

21 March 2011

PhotonStar LED Group Plc

Full year results

PhotonStar LED Group plc (AIM: PSL, "PhotonStar" or "the Group"), the British designer and manufacturer of Smart LED lighting Solutions, announces its unaudited preliminary results for the year ended 31 December 2010.

Highlights

- Reverse takeover of Enfis Group Plc in December 2010 and fund raising of approximately £2m
- Renamed PhotonStar LED Group Plc on re-admission to AIM
- Integration and restructuring proceeding according to plan
- Cash position of £1.9m at year end
- Led by original PhotonStar business, revenues up by 74% to £2.7m (2009: £1.6m)
- Loss before tax £0.8m (2009: loss £0.4m)

James Mckenzie, Chief Executive PhotonStar, commented

"The integration of the two businesses during the last three months has gone well. The Light Engine business, previously Enfis, has been rationalised and integrated as planned and is now showing signs of growth. The LED fixture business is scaling up well."

"We have made a number of important infrastructure and product range investments which are beginning to bear fruit. We expect to see the full benefits from these during 2011 and we look forward to further good growth this year."

For further information:

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Note to editors

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.

Overview

PhotonStar LED Group was admitted to AIM in December 2010 following the reverse takeover of AIM-listed Enfis Group and a placing which raised approximately £2m.

Background to the transaction

PhotonStar, based in Romsey Hampshire, was a UK-based LED lighting fixture designer and manufacturer focused on solving the cost problems and increasing the efficiency of LEDs for use in general and residential lighting. The company's product range included a range of high efficiency LED fixtures and drivers and a range of advanced lighting control solutions.

Enfis Group, based in Swansea, specialised in the design and development of intelligent high power LED arrays and light engines, which were used across a broad range of industry sectors such as film and TV production, architectural lighting, medical lighting and ultra-violet curing of epoxies, printing inks and dental treatment products.

Combining the two businesses has created a larger listed entity with a higher profile and access to capital to pursue further organic and acquisitive growth. Following the transaction, the initial focus of has been to integrate the two businesses and to bring increased commercial focus by rationalising the product lines.

This restructuring and integration process is proceeding to plan. Today the Group now comprises two divisions. PhotonStar LED, comprising the LED fixture business, 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. PhotonStar Technology, comprising the former Enfis Light Engine technology, provides LED lighting solutions for specialist applications such as film & television production lighting, UV curing and medical applications.

The Group is using the former Enfis Group's resources to accelerate the development of its SmartWhite technology and to lower the manufacturing cost of certain products in its product range. PhotonStar also intends to drive development of a range of highly integrated light engines and controls for use in general illumination based on a combination of both of the former companies' technologies. The Groups will also continue to focus on the supply of arrays and light engines to specialist sectors specifically film and TV production lighting and UV curing.

The market opportunity

Lighting accounts for 19% of global electricity usage and CO2 emissions attributable to lighting are equivalent to 70% of all global car CO2 emissions. General lighting is in transition, driven by energy efficiency and lower operating costs and across many sectors LED lighting is having a large impact.

General lighting of buildings is estimated to be a \$70bn market with an expected compound annual growth rate of 6% overall between 2010-2015. It is also estimated that by 2015 LED lamps and modules will account for over 50% of general lighting light source sales. There are multiple EU and UK legislative drivers such as the Europe-wide phased banning of incandescent lamps, the code for sustainable homes and the October 2010 increase in efficiency for UK building regulations.

Group development and integration

PhotonStar Technology - LED light Engines, former Enfis

Following the reverse takeover, the Group moved swiftly to cut the cost base. The monthly overheads have been reduced by over 60% year on year as a result of headcount reduction and the curtailment of some technology development programmes.

The LED light engine product range has been dramatically rationalised to increase the focus on substantial near-term commercial opportunities in UV curing and film and TV production lighting. There are early signs of growth from this more focused approach with a new supply agreement announced today, see separate announcement.

The Innovate^(tm) Chip-on-Board (COB) technology programme is now undergoing a full lighting reliability test program.

PhotonStar LED – LED Fixtures business

The sales and marketing team has been expanded in 2011 to cope with a significant increase in the level of sales enquiries. Stock levels and production capacity have been increased to cope with this increased sales demand. As a result product lead times have been reduced from four to eight weeks to two to four weeks in line with other lighting companies. The project pipeline continues to grow which is providing the Group with increasing levels of visibility.

The Group has removed significant level of overhead and all staff changes are now completed. The business has also invested in upgrading its infrastructure.

Financial review

The Group is required to treat Photonstar LED Limited as the acquiring company, with the reported trading results relating solely to the Photonstar LED business for the calendar years 2010 and 2009. The reported results do not include any trading results of the former Enfis business as this was not acquired until 23 December 2010.

Photonstar LED sales increased by over 70% to £2.7m (2009: £1.6m), reflecting the strong growth in LED lighting sales and a full year contribution from the ALC business acquired in May 2009.

Gross margin for 2010 was 31% (2009: 38%). This reflects the full year contribution of the lower margin ALC business and a period of heavy product development costs, partially offset by increasing sales of higher margin LED lighting fixtures.

The increase in administrative expenses partly reflects the inclusion of the ALC business and some fees for the reverse takeover of Enfis Group.

Non cash costs (depreciation, amortisation and share based payments) included in administrative expenses increased to £230,000 (2009 £124,000).

The Group's pre tax loss for the year was £0.8m (2009: £0.4m). Loss per share was 1.6p (2009: loss per share 0.8p). The group has tax losses of c. £4.5m available to set against future trading profits.

The Group's year-end net cash position was £1.8m following the fund raising at the time of the reverse take-over.

Current trading and outlook

The streamlined product offering and the adoption of a more customer focused approach is showing early signs of growth, and order intake for designed-in LED light engines is accelerating.

The Group has announced a significant supply agreement with an international developer of UV curing solutions for the inkjet printing industry. In the last quarter of 2010, the Group developed a new high output tuneable white light LED source based on its proprietary SmartWhite technology. This has been optimised for a key Film and TV lighting customer and is currently being evaluated.

This trend is expected to continue as the roll-out of substantially enhanced and new light engine products progresses.

Whilst the LED market is still in its early stages, currently accounting for less than 3% of the \$70bn global general lighting market, it 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. PhotonStar is well positioned to take advantage of this opportunity.

The performance of the enlarged Group during the last three months has been very encouraging with a significant increase in customer interest in the Group's LED lighting solutions.

James McKenzie

Group Chief Executive

**Unaudited Consolidated Statement of Comprehensive Income
For the year ended 31 December 2010**

	2010	2009
	£'000	£'000
Revenue	2,720	1,561
Cost of Sales	(1,888)	(959)
Gross Profit	832	602
Administrative Expenses	(1,709)	(1,064)
Other Income	60	46
Operating (Loss)	(817)	(416)
Financial Income	-	1
Financial Expense	(2)	-
Net Financial Income	(2)	1
(Loss) Before Income Tax	(819)	(415)
Income Tax Credit	17	46
(Loss) and Total Comprehensive Income for the Year	(802)	(369)
Loss for the Year Attributable to Equity Holders of the Company	(802)	(369)
Loss per share (basic)	(0.8)p	(0.4)p

**Unaudited Consolidated Statement of Financial Position
as at 31 December 2010**

	2010	2009
	£'000	£'000
Non-Current Assets		
Property, Plant & Equipment	123	59
Intangible Assets	2,073	411
Total Non-Current Assets	2,196	470
Current Assets		
Inventories	361	203
Trade & Other Receivables	451	410
Current Tax Assets	183	70
Cash & Cash Equivalents	1,885	32
Total Current Assets	2,880	715
Total Assets	5,076	1,185
Equity	3,542	521
Liabilities		
Current Liabilities		
Trade & Other Payables	1,267	649
Current Tax Liabilities	-	15
Borrowings	38	-
Provisions for Other Liabilities & Charges	227	-
Total Current Liabilities	1,532	664
Non-Current Liabilities		
Deferred tax liabilities	2	-
Total Liabilities	1,534	664
Total Equity and Liabilities	5,076	1,185

Unaudited Consolidated Statement of Cash Flows

	2010	2009
	£'000	£'000
Cash flows from operating activities		
Operating profit	(817)	(416)
Depreciation	27	26
Amortisation	81	39
Share option charge	122	59
Grant income	(60)	(46)
Receipt of government grants	56	26
Change in inventories	(72)	(92)
Change in trade & other receivables	96	(86)
Change in trade & other payables	255	380
Cash generated (used) in operations	(312)	(110)
Interest paid	(2)	-
Interest received	-	1
Tax received/(paid)	10	(40)
Net cash generated (used) in operating activities	(304)	(149)
Cash flows from investing activities		
Acquisition of business combination	(35)	(65)
Cash acquired by acquisition	175	56
Purchase of property, plant and equipment	(9)	(18)
Purchase of intangible assets	(104)	(67)
Net cash generated (used) in investing activities	27	(94)
Cash flows from financing activities		
Proceeds from the issuance of ordinary shares	2,130	231
Net cash generated from financing activities	2,130	231
Net increase/(decrease) in cash and cash equivalents	1,853	(12)
Cash and cash equivalents at the start of the year	32	44
Cash and cash equivalents at the end of the year	1,885	32

1. GENERAL INFORMATION

Photonstar LED Group ("the Group") comprises Photonstar LED Group PLC ("the Company") and its subsidiary undertakings. The Company is a limited liability company incorporated and domiciled in the United Kingdom. The Company's registered number is 01633765 (England and Wales) and its registered office is at Technium II, Kings Road, Swansea Waterfront, Swansea SA1 8PJ. This preliminary announcement was approved for issue by the Board of Directors on 19 March 2011.

2. FINANCIAL INFORMATION

The financial information on pages 5 to 8 does not constitute statutory accounts within the meaning of Section 345 of the Companies Act 2006. It is extracted from the Company's unaudited draft financial information for the year ended 31 December 2010 and is prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The Company's statutory accounts for the year ended 31 December 2010 are currently unaudited and have yet to be delivered to the Registrar of Companies. The Company's statutory accounts for the year ended 31 December 2009 have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

3. AVAILABILITY OF DOCUMENT

Copies of this announcement (and the Company's statutory accounts for the year ended 31 December 2010 when available) may be obtained from the Company Secretary, Photonstar LED Group PLC, Technium II, Kings Road, Swansea Waterfront, Swansea SA1 8PJ.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in preparing the financial information were the same as applied in preparing the Company's statutory accounts for the year ended 31 December 2009 in accordance with International financial Reporting Standards as adopted by the EU.

5. EARNINGS PER SHARE

	2010	2009
	£'000	£'000
Loss attributable to ordinary shareholders	<u>(802)</u>	<u>(369)</u>
Weighted average number of shares in issue	50,873,408	43,649,831
Basic loss per share (pence)	<u>(1.6)</u> p	<u>(0.8)</u> p