;
25. acknowledges that its commitment to subscribe for Placing Shares on the terms set out herein and in the relevant contract notes will continue notwithstanding any amendment that may in future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's conduct of the Placing. The foregoing representations, warranties and confirmations are given for the benefit of the Company and Mirabaud Securities. The agreement to settle a Placee's subscription (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to the subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes, and is based on a warranty from each Placee, that neither it, nor the person specified by it for registration as holder, of Placing Shares is, or is acting as nominee or agent for, and that the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services). If there are any such arrangements, or the settlement relates to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax, and neither the Company

nor Mirabaud Securities shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify Mirabaud Securities accordingly;

26. understands that no action has been or will be taken by any of the Company, Mirabaud Securities or any person acting on behalf of the Company or Mirabaud Securities that would, or is intended to, permit a public offer of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;
27. in making any decision to subscribe for the Placing Shares, confirms that it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further confirms that it is experienced in investing in securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain a complete loss in connection with the Placing. It further confirms that it relied on its own examination and due diligence of the Company and its associates taken as a whole, and the terms of the Placing, including the merits and risks involved;
28. represents and warrants that it has (a) made its own assessment and satisfied itself concerning legal, regulatory, tax, business and financial considerations in connection herewith to the extent it deems necessary; (b) had access to review publicly available information concerning the Group that it considers necessary or appropriate and sufficient in making an investment decision; (c) reviewed such information as it believes is necessary or appropriate in connection with its subscription of the Placing Shares; and (d) made its investment decision based upon its own judgment, due diligence and analysis and not upon any view expressed or information provided by or on behalf of Mirabaud Securities;
29. understands and agrees that it may not rely on any investigation that Mirabaud Securities or any person acting on its behalf may or may not have conducted with respect to the Company, its Group, or the Placing and Mirabaud Securities have not made any representation to it, express or implied, with respect to the merits of the Placing, the subscription for the Placing Shares, or as to the condition, financial or otherwise, of the Company, its Group, or as to any other matter relating thereto, and nothing herein shall be construed as a recommendation to it to subscribe for the Placing Shares. It acknowledges and agrees that no information has been prepared by Mirabaud Securities or the Company for the purposes of this Placing; and
30. accordingly it acknowledges and agrees that it will not hold Mirabaud Securities or any of its affiliates or any person acting on its behalf responsible or liable for any misstatements in or omission from any publicly available information relating to the Group or information made available (whether in written or oral form) in presentations or as part of roadshow discussions with investors relating to the Group (the "Information") and that neither Mirabaud Securities nor any person acting on behalf of Mirabaud Securities, makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such Information or accepts any responsibility for any of such Information.

By participating in the Placing, each Placee (and any person acting on a Placee's behalf) subscribing for Placing Shares acknowledges that: (i) the Placing Shares are being offered and sold only pursuant to Regulation S under the Securities Act in a transaction not involving a public offering of securities in the United States and the Placing Shares have not been and will not be registered under the Securities Act; and (ii) the offer and sale of the Placing Shares to it has been made outside of the United States in an "offshore transaction" (as such term is defined in Regulation S under the Securities Act) and it is outside of the United States during any offer or sale of Placing Shares to it.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the subscription by them of any Placing Shares or the agreement by them to subscribe for any Placing Shares.

Each Placee and any person acting on behalf of each Placee acknowledges and agrees that Mirabaud Securities or any of its affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

When a Placee or person acting on behalf of the Placee is dealing with Mirabaud Securities, any money held in an account with Mirabaud Securities on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FCA made under FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from Mirabaud Securities' money in accordance with the client money rules and will be used by Mirabaud Securities in the course of its own business; and the Placee will rank only as a general creditor of Mirabaud Securities.

All times and dates in this Announcement may be subject to amendment. Mirabaud Securities shall notify the Placees and any person acting on behalf of the Placees of any changes.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

Appendix II

DEFINITIONS

The following definitions apply throughout this Announcement unless the context otherwise requires:

"Act"	the Companies Act 2006 (as amended)
"Admission"	admission of the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies as published by the London Stock Exchange from time to time
"Announcement"	means this announcement (including the appendices to this announcement)
"Capital Reduction"	means the reduction of the Company's issued share capital proposed to become effective before 8 August 2014
"Company"	Photonstar LED Group PLC
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001) for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited
"Directors" or "Board"	the directors of the Company, or any duly authorised committee thereof
"FCA"	the Financial Conduct Authority in its capacity as the

"FSMA"	competent authority for the purposes of Part VI of FSMA
"Group"	the Financial Services and Markets Act of 2000 (as amended)
"London Stock Exchange"	the Company, its subsidiaries and its subsidiary undertakings
"Mirabaud Securities"	London Stock Exchange plc
"Ordinary Shares"	Mirabaud Securities LLP, the Company's Joint Broker
"Placing"	ordinary shares of 1pence each in the capital of the Company following the Capital Reduction becoming effective
"Placing Agreement"	the placing of the Placing Shares at the Placing Price by Mirabaud Securities as agent for and on behalf of the Company pursuant to the terms of the Placing Agreement
"Placing Price"	the agreement dated 17 July 2014 between (i) the Company and (ii) Mirabaud Securities relating to the Placing, further details of which are set out in this Announcement
"Placing Shares"	7 pence per Placing Share
"Resolution"	the 29,400,000 new Ordinary Shares to be issued by the Company pursuant to the Placing
"Shareholders"	the resolution to be proposed at the general meeting of the Company to be held on or about 11 August 2014
"UK" or "United Kingdom"	holders of Ordinary Shares
	the United Kingdom of Great Britain and Northern Ireland