

21 March 2011

PhotonStar LED Group plc

Supply agreement

PhotonStar LED Group PLC (AIM: PSL, "PhotonStar" or "the Group") the British designer and manufacturer of smart LED lighting solutions, has secured a significant supply agreement with an international developer of UV curing solutions for the inkjet printing industry. This is the first commercial application on the Group's technology into the printing industry.

The two companies will collaborate on the development of high intensity LED arrays emitting light in the UV spectrum for use in various printing and industrial markets. PhotonStar will be exploiting the UV lighting expertise gained from the reverse takeover of Enfis Group plc announced 30 November 2010.

The financial terms of the 12 month contract have not been disclosed but are expected to have a material impact on PhotonStar's revenues in the current financial year.

Inkjet technology allows printing onto a huge variety of surfaces including glass, plastics, ceramics and metals. It is widely used for large scale application such as printed hoardings on the side of buildings and advertising on vehicles such as buses and trains.

UV curing is increasingly being used in the inkjet printing industry because it offers significant benefits in terms of instant drying, lower operating costs and improved quality. As the UV source is now solid state there are size, lifetime and durability benefits over the traditional arc lamp sources for these applications.

James McKenzie, CEO of PhotonStar said:

"One of the first tasks in the integration was to rationalise the Enfis product line to increase the focus on real commercial opportunities. We are already seeing the benefits."

"This new supply agreement will have a material impact on revenues in 2011."

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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)