21 August 2015

PhotonStar LED Group Plc

Half year results

PhotonStar LED Group Plc (AIM: PSL, "PhotonStar" or "the Group"), the British designer and manufacturer of smart LED lighting solutions, announces its half year results for the six months ended 30 June 2015.

Operational and strategic overview

- HalcyonPRO™ – commercial systems now shipping and expected to contribute to revenues in the second half of 2015
    - Product shipments into target applications signify inflection point in Group's strategy
    - Expected to represent Group's biggest value driver
- Halcyon™ cloud connected lighting represents a platform to drive services (derived from data) and ability to lease/rent lighting (ability to deny service)
- Halcyon™ validated as professional retrofitable lighting control system
- Group awarded Innovate UK grant of £123,000 in March 2015 "Smart In-building Micro-Grid for Energy Management", that will deliver future energy management solutions for buildings

Post period end

- Secured a substantial 12 month supply contract for Camtronics Vale manufacturing subsidiary

Financial overview

- Revenues down 14% to £3.26m (H1 2014: £3.78m)
- Gross profit margin of 37% (H1 2014: 39%)
- Administrative expenses reduced by 14% to £1.83m (H1 2014: £2.13m)
- Adjusted EBITDA loss reduced to £0.20m (H1 2014:£0.28m)
- Pre-tax loss of £0.60m (H1 2014: loss £0.60m)
- Loss per share of 0.4p (H1 2014: loss per share 0.4p)
- At 30 June 2015, net debt of £0.67m (H1 2014: net debt £0.43m)
- H1 2015 revenues broadly in line with management expectations; expect to achieve EBITDA profitability (adjusted for share based payments) over the next six months
    - EBITDA (adjusted) positive for May and June 2015
    - Revenue on a rising trend into H2

James McKenzie, Chief Executive of PhotonStar, said:

'Whilst our fixed lighting operations faced a tough competitive landscape in 2014, we have continued to make good progress with our intelligent Halcyon™ lighting system. Halcyon™ launched successfully in November 2014 at Lux Live and is our first Internet of Things platform, positioning us to benefit from the potential growth of this fast-expanding market.

"We entered 2015 as a much stronger business, with a stable management team in place, a significantly reduced cost base and a growing suite of commercially available intelligent lighting systems.

"Since April, the business has been adjusted EBITDA positive on a monthly basis, with a rising revenue trend, and the Board anticipates that the Group will sustain adjusted EBITDA profitability over the next six months as our recently introduced fixed lighting products and intelligent Halcyon™ lighting system drive revenue growth in the second half of the year and beyond."

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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.

PhotonStar LED is based in Romsey, Hampshire with a manufacturing facility in Wales.

Overview

PhotonStar currently comprises two divisions:

- LED lighting fixtures - 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.

- LED light engines - provides LED lighting solutions for specialist applications.

The Group sees significant opportunities for its next generation lighting system, Halcyon™, through existing channels and retrofit opportunities. It is expected that, as this new business segment develops, more strategic focus will be placed on it, and the Group will split this performance out as a separate section in future disclosures.

Group revenue was down 14% at £3.26m (H1 2014: £3.78m), gross profit down 19% to £1.20m (H1 2014: £1.49m) and administrative expenses down 14% to £1.83m (H1 2014: £2.13m). As in previous years, revenues are expected to be second half weighted, driven by seasonal increases in construction activity in domestic and export markets.

Market opportunity

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

General lighting of buildings is currently estimated to be a $70bn market worldwide with an expected compound annual growth rate of 6% between 2010-2015. It is also estimated that by the end of 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 2013 increase in efficiency requirements for lighting included in UK building regulations.

Whilst energy savings from source replacement are significant, the addition of controls via smart lighting can improve energy savings by a further 70%.

The smart lighting market is growing at a very fast rate in the lighting industry. The smart lighting market is expected to grow to US $8.14bn by 2020, at a CAGR of 22.07% between 2015 and 2020. Smart lighting is a system of luminaries and electronic control systems designed to accelerate energy savings and maintain an intelligent lighting ecosystem. Smart lighting is an advanced technology that makes use of intelligent lighting control systems to control light based on various parameters, namely, occupancy, movement, colour temperature, and amount of natural light. Smart lighting broadly comprises two components, namely, luminaries and control & communication components. The control and communication components which include sensors, microcontrollers, receivers, and others are the key components and are responsible for intelligence in the luminaries (marketsandmarkets 2015).

The lighting market continues to transition towards LED lighting, with colour-tuneable and Circadian LED lighting becoming a significant subsector. The market in Europe alone is estimated to be worth up to €2.3bn per year by 2020 (Lighting Europe 2013, 'Human Centric Lighting').

Business review

LED Lighting Fixtures

First half revenues were down by 13% to £3.11m from £3.59m in H1 2014. The Group's previously announced exclusive agreement with a well-known house builder exceeded forecasts during H1 2015.

The Group supplied LED solutions to a range of diverse and high profile retrofit projects in the first half of 2015, including:

- Partial refurbishment of the public areas of the Tower of London
- Several Mercure Hotels including Windsor Castle Hotel
- Grand Plaza Theatre in Colchester
- The Royal College of Surgeons – Edinburgh

The HalcyonPRO™ fixtures product launch in November 2014 at Lux Live was positively received by potential customers. A number of the first shipments have been installed at demonstration sites so that prospective customers will be able to see the Halcyon™ product operating in the initial target sectors of healthcare, hospitality and house builders. The first major projects resulting from this are expected to be installed late Q3 2015.

The Halcyon™ lighting solution utilises the Group's proprietary ChromaWhite colour-tuneable technology and provides "Circadian" lighting that changes throughout the day to simulate daylight, with positive effects on health and wellbeing. The system was developed in the UK with the support of investors and a grant from the Department of Energy and Climate Change. The Halcyon™ system uses wireless connectivity to create an intelligent, integrated lighting, sensor and control platform at a fraction of the cost of conventional lighting control, making it ideally suited to retrofit applications. In addition the Halcyon™ communication protocol provides a highly compatible data-centric platform with an open interface for developers.

Halcyon™ has been cited for several more awards including the Lux Awards noted above, the Energy Awards in 2014, the Lighting Design Awards 2015 and most recently the Environment and Energy Awards 2015.

HalcyonPRO™ was selected for an Energy Saving Trust research program in January - 'The Smart Lives' project has been established to facilitate communication between householders and service providers in order to demonstrate technologies and behaviours that could change and improve daily life and to focus attention on a range of approaches to energy consumption.

The research will present the 'smart home of the future' from the perspective of the consumer. HalcyonPRO™ intelligent lighting, smart thermostats, transport technology and other connected technologies will be trialled across a range of demographics, including homeowners and private-sector and social tenants. The project is being funded by the Energy Saving Trust and conducted by Dr Chris Brauer of Goldsmiths, University of London. The primary aim of the project is to educate householders about energy use and ways by which consumers can achieve greater energy efficiency.

In January 2015, PhotonStar released a major update of the Halcyon™ system software that will enable its platform to offer cloud based computing resources. The Halcyon™ system uses wireless connectivity to create an intelligent, integrated lighting, sensor and control platform at a fraction of the cost of conventional lighting control, making it ideally suited to retrofit applications. The addition of cloud connectivity to Halcyon™ will enable PhotonStar to support and collaborate with existing customers and develop new partnerships that will revolutionise the business models for lighting and facilities management.

In March, PhotonStar was awarded an Innovate UK grant of £123,000 for a project titled Smart In-building Micro-Grid for Energy Management that will deliver future energy management solutions for buildings.

PhotonStar remains heavily focused on expanding its Halcyon™ product range, which offers the potential to address a broad range of significant future business opportunities and markets. Halcyon™ is an "intelligent" circadian wireless lighting system with wireless lamps, fixtures and controllers that use behavioral, environmental and energy data from wireless sensors or Internet of Things (IoT) devices to intelligently deliver the right light at the right time, whilst gathering valuable data.

LED Light Engines

First half revenues were down by 24% to £0.14m from £0.19m in H1 2014. As previously reported, the Group does not commit any speculative development resources to this area of the business and now requires development work to be commercially funded by customers. The Board believes that focusing resources on expanding the Halcyon™ product range offers a greater return on investment.

Financial review

The Group's half year revenues decreased by 14% to £3.26m (H1 2014: £3.78m) with gross margin of 37% (H1 2014: 39%). The Group continues to focus on maximizing revenues whilst maintaining its margin.

Administrative expenses decreased by £0.30m to £1.83m (H1 2014: £2.13m), due to downsizing in 2014 and continuing tight control on costs (whilst maintaining and increasing investment in R&D and product development).

Adjusted EBITDA (adjusted for share based payments) loss reduced to £0.20m (H1 2014: loss £0.28m).

The Group reported a pre-tax loss of £0.60m (H1 2014: loss £0.60m) and loss per share for the half year was 0.4p (H1 2014: loss per share 0.4p). The Group's unused aggregate tax losses are approximately £9m.

Group net borrowings debt at 30 June 2015 was £0.67m (H1 2014: £0.43m).

Group capital expenditure was £0.49m (H1 2014: £0.30m), mostly related to continuing investment in product development and the patent portfolio, in particular the development of the Halcyon™ lighting system.

Current trading and outlook

The Group is seeing a rapid transition towards LED lighting across the market, albeit with strong price pressure in fixed white lighting products. This is driven by cost reductions, increased efficiency and multiple regulatory drivers, including the Europe-wide ban on incandescent lamps and the code for sustainable homes.

With its investment in new technology and manufacturing processes, PhotonStar is well positioned to take advantage of this fast-growing market and the next phase of lighting development. The Halcyon™ system has been specifically designed to address the market opportunity for retrofit dimmable white, colour-tuneable and Circadian lighting. It is also the Group's first Internet of Things platform, able to be controlled by multiple users using smart devices.

PhotonStar has now completed the first large scale deployment of its Halcyon™ wireless lighting control and energy monitoring system – see separate announcement.

This installation, following several smaller scale trials, demonstrates the ability of the system to scale. Halcyon™ enables practical, viable lighting controls with full professional features where legacy systems would be impractical and cost prohibitive in the larger retrofit market. As 80% of the buildings in Europe that will exist in 2050 are already built, the now viable opportunity for lighting control in retrofit is significantly larger than new build. The Group has a growing pipeline of opportunities for Halcyon™ and sees this as a future source of strong revenue growth.

The Group enters H2 2015 as a much stronger business, with a stable management team in place and a significantly reduced cost base, on the back of a challenging year in 2014 running into Q1 2015. The development of Halcyon™ is now complete, with current and future development work concentrating on improvements to the product. Sales for the first half of 2015 are broadly in line with management expectations with the business achieving EBITDA profitability (as adjusted for share base payments) on a sustained basis over the months of May, June and July. Additionally, a broadly rising trend on revenue is anticipated, driven by Halcyon™ and the recently announced 12 month supply contract for PhotonStar's Camtronics Vale manufacturing subsidiary.

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2015

	Notes	**6 Months Ended 30 June 2015 Unaudited £'000**	6 Months Ended 30 June 2014 Unaudited £'000	Year Ended 31 December 2014 Audited £'000
Revenue	2	**3,256**	3,775	7,188
Cost of Sales		**(2,056)**	(2,288)	(4,528)
Gross Profit		**1,200**	1,487	2,660
Administrative Expenses		**(1,834)**	(2,132)	(4,286)
Other Income		**46**	64	91
Operating Loss		**(588)**	(581)	(1,535)
Financial Expense		**(14)**	(20)	(37)
Loss Before Income Tax		**(602)**	(601)	(1,572)
Taxation Credit	3	**136**	120	240
Loss and total comprehensive income for the period attributable to the Equity Shareholders of the Parent		**(466)**	(481)	(1,332)
Loss per share				
Basic and diluted	4	**(0.4)p**	(0.4)p	(1.1p)

Consolidated Statement of Financial Position
as at 30 June 2015

	30 June 2015	30 June 2014	31 December 2014
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Non-Current Assets			
Property, Plant & Equipment	**296**	348	339
Intangible Assets	**3,623**	3,279	3,452
Total Non-Current Assets	**3,919**	3,627	3,791
Current Assets			
Inventories	**1,244**	1,243	1,184
Trade & Other Receivables	**1,610**	1,258	1,574
Current Tax Assets	**302**	182	166
Cash & Cash Equivalents	**158**	240	1,137
Total Current Assets	**3,314**	2,923	4,061
Total Assets	**7,233**	6,550	7,852
Equity			
Ordinary Share Capital	**1,438**	11,239	1,438
Share premium	**7,188**	5,430	7,188
Share capital reduction reserve	**10,081**	-	10,081
Share option reserve	**626**	560	596
Reverse acquisition reserve	**(8,843)**	(8,843)	(8,843)
Profit and Loss	**(5,879)**	(4,562)	(5,413)
Equity	**4,611**	3,824	5,047
Liabilities			
Current Liabilities			
Trade & Other Payables	**1,758**	2,010	2,034
Borrowings	**825**	673	725
Provisions	**24**	28	31
Total Current Liabilities	**2,607**	2,711	2,790
Non-Current Liabilities			
Deferred Tax Liabilities	**15**	15	15
Total Liabilities	**2,622**	2,726	2,805
Total Equity and Liabilities	**7,233**	6,550	7,852

Consolidated Statement of Cash Flows
For the six months ended 30 June 2015

	6 Months Ended 30 June Unaudited 2015	6 Months Ended 30 June Unaudited 2014	Year Ended 31 December Audited 2014
	£'000	£'000	£'000
Cash Flows from Operating Activities			
Operating Loss	**(588)**	(581)	(1,535)
Depreciation	**69**	101	169
Amortisation	**290**	163	410
Share Option Charge	**30**	36	72
Movement in Provisions	**(7)**	(17)	(14)
Grant Income	**(26)**	(64)	(91)
Receipt of grants	**-**	109	157
Change in Inventories	**(60)**	53	112
Change in Trade & Other Receivables	**(36)**	574	258
Change in Trade & Other Payables	**(249)**	(166)	(163)
Cash Generated from/(Used in) Operations	**(577)**	208	(625)
Interest Paid	**(14)**	(20)	(37)
Tax Received	**-**	-	136
Net Cash Generated from/(Used in) Operating Activities	**(591)**	188	(526)
Cash Flows From Investing Activities			
Proceeds on disposal of Plant, Property & Equipment	**1**	-	-
Purchase of Property, Plant and Equipment	**(27)**	(6)	(65)
Purchase of Intangible Assets	**(461)**	(291)	(711)
Net Cash Used in Investing Activities	**(487)**	(297)	(776)
Cash Flows from Financing Activities			
Proceeds from the issue of ordinary shares	**-**	-	2,072
Cost of reducing share capital	**-**	-	(34)
Increase/(Decrease) in borrowings	**99**	(254)	(202)
Net Cash (Used in)/Generated from Financing Activities	**99**	(254)	1,836
Net (Decrease)/Increase in Cash and Cash Equivalents	**(979)**	(363)	534
Cash and Cash Equivalents at the Start of the Period	**1,137**	603	603
Cash and Cash Equivalents at the End of the Period	**158**	240	1,137

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2015 (unaudited)

	Ordinary Share Capital	Share Premium	Share capital reduction Reserve	Share Option Reserve	Reverse Acquisition Reserve	Retained Losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2015	1,438	7,188	10,081	596	(8,843)	(5,413)	5,047
Share Option Charge	-	-	-	30	-	-	30
Comprehensive Loss for the Period	-	-	-	-	-	(466)	(466)
At 30 June 2015	1,438	7,188	10,081	626	(8,843)	(5,879)	4,611

For the six months ended 30 June 2014 (unaudited)

	Ordinary Share Capital	Share Premium	Share capital reduction Reserve	Share Option Reserve	Reverse Acquisition Reserve	Retained Losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2015	11,239	5,430	-	524	(8,843)	(4,081)	4,269
Share Option Charge	-	-	-	36	-	-	36
Comprehensive Loss for the Period	-	-	-	-	-	(481)	(481)
At 30 June 2015	11,239	5,430	-	560	(8,843)	(4,562)	3,824

For the year ended 31 December 2014 (audited)

	Ordinary Share Capital	Share Premium	Share capital reduction Reserve	Share Option Reserve	Reverse Acquisition Reserve	Retained Losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2015	11,239	5,430	-	524	(8,843)	(4,081)	4,269
Share capital reduction	(10,115)	-	10,081	-	-	-	(34)
Issue of new shares	314	1,758	-	-	-	-	2,072
Share Option Charge	-	-	-	72	-	-	72
Comprehensive Loss for the Period	-	-	-	-	-	(1,332)	(1,332)
At 30 June 2015	1,438	7,188	10,081	596	(8,843)	(5,413)	5,047

Notes to the financial statements
For the six months ended 30 June 2015 (unaudited)

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively "Adopted IFRS").

The principal accounting policies used in preparing these interim financial statements are those expected to apply to the Group's Consolidated Financial Statements for the year ending 31 December 2015 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2014.

The financial information for the six months ended 30 June 2015 and 30 June 2014 is unaudited and does not constitute statutory financial statements for those periods.

The comparative financial information for the year ended 31 December 2014 is not statutory accounts within the meaning of s434 of the Companies Act 2006 but has been derived from the audited statutory financial statements for that year. The statutory accounts for the year ended 31 December 2014 have been reported on by the Company's auditor, delivered to the Registrar of Companies and have been sent to the shareholders.

The Auditor's opinion on the Group's statutory financial statements for the year ended 31 December 2014 included the following:

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.2 to the financial statements concerning the directors' assessment of the Company's ability to continue as a going concern. The ability of the Company and the Group to continue as going concerns is dependent on the ability of the Group to achieve the growth in sales of its products projected by the directors in their current forecasts. Growth needs to be sufficient for the Company and the Group to be able to operate within cash resource and borrowing facilities. Should the expected sales growth not come to fruition, the ability of the Company and the Group to continue as going concerns will depend on the ability of the directors to restructure its cost base. These conditions along with other matters disclosed in note 2.2 indicate the existence of material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. The financial statements do not include the adjustments that would result if the Group and the Company was unable to continue as going concerns nor achieve its expected revenues."

The disclosures made in note 2.2 to the financial statements remain valid and are reproduced in full below:

"The directors have adopted the going concern basis in preparing the financial statements for the year to 31 December 2014. In reaching this conclusion, the directors have considered for both the Company and the Group, current trading and the current and projected funding position for the period of just over 12 months from the date of approval of the financial statements through to 31 May 2016.

Current Funding

The Group's net cash balance at 31 December 2014 was £412,000. During the fourth quarter of 2014, the Group reduced its cost base with annual savings expected to be in the region of £0.5m. Since then the Group has continued to execute its business plan by:

- investing in the continuing growth of its Lighting fixtures business and the development of new product ranges, and
- continued further investment in expanding its Halcyon™ range

Other funding developments include:

- the Group has been awarded a grant for up to £123,000, in respect of a project entitled "Smart In-building" Micro Grid for Energy Management that will deliver future energy management solutions for Buildings;
- some surplus Intellectual Property is being marketed; and
- the review of its current financing arrangements to meet the working capital demands of an expected increase in revenues from the new EcoStar and Piran wholesale range.

Projected Funding

The Group is currently in the process of renewing its existing bank facilities with the possibility of seeking some additional working capital facilities to finance the expansion of its EcoStar and Piran wholesale range. As part of this process alternative sources of finance are also being considered.

Subject to the satisfactory renewal of its existing bank facilities or the acceptance of a new facility and the anticipated growth in Halcyon™ sales following its launch in November 2014, the cash flow projections show that the Group can continue to operate for a period of 12 months from the date the financial statements were signed.

The achievement of these projections is subject to uncertainties described below.

The projections include assumptions on the amount and timing of revenue and gross margin that the Group expects to achieve during the period of the projections. These assumptions are subject to both market and operational uncertainty.

The Group has incurred a net loss of £1,332,000 in the year and has been loss making since incorporation. The projections reflect the directors' expectation that the Group will be monthly adjusted EBITDA (as calculated in Note 5) positive in 2015. To the extent there is a shortfall in revenue and/or gross margin, it is likely to be at least partially offset by a reduction in working capital requirements. Nevertheless, the ability of the Company and the Group to continue as going concerns is dependent on the ability of the Group to achieve the growth in sales of its products projected by the directors in their current forecasts. Growth needs to be sufficient for the Company and the Group to be able to operate within their cash resource and borrowing facilities.

Conclusion

It is acknowledged that the achievement of these projections is subject to market and operational uncertainty as outlined above and consequently there is a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concerns. Nevertheless, after taking account of the Group's current funding position, its cash flow projections and the risks and uncertainties associated with these, the directors have a reasonable expectation that the Group and Company have access to adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments that would result from the going-concern basis of preparation being inappropriate."

2. Segmental Information

The Group's reportable segments are currently LED Light Fixtures and LED Light Engines. There is no inter-segment revenue.

Six Months Ended 30 June 2015 (unaudited)	**LED Lighting Fixtures**	**LED Light Engines**	**Total**
	£'000	**£'000**	**£'000**
Revenue;			
UK	2,514*	141	2,655
Rest of World	601	-	601
Total Revenue	3,115	141	3,256
Adjusted EBITDA for reportable segments	13	(63)	(50)
Depreciation and Amortisation	(183)	(176)	(359)
Interest Expense	(14)	-	(14)
Taxation Credit	42	94	136
Total Assets	3,223	3,828	7,051
Total Liabilities	2,077	242	2,319
Capital Expenditure	105	386	491

* includes £106,000 of Halcyon™ revenue (2014: £Nil)

Six Months Ended 30 June 2014 (unaudited)	**LED Light Fixtures**	**LED Light Engines**	**Total**
	£'000	**£'000**	**£'000**
Revenue			
European Union	3,306	185	3,491
Rest of World	284	-	284
Total Revenue	3,590	185	3,775
Adjusted EBITDA for reportable segments	(24)	(88)	(112)
Depreciation and Amortisation	(225)	(39)	(264)
Interest Expense	(20)	-	(20)
Taxation Credit	25	95	120
Total Assets	3,253	3,024	6,277
Total Liabilities	2,139	307	2,446
Capital Expenditure	79	218	297

Year Ended 31 December 2014 (audited)	LED Light Fixtures £'000	LED Light Engines £'000	Total £'000
Revenue;			
UK	6,333	283	6,616
Rest of World	572	-	572
Total Revenue	6,905	283	7,188
Adjusted EBITDA for reportable segments	(160)	(392)	(552)
Depreciation and Amortisation	(412)	(167)	(579)
Interest Expense	(37)	-	(37)
Taxation Credit	50	190	240
Total Assets	3,174	3,534	6,708
Total Liabilities	2,175	366	2,541
Capital Expenditure	157	619	776

Adjusted EBITDA for reportable segments is defined as EBITDA before Share Option Charge and Corporate Expense allocation.

Reconciliation of Adjusted EBITDA to Loss Before Tax	**6 Months ended 30 June Unaudited 2015 £'000**	6 Months ended 30 June Unaudited 2014 £'000	Year Ended 31 December Audited 2014 £'000
Adjusted EBITDA for Reportable Segments	(50)	(112)	(552)
Corporate Expense	(149)	(169)	(332)
Adjusted EBITDA	(199)	(281)	(884)
Share Option Charge	(30)	(36)	(72)
Depreciation and Amortisation	(359)	(264)	(579)
Interest Expense	(14)	(20)	(37)
Loss before Tax	(602)	(601)	(1,572)

Reconciliation of Reportable Segment Assets to Total Assets

	30 June 2015 Unaudited £'000	30 June 2014 Unaudited £'000	31 December 2014 Audited £'000
Segment Assets for Reportable Segments	7,051	6,277	6,708
Unallocated:			
Cash at Bank	158	240	1,137
Other	24	33	7
Total Assets per the Statement of Financial Position	7,233	6,550	7,852

Reconciliation of Reportable Segment Liabilities to Total Liabilities

	30 June 2015	30 June 2014	31 December 2014
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Segment Liabilities for Reportable Segments	2,319	2,446	2,541
Unallocated:			
Other	303	280	264
Total Liabilities per the Statement of Financial Position	2,622	2,726	2,805

3. Income Tax Credit

The income tax credit of £136,000 (2014:£120,000) for the six months ended 30 June 2015 represents estimated research and development tax credit receivable for that period, together with an adjustment for an under provision in 2014. Excluding these matters, the effective tax rate for the Group for the year ended 31 December 2015 is expected to be zero, reflecting the availability of estimated brought forward tax losses at 31 December 2014 of £9m.

4. Earnings per share

	6 months ended 30 June 2015	6 months ended 30 June 2014	Year ended 31 December 2014
Loss attributable to ordinary shareholders	**£(466,000)**	£(481,000)	£(1,332,000)
Weighted average number of ordinary shares	**124,868,624**	112,394,651	124,868,624
Basic and diluted loss per share	**(0.4p)**	(0.4p)	(1.1p)

Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding after adjusting these amounts for the effects of dilutive potential ordinary shares.

As the results for the six months ended 30 June 2015 and 30 June 2014 and for the year ended 31 December 2014 are losses, any exercise of share options would have an anti-dilutive effect on earnings per share. Consequently earnings per share and diluted earnings per share are the same as potentially dilutive share options have been excluded from the calculation.

5. Subsequent Events

PhotonStar has secured a substantial 12 month supply contract for its Camtronics Vale manufacturing subsidiary that is expected to generate revenues of £0.5m in 2015.

6. Copies of Interim Report

Copies of this interim report are available upon request to members of the public from the Company's registered office, Unit 8 Westlink, Belbins Business Park, Cupernham Lane, Romsey, Hampshire SO51 7JF. This interim report can also be viewed on the Group's website: www.photonstarled.com.