

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take you should consult a person authorised under the Financial Services and Markets Act 2000 as amended (“FSMA”) who specialises in advising on the acquisition of shares and other securities in the United Kingdom. The whole of the text of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider the section entitled “Risk Factors” in Part II of this document before taking any action.

This document comprises an AIM admission document drawn up in accordance with the AIM Rules. This document does not constitute an offer to the public in accordance with the provisions of section 85 of the FSMA and is not a prospectus as defined in the AIM Rules, nor is it approved by the UK Listing Authority or the London Stock Exchange.

The Directors and Proposed Directors, whose names and functions appear on page 7 of this document, and the Company, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM. The Existing Ordinary Shares are not dealt in on any other recognised investment exchange and no application has been made or is being made for admission of the Existing Ordinary Shares to any other recognised investment exchange. It is expected that Admission will become effective and that dealings will commence on AIM on 24 December 2010. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the UK Listing Authority nor the London Stock Exchange has examined or approved the contents of this document. The AIM Rules are less demanding than the listing rules of the UK Listing Authority.

ENFIS GROUP PLC

(incorporated and registered in England and Wales under number 6133765)

(to be renamed PhotonStar LED Group PLC)

Proposed Acquisition of PhotonStar LED Ltd

Placing of 19,799,790 new Ordinary Shares at an issue price of 10 pence per share

Re-admission of the enlarged share capital to trading on AIM

Adoption of new Articles of Association

Proposed waiver of the requirements of Rule 9 of the City Code

Proposed name change to PhotonStar LED Group PLC

and Notice of General Meeting

finnCap

Nominated Adviser and Broker

finnCap Limited, which is authorised and regulated by the FSA, is acting as Nominated Adviser and Broker to the Company and no one else in connection with the Admission and proposed Placing and will not be responsible to any person other than the Company for providing the regulatory and legal protections afforded to customers (as defined by the FSA Rules) of finnCap nor for providing advice in relation to the contents of this document or any matter, transaction or arrangement referred to in it. The responsibilities of finnCap, as Nominated Adviser under the AIM Rules for Nominated Advisers, are owed solely to London Stock Exchange and are not owed to the Company or any Director or Proposed Director of the Company or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this document.

Notice convening a general meeting of Enfis Group PLC to be held at Morgan Cole’s offices at Bradley Court, Park Place, Cardiff, CF10 3DP at 10.00 a.m. on 23 December 2010 is set out at the end of this document. The enclosed Form of Proxy for use at the General Meeting should be completed and returned to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and to be valid must arrive not less than 48 hours before the time appointed for the holding of the meeting.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The Ordinary Shares have not been, and will not be, registered in the United States of America under the United States Securities Act of 1933 (as amended) (the “Securities Act”) or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia, the Republic of South Africa, or Japan and, may not be offered or sold in the United States of America, Canada, Australia, the Republic of South Africa, or Japan or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa, or Japan. Neither this document nor any copy of it may be sent to or taken into the United States, Canada, Australia, the Republic of South Africa, or Japan, nor may it be distributed to any US person (within the meaning of Regulation S under the Securities Act). In addition, the securities to which this document relates must not be marketed into any jurisdiction where to do so would be unlawful.

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	3
ADMISSION STATISTICS	3
DEFINITIONS	4
DIRECTORS, COMPANY SECRETARY AND ADVISERS	7
PART I LETTER FROM THE CHAIRMAN OF ENFIS GROUP PLC	9
PART II RISK FACTORS	19
PART III FINANCIAL INFORMATION ON ENFIS GROUP PLC	22
PART IV FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED	24
PART V FINANCIAL INFORMATION ON ARCHITECTURAL LIGHTING & CONTROLS LIMITED	43
PART VI UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP	54
PART VII ADDITIONAL INFORMATION	58
NOTICE OF GENERAL MEETING	87

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 21 December 2010
General Meeting	10.00 a.m. on 23 December 2010
Completion of the Acquisition	24 December 2010
Admission and dealings in Ordinary Shares expected to commence on AIM	8.00 a.m. on 24 December 2010
CREST accounts to be credited	24 December 2010
Despatch of share certificates (where applicable)	by 31 December 2010

ADMISSION STATISTICS

Existing Ordinary Shares in issue	15,162,864
Consideration Shares to be issued	51,023,849
ALC Shares to be issued	400,000
Placing Price	10 pence
Placing Shares to be issued	19,799,790
Number of Ordinary Shares in issue on Admission	86,386,503
Placing Shares, Consideration Shares and ALC Shares as a percentage of the Enlarged Share Capital	82.4 per cent.
Enlarged market capitalisation at Placing Price	£8.6m
Estimated net proceeds of the Placing receivable by the Company	£1.6m

DEFINITIONS

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

“Accountants’ Reports”	the reports on the financial information relating to PhotonStar and ALC prepared by PKF which are set out in Parts IV and V of this document
“Acquisition”	the Company’s proposed acquisition of the whole of PhotonStar’s existing issued share capital on the terms of the Acquisition Agreement
“Acquisition Agreement”	the share purchase agreement between the Company and the Vendors relating to the Acquisition, details of which are set out in paragraph 8.1.1 of Part VII of this document
“Admission”	the admission of the Consideration Shares, the Placing Shares, the ALC Shares and the re-admission of the Existing Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the rules for companies whose securities are admitted to trading on AIM published by the London Stock Exchange
“ALC”	Architectural Lighting & Controls Limited
“ALC Shares”	the 400,000 new Ordinary Shares to be issued to the ALC Vendors, pursuant to the agreement for the acquisition by PhotonStar of ALC dated 15 May 2009, details of which are set out in paragraph 8.1.4 of Part VII of this document
“ALC Vendors”	Robert Tuck, Julie Tuck, Brian Whitehorn and Louise Whitehorn
“Articles”	the articles of association of the Company
“CA 2006” or “the Act”	the Companies Act 2006
“Combined Code”	the Combined Code on Corporate Governance dated June 2006, issued by the Financial Reporting Council
“Companies Acts”	the Companies Act 2006 and any provisions of the Companies Act 1985 which remain in force
“Company” or “Enfis”	Enfis Group plc
“Completion”	completion of the Acquisition in accordance with the terms of the Acquisition Agreement
“Concert Party”	Drew Nelson, Ceri Jones, the Proposed Directors and their close family members, and Finitephotonics Limited whose details are set out in Part I of this document
“Consideration Shares”	the 51,023,849 new Ordinary Shares to be issued to the Vendors pursuant to the Acquisition Agreement
“CREST”	the electronic system for the holding and transferring of shares and other securities in paperless form operated by Euroclear UK & Ireland Limited
“Current Articles”	the Articles in force at the date of this document

“Directors” or “Board”	the existing directors of the Company, being Dr Drew Nelson, Ceri Jones, Giles Davies, Dr Gareth Jones, Ron Jones, Simon Gibson and Dr John Thynne (each a “Director”)
“Enfis Employee Share Option Plan”	the Company’s unapproved employee share option scheme details of options granted pursuant to which are set out in Part VII of this document
“Enfis Executive Share Option Scheme”	the Company’s executive share option scheme, details of options granted pursuant to which are set out in Part VII of this document
“Enfis Enterprise Management Incentive Scheme”	the Company’s Enterprise Management Incentive Scheme, details of options granted pursuant to which are set out in Part VII of this document
“Enfis Employee Benefit Trust”	the Employee Benefit Trust established by the Company
“Enfis Group”	the Company and its subsidiary undertakings at the date of this document
“Enfis Options”	the options to subscribe for 880,300 Ordinary Shares (as described in paragraph 3.7 of Part VII of this document) which have been granted to employees of the Company pursuant to the Enfis Employee Share Option Plan and the Enfis Enterprise Management Incentive Scheme, the options to subscribe for 1,750,000 Ordinary Shares (as described in paragraph 3.8 of Part VII of this Document) which are to be granted to employees of Enfis Group on Admission and the additional options to subscribe for 10,263,715 Ordinary Shares which will be granted upon Admission to the holders of the PhotonStar Options as described in paragraph 3.9 of Part VII of this document
“Enlarged Group”	the Company and its subsidiaries (including PhotonStar) following the Acquisition
“Enlarged Share Capital”	the Existing Ordinary Shares, the Consideration Shares, the ALC Shares and the Placing Shares
“Existing Ordinary Shares”	the existing 15,162,864 issued ordinary shares of 10 pence each in the capital of the Company
“finnCap”	finnCap Ltd, nominated adviser and broker to the Company
“Form of Proxy”	the form of proxy accompanying this document for use in connection with the General Meeting
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000
“General Meeting”	the general meeting of the Company to be held at the offices of Morgan Cole at 10.00 a.m. on 23 December 2010, notice of which is set out at the end of this document
“IFRS”	International Financial Reporting Standards as adopted by the EU
“Independent Directors”	all Directors except for those in the concert party being Drew Nelson and Ceri Jones
“Independent Shareholders”	holders of Ordinary Shares except for Drew Nelson, being a Shareholder and a member of the Concert Party
“LED”	light emitting diode

“London Stock Exchange”	London Stock Exchange plc
“New Articles”	the new Articles proposed to be adopted by the Company pursuant to Resolution 5 set out in the Notice
“New Board”	the Company’s proposed board of directors following Admission, consisting of the Proposed Directors, Dr Drew Nelson and Ceri Jones
“Notice”	the notice convening the General Meeting which is set out at the back of this document
“Ordinary Shares”	ordinary shares of 10 pence each in the capital of the Company
“PhotonStar”	PhotonStar LED Limited, a company registered in England and Wales with company number 6168095
“PhotonStar Shares”	the issued A Ordinary, B Ordinary, C Ordinary and D Ordinary shares of 1 pence each in the capital of PhotonStar
“PhotonStar Options”	the options to subscribe for, in aggregate 814,000 ordinary shares in the capital of PhotonStar which are to be surrendered upon Admission in consideration of the grant of options in respect of, in aggregate, 10,263,715 Enfis Options as described in paragraph 3.9 of Part VII of this Document
“PKF”	PKF (UK) LLP of 18 Park Place Cardiff and being the Company’s reporting accountant for the purposes of the AIM Rules
“Placing”	the proposed placing of the Placing Shares at the Placing Price, as set out in Part I of this Document including the 1,460,000 Ordinary Shares to be subscribed for by certain Directors and Proposed Directors at the Placing Price pursuant to the subscription agreement referred to in paragraph 8.1.7 of Part VII
“Placing Price”	means 10p per Ordinary Share
“Placing Shares”	19,799,790 new Ordinary Shares to be issued to placees pursuant to the Placing
“Proposed Directors”	James McKenzie and Majd Zoorob (each a “Proposed Director”)
“Resolutions”	the resolutions to be proposed at the General Meeting (and each a “Resolution”)
“Rule 9”	Rule 9 of the Takeover Code
“Shareholders”	holders of Ordinary Shares
“Takeover Code”	the City Code on Takeovers and Mergers
“Takeover Panel” or “Panel”	the Panel on Takeovers and Mergers
“UK”	United Kingdom
“Vendors”	each of the holders of PhotonStar Shares as at the date of this document
“Waiver” or “Takeover Code Rule 9 Waiver”	the waiver of the requirements of Rule 9 of the Takeover Code as described in Part I of this Document

DIRECTORS, COMPANY SECRETARY AND ADVISERS

Current Directors	Dr Drew Nelson <i>Non Executive Chairman</i> Ceri Jones <i>Chief Executive Officer</i> Giles Davies <i>Chief Financial Officer</i> Dr Gareth Jones <i>Chief Technical Officer</i> Simon J Gibson <i>Non Executive Director</i> Ron Jones <i>Non Executive Director</i> Dr John Thynne <i>Non Executive Director</i>
	all of Technium 2, Kings Road, Swansea Waterfront, Swansea, SA1 8PJ
Proposed Directors	Dr James McKenzie (<i>proposed Chief Executive Officer</i>) Dr Majd Zoorob (<i>proposed Chief Technology Officer</i>)
	both of Unit 8, Westlink, Belbins Business Park, Cupernham Lane, Romsey SO51 7JF
Company Secretary and Registered Office	Giles Davies Technium II, Kings Road, Swansea Waterfront, Swansea SA1 8PJ
Proposed Company Secretary and Registered Office	Ceri Jones Technium II, Kings Road, Swansea Waterfront, Swansea SA1 8PJ
Website on Admission	www.photonstarled.com
Nominated Adviser & Broker	finnCap Ltd 60 New Broad Street London EC2M 1JJ
Reporting Accountant	PKF (UK) LLP 18 Park Place Cardiff CF10 3PD
Auditors to Enfis	PricewaterhouseCoopers LLP 1 Kingsway Cardiff CF10 3PW
Auditors to PhotonStar	PKF (UK) LLP 18 Park Place Cardiff CF10 3PD
Solicitors to the Company on the Acquisition and to the Company on Admission	Morgan Cole Bradley Court Park Place Cardiff CF10 3DP
Solicitors to the Vendors on the Acquisition	Berry Smith Haywood House Dumfries Place Cardiff CF10 3GA

Solicitors to finnCap

Taylor Wessing
5 New Street Square
London EC4A 3TW

Registrars

Capita IRG plc
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

PART I

LETTER FROM THE CHAIRMAN OF ENFIS GROUP PLC

ENFIS GROUP PLC

(Incorporated and registered in England and Wales, registered number 6133765)

Directors:

Dr Drew Nelson *Non Executive Chairman*
Ceri Jones *Chief Executive Officer*
Giles Davies *Chief Financial Officer*
Dr Gareth Jones *Chief Technical Officer*
Simon J Gibson *Non Executive Director*
Ron Jones *Non Executive Director*
Dr John C Thynne *Non Executive Director*

Technium II
Kings Road
Swansea Waterfront
Swansea
SA1 8PJ

30 November 2010

To Enfis Shareholders and, for information only, to Enfis Option holders

Dear Shareholder

Proposed Acquisition and re-admission to trading on AIM and Placing of 19,799,790 new Ordinary Shares at 10 pence per share

Introduction

It was announced today that the Company has conditionally agreed to purchase the entire issued share capital of PhotonStar, details of which are set out below. The aggregate consideration for the Acquisition is approximately £5.1 million, to be satisfied by the issue, credited as fully paid, of 51,023,849 Consideration Shares. The Company has also announced that it has raised approximately £2.0 million through the conditional Placing of 19,799,790 new Ordinary Shares.

The Acquisition constitutes a reverse takeover for the purposes of the AIM Rules and accordingly requires Shareholder approval, which is being sought at the General Meeting to be held at 10.00 a.m. on 23 December 2010. Shareholder approval is also required to approve the waiver that has been granted by the Takeover Panel to certain of the Vendors of the obligation that they would otherwise have to make a takeover offer for the Company under Rule 9 of the Takeover Code.

This document, which is an admission document drawn up in accordance with the AIM Rules, contains detailed information about PhotonStar and explains why the Board considers that the terms of the proposed Acquisition are in the best interests of the Company and recommends that Shareholders vote in favour of the Resolutions.

Background on PhotonStar

PhotonStar is a UK based LED lighting fixture designer and manufacturer. PhotonStar's LED lighting products have won a number of industry awards for innovation and design. Its 'Smart' range LED fixtures allow greater levels of energy efficiency to be achieved by end users through a combination of light source efficiency and control.

History

PhotonStar was founded in 2007 by James McKenzie and Majd Zoorob. PhotonStar's founding strategy was to solve the cost problems and increase the efficiency of current LEDs for use in general residential and commercial lighting. They have achieved this through technology that is captured in 11 patent applications the company has. LED lighting products can offer superior lifetime to traditional lighting solutions giving rise to reduced maintenance costs and when combined with lower energy costs through efficiency and control offers the user reduced operational costs in many applications.

Based in Romsey, England, PhotonStar has developed and grown rapidly. Group revenue has increased from £1,500 in the year to 31 March 2008 to approximately £2m in the year to 31 March 2010. This increase was in part due to organic growth but also to the acquisition of Architectural Lighting & Controls Limited ("ALC") in May 2009. ALC is a high quality lighting solutions provider offering a comprehensive collection of standard lighting products and control products, to cover almost all interior and exterior applications.

Summary financials on PhotonStar

The following consolidated financial information has been extracted from the Accountants' Report set out in Part IV of this document.

	<i>y/e</i> <i>31 March</i> <i>2010</i> <i>£'000</i>	<i>y/e</i> <i>31 March</i> <i>2009</i> <i>£'000</i>	<i>y/e</i> <i>31 March</i> <i>2008</i> <i>£'000</i>
Turnover	1,964	234	2
Operating Loss	645	393	122
Net Assets	350	120	(14)

The management of PhotonStar have made significant progress since the year end and in the six months ended 30 September 2010, management accounts show that PhotonStar made an operating loss of £84,000 on sales of £1,456,000.

The Business

PhotonStar offers a wide range of energy saving LED lighting fixtures to suit many types of commercial or residential applications.

All LED lighting fixtures or luminaires are designed and produced in the UK by PhotonStar and backed by a warranty of up to five years. The majority of PhotonStar's products meet the requirements for Enhanced Capital Allowance in the UK – which permits the capital cost of products plus their delivery and installation to be written off in the first year, giving on average a 28 per cent. cash benefit to the purchaser of the product.

PhotonStar's LED product design approach is aimed to reduce environmental impact targeting maximum product lifetime, using as much recycled material content as possible (giving it a very low embedded CO2 content), a modular refurbishable approach and as few environmentally harmful materials in construction as possible.

PhotonStar's current product offering includes:

- A range of high efficiency LED downlight fixtures and LED drivers.
- A range of 'Smart' LED fixtures that include sensors and microprocessor controls to maximise product lifetime and energy efficiency as well as offering industry leading dimming capabilities. The SmartNemesis was a finalist in the Ecobuild 2010 KTN Innovation Future Zone and a winner of the 2010 Lighting Association industry awards – the Osram sponsored Innovation award. The SmartWhite colour tuneable Luminaire was a finalist in the 2010 Lighting Design Awards and winner of the 2010 Lighting Association industry awards – the E.ON sponsored Light Source Product of the Year award.
- A range of advanced lighting control solutions utilising the Smart Luminaire range and Standard range of LED luminaires.

ALC is a lighting solutions business that provides its customers with control and lighting solutions. ALC also offers commissioning services for building control systems.

The Market Opportunity

Lighting market

Lighting accounts for 19 per cent. of global electricity usage and CO2 emissions attributable to lighting are equivalent to 70 per cent. 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 and the Proposed Directors believe that there will be a compound annual growth rate of 6 per cent. overall between 2010-2015. It is also estimated that by 2015 LED lamps and modules will account for over 50 per cent. 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 Part L.

Competition

The lighting market is transitioning to LED lighting and there are many global players such as Phillips and Osram who are actively addressing the market. Phillips has made significant investment and many strategic acquisitions in the last few years. There are also many large consumer electronics firms such as Toshiba and Sharp entering the market with LED products. LED module companies such as Cree have entered the LED fixture and lamp markets.

However in such a large and diverse market as general lighting the big players have a significant market share but there are hundreds of medium sized lighting companies and thousands of smaller lighting companies that operate successfully in the market.

Background Information on Enfis

Enfis Limited was founded in 2001 and since 2005 Enfis Limited has concentrated on the development of LED arrays and drivers for lighting and industrial applications. Enfis acquired the entire issued share capital of Enfis Limited in March 2007 and was admitted to AIM in March 2007.

Enfis Group specialises in the design and development of intelligent high power LED arrays and light engines, and most of its manufacturing is outsourced to qualified subcontractors. Its light engines combine high power LED arrays with efficient, intelligent electronics and effective thermal management.

Enfis Group sells arrays and light engines for demanding applications within sectors such as film and TV production and other entertainment lighting, architectural lighting, medical lighting and ultra-violet curing applications such as epoxies, printing inks and dental treatment products.

Reasons for the Acquisition

The Directors have examined a number of corporate opportunities over the last nine months and believe that PhotonStar presents an exciting prospect for existing Shareholders The Directors believe that PhotonStar's LED, lighting fixture and light engine business is growing strongly. Following the Acquisition, the Enlarged Group will be re-admitted to AIM. The increased size of the Enlarged Group will provide the PhotonStar business with a higher profile and will give the Enlarged Group greater access to capital, to facilitate further organic and potential acquisitive growth.

Strategy of the New Board

The strategy of the New Board following the Acquisition will be to pursue both organic growth and potentially, acquisitions. The initial focus will be to integrate the PhotonStar businesses within the Enlarged Group.

PhotonStar intends to extend its product range by adding lighting fixtures for architectural and retail markets using Enfis Group arrays and drivers. These new products will be sold through PhotonStar's sales team and existing distribution channels.

PhotonStar intends to use Enfis Group's resources to accelerate the development of its SmartWhite technology which is intended to lower the manufacturing cost of certain products in PhotonStar's product range.

Enfis Group will continue to focus on the supply of arrays and light engines to specialist sectors such as film and TV production lighting and UV curing. PhotonStar intends to drive development of a range of highly integrated light engines and controls for use in general illumination based on a combination of its technology and Enfis Group array products.

Following the integration of the businesses within the Enlarged Group, and in addition to pursuing organic growth, the New Board will seek suitable acquisitions. The intention is that these will include established lighting fixture manufacturers transitioning their businesses to LED lighting and key suppliers offering capacity expansion.

Current Trading and Prospects for the Enlarged Group

Enfis

Enfis's unaudited interim results for the six months ended 30 June 2010 showed a loss of £766,000 on revenues of £254,000. Enfis's unaudited sales for the quarter ended 30 September 2010 were £313,000, and as at 30 September 2010 Enfis Group held orders of £301,000 for delivery during the remainder of 2010.

PhotonStar

PhotonStar's unaudited consolidated management accounts for the six months ended 30 September 2010 show sales of £1,456,000 and an operating loss of £84,000. As at 26 October 2010 PhotonStar held orders of £390,000 for delivery during the rest of 2010.

Prospects for the Enlarged Group

The New Board believes that the Enlarged Group has considerable growth opportunities in its markets and views the future with confidence.

Details of the Placing and Directors' Participation

The Company will raise approximately £2.0 million (gross) pursuant to the Placing through the issue of 19,799,790 Placing Shares at the Placing Price. The Placing Shares will represent approximately 23 per cent. of the Enlarged Share Capital immediately following Admission.

Under the Placing Agreement, finnCap has conditionally agreed to place, with institutional and other investors, the Placing Shares at the Placing Price. The net proceeds of the Placing are expected to be approximately £1.6 million and will be used, *inter alia*, to fund the costs of integration of the Enlarged Group's businesses, the establishment of a new final assembly and product test facility and for working capital.

The Placing is conditional, *inter alia*, upon the passing of Resolutions 1, 2, 3 and 4 at the General Meeting, and on Admission and the Acquisition Agreement becoming unconditional in all respects.

Further details of the Placing Agreement are set out in paragraph 8.1.2 of Part VII of this document.

As part of the Placing, Ron Jones and John Thynne, each a director of Enfis, will be allotted 200,000 Ordinary Shares and 60,000 Ordinary Shares respectively, credited as fully paid at the Placing Price in full satisfaction of their accrued and unpaid directors' fees.

Ceri Jones, Dr Drew Nelson and James McKenzie will subscribe for 500,000, 500,000 and 200,000 Ordinary Shares respectively at the Placing Price under the Placing.

In aggregate, the Directors and Proposed Directors have subscribed for 1,460,000 of the Placing Shares at the Placing Price, as detailed below:

	<i>Existing Ordinary Shares</i>	<i>Consideration Shares</i>	<i>Placing Shares</i>	<i>Total at Admission</i>	<i>% at Admission</i>
Drew Nelson	944,274	—	500,000	1,444,274	1.67%
Ceri Jones	—	—	500,000	500,000	0.58%
Ron Jones	45,000	—	200,000	245,000	0.28%
John Thynne	5,268	—	60,000	65,268	0.08%
James McKenzie*	—	14,043,463	200,000	14,243,463	16.49%
	<u>994,542</u>	<u>14,043,463</u>	<u>1,460,000</u>	<u>16,498,005</u>	<u>19.10%</u>

* 100,000 of the Placing Shares subscribed for by James McKenzie are in the name of his wife, Caroline McKenzie.

Directors and Proposed Directors

Details of the Directors and the Proposed Directors are set out below. The New Board will comprise the following directors:

Dr Andrew W Nelson OBE, BSc, PhD, FREng – Non Executive Chairman, aged 55

Dr Nelson has been a Non Executive Director of Enfis Group since March 2007, becoming Non Executive Chairman in November 2009.

Dr Nelson joined BT Research Laboratories in 1981, leading the group responsible for the development of MOCVD technology for the manufacture of opto-electronic devices for optical fibre communications. He subsequently managed the technology transfer from BT to Agilent. Together with Mike Scott, he founded EPI in 1988, becoming Managing Director in 1991 and Chairman and Chief Executive Officer in 1996. He was appointed Chairman and Chief Executive Officer of IQE Plc in April 1999 and became Chief Executive Officer in February 2002.

Dr Nelson was educated at the University of Sheffield, where he obtained an Honours Degree (1st Class) in Electronic Engineering and subsequently a PhD in Semiconductor Technology.

Dr James Mckenzie – Chief Executive Officer (Co-Founder of PhotonStar), aged 43

James brings a wealth of semiconductor and optoelectronic packaging and product marketing experience to PhotonStar.

James joined Mesophotonics Ltd in March 2003 as CEO and developed 2 business units, one in LEDs and the other in Analytical Biochemistry. In 2007 the Analytical Biochemistry part of the business was bought by D3, backed by Renishaw. The photonic crystal LED technology was sold to Luxtaltek, a Taiwanese LED manufacturer and put into production. James left Mesophotonics in 2007 to set up PhotonStar LED Ltd.

From 2001 to 2003 James worked for Teem Photonics as VP of Business Development & Marketing, helping develop the company's growth strategies. Prior to this James worked for Bookham Technology when the company was in its very early stages. He was involved, as a member of the management team, in Bookham's fast growth phase leading up to its IPO in 2000. During this period he was responsible for product engineering before moving on to become Director of Product Marketing.

James studied Physics and Computing at Cardiff University and then worked on optoelectronics and silicon microfabrication for his Ph.D. at Brunel University. He is a member of the Institute of Physics and is a Chartered Engineer.

Dr Majd Zoorob – Chief Technology Officer, (Co-Founder of PhotonStar), aged 35

Majd is Chief Technology Officer of PhotonStar.

Majd was a co-founder of Mesophotonics Ltd where he was responsible for the company's research work and managing the company's IP, as well as key theoretical and numerical modelling work. The LED chip designs Majd created were subsequently put into production at Luxtaltek.

Majd has been involved in sub wavelength optics, plasmonics and LED design since his PhD and brings a wealth of optical design and optical modelling experience to PhotonStar. Majd has a PhD from Southampton University in sub-wavelength optics.

Ceri Jones – currently Chief Executive Officer of Enfis Group, will become Chief Financial Officer – aged 50

Ceri has over 20 years experience building successful high technology and manufacturing businesses and joined Enfis Group in August 2009.

He was Managing Director and joint owner of Travelink Systems Limited, a travel reservations software supplier from early 2000 until its trade sale in 2005/6. He worked for its acquirer as Chief Financial Officer and Operations director until July 2007, and since then has been an investor in and non executive director of privately owned high technology businesses.

From 1990 until 2000 Ceri was Group Finance Director of Hicking Pentecost PLC, an industrial products company listed on the London Stock Exchange and acquired by Coats PLC in 1999.

Ceri is a Chartered Accountant and began his working career with KPMG and Ernst and Young.

The following directors of Enfis will resign on Admission:

Giles Davies – Chief Financial Officer, aged 42

Giles is a Certified Accountant and began his career with KPMG. Giles joined Enfis Limited as Chief Financial Officer in January 2006 and was appointed Chief Financial Officer of Enfis in March 2007. Giles will resign as a director of Enfis Limited on Completion.

Gareth Jones – Chief Technology Officer, aged 42

Gareth joined the board of Enfis Limited in February 2002 and was appointed Chief Technology Officer in June 2002. Gareth will also resign as a director of Enfis Limited on completion.

Ron Jones – Non Executive Director, aged 61

Ron is Executive Chairman of Tinopolis Limited, one of the UK's largest television production companies.

Dr John Thynne – Non Executive Director, aged 78

John is a Non Executive Director of Wesley Clover Corporation, one of the founding investors in Enfis Limited.

Simon Gibson – Non Executive Director, aged 52

Simon is Chief Executive of Wesley Clover Corporation, one of the founding investors in Enfis Limited.

Principal Terms of the Acquisition

Pursuant to the Acquisition Agreement, the Company has agreed to acquire the Photonstar Shares from those of the Vendors holding approximately 59 per cent. of the Photonstar Shares (“the Warranting Shareholders”). The Warranting Shareholders include all of the shareholding members of the management team of Photonstar. Those Photonstar Shares held by the remaining Vendors will be transferred to the Company upon Admission pursuant to stock transfer forms to be executed by a director of Photonstar as attorney for such Vendors pursuant to the “drag along” provisions set out in Photonstar’s articles of association. The Vendors which are subject to this “drag along” procedure are not actively involved in the management of Photonstar and are investor shareholders.

Pursuant to these arrangements, the entire issued share capital of Photonstar will be acquired for an aggregate consideration of £5.1 million, to be satisfied by the issue and allotment to the Vendors of the Consideration Shares.

The Acquisition Agreement contains warranties and indemnities of a type usual for such a transaction, with similar warranties and indemnities being provided from the Warranting Shareholders to the Company and vice versa. Each of the Warranting Shareholders may satisfy (at his or her option) his or her proportion (such proportion being calculated as between the Warranting Shareholders and excluding

the remaining Vendors' holdings of Photonstar Shares) of any warranty or indemnity liability either in cash or by the sale back to the Company for nil consideration of such number of Consideration Shares (at the issue price per Consideration Share) as is equal to such liability. Thus, up to approximately 59 per cent. of the Consideration Shares (being those issued to the Warranting Shareholders pursuant to the Acquisition Agreement) could potentially be sold back to the Company to satisfy any such claims. The remaining Vendors' Consideration Shares are not liable to be sold back to satisfy such claims as these Vendors are not parties to the Acquisition Agreement and have no liability for any such claims.

Your attention is drawn in this regard to paragraph 15 of Part II (Risk Factors) of this document.

The Takeover Code

The Takeover Code governs, *inter alia*, transactions which may result in a change of control of a public company to which the Takeover Code applies. Under Rule 9 any person who acquires an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested or in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company, but does not hold shares carrying 50 per cent. or more of such voting rights, a general offer will normally be required if any further interest in shares is acquired by any such person.

An offer under Rule 9 must be in cash and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company in question during the 12 months prior to the announcement of the offer.

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert all with each other.

The members of the Concert Party are deemed to be acting in concert for the purposes of the Takeover Code. Following the Acquisition and Admission, the Concert Party will together hold the following number of Ordinary Shares and could, assuming that they, and only they, exercise all of their Options, hold the following maximum number of Ordinary Shares pursuant to the Acquisition:

	<i>Number of Ordinary Shares on Admission</i>	<i>Number of Enfis Options</i>	<i>% of issued share capital at Admission*</i>	<i>% of fully diluted share capital*†</i>
Drew Nelson	1,444,274	512,000	1.67%	2.10%
Ceri Jones	500,000	600,000	0.58%	1.18%
James McKenzie	14,143,463	2,259,710	16.37%	17.61%
Majd Zoorob	10,626,389	1,985,456	12.30%	13.54%
Finitephotonics Ltd	252,180		0.29%	0.27%
Caroline McKenzie	415,225	73,698	0.48%	0.52%
J Denekamp	233,266		0.27%	0.25%
Catherine Snape	577,920		0.67%	0.62%
Julia Williams	252,180		0.29%	0.27%
Gethyn Williams	493,150	1,326,557	0.57%	1.95%
Salah Zoorob	1,029,738		1.19%	1.11%
Dolly Zoorob	735,520		0.85%	0.79%
Elias Zoorob	2,134,689		2.47%	2.29%
	<u>32,837,994</u>	<u>6,757,421</u>	<u>38.01%</u>	<u>42.51%</u>

* following the Placing of 19,799,790 new Ordinary Shares at the Placing Price.

† assuming that the Concert Party, and only the Concert Party, exercise all of their Options.

Concert Party Members

The members of the concert party are Drew Nelson, Ceri Jones, James McKenzie, Majd Zoorob and their close relatives and Finitephotonics Limited. Drew, Ceri, James and Majd will all be directors of the Enlarged Group.

Drew Nelson and Ceri Jones are Non-Executive Chairman and Chief Executive Officer respectively of Enfis. Drew will remain Non-Executive Chairman and Ceri will become Chief Financial Officer on the Enlarged Group's board. James McKenzie and Majd Zoorob are co-founders and directors of PhotonStar. They will become Chief Executive Officer and Chief Technology Officer respectively on the Enlarged Group's board. Further details on each can be found above.

Caroline McKenzie is James McKenzie's wife. Catherine Snape is James McKenzie's mother and Julia Williams is his sister. Julia Williams is married to Gethyn Williams, one of the key employees.

Elias Zoorob, Salah Zoorob and Dolly Zoorob are Majd Zoorob's father, brother and sister respectively.

Finitephotonics Limited is a consultancy company registered in England and Wales under number 06255307 of which Majd Zoorob is a director and 100 per cent. shareholder.

Waiver

The Takeover Panel has agreed, however, to waive the obligation to make a general offer that would otherwise be required as a result of the Acquisition, subject to the approval of the Independent Shareholders. Accordingly, Resolution 2 is being proposed at the General Meeting and will be taken on a poll.

The members of the Concert Party (for so long as they continue to be treated as acting in concert) may not increase their aggregate interest in shares without incurring an obligation under Rule 9 to make a general offer without Panel consent. Further details concerning members of the Concert Party are set out above.

Lock-ins and Orderly Market Arrangements

The Proposed Directors and certain Directors being Drew Nelson, Ceri Jones, Majd Zoorob and James McKenzie, have undertaken not to sell, transfer or dispose of any Ordinary Shares held by him at the date of this document, or which will be issued to him pursuant to the Acquisition Agreement and the Placing, for a period of 12 months following Admission. In addition they have each agreed that, for a further 12 months, any sale or disposal of Ordinary Shares will be effected through finnCap or the Company's incumbent corporate broker (with a view to ensuring an orderly market in such securities). In each case, these restrictions are subject to certain exceptions, including a requirement that any sale or disposal must be with the prior consent of finnCap or the Company's incumbent broker. These restrictions will apply in respect of 26,714,126 Ordinary Shares representing 30.92 per cent. of the Enlarged Share Capital.

Further details of the lock-in and orderly market arrangements are set out in paragraph 8.1.5 of Part VII of this document.

Adoption of New Articles

Under the CA 2006, various provisions which formerly appeared in the Company's memorandum of association were deemed to be incorporated into its Articles and Resolution 5 in the Notice is intended to delete those provisions from its Articles by the adoption of the New Articles. The New Articles incorporate amendments to reflect, amongst other things, the provisions of the CA 2006 and changes to market practice and include technical changes in relation to the holding of, and the voting at, general meetings, electronic communications, conflicts of interest, the holding of uncertificated securities and the provision of indemnities by the Company and will also have the effect that the Company will no longer have an authorised share capital.

A summary of the principal changes which are proposed to be made to the Current Articles are set out in paragraph 4 of Part VII of this document.

Irrevocable Commitments

Irrevocable commitments have been received from Wesley Clover Wales Limited and Professor Kenneth Board to vote in favour of the Resolutions in respect of their aggregate holdings of 2,703,588 Existing Ordinary Shares, representing 17.8 per cent. of the current issued ordinary share capital of the Company.

Dividend Policy

The New Board intends to commence the payment of dividends only when it becomes commercially prudent to do so, having regard to the availability of Enfis Group's distributable profits and funds required to finance future growth.

Taxation

The attention of Shareholders is drawn to the further information regarding taxation set out in paragraph 9 of Part VII of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law and, if Shareholders are in any doubt as to their tax position, they should seek independent advice.

Corporate Governance

The Directors and the Proposed Directors recognise the importance of sound corporate governance. The Company intends, following Admission, so far as is practicable and appropriate for a public company of its size, to follow the main recommendations on corporate governance of the Quoted Companies Alliance. The Company has adopted a code for share dealings by directors and employees which is appropriate for an AIM company and which complies with Rule 21 of the AIM Rules on "Restrictions on deals".

Following Admission, the Audit Committee will comprise Drew Nelson and Ceri Jones and the Remuneration Committee will comprise Drew Nelson and James McKenzie. Drew Nelson will chair both committees. The Audit Committee will review the interim and full year financial statements prior to their publication and receive and review reports from the Enlarged Group's external auditors and will determine the application of the financial reporting and internal control principles. The Remuneration Committee will be responsible for determining the remuneration of the executive directors and establishing the criteria for the grant and exercise of share options. No executive director will be permitted to participate in a decision concerning his own remuneration. In view of the importance of the matter and the size of the board, the responsibility for proposing and considering candidates for appointment to the board will continue to be retained by the board.

It is intended that, following Admission, an additional non-executive director shall be appointed.

General Meeting

At the end of this document you will find a notice convening the General Meeting, which is to be held at the offices of Morgan Cole, Bradley Court, Park Place, Cardiff, CF10 3DP, at 10.00 a.m. on 23 December 2010, at which the following Resolutions will be proposed:

1. An Ordinary Resolution to approve the Acquisition, subject to Resolutions 2 to 5 being duly passed.
2. An Ordinary Resolution to approve the Takeover Code Rule 9 Waiver (this resolution requires voting on a poll by Shareholders).
3. An Ordinary Resolution to authorise the directors to issue and allot the Consideration Shares, the Placing Shares, the Enfis Options and, in addition, up to a further 28,795,501 Ordinary Shares.
4. A Special Resolution to disapply statutory pre-emption rights in respect of the issue and allotment of the Consideration Shares, the Placing Shares, Enfis Options and, in addition, up to a further 12,957,975 Ordinary Shares.
5. A Special Resolution to adopt the New Articles
6. A Special Resolution to change the name of the Company to "PhotonStar LED Group PLC".

Admission and Settlement

Application has been made to the London Stock Exchange for 86,386,503 Ordinary Shares to be admitted to trading on AIM, comprising 15,162,864 existing issued Ordinary Shares, 51,023,849 Consideration Shares, 400,000 ALC Shares and 19,799,790 Placing Shares. Admission is expected to take place at 8.00 a.m. on 24 December 2010.

Risk Factors

Your attention is drawn to the Risk Factors set out in Part II and to the information contained in Parts III to VII of this document.

Action to be Taken

You will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed on it so as to be received by the Company's registrars, Capita Registrars, as soon as possible but in any event not later than 10.00 a.m. on 21 December 2010. Completion of the Form of Proxy will not preclude you from attending and voting at the General Meeting should you so wish.

Recommendation

The Independent Directors, who have been so advised by finnCap, consider the Proposals to be fair and reasonable and in the best interests of Independent Shareholders and the Company as a whole. In providing advice to the Independent Directors, finnCap has taken into account the commercial assessment of the Independent Directors. Accordingly, the Independent Directors unanimously recommend that you vote in favour of the Resolutions necessary to approve and implement the Proposals as they intend to do in respect of their own beneficial holdings of 106,062 Existing Ordinary Shares, representing approximately 0.7 per cent. of the issued share capital.

Yours sincerely

Dr Drew Nelson
Chairman

PART II

RISK FACTORS

This document contains forward looking statements, which have been made after due and careful enquiry and are based on the New Board's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward-looking statements are subject to, *inter alia*, the risk factors described in this Part II of the document. The New Board believes that the expectations reflected in these statements are reasonable, but may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as of the date of the particular statement.

Factors that might cause a difference include, but are not limited to, those discussed in this Part II of the document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. The Company disclaims any obligation to update any such forward looking statements in the document to reflect future events or developments.

Prior to making an investment decision in respect of the Ordinary Shares, prospective investors should consider carefully all of the information within this document, including the risk factors set out in this Part II. The New Board believes these risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements. The risks listed are not set out in any particular order of priority.

If any of the following risks were to materialise, the Enlarged Group's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Company's shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the New Board, or which the New Board currently deem immaterial, may also have an adverse effect upon the Enlarged Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Enlarged Group.

1. Investment in AIM Securities

Although the Company is applying for the re-admission of its share capital to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. Investment in shares traded on AIM is perceived to involve a higher degree of risk than investment in a company whose shares are listed on the Official List of the UK Listing Authority. An investment in the Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Enlarged Group. Investors may therefore realise less than, or lose all of, their investment.

2. Volatility of Share Price

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, announcements of innovations or new products or contracts by the Enlarged Group or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company and news reports relating to trends in the Enlarged Group's markets. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Enlarged Group's performance.

3. Cost Base

The Enlarged Group will have a level of fixed costs mostly related to salaries and production facilities. In the event of an unanticipated reduction in client demand, the Enlarged Group may not be able to reduce costs very quickly in the short term. This could have an adverse effect on the Enlarged Group's operating results.

4. Exposure to Economic Cycle

The Enlarged Group is exposed to the general economic cycle through its clients' ability to fund lighting and other projects. Such projects could be vulnerable to delay or cancellation in the event of a continuing and prolonged economic downturn.

5. Market Competition

The Enlarged Group will operate in a competitive market and will face pressure to keep its pricing and product features competitive. Failure to do either could result in an adverse impact on the Enlarged Group's financial performance.

6. Retention of Key Personnel

The Enlarged Group's future success is heavily dependent on the personal efforts and abilities of James McKenzie and Majd Zoorob, two of the Proposed Directors, Ceri Jones and certain senior managers. Any loss of these key directors and senior managers could have a material adverse effect on the Enlarged Group's results of operations and financial condition. In addition to James McKenzie, Majd Zoorob and Ceri Jones, Gethyn Williams, Phil Muir, Fenella Frost, Steve Baxter, Robert Tuck, Brian Whitehorn, Patrick Kelly, David Mudd and Tudor Thomas will be key employees of the Enlarged Group, both in terms of their management roles and their client and/or supplier relationships.

7. Ability to Attract Employees

The Enlarged Group depends on qualified and experienced employees to enable it to bid for new business. Should the Enlarged Group be unable to attract new employees, this could have a material adverse effect on the Enlarged Group's ability to grow or maintain its business.

8. Reliance on Major Clients

PhotonStar typically has several sizeable clients who together account for a significant proportion of its turnover in any one year. For example, PhotonStar's four largest clients accounted for approximately 12 per cent., 11 per cent., 7 per cent. and 6 per cent. of its turnover in the year ended 31 March 2010.

From time to time some of the Enlarged Group's major clients will cease to enter into new contracts with the Enlarged Group. Should the Enlarged Group lose one or more of its major clients without replacement by equivalent business from other existing or new clients, this could have a significant adverse impact on the Enlarged Group's results.

9. Third Party Intellectual Property Rights

Although the Directors and Proposed Directors believe that the Enlarged Group's intellectual property rights do not infringe the intellectual property rights of others, third parties may assert claims that the Enlarged Group has violated a patent or infringed a particular copyright, trade mark or other proprietary right or confidential information belonging to them. Any such intellectual property claims, with or without merit, could be time consuming, expensive to litigate or settle and could divert management resources.

10. Litigation

Any litigation, by any member of the Enlarged Group or against it, is likely to be costly and there can be no assurance that the Enlarged Group would prevail. Litigation could also involve a significant diversion of resources and management attention.

11. Future Financing

At some stage in the future, the Enlarged Group may need to obtain, or wish to obtain, additional funding through public or private equity or debt financing, collaborative agreements or from other resources. If the Enlarged Group were to raise additional funds by issuing equity securities, current Shareholders may experience significant dilution to their holdings. The Enlarged Group may however be unable to obtain adequate financing on acceptable terms, if at all.

12. Taxation

The Enlarged Group's business model assumes that the tax treatment (including corporation tax, PAYE, NIC and value added tax) of the Enlarged Group remains consistent with the manner in which the Enlarged Group has accounted for such taxes as at the date of this document.

13. Foreign Currency Exchange Rate

The Enlarged Group's operations and profitability may be affected by movements in foreign currency exchange rates. Changes in currency exchange rates may harm the financial condition of the Enlarged Group, through both transaction and conversion risks. A proportion of the Enlarged Group's revenues and costs are and will be derived outside of the UK and the Enlarged Group may be affected by currency fluctuations, particularly in the US Dollar/Sterling and Euro/Sterling exchange rates.

14. Dividend policy

The Company's ability to pay dividends in the future is dependent upon the extent that it has distributable reserves and cash available for this purpose. As explained above the New Board intends to commence the payment of dividends only when it becomes commercially prudent to do so, having regard to the availability of Enfis Group's distributable profits and funds required to finance future growth. Accordingly the Company can give no assurance to Shareholders that it will pay dividends in the future.

15. Acquisition

Since only those Vendors holding approximately 59 per cent. of the Photonstar Shares are parties to the Acquisition Agreement, warranties and indemnities provided in that agreement will only provide protection in respect of a maximum of approximately 59 per cent. of the dilution to which Shareholders and investors subscribing for Shares in the Placing will be subject as a result of the Acquisition. To the extent that the actual value of Photonstar is less than 41 per cent. of the value ascribed to it for the purposes of calculating the number of Consideration Shares to be issued, Shareholders and investors subscribing for Shares in the Placing will not be compensated for such diminution in value.

16. Product Warranties

The companies in the Enlarged Group have given product warranties of up to 5 years in respect of products supplied. To the extent that these product warranties are still in existence and crystallise in excess of expected levels, reported results of the Enlarged Group may be adversely impacted.

PART III

FINANCIAL INFORMATION ON ENFIS GROUP PLC

Basis of financial information

The financial statements of the Company included in the annual report and audited financial statements of the Company for the three financial years ended 31 December 2009, together with the audit reports thereon (available at www.enfis.com) are incorporated by reference into this document.

The audit reports for the three financial years ended 31 December 2009 were unqualified. The audit report for the financial year ended 31 December 2009 included an emphasis of matter which read as follows:

“Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 2.2 to the financial statements concerning the directors’ confidence in the Group’s ability to continue as a going concern. As disclosed in note 2.2, the Directors have prepared projections that show the Group is able to operate within its cash resources and continue product investment over the next 12 months. However, as set out in note 2.2, the achievement of these projections is subject to several market and operational uncertainties. The effect of these material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.”

The financial statements for the three years ended 31 December 2009 were prepared in accordance with IFRS.

The Company will provide, without charge, to each person to whom a copy of this document has been delivered, upon the oral or written request of such a person, a hard copy of any or all of the documents which are incorporated by reference herein within two business days of the receipt of such request. Copies of any documents or information incorporated by reference into this document will not be provided unless such a request is made.

Requests for copies of any such documents should be directed to the Company Secretary on +44 (0) 1792 485 660 or Technium II, Kings Road, Swansea Waterfront, Swansea SA1 8PJ.

Rule 24.2 Checklist

The following table is intended to enable investors to identify easily specific items of information which have been incorporated by reference into this document.

		<i>Annual Report 2009</i>		<i>Annual Report 2008</i>		<i>Annual Report 2007</i>	
		<i>www.enfis.com/files/annaul%20report%202009-2.pdf</i>		<i>www.enfis.com/files/Enfis%20Group%20plc%20211208.pdf</i>		<i>www.enfis.com/files/PLC20Accounts20-20signed.pdf</i>	
		<i>Note/Ref</i>	<i>Page</i>	<i>Note/Ref</i>	<i>Page</i>	<i>Note/Ref</i>	<i>Page</i>
(a) (i)	Turnover	Income Statement	11	Income Statement	10	Income Statement	10
	Net profit or loss before tax	Income Statement	11	Income Statement	10	Income Statement	10
	Net profit or loss after tax	Income Statement	11	Income Statement	10	Income Statement	10
	Charge for tax	Income Statement	11	Income Statement	10	Income Statement	10
	Exceptional/ Extraordinary items	N/A		N/A		N/A	
	Minority interests	N/A		N/A		N/A	
	Dividends	N/A		N/A		N/A	
	Earnings per share	Income Statement	11	Income Statement	10	Income Statement	10
	Dividends per share	N/A		N/A		N/A	

	<i>Annual Report 2009</i> <i>www.enfis.com/files/annaul%20report%202009-2.pdf</i> <i>Note/Ref</i>		<i>Annual Report 2008</i> <i>www.enfis.com/files/Enfis%20Group%20plc%20211208.pdf</i> <i>Note/Ref</i>		<i>Annual Report 2007</i> <i>www.enfis.com/files/PLC20Accounts20-20signed.pdf</i> <i>Note/Ref</i>		<i>Page</i>
(ii) Statement of assets and liabilities	Balance Sheet	12	Balance Sheet	11	Balance Sheet		11
(iii) Cash flow statement	Cash Flow Statement	14	Cash Flow Statement	13	Cash Flow Statement		12
(iv) Material changes subsequent to the last published audited accounts	N/A		N/A		N/A		
(v) Details of (i) above if interim statement or preliminary announcement since last published audited accounts	see table below		N/A		N/A		
(vi) Inflation adjusted information	N/A		N/A		N/A		
(vii) Significant accounting policies and notes to the accounts	Notes to the Accounts	17 - 44	Notes to the Accounts	16 - 44	Notes to the Accounts		14 - 42
(viii) Changes in accounting policy	Note 2 – Summary of significant accounting policies	17	N/A		Note 2 – Summary of significant accounting policies		14
(ix) Names of the Directors	Directors and advisers	1	Directors	1	Directors		1
(x) Nature of business and prospects	Directors' Report	5	Directors' Report	4	Directors' Report		5
	Chief Executive Officer's Statement	2 - 4	Chief Executive Officer's Statement	2	Chief Executive Officer's Statement		3
(xi) Principal contents of material contracts	Chief Executive Officer's Statement	2 - 4	Chief Executive Officer's Statement	2	Chief Executive Officer's Statement		3

Interim Results for the 6 months ended 30 June 2010

www.enfis.com/files/Enfis%20June%202010%20Interims%20-%20Final%203%20_CLEAN_.pdf

	<i>Note/ Ref</i>	<i>Page</i>
Turnover	Income Statement	4
Net loss before tax	Income Statement	4
Net loss after tax	Income Statement	4
Charge for tax	Income Statement	4
Exceptional/Extraordinary items	N/A	4
Minority interests	N/A	4
Dividends	N/A	4
Earnings per share	Income Statement	4
Dividends per share	N/A	4

PART IV

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

Accountants Report on PhotonStar LED Limited for the three years ended 31 March 2010

The Directors
Enfis Group plc
Technium 2
Kings Road
Swansea Waterfront
Swansea
SA1 8PJ



Accountants &
business advisers

and

The Directors
finnCap
60 New Broad Street
London
EC2M 1JJ

30 November 2010

Dear Sirs

PHOTONSTAR LED LIMITED (“PHOTONSTAR”)

We report on the financial information of PhotonStar set out in paragraphs 1 to 6. This financial information has been prepared for inclusion in the Admission Document dated 30 November 2010 on the basis of the accounting policies set out in paragraph 1.

This letter is required by Paragraph (a) of Schedule Two of the AIM Rules and for no other purpose.

Responsibilities

The Directors of Enfis are responsible for preparing the financial information on the basis of preparation set out in paragraph 1 of the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

Tel 029 2064 6200 | Fax 029 2064 6201

www.pkf.co.uk

PKF (UK) LLP | 8th Floor Helmont House | Churchill Way | Cardiff | CF10 2HE | DX50791 Cardiff 2

PKF (UK) LLP is a limited liability partnership registered in England and Wales with registered number OC310487.

A list of members' names is open to inspection at Farringdon Place, 20 Farringdon Road, London EC1M 3AP, the principal place of business and registered office. PKF (UK) LLP is authorised and regulated by the Financial Services Authority for investment business activities. PKF (UK) LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Qualified opinion on financial statements arising from limitation in audit scope

With respect to company inventories having a carrying value at 31 March 2009 of £43,117 and 31 March 2010 of £88,856 the evidence available to us was limited because we did not observe the counting of physical inventories at 31 March 2009 nor 2010, since those dates were prior to our appointment as auditors to the company. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities by using other audit procedures.

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to physical inventory quantities at 31 March 2009 and 2010, in our opinion the financial information gives, for the purposes of the Admission Document dated 30 November 2010, a true and fair view of the state of affairs of Photonstar as at the dates stated and of its losses, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in paragraph 1.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this letter is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to offset its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PKF (UK) LLP

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

1. Summary of Significant Accounting Policies

The financial information is based on the financial statements of PhotonStar LED Limited (the “Company”) and, in respect of the year ended 31 March 2010, its subsidiary Architectural Lighting & Control Limited (together the “Group”).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) *Basis of preparation*

The financial statements of PhotonStar have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, IFRIC interpretations, the historical cost convention and the Companies Act 2006.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying PhotonStar’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below.

Standards, amendments and interpretations effective in 2009 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2009 but they are not relevant to the Company’s operations.

- IFRIC 13 Customer loyalty programmes
- IFRIC 15 Agreements for the construction of real estate
- IFRIC 16 Hedges of a net investment in a foreign operation.

(b) *Going Concern*

The directors, at the time of the approval of the financial statements to 31 March 2010, have determined that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the directors noted that the Company and the Group had net current liabilities on 31 March 2010 and considered the Company’s and the Group’s recent and forecast financial performance. For this reason the directors believe that it is appropriate to adopt the going-concern basis in preparing the financial statements for the year to 31 March 2010.

(c) *Basis of consolidation*

The Group financial statements consolidate the financial statements of the Company and the entity that it controls drawn up to 31 March each year. Control comprises the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. The financial statements of subsidiaries are incorporated from the date of their acquisition, being the date on which control passed to the Group, and continue to be included until the date that such control ceases. The effect of intra-group transactions and intra-group balances are eliminated in full.

(d) *Revenue*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services or consideration receivable from cooperative partners for product development in the ordinary course of the company’s activities. Revenue is shown net of value added taxes, returns and rebates.

Revenue is recognised when the amount can be reliably measured and it is probable that future economic benefit will flow to the Company under the terms of any sale agreements. Revenue is not considered to be reliably measurable until all contingent clauses in sale agreements are met. Revenue is recognised when goods are invoiced, this normally corresponds to the date that goods are despatched to customers.

(e) ***Foreign currency transactions***

The functional currency of PhotonStar is sterling. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated at the year end exchange rate for inclusion within the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(f) ***Research and development***

Expenditure on research is charged to the income statement as incurred. Expenditure on product development is capitalised as an intangible asset in the statement of financial position from the date that the expenditure incurred provided it meets all the capitalisation criteria as set out in IAS 38 'Intangible assets' and detailed below:

- Technical feasibility of completing the asset so that it will be available for use or sale can be demonstrated;
- The intention to complete the asset and use or sell it can be demonstrated;
- The ability to use or sell the asset can be demonstrated;
- The ability to demonstrate how the asset will generate probable future economic benefits;
- The ability to demonstrate the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- The ability to measure reliably the expenditure attributable to the asset during its development.

Expenditure on product development is expensed to the income statement as incurred where the capitalisation criteria in IAS 38 are not met. Development costs recognised as an expense are not recognised as an asset in a subsequent period.

(g) ***Segmental reporting***

A business segment is a distinguishable component of an enterprise that provides products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that provides products or services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments. The directors consider that the group and the Company operates in one geographical and business segment. The Group's and the Company's principal activity consists of LED lighting fixture and light engine supply. The Group's and the Company's revenue has been generated wholly from the UK.

(h) ***Property, plant and equipment***

All property, plant and equipment are stated at cost less accumulated depreciation. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets. The residual values of property, plant and equipment are reassessed annually and when there is an indication of a change in residual value. Depreciation on all property, plant and equipment is calculated using the straight-line method so as to write off cost less estimated residual value over its estimated useful life, as follows:

- | | |
|------------------------|-------------------|
| • Plant and equipment | 25% Straight line |
| • Computer equipment | 33% Straight line |
| • Fixture and fittings | 25% Straight line |

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The charge is recognised in the income statement. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other net (losses)/gains' in the income statement. Repairs and maintenance expenditure is written off to the income statement account as incurred.

(i) ***Intangible fixed assets***

Patent Costs

Acquired patents associated with internally developed intellectual property are shown at cost. Patents have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives (5 years).

The costs associated with acquiring patents relating to technology which are no longer integral to the product range planned for market are expensed to the income statement. Intangible amortisation is recognised within administrative expenses in the statement of comprehensive income.

Other Intangible Assets

The other intangible assets relate to the purchase of the ALC customer lists. Other intangible assets are shown at cost less accumulated impairment losses and accumulated amortisation. They are amortised to residual value on a straight line basis over their useful economic lives of 6 years and are reviewed for impairment whenever changes in circumstances indicate their carrying value may not be recoverable. Amortisation is included in administrative expenses.

(j) ***Goodwill***

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognised. It comprises the excess of the fair value of the consideration transferred over the fair value of the net value of identifiable assets acquired and liabilities assumed. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised but is tested for impairment annually.

Goodwill acquired in a business combination is allocated from the date of acquisition to the cash generating unit that is expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired. An impairment review consists of comparing the carrying value of the cash generating unit including goodwill to its recoverable amount. The recoverable amount of a cash generating unit is the higher of its fair value less costs to sell and its value in use being an estimate of the present value of the future cash flows it is expected to generate. If the carrying amount exceeds the recoverable amount an impairment loss is recognised firstly by reducing the carrying amount of goodwill and then by reducing the carrying value of the other assets of the cash generating unit on a *pro rata* basis. Impairment losses are recognised in the Statement of comprehensive income. Impairments of goodwill are not subsequently reversed.

(k) ***Financial instruments***

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on trade date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the Group is no longer a party to the contractual provisions of the instrument.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. All of the Group's loans and receivables are short-term receivables and are included as current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

All of the Group's financial liabilities are classified as 'other financial liabilities'. Other financial liabilities comprise trade payables, other payables and accrued expenses in the balance sheet.

(l) ***Trade receivables***

Trade receivables are recognised at the initial invoice amount less allowances made for doubtful receivables. Provision is made where there is objective evidence that the group will be unable to recover balances in full. Trade receivables are not discounted as the effect would not be material.

(m) ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. The cost of finished goods comprises the purchase price including transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(n) ***Cash and cash equivalents***

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments, with original maturities of three months or less and which are subject to an insignificant risk of change in value.

(o) ***Trade payables***

Trade payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short term payment period is not considered material

(p) ***Share based payments***

Employee share options are measured at fair value at grant date using the Black-Scholes model. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest.

The Company operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Cash settled share based payment transactions to settle obligations arising from transactions with suppliers results in the recognition of a liability at its current fair value. The fair value of the liability is measured by reference to the fair value of the goods or services received.

(q) ***Current and deferred tax***

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Exceptionally such assets and liabilities are not recognised if the temporary difference arises from the recognition of goodwill or the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

(r) ***Government grants***

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and that the company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in other income in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Capital grants that relate to specific capital expenditure are included in current and non-current liabilities as deferred income which is credited to the income statement over the related asset's useful life.

(s) ***Leasing and hire purchase commitments***

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of their useful lives and the lease term.

The interest elements of the rental obligations are charged in the income statement over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term.

(t) ***Accounting estimates and judgements***

In the preparation of the financial information the directors must make estimates and assumptions that effect the asset and liability items and revenue and expense amounts recorded in the financial information. These estimates are based on historical experience and various other assumptions that the Board believe are reasonable under the circumstances. The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

The Directors' consider the key judgements and estimates made in preparing the financial statements to have been those relating to:

- The valuation of goodwill and other intangible assets

These judgements and estimates are discussed in more detail above and in the relevant notes to the financial statements.

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

2. Consolidated Balance Sheet

		<i>At 31 March</i>		
	<i>Notes</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
		£	£	£
ASSETS				
Non-current assets				
Property, plant and equipment	6 (iv)	38,056	26,650	52,714
Goodwill	6(v)	—	—	106,006
Intangible fixed assets	6 (v)	10,522	50,208	308,884
		<u>48,578</u>	<u>76,858</u>	<u>467,604</u>
Current assets				
Inventory	6 (vii)	—	43,117	173,219
Trade and other receivables	6 (viii)	19,158	65,086	414,650
Current tax assets		7,587	27,184	47,922
Cash and cash equivalents	6 (ix)	52,786	108,801	21,135
Total current assets		<u>79,323</u>	<u>321,136</u>	<u>656,926</u>
Total assets		<u>127,901</u>	<u>321,136</u>	<u>1,124,530</u>
EQUITY				
Ordinary shares	6 (xi)	16,525	30,789	38,665
Share premium	5	82,125	558,104	1,322,701
Share option reserve		—	11,551	72,354
Retained losses	5	(114,587)	(480,513)	(1,083,257)
Total equity		<u>(15,937)</u>	<u>119,931</u>	<u>350,463</u>
LIABILITIES				
Current liabilities				
Trade and other payables	6 (x)	143,838	201,205	771,806
Non-current liabilities				
Deferred tax liabilities		—	—	2,261
Total liabilities		<u>143,838</u>	<u>201,205</u>	<u>774,067</u>
Total equity and liabilities		<u>127,901</u>	<u>321,126</u>	<u>1,124,530</u>

3. Income Statement

		<i>Year ended 31 March</i>		
	<i>Notes</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
		£	£	£
Turnover	1 (d)	1,576	234,025	1,963,835
Cost of sales		(1,390)	(146,930)	(1,400,102)
Gross profit		186	87,095	563,733
Administrative expenses		(122,160)	(499,763)	(1,266,193)
Other operating income		—	19,558	52,000
Operating loss		(121,974)	(393,110)	(644,842)
Finance costs	6 (iv)	—	—	(4,042)
Loss on ordinary activities before taxation		(121,974)	(393,110)	(648,884)
Tax on loss on ordinary activities	6 (iii)	7,387	27,184	46,140
Loss for the financial year		(114,587)	(365,926)	(602,744)
Dividends paid and proposed		—	—	—
Retained loss for the year		<u>(114,587)</u>	<u>(365,926)</u>	<u>(602,744)</u>

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

4. Statement of Cash Flows

	Notes	Year ended 31 March		
		2008 £	2009 £	2010 £
Cash flows from operating activities				
Operating profit		(121,974)	(393,110)	(648,884)
Depreciation	6 (iv)	9,470	14,169	33,088
Amortisation	6 (v)	995	7,089	58,797
Profit on sale on property, plant and equipment		—	(12,183)	—
Loss on disposal of intangible fixed assets		—	—	5,408
Share option charge		—	11,551	60,803
Grant income		—	(19,558)	(52,000)
Finance costs		—	—	4,042
Change in inventories	6 (vii)	—	(43,117)	(51,237)
Change in trade and other receivables	6 (viii)	(19,150)	(45,936)	(84,715)
Change in trade and other payables	6 (x)	143,838	57,367	196,643
Cash generated (used) in operations		<u>13,179</u>	<u>(423,728)</u>	<u>(478,055)</u>
Interest paid		—	—	(4,042)
Tax (paid)/received		—	7,387	27,184
Net cash generated (used) in operating activities		<u>13,179</u>	<u>(416,341)</u>	<u>(454,913)</u>
Cash flows from investing activities				
Acquisition of business combination	6 (vi)	—	—	(75,000)
Cash acquired by acquisition	6 (vi)	—	—	55,814
Purchase of property, plant and equipment	6 (iv)	(47,526)	(5,805)	(21,801)
Purchase of intangible assets	6 (v)	(11,517)	(46,775)	(79,959)
Proceeds of sale of property, plant and equipment		—	15,225	—
Receipt of government grants		—	19,558	52,000
Net cash used in investing activities		<u>(59,043)</u>	<u>(17,797)</u>	<u>(68,946)</u>
Cash flows from financing activities				
Proceeds from the issuance of ordinary shares	6 (xi)	98,650	490,243	436,103
Net cash generated from financing activities		<u>98,650</u>	<u>490,243</u>	<u>436,103</u>
Net increase/(decrease) in cash and cash equivalents		52,786	56,105	(87,756)
Cash and cash equivalents at the beginning of the period		—	52,786	108,891
Cash and cash equivalents at the end of the period	6 (ix)	<u>52,786</u>	<u>108,891</u>	<u>21,135</u>

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

5. Statement of Changes in Equity

	<i>Ordinary share capital £</i>	<i>Share premium £</i>	<i>Share option reserve £</i>	<i>Retained losses £</i>	<i>Total £</i>
Opening balance 1 April 2007	—	—	—	—	—
Share issue	16,525	82,125	—	—	98,650
Loss for the period	—	—	—	(114,587)	(114,587)
At 31 March 2008	16,525	82,125	—	(114,587)	(15,937)
Credit arising on issue of share options	—	—	11,551	—	11,551
Share issue	14,264	475,979	—	—	490,243
Loss for the year	—	—	—	(365,926)	(365,926)
At 31 March 2009	30,789	558,104	11,551	(480,513)	(119,931)
Credit arising on issue of share options	—	—	60,803	—	60,803
Share issue	7,876	764,597	—	—	772,473
Loss for the year	—	—	—	(602,744)	(602,744)
Balance at 31 March 2010	<u>38,665</u>	<u>1,322,701</u>	<u>72,354</u>	<u>(1,083,257)</u>	<u>350,463</u>

6. Notes to the Consolidated Financial Statements

(i) *Financial risk*

Financial risk factors

The Group and the Company face credit risk, interest rate risk and liquidity risk as a result of their financial assets and liabilities. Neither faced significant currency risk being the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The group and company face credit risk as a result of offering credit terms to customers and holding cash and cash equivalents with financial institutions. The group and company have implemented policies that require appropriate credit checks on potential customers before sales are made. Both the group's and the company's maximum exposure to credit risk is equal to the value of loans and receivables.

b) Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The group is exposed to the following market risks: Interest rate risk; and foreign currency risk.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the group uses. The company has both interest bearing assets and interest bearing liabilities, both bearing interest at floating rates. Interest bearing assets comprise trade receivables and cash and cash equivalents which are considered to be short-term liquid assets. It is the group's policy to settle trade payables within the credit terms allowed and the group does therefore not incur interest on overdue balances.

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

b. Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. The group is exposed to foreign currency risk as a result of transactions with customers denominated in foreign currencies resulting in trade receivable balances, denominated in Euros/Dollars etc.

The group foreign currency risk exposure from recognised assets and liabilities arises primarily from trade receivables and trade payables denominated in Euros/Dollars etc. There is no significant impact on profit or loss from foreign currency movements associated with these assets and liabilities.

c. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group's financial liabilities include trade and other payables. Within the group the responsibility for monitoring liquidity risk and ensuring group members are adequately funded lies with the Company.

The group maintains sufficient cash. Management review cashflow forecasts on a regular basis to determine whether the group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

(ii) *Critical accounting estimates and judgements*

In the preparation of the financial information the directors must make estimates and assumptions that effect the asset and liability items and revenue and expense amounts recorded in the financial information. These estimates are based on historical experience and various other assumptions that the Board believe are reasonable under the circumstances. The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

The Board does not consider there to be any critical accounting estimates and judgements.

(iii) *Tax on profit on ordinary activities*

	<i>Year ended 31 March</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>£</i>	<i>£</i>	<i>£</i>
UK corporation tax on loss for the period	(7,387)	(27,184)	(46,140)
Loss before tax	(121,974)	(393,110)	(648,884)
Effective tax rate	20%	21%	21%
Loss before tax at effective tax rate	(24,395)	(82,553)	(136,266)
Non deductible expenses	(1,081)	11,509	35,616
Capital allowances before depreciation	1,894	(802)	4,142
Unrecognised losses carried forward	16,195	44,662	50,368
Deferred tax movement	—	—	1,782
Income tax credit	(7,387)	(27,184)	(46,140)

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

(iv) *Tangible fixed assets*

	<i>Leasehold property</i> £	<i>Plant & equipment</i> £	<i>Office equipment</i> £	<i>Fixtures & fittings</i> £	<i>Total</i> £
Cost					
Balance at 1 April 2007	—	—	—	—	—
Additions	—	13,250	30,777	3,499	47,526
Balance at 31 March 2008	—	13,250	30,777	3,499	47,526
Additions	—	4,000	800	1,005	5,805
Disposals	—	(3,200)	—	—	(3,200)
Balance at 31 March 2009	—	14,050	31,577	4,504	50,131
Additions	—	14,830	3,463	3,508	21,801
Acquisitions	4,578	28,627	29,898	11,419	74,522
Balance at 31 March 2010	4,578	57,507	64,938	19,431	146,454
Depreciation					
Balance at 1 April 2007	—	—	—	—	—
Charge for the period	—	221	9,153	96	9,470
Balance at 31 March 2008	—	221	9,153	96	9,470
Charge for the year	—	2,848	10,504	817	14,169
Disposals	—	(158)	—	—	(158)
Balance at 31 March 2009	—	2,911	19,657	913	23,481
Charge for the year	817	15,934	15,037	1,300	33,088
Acquisitions	2,813	667	22,566	11,125	37,171
Balance at 31 March 2010	3,630	19,512	57,260	13,338	93,740
Carrying amounts					
At 31 March 2008	—	13,029	21,624	3,403	38,056
At 31 March 2009	—	11,139	11,920	3,591	26,550
At 31 March 2010	948	37,995	7,678	6,093	52,714

(v) *Intangible fixed assets*

	<i>Goodwill</i> £	<i>Patents & licences</i> £	<i>Customer list</i> £	<i>Total</i> £
Cost				
Balance at 1 April 2007	—	—	—	—
Additions	—	11,517	—	11,517
Balance at 31 March 2008	—	11,517	—	11,517
Additions	—	46,775	—	46,775
Balance at 31 March 2009	—	58,292	—	58,292
Additions	—	79,959	—	79,959
Acquisitions	106,006	—	242,922	348,928
Disposals	—	(6,000)	—	(6,000)
Balance at 31 March 2010	106,006	132,251	242,922	481,179

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

	<i>Goodwill</i> £	<i>Patents & licences</i> £	<i>Customer list</i> £	<i>Total</i> £
Depreciation				
Balance at 1 April 2007	—	—	—	—
Charge for the period	—	995	—	995
Balance at 31 March 2008	—	995	—	995
Charge for the year	—	7,089	—	7,089
Balance at 31 March 2009	—	8,084	—	8,084
Charge for the year	—	18,130	40,487	58,797
Disposals	—	(592)	—	(592)
Balance at 31 March 2010	—	25,802	40,487	66,289
Net book value				
At 31 March 2008	—	10,552	—	10,522
At 31 March 2009	—	50,208	—	50,208
At 31 March 2010	106,006	106,449	202,435	414,890

(vi) *Business Combinations*

On 15 May 2009 the Company acquired control of Architectural Lighting & Controls Limited by acquiring its ordinary share capital in exchange for a cash payment of £65,000 and £336,370 of D class ordinary shares in PhotonStar LED Limited. Contingent consideration of £75,000 became payable as a result of the achievement of sales targets specified in the sale and purchase agreement. £10,000 has been settled in cash with £65,000 remaining outstanding. No further contingent consideration will be payable under this agreement.

	<i>Book Value</i> £	<i>15 May 2009 Adj</i> £	<i>Fair Value</i> £	<i>31 March 2010 Fair Value</i> £
Assets and liabilities acquired				
Intangible assets – customer list	—	242,922	242,922	242,922
Property, plant and equipment	37,351	—	37,351	37,351
Inventories	78,865	—	78,865	78,865
Trade and other receivables	264,849	—	264,849	264,849
Cash at bank and at hand	55,814	—	55,814	55,814
Trade and other payables	(308,958)	—	(308,958)	(308,958)
Deferred tax	(479)	—	(479)	(479)
Net assets acquired	127,442	242,922	370,364	370,364
Goodwill			106,006	106,006
			476,370	476,370
Cost of business combination				
Cash			65,000	65,000
Shares			336,370	336,370
Contingent consideration paid in year			10,000	10,000
			411,370	411,370
Due within 1 year			65,000	65,000
			476,370	476,370

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

The goodwill of £106,006 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of Architectural Lighting & Controls Limited and PhotonStar LED Limited.

(vii) *Inventories*

	2008	At 31 March 2009	2010
	£	£	£
Finished goods and components	—	43,117	173,219

The cost of inventories recognised as an expense and included in cost of sales amounted to £1,263,278 (2009: £146,930, 2008: Nil).

A provision against slow moving stock of £12,988 (2009 – £Nil) has been included in the company's balance sheet. Similarly, a provision against slow moving stock of £22,986 (2009 – £Nil) has been included in the consolidated balance sheet.

(viii) *Trade and other receivables*

	2008	At 31 March 2009	2010
	£	£	£
Trade receivables	—	44,239	430,871
Less: provision for impairment	—	—	(80,685)
Trade receivables (net)	—	44,239	350,186
Prepayments	6,813	975	10,921
Other debtors	2,000	16,714	40,346
Social security and other taxes	10,337	3,158	13,197
	<u>19,150</u>	<u>65,086</u>	<u>414,650</u>

The fair value of trade receivables at 31 March 2008, 31 March 2009 and 31 March 2010 approximate to the book value stated above

	Carrying amount	Not past due or impaired	31 – 60 days	60 – 80 days	> 90 days
	£	£	£	£	£
31 March 2010	350,186	188,009	89,146	16,002	49,634
31 March 2009	44,239				
31 March 2008	—	—	—	—	—

(ix) *Cash and cash equivalents*

Cash and cash equivalents consist of cash in hand and balances with banks.

	2008	At 31 March 2009	2010
	£	£	£
Cash in hand and balances with banks	52,786	108,891	21,135
	<u>52,786</u>	<u>108,891</u>	<u>21,135</u>

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

(x) *Trade and other payables*

	<i>At 31 March</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	£	£	£
Trade creditors	7,033	53,244	543,890
Accruals	3,826	12,170	77,404
Social security and other taxes	—	5,790	17,725
Amounts received in respect of unissued share capital	132,979	130,001	—
Deferred consideration	—	—	65,000
Cash received on account	—	—	67,787
	<u>143,838</u>	<u>201,205</u>	<u>574,323</u>

(xi) *Share capital*

	<i>2008</i>		<i>At 31 March</i>		<i>2010</i>	
	<i>No</i>	£	<i>No</i>	£	<i>No</i>	£
Authorised						
'A' Ordinary shares of £0.01 each	2,500,000	25,000	2,500,000	25,000	2,500,000	25,000
'B' Ordinary shares of £0.01 each	2,500,000	25,000	2,500,000	25,000	2,500,000	25,000
'C' Ordinary shares of £0.01 each	2,500,000	25,000	2,500,000	25,000	2,500,000	25,000
'D' Ordinary shares of £0.01 each	2,500,000	25,000	2,500,000	25,000	2,500,000	25,000
	<u>10,000,000</u>	<u>100,000</u>	<u>10,000,000</u>	<u>100,000</u>	<u>10,000,000</u>	<u>100,000</u>
Allotted, called up and fully paid						
'A' Ordinary shares of £0.01 each	1,152,500	11,525	1,152,500	11,525	1,252,501	12,525
'B' Ordinary shares of £0.01 each	480,000	4,800	480,000	4,800	480,000	4,800
'C' Ordinary shares of £0.01 each	20,000	200	915,466	9,155	1,129,778	11,298
'D' Ordinary shares of £0.01 each	—	—	430,942	4,309	1,004,249	10,042
	<u>1,162,500</u>	<u>16,525</u>	<u>3,078,909</u>	<u>30,789</u>	<u>3,866,528</u>	<u>38,665</u>

The Company was incorporated on 19 March 2007 with an initial share capital of 100 Ordinary shares of £1 each. On 21 May 2007 and 31 March 2008 the Company changed its Articles of Association as follows:

On 21 May 2007 the authorised share capital of the Company was increased from £100 to £100,000. Also on this date a special resolution was passed to sub-divide 100,000 shares of £1 each to 10,000,000 Ordinary shares of £0.01 each. 10,000 issued Ordinary shares of 1p each were redesignated as Ordinary 'A' shares of £0.01 each. The following unissued ordinary shares were designated into other categories of shares as follows:

<i>Unissued Ordinary shares of £0.01 each</i>	<i>Redesignated to</i>
2,490,000	'A' Ordinary shares of £0.01 each
2,500,000	'B' Ordinary shares of £0.01 each
2,500,000	'C' Ordinary shares of £0.01 each
2,500,000	'D' Ordinary shares of £0.01 each

On 31 March 2008 the Company changed the voting rights of D Ordinary Shareholders by enabling them to have one vote per share. Also the repayment of capital and surplus assets on the winding up of the Company was changed so that all categories of Ordinary shareholders ranked equally.

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

During the period ended 31 March 2008 and the years ended 31 March 2009 and 31 March 2010 the following shares were issued:

<i>Number of shares</i>	<i>Types of share</i>	<i>Form of consideration</i>	<i>Consideration £</i>
Period ended			
31 March 2008			
1,152,500	'A' Ordinary shares of £0.01 each	Cash	68,650
480,000	'B' Ordinary shares of £0.01 each	Non cash (see note below)	28,800
20,000	'C' Ordinary shares of £0.01 each	Cash	200
<u>1,652,500</u>			<u>98,650</u>
Year ended			
31 March 2009			
100,001	'A' Ordinary shares of £0.01 each	Cash	30,000
895,466	'C' Ordinary shares of £0.01 each	Cash	309,534
490,492	'D' Ordinary shares of £0.01 each	Cash	150,710
<u>1,426,409</u>			<u>490,244</u>
Year ended			
31 March 2010			
215,312	'C' Ordinary shares of £0.01 each	Cash	211,155
218,233	'D' Ordinary shares of £0.01 each	Cash	224,948
354,074	'D' Ordinary shares of £0.01 each	Share Exchange	336,370
<u>787,619</u>			<u>772,473</u>

The consideration for the 'B' Ordinary shares issued in the period ended 31 March 2008 was SimuLED software suite provided by Majd Zoorob, a director of the Company.

Amounts received in respect of unissued share capital of £0 (2009: £130,001; 2008: £132,979) was included as share capital/share premium upon the issue of shares after the year end.

(xii) *Share options*

	<i>31 Mar 2008</i>	<i>Grant</i>	<i>31 Mar 2009</i>	<i>Grant</i>	<i>31 Mar 2010</i>	<i>Exercise price</i>	<i>Exercisable From</i>	<i>To</i>
EMI Approved Scheme								
Tranche 1	—	79,168	79,168	—	79,168	20p	Nov 09	Nov 18
Tranche 2	—	79,166	79,166	—	79,166	20p	Nov 10	Nov 18
Tranche 3	—	79,166	79,166	—	79,166	20p	Nov 11	Nov 18
Dec 2008	<u>—</u>	<u>237,500</u>	<u>237,500</u>	<u>—</u>	<u>237,500</u>			
Tranche 1	—	16,668	16,668	—	16,668	20p	Feb 09	Jan 18
Tranche 2	—	16,667	16,667	—	16,667	20p	Mar 09	Jan 18
Tranche 3	—	16,665	16,665	—	16,665	20p	Apr 09	Jan 18
Jan 2009	<u>—</u>	<u>50,000</u>	<u>50,000</u>	<u>—</u>	<u>50,000</u>			
Tranche 1	—	6,667	6,667	—	6,667	20p	Feb 10	Mar 19
Tranche 2	—	6,667	6,667	—	6,667	20p	Feb 10	Mar 19
Tranche 3	—	6,666	6,666	—	6,666	20p	Feb 10	Mar 19
Mar 2009	<u>—</u>	<u>20,000</u>	<u>20,000</u>	<u>—</u>	<u>20,000</u>			
Tranche 1	—	—	—	52,666	52,666	50p	May 10	Mar 19
Tranche 2	—	—	—	52,667	52,667	50p	May 11	Mar 19
Tranche 3	—	—	—	52,667	52,667	50p	May 12	Mar 19
Jul 2009	<u>—</u>	<u>—</u>	<u>—</u>	<u>158,000</u>	<u>158,000</u>			

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

	<i>31 Mar 2008</i>	<i>Grant</i>	<i>31 Mar 2009</i>	<i>Grant</i>	<i>31 Mar 2010</i>	<i>Exercise price</i>	<i>Exercisable From To</i>	
Tranche 1	—	—	—	25,334	25,334	50p	Nov 10	Nov 19
Tranche 2	—	—	—	25,333	25,333	50p	Nov 11	Nov 19
Tranche 3	—	—	—	25,333	25,333	50p	Nov 12	Nov 19
Nov 2009	—	—	—	76,000	76,000			
Tranche 1	—	—	—	3,846	3,846	50p	Dec 09	Nov 19
Tranche 2	—	—	—	3,846	3,846	50p	Jan 10	Nov 19
Tranche 3	—	—	—	3,846	3,846	50p	Feb 10	Nov 19
Tranche 4	—	—	—	3,846	3,846	50p	Mar 10	Nov 19
Tranche 5	—	—	—	3,846	3,846	50p	Apr 10	Nov 19
Tranche 6	—	—	—	3,846	3,846	50p	May 10	Nov 19
Tranche 7	—	—	—	3,846	3,846	50p	Jun 10	Nov 19
Tranche 8	—	—	—	3,846	3,846	50p	Jul 10	Nov 19
Tranche 9	—	—	—	3,846	3,846	50p	Aug 10	Nov 19
Tranche 10	—	—	—	3,846	3,846	50p	Sep 10	Nov 19
Tranche 11	—	—	—	3,846	3,846	50p	Oct 10	Nov 19
Tranche 12	—	—	—	3,847	3,847	50p	Nov 10	Nov 19
Tranche 13	—	—	—	3,847	3,847	50p	Dec 10	Nov 19
Nov 2009	—	—	—	50,000	50,000			
Total	—	307,500	307,500	284,000	591,500			

The weighted average exercise price for the above shares at 31 March 2010 was 34.4p (31 March 2009: 20p)

	<i>31 Mar 2008</i>	<i>Grant</i>	<i>31 Mar 2009</i>	<i>Grant</i>	<i>31 Mar 2010</i>	<i>Exercise price</i>	<i>Exercisable From To</i>	
Unapproved Scheme								
Tranche 1	—	43,334	43,334	—	43,334	20p	Nov 09	Nov 18
Tranche 2	—	43,333	43,333	—	43,333	20p	Nov 10	Nov 18
Tranche 3	—	43,333	43,333	—	43,333	20p	Nov 11	Nov 18
Dec 2008	—	130,000	130,000	—	130,000			
Tranche 1	—	1,667	1,667	—	1,667	20p	Feb 09	Jan 18
Tranche 2	—	1,667	1,667	—	1,667	20p	Mar 09	Jan 18
Tranche 3	—	1,666	1,666	—	1,666	20p	Apr 09	Jan 18
Jan 2009	—	5,000	5,000	—	5,000			
Total	—	442,500	442,500	284,000	726,500			

The Company determines the fair value of the share option contracts it enters on the grant date, adjusts this to reflect its expectation of the options that will ultimately vest and then expenses the calculated balance on a straight line basis through its income statement over the expected vesting period with a corresponding credit to its share option reserve. Subsequent changes to the expectation of the number of options that will ultimately vest are dealt with prospectively such that the cumulative amount charged to the income statement is consistent with latest expectations. Subsequent changes in what is considered to have been the fair value of options at the grant date do not impact the amount charged to the income statement.

The Company determines the fair value of the share option contracts it enters using the recognised Black-Scholes-Merton methodology. In determining the fair value of the contracts it has entered into the Company made the following assumptions (ranges are provided in those instances where values differ across tranches). Expected volatility was determined with reference to historical experience.

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

	<i>Dec 08</i>	<i>Jan 09</i>	<i>Mar 09</i>	<i>Jul 09</i>	<i>Nov 09</i>	<i>Nov 09</i>
EMI Approved Scheme						
Share price	40p	40p	40p	95p	95p	95p
Exercise price	20p	20p	20p	50p	50p	50p
Expected life of option	10 yrs	10 yrs	10 yrs	10 yrs	10 yrs	10 yrs
Expected volatility	50%	50%	50%	50%	50%	50%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Risk free interest rate	3.25-4.75%	4.75%	4.75-5.25%	4.75-5.25%	3.25-4.75%	5.25%
Fair value at date of grant	30-32p	32p	73-75p	73-75p	72-74p	75p
Unapproved Scheme						
Share price	40p	40p				
Exercise price	20p	20p				
Expected life of option	10 yrs	10 yrs				
Expected volatility	50%	50%				
Expected dividend yield	0%	0%				
Risk free interest rate	3.25-4.75%	4.75%				
Fair value at date of grant	30-32p	32p				

(xiii) *Finance costs*

	<i>Year ended 31 March</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Interest payable	—	—	4,042

(xiv) *Employee benefit expense*

	<i>Year ended 31 March</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Wages and salaries	18,750	163,687	743,577
Social security costs	2,112	16,658	75,167
Share based payments	—	11,551	60,083
	<u>20,862</u>	<u>191,896</u>	<u>884,510</u>

The average number of persons employed by the company during the period (including executive directors) was 22 (2009: 4; 2008: 1)

(xv) *Directors emoluments*

	<i>Year ended 31 March</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Directors emoluments (including benefits)	—	13,266	115,491

(xvi) *Contingent liabilities*

There were no contingent liabilities at 31 March 2010 (2008 and 2009: £Nil).

(xvii) *Capital commitments*

There were no capital commitments, contracted for but not provided in these financial statements at 31 March 2010 (2008 and 2009: £Nil).

FINANCIAL INFORMATION ON PHOTONSTAR LED LIMITED

(xviii) *Commitments under operating leases*

The Company had the following annual commitments under operating leases

	<i>At 31 March</i> 2008 £	<i>At 31 March</i> 2009 £	<i>At 31 March</i> 2010 £
Payable			
< 1 yr	6,552	13,453	44,000
> 1 yr < 5 yrs	—	—	57,083
Total	<u>6,552</u>	<u>13,453</u>	<u>101,083</u>

(xix) *Related party transactions and balances*

During the year ended 31 March 2008, a SimuLED software suite was acquired from Majd Zoorob, a director of the Company for £28,800, settled by the issue of 480,000 'B' Ordinary shares.

Sales of £449 were made to James McKenzie, one of the directors and shareholders of the Company during the year to 31 March 2010 (2009: £616; 2008: Nil). No amount was outstanding at the respective year ends.

The Company made purchases from Architectural Lighting & Controls Limited, its subsidiary undertaking of £33,120 during the year ended 31 March 2010 (2009: Nil; 2008: Nil). In addition, the Company raised management charges of £69,090 in the year ended 31 March 2010 (2009: Nil; 2008: Nil) to Architectural Lighting & Controls Limited.

At 31 March 2010 there were amounts of £170,449 (2009: Nil; 2008: Nil) due to Architectural Lighting & Controls by the Company. This comprised a loan of £139,400 and net intercompany trading of £31,049).

There is a £20,000 overdraft facility available to the Company underwritten by personal guarantees provided by James McKenzie and Majd Zoorob of £10,000 each (2009: Nil; 2008: Nil).

PART V
FINANCIAL INFORMATION ON
ARCHITECTURAL LIGHTING & CONTROLS LIMITED

Accountants Report on Architectural Lighting & Controls Limited
for the 27 months ended 31 March 2010

The Directors
Enfis Group plc
Technium 2
Kings Road
Swansea Waterfront
Swansea
SA1 8PJ



and

The Directors
FinnCap
60 New Broad Street
London
EC2M 1JJ

30 November 2010

Dear Sirs

ARCHITECTURAL LIGHTING & CONTROLS LIMITED (“ALC”)

We report on the financial information of ALC set out in paragraphs 1 to 6. This financial information has been prepared for inclusion in the Admission Document dated 30 November 2010 on the basis of the accounting policies set out in paragraph 1.

This letter is required by Paragraph (a) of Schedule Two of the AIM Rules and for no other purpose.

Responsibilities

The Directors of PhotonStar are responsible for preparing the financial information on the basis of preparation set out in paragraph 1 of the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of

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significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 30 November 2010, a true and fair view of the state of affairs of ALC as at the dates stated and of its profits, cashflows, and changes in equity for the periods then ended in accordance with the basis of preparation set out in paragraph 1.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this letter is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to offset its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PKF (UK) LLP

FINANCIAL INFORMATION ON ARCHITECTURAL LIGHTING & CONTROLS LIMITED

1. Summary of Significant Accounting Policies

The financial information is based on the financial statements of Architectural Lighting & Controls Limited (the “Company”).

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) *Basis of preparation*

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, IFRIC interpretations, and the Companies Act 2006.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below.

(i) *Going concern*

The directors, at the time of the approving of the financial statements, have determined that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the directors considered the company’s recent and forecast financial performance. The directors believe that it is appropriate to adopt the going-concern basis in preparing the financial statements for the period to 31 March 2010.

(ii) *Standards, amendments and interpretations relevant but not effective*

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2009 but they are not relevant to the Company’s operations.

- IAS 27 (Amendment) – Consolidated and separate financial statements.
- IAS 23 (Amendment) – Borrowing costs
- IFRIC 13 Customer loyalty programmes
- IFRIC 15 Agreements for the construction of real estate
- IFRIC 16 Hedges of a net investment in a foreign operation.

(b) *Revenue*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services or consideration receivable from cooperative partners for product development in the ordinary course of the company’s activities. Revenue is shown net of value added taxes, returns and rebates.

Revenue is recognised when the amount can be reliably measured and it is probable that future economic benefit will flow to the company under the terms of any sale agreements. Revenue is not considered to be reliably measurable until all contingent clauses in sale agreements are met. Revenue is recognised when goods are invoiced, this normally corresponds to the date that goods are dispatched to customers.

(c) *Foreign currency transactions*

The functional currency of the Company is sterling. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated at the period end exchange rate for inclusion within the statement of financial position. Foreign exchange gains and losses resulting from the

settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(d) ***Segmental reporting***

A business segment is a distinguishable component of an enterprise that provides products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that provides products or services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments. The directors consider that the company operates in one geographical and business segment. The company's principal activity consists of lighting consultancy and supply. The company's revenue has been generated wholly from the UK.

(e) ***Property, plant and equipment***

All property, plant and equipment are stated at cost less accumulated depreciation. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets. The residual values of property, plant and equipment are reassessed annually and when there is an indication of a change in residual value. Depreciation on all property, plant and equipment is calculated using the straight-line method so as to write off cost less estimated residual value over its estimated useful life, as follows:

- Leasehold property – Straight line over the life of the lease
- Fixtures, fittings and equipment – 33 per cent. Straight line

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The charge is recognised in the income statement. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other net (losses)/gains' in the income statement. Repairs and maintenance expenditure is written off to the income statement account as incurred.

(f) ***Financial instruments***

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on trade date when the company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the Company is no longer a party to the contractual provisions of the instrument.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. All of the Company's loans and receivables are short-term receivables and are included as current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

All of the Company's financial liabilities are classified as 'other financial liabilities'. Other financial liabilities comprise trade payables, other payables and accrued expenses in the balance sheet.

(g) ***Trade receivables***

Trade receivables are recognised at the initial invoice amount less allowances made for doubtful receivables. Provision is made where there is objective evidence that the company will be unable to recover balances in full. Trade receivables are not discounted as the effect would not be material.

(h) ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. The cost of finished goods comprises the purchase price including transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(i) ***Cash and cash equivalents***

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments, with original maturities of three months or less and which are subject to an insignificant risk of change in value. Bank overdrafts are shown within current liabilities on the statement of financial position.

(j) ***Trade payables***

Trade payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short term payment period is not considered material.

(k) ***Current and deferred income tax***

The current income tax charge/(credit) is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Exceptionally such assets and liabilities are not recognised if the temporary difference arises from the recognition of goodwill or the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

(l) ***Accounting estimates and judgements***

In the preparation of the financial information the directors must make estimates and assumptions that effect the asset and liability items and revenue and expense amounts recorded in the financial information. These estimates are based on historical experience and various other assumptions that the Board believe are reasonable under the circumstances. The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

The Directors' do not consider there to be any critical accounting estimates and judgements.

(m) ***Dividends***

Dividends are recognised in the period in which they are considered to have become no longer at the discretion of the Company. Dividends declared (i.e. appropriately authorised and therefore no longer at the discretion of the Company) after the balance sheet date but before the financial statements are authorised for issue are not recognised as a liability at the balance sheet date.

2. Consolidated Balance Sheet

	Notes	At 31 December 2008 £	At 31 March 2010 £
ASSETS			
Non-current assets			
Property, plant and equipment	6 (iv)	8,982	21,618
Current assets			
Inventories	6 (v)	42,585	84,363
Trade and other receivables	6 (vi)	352,468	390,719
Cash and cash equivalents	6 (vii)	55,202	8,096
Total current assets		<u>450,255</u>	<u>483,178</u>
Total assets		<u>459,237</u>	<u>504,796</u>
EQUITY			
Issued equity capital	6 (x)	100	100
Share premium account		34,965	34,965
Retained earnings		119,742	109,566
Total equity		<u>154,807</u>	<u>144,631</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	6 (ix)	479	2,261
Current liabilities			
Trade and other payables	6 (viii)	249,365	357,904
Current tax liabilities		54,586	—
Total liabilities		<u>304,430</u>	<u>360,165</u>
Total equity and liabilities		<u>459,237</u>	<u>504,796</u>

3. Income Statement

	Notes	Year ended 31 December 2008 £	15 months ended 31 March 2010 £
Turnover	1 (b)	2,018,211	1,811,309
Cost of sales		(1,452,833)	(1,331,886)
Gross profit		565,378	479,423
Administrative expenses		(308,822)	(471,282)
Operating profit		256,556	8,141
Finance income	6 (xiii)	3,396	966
Finance costs	6 (xiv)	(6)	(2,501)
Profit before income tax		259,946	6,606
Income tax expense	6 (iii)	(55,388)	(1,782)
Profit after taxation		<u>204,558</u>	<u>4,824</u>

4. Statement of Cash Flows

	<i>Notes</i>	<i>Year ended 31 December 2008 £</i>	<i>15 months ended 31 March 2010 £</i>
Cash flows from operating activities			
Operating profit		259,946	6,606
Depreciation	6 (iv)	4,728	15,733
Finance income	6 (xii)	(3,396)	(966)
Finance costs	6 (xiii)	6	2,501
Change in inventories	6 (v)	(2,002)	(41,778)
Change in trade and other receivables	6 (vi)	(271,089)	(38,251)
Change in trade and other payables	6 (viii)	183,690	108,539
Cash generated from operations		171,883	52,384
Interest paid	6 (iii)	(6)	(2,501)
Interest received	6 (xii)	3,396	966
Tax paid	6 (iii)	(5,608)	(54,586)
Net cash flow from/(used in) operating activities		<u>166,269</u>	<u>(4,703)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6 (iv)	(6,813)	(28,369)
Interest received	6 (xii)	3,396	966
Net cash used in investing activities		<u>(3,417)</u>	<u>(27,403)</u>
Cash flows from financing activities			
Dividends paid		(130,000)	(15,000)
Net cash used in financing activities		<u>(130,000)</u>	<u>(15,000)</u>
Net increase/(decrease) in cash and cash equivalents		32,852	(47,106)
Cash and cash equivalents at the beginning of the period		22,350	55,202
Cash and cash equivalents at the end of the period	6 (vii)	<u>55,202</u>	<u>8,096</u>

5. Statement of Changes in Equity

	<i>Ordinary shares £</i>	<i>Share premium £</i>	<i>Retained profits £</i>	<i>Total £</i>
Opening balance 1 January 2008	100	34,965	45,184	80,249
Dividends	—	—	(130,000)	(130,000)
Profit for the year	—	—	204,558	204,558
At 31 December 2008	<u>100</u>	<u>34,965</u>	<u>119,742</u>	<u>154,807</u>
Dividends	—	—	(15,000)	(15,000)
Profit for the period	—	—	4,824	4,824
At 31 March 2010	<u>100</u>	<u>34,965</u>	<u>109,566</u>	<u>144,631</u>

6. Notes to the Consolidated Financial Statements

(i) *Financial risk*

Financial risk factors

The company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

(a) Market risk

Foreign exchange risk

The company foreign currency risk exposure from recognised assets and liabilities arises primarily from trade receivables and trade payables denominated in Euros/Dollars etc. There is no significant impact on profit or loss from foreign currency movements associated with these assets and liabilities. The gain or loss is recognised in administrative expenses and amounted to £3,546 in the period to 31 March 2010 (2008: £Nil).

(b) Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The company's maximum exposure to credit risk is equal to the value of loans and receivables.

(c) Liquidity risk

The company maintains sufficient cash. Management review cashflow forecasts on a regular basis to determine whether the company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The average creditor payment period during the period to 31 March 2010 was 60 days (2008: 52 days).

(ii) ***Critical accounting estimates and judgements***

In the preparation of the financial information the directors must make estimates and assumptions that effect the asset and liability items and revenue and expense amounts recorded in the financial information. These estimates are based on historical experience and various other assumptions that the Board believe are reasonable under the circumstances. The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

The Board does not consider there to be any critical accounting estimates and judgements.

(iii) ***Tax on profit on ordinary activities***

	<i>Year ended 31 December 2008 £</i>	<i>15 months ended 31 March 2010 £</i>
Current tax		
UK corporation tax	54,586	—
Deferred taxation	802	1,782
Income tax expense	<u>55,388</u>	<u>1,782</u>
Profit before tax	259,946	11,534
Effective tax rate	21.3%	21.0%
Profit before tax at standard rate of corporation tax (21%)	54,589	2,422
Non deductible expenses	1,453	(640)
Change in standard tax rate	<u>(654)</u>	<u>—</u>
Tax on profit on ordinary activities	<u><u>55,388</u></u>	<u><u>1,782</u></u>

(iv) **Tangible fixed assets**

	<i>Short leasehold property</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Total</i> £
Cost			
Balance at 1 January 2008	4,578	34,762	39,340
Additions	—	6,813	6,813
Balance at 31 December 2008	4,578	41,575	46,153
Additions	—	28,369	28,369
Balance at 31 March 2010	4,578	69,944	74,522
Depreciation			
Balance at 1 January 2008	2,159	30,284	32,443
Charge for the year	654	4,074	4,728
Balance at 31 December 2008	2,813	34,358	37,171
Charge for the year	817	14,916	15,733
Balance at 31 March 2010	3,630	49,274	52,904
Carrying amounts			
At 31 December 2008	1,765	7,217	8,982
At 31 March 2010	948	20,670	21,618

(v) **Inventories**

	<i>At 31 December 2008</i> £	<i>At 31 March 2010</i> £
Finished goods and components	42,585	84,363

(vi) **Debtors**

	<i>At 31 December 2008</i> £	<i>At 31 March 2010</i> £
Loan to parent undertaking		170,449
Trade receivables	345,032	253,231
Provision for impairment		(37,985)
Other receivables	650	—
Prepayments and accrued income	6,786	5,024
	<u>352,468</u>	<u>390,719</u>

None of the balances yield interest. An aged analysis of unimpaired trade receivables is provided below. An amount is considered past due if the counterparty has failed to make payment when contractually due. All other receivables are due within one year.

	<i>Total</i> £	<i>Not past due or impaired</i> £	<i>30 – 60 days</i> £	<i>60 – 80 days</i> £	<i>> 90 days</i> £
31 March 2010	215,246	128,074	67,678	755	18,739
31 December 2008	345,032	178,752	73,320	46,045	46,915

(vii) **Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and balances with banks.

	<i>At</i> <i>31 December</i> <i>2008</i> £	<i>At</i> <i>31 March</i> <i>2010</i> £
Cash in hand and balances with banks	55,202	8,096

(viii) **Creditors: amounts falling due within one year**

	<i>At</i> <i>31 December</i> <i>2008</i> £	<i>At</i> <i>31 March</i> <i>2010</i> £
Trade payables	204,554	326,647
Corporation tax	—	—
Other taxes and social security costs	19,611	4,523
Directors' accounts	1,173	—
Other payables	17,763	11,775
Accruals and deferred income	6,264	24,233
	<u>249,365</u>	<u>357,904</u>

(ix) **Deferred tax liabilities**

	<i>At</i> <i>31 December</i> <i>2008</i> £	<i>At</i> <i>31 March</i> <i>2010</i> £
At start of period	(323)	479
Movements in the period	802	1,782
At end of period	<u>479</u>	<u>2,261</u>
Movements in the 15 months Comprises:		
Accelerated capital allowances	479	3,553
Losses	—	(1,292)
At 31 March 2010	<u>479</u>	<u>2,261</u>

(x) **Share capital**

	<i>At</i> <i>31 December</i> <i>2008</i> £	<i>At</i> <i>31 March</i> <i>2010</i> £
Authorised		
100 Ordinary shares of £1.00 each	100	100
Allotted, called up and fully paid		
100 Ordinary shares of £1.00 each	100	100

(xi) **Employee benefit expense**

	<i>Year ended</i> <i>31 December</i> <i>2008</i> £	<i>15 months ended</i> <i>31 March</i> <i>2010</i> £
Wages and salaries	119,915	221,429
Directors remuneration	70,000	23,333
Social security	17,385	18,686
Pension contributions	5,674	4,080
	<u>212,974</u>	<u>279,550</u>

The average monthly number of persons (including executive directors) employed by the Company during the period to 31 March 2010 was 9 (2008: 7)

(xii) **Finance income**

	<i>At</i> <i>31 December</i> <i>2008</i> £	<i>At</i> <i>31 March</i> <i>2010</i> £
Bank interest receivable	3,396	966

(xiii) **Finance costs**

	<i>At</i> <i>31 December</i> <i>2008</i> £	<i>At</i> <i>31 March</i> <i>2010</i> £
Bank interest payable	(6)	(2,501)

PART VI

UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

The Directors
Enfis Group plc
Technium 2
Kings Road
Swansea Waterfront
Swansea
SA1 8PJ



Accountants &
business advisers

and

The Directors
FinnCap
60 New Broad Street
London
EC2M 1JJ

30 November 2010

Dear Sirs

We report on the pro-forma financial information (the “Pro-Forma Financial Information”) set out in Part VI of the Admission Document (“the Document”) dated 30 November 2010, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the acquisition of Photonstar LED Limited (“PhotonStar”) might have affected the financial information presented, on the basis of accounting policies adopted by Enfis Group plc (“Enfis” or the “Company”) in preparing the balance sheet as at 30 June 2010. This report is required by guidance issued by the London Stock Exchange with respect to the AIM Market and is given for the purpose of complying with that guidance issued by the London Stock Exchange and for no other purpose.

Responsibilities

It is the responsibility of the Directors of Enfis to prepare the Pro-Forma Financial Information, in accordance with guidance issued by the London Stock Exchange.

It is our responsibility to form an opinion, as required by guidance issued by the London Stock Exchange, as to the proper compilation of the Pro-Forma Financial Information and to report that opinion to you.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro-Forma Financial Information, nor do we accept responsibility for such reports or opinions, beyond that owed to those to whom those reports or opinions were addressed by us at the date of their issue.

Basis of opinion

We conducted our work in accordance with the Standards of Investment Reporting issued by the Auditing Practice Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro-Forma Financial Information with the Directors of Enfis.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro-Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

1. the Pro-Forma Financial Information has been properly compiled on the basis stated; and
2. such basis is consistent with the accounting policies of Enfis.

Declaration

For the purposes of Schedule 2 of the AIM Rules issued by the London Stock Exchange, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with guidance issued by the London Stock Exchange.

Yours faithfully

PKF (UK) LLP

**UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE
ENLARGED GROUP**

Set out below is an unaudited pro forma statement of net assets of the Enlarged Group which has been prepared to illustrate the effect the acquisition of Photonstar LED Limited (“PhotonStar”) might have had on the net assets of Enfis Group Plc as if it had taken place at 30 June 2010.

The pro forma statement of net assets has been prepared for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Enlarged Group’s actual financial position.

Pro forma net assets

	<i>Enfis Note 1 £000</i>	<i>PhotonStar Note 2 £000</i>	<i>Adjustments Note 3-5 £000</i>	<i>Pro forma £000</i>
ASSETS				
Non current assets				
Intangible assets	390	415	4,548	5,353
Property, plant & equipment	108	53	—	161
	<u>498</u>	<u>468</u>	<u>4,548</u>	<u>5,514</u>
Current assets				
Inventories	267	173	—	440
Trade and other receivables	171	414	—	585
Corporation tax receivable	195	48	—	243
Cash and cash equivalents	492	21	1,749	2,262
	<u>1,125</u>	<u>656</u>	<u>1,749</u>	<u>3,530</u>
TOTAL ASSETS	<u><u>1,623</u></u>	<u><u>1,124</u></u>	<u><u>6,297</u></u>	<u><u>9,044</u></u>
	<i>Enfis Note 1 £000</i>	<i>PhotonStar Note 2 £000</i>	<i>Adjustments Notes 3-5 £000</i>	<i>Pro forma £000</i>
LIABILITIES				
Non-current liabilities				
Borrowings	13	—	—	13
Provisions	—	—	—	—
	<u>13</u>	<u>—</u>	<u>—</u>	<u>13</u>
Current liabilities				
Trade and other payables	398	772	(83)	1,090
Borrowings	30	—	—	30
Provisions	136	2	—	138
	<u>564</u>	<u>774</u>	<u>(83)</u>	<u>1,258</u>
TOTAL LIABILITIES	<u><u>577</u></u>	<u><u>774</u></u>	<u><u>(83)</u></u>	<u><u>1,271</u></u>
NET ASSETS	<u><u>1,046</u></u>	<u><u>350</u></u>	<u><u>6,380</u></u>	<u><u>7,773</u></u>

Notes

1. The figures in respect of the Enfis have been extracted without material adjustment from the historical interim financial information for the six months ended 30 June 2010 which has been incorporated by reference as set out in Part III of this document.
2. The figures in respect of the PhotonStar have been extracted without material adjustment from the historical financial information for the year ended 31 March 2010 as set out in Part IV of this document.
3. Intangible assets arising on the acquisition of PhotonStar

£000

Purchase consideration:

51,023,849 shares at 10p per share

5,102

Net assets of PhotonStar at 31 March 2010

(350)

Net cash proceeds from the issue of PhotonStar shares since 31 March 2010

(204)

4,548

4. Cash from share issues

£000

Proceeds (net of expenses) from issue of 19,799,790 Placing Shares

1,570

Net cash proceeds from the issue of PhotonStar shares since 31 March 2010

204

Cash element of deferred consideration paid to ALC Vendors

(25)

1,749

5. The reduction in trade and other payables consists of the settlement of £65,000 of deferred consideration due to ALC Vendors and £18,000 of liabilities of Enfis settled by the issue of Placing Shares.

No account has been taken of the trading performance of Enfis or PhotonStar since 30 June 2010 and 31 March 2010 respectively.

PART VII

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Directors and the Proposed Directors, whose names are set out on page 7, and the Company accept responsibility (including individual and collective responsibility) for the information contained in this document, including for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 In addition each of the Proposed Directors accepts responsibility for the information contained in this document which relates to each of the members of the Concert Party except for Drew Nelson and Ceri Jones (who individually accept responsibility for the information relating to themselves). To the best of the knowledge and belief of the proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated and registered in England and Wales with registered number 6133765 on 1 March 2007 under the Companies Act 1985 and is a public company limited by shares.
- 2.2 The Company's web address on Admission will be www.photonstarled.com

3. Share capital

- 3.1 The authorised share capital of the Company on incorporation was £50,000 divided into 50,000 ordinary shares of £1 each.
- 3.2 Immediately following the Company's original admission to AIM on 23 March 2007, the Company's share capital was as follows:

<i>Class</i>	<i>Authorised</i>		<i>Issued and fully paid</i>	
	<i>number</i>	<i>Nominal value (£)</i>	<i>number</i>	<i>Amount (£)</i>
Ordinary Shares of 10p each	15,000,000	1,500,000	8,936,060	893,606

- 3.3 On 21 February 2008, the Company issued and allotted 446,804 Ordinary Shares at a price of 120.5 pence each. The shares were placed with clients of and/or funds managed by Swedbank Robur and King and Shaxson in the amounts of 406,000 and 40,804 Ordinary Shares respectively.
- 3.4 On 6 April 2009, the authorised share capital of the Company was increased by £1,000,000 to £2,500,000 by the creation of an additional 10,000,000 Ordinary Shares. On the same date, 5,600,000 Ordinary Shares were issued and allotted to at a price of 36 pence each.

On 2 March 2010 the Company issued and allotted 180,000 Ordinary Shares at a price of 10 pence each to its Employee Benefit Trust. These shares were subsequently used to satisfy the exercise of an option by Shaun Oxenham, a former director of the Company.

- 3.5 As at the date of this Document the Company's share capital is as follows:

<i>Class</i>	<i>(1) Authorised</i>		<i>(2) Issued and fully paid</i>	
	<i>number</i>	<i>Nominal value (£)</i>	<i>number</i>	<i>Amount (£)</i>
Ordinary Shares of 10p each	25,000,000	2,500,000	15,162,864	1,516,286.40

3.6 The Company's issued share capital on Admission is expected to be:

	<i>Issued and fully paid number</i>	<i>£</i>
Ordinary Shares of 10p each	86,386,503	8,638,650.30

3.7 As at the date of this Document, the Company had granted the following options to subscribe for Ordinary Shares, all of which are subsisting and exercisable as at the date of this Document

<i>Option holder</i>	<i>(1) Options granted prior to original admission to AIM</i>		<i>(2) Options granted pursuant to Enfis Enterprise Management Incentive Scheme</i>	
	<i>Number of shares</i>	<i>Exercise price (pence)</i>	<i>Number of shares</i>	<i>Exercise price (pence)</i>
Directors				
Drew Nelson	3,000	115		
	9,000	72		
Giles Davies	15,000	115		
	60,000	72		
Gareth Jones	180,000	0.1		
	15,000	115		
	54,000	72		
Simon Gibson	30,000	0.1		
	3,000	115		
	9,000	72		
Ron Jones	3,000	115		
	9,000	72		
John Thynne	30,000	0.1		
	3,000	115		
	9,000	72		
Current Employees	36,000	0.1	36,500	105.5
	13,500	115		
	13,800	72		
Former Employees and Others	210,000	0.1		
	34,500	115		
	99,000	72	5,000	105.5

Those options listed above which have an exercise price of 0.1 pence per Ordinary Share will be exercised through an issue and allotment to the Company's Employee Benefit Trust at 10 pence per share and a subsequent sale of those shares to the option holder at 0.1p per share. The subscription price will be left outstanding as a loan due to the Company from the Employee Benefit Trust, and the proceeds of the share sales will be paid to the Company in part payment of the debt due from the Employee Benefit Trust. The balance of the debt will be fully provided in the accounts of the Company.

3.8 On Admission, a further 1,750,000 options to subscribe for Ordinary Shares will be granted. Of this total, 500,000 are to be granted to Drew Nelson for an aggregate consideration of £1 (to be purchased by the Enfis Employee Benefit Trust (using a loan from the Company to the Enfis Employee Benefit Trust) at par and then transferred to Drew Nelson), 600,000 are to be granted to Ceri Jones at an exercise price equivalent to the Placing Price, and the remaining 650,000 are to be granted to other Enfis employees at an exercise price equivalent to the Placing Price.

- 3.9 Pursuant to an option deed between the relevant option holder and the Company the following options over Ordinary Shares have been granted at an exercise price of 2.8 pence per share pursuant to the Enfis Executive Share Option Scheme in consideration of the surrender of such options over shares in PhotonStar (“Replacement Option Deed”).

<i>Option holder</i>	<i>Options granted to holders of Photonstar options pursuant to Executive Share Option Scheme</i>
Majd Zoorob	1,985,456
James McKenzie	2,259,710
Caroline McKenzie	73,698
Gethyn Williams	1,326,557
Tom Lee	510,748
Jilly Searle	147,395
Fenella Oatley	390,843
Steve Baxter	326,504
Brian Whitehorn	740,004
Robert Tuck	1,374,293
Samantha Griffiths	105,715
James Hyson	79,286
Muhammed Shehzad	79,286
Phil Muir	296,304
Patrick Kelly	296,304
Adrian Wills	98,768
Paul Cox	98,768
Neal Harrison	74,076

All the above are exercisable at 2.8 pence per Ordinary Share and cannot be exercised for a minimum of six months after Admission. Further details can be found in paragraph 8.1.3 of this Part VII.

- 3.10 There are no other shares or loan capital of the Company under option or agreed, conditionally or unconditionally, to be put under option, nor does the Company hold any of its share capital in treasury.

4. Articles of Association

A. Summary of the Current Articles

4.1 Rights attaching to Ordinary Shares

The following is a description of the rights attaching to the Ordinary Shares as set out in the Current Articles and based on English law. This description does not purport to be complete and is qualified in its entirety by the full terms of the Current Articles.

(a) Voting

Subject to disenfranchisement in the event of:

- (i) non-payment of calls or other monies due and payable in respect of Ordinary Shares; or
- (ii) non-compliance with a statutory notice requiring disclosure as to beneficial ownership of Ordinary Shares;

and, without prejudice to any special rights previously conferred and subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles, on a show of hands every shareholder who is present in person at a general meeting of the Company shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every Ordinary Share held.

(b) Dividends

Subject to the Act, the Company at a general meeting may declare dividends to be paid to shareholders according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board. Except insofar as the rights attaching to, or the terms of issue of, any Ordinary Share otherwise provide, all dividends shall be declared according to the amounts paid-up or credited as paid-up on the shares and apportioned and paid *pro rata* according to the amounts paid-up or credited as paid-up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may from time to time pay to the shareholders such interim dividends as appear to the Board to be justified by the position of the Company. Any dividend unclaimed after a period of 12 years from the date it became due for payment shall be forfeited and shall revert to the Company. There is no fixed date on which an entitlement to a dividend arises in respect of Ordinary Shares.

(c) Distribution of assets on liquidation

On a winding-up, the liquidator may, with the sanction of an extraordinary resolution of the Company and subject to and in accordance with the Act, divide among the shareholders in specie or kind the whole or any part of the assets of the Company, subject to the rights of any shares which may be issued with special rights or privileges.

(d) Pre-emption rights

The Articles do not contain any provisions which set out a procedure for the exercise of pre-emption rights for members in respect of the issue of new shares in addition to that provided for by the Act.

(e) Transferability of Ordinary Shares

All transfers of Ordinary Shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board. The instrument of transfer shall be executed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. All transfers of Ordinary Shares which are in uncertificated form may be effected by means of a relevant system (as defined in the Current Articles).

The Directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason therefore refuse to register any transfer of shares (not being fully-paid shares) provided that any such refusal does not prevent dealings in partly-paid shares which are admitted to AIM from taking place on an open and proper basis. In addition, the Directors may refuse to register a transfer of shares (whether fully-paid or not) in favour of more than four persons jointly.

The Directors may decline to recognise any instrument of transfer relating to shares in certificated form unless the instrument of transfer is duly stamped, is in respect of only one class of share and is lodged at the Transfer Office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

(f) Variation of rights

Subject to the Act, the special rights attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound-up) be altered or abrogated with the written consent of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the issued shares of that class at which a quorum of two or more persons holding or representing by proxy not less than one-third of the issued shares of that class (or in the case of an adjourned meeting such quorum as is specified by the Articles) is present. The special rights

conferred upon the holders of any shares or class of share shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith or the purchase by the Company of any of its own shares.

(g) Changes in capital

Subject to the provisions of the Act and to any special rights conferred on the holders of any shares or class of shares, the Company may issue redeemable shares. Subject to the provisions of the Act and to any special rights previously conferred on the holders of any existing shares, any share may be issued with such special rights or such restrictions as the Company may determine by ordinary resolution. The Company may by ordinary resolution increase its share capital, consolidate and divide its share capital into shares of a larger amount, sub-divide its share capital into shares of a smaller amount (subject to the provisions of the Act) and cancel any shares which have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled.

Subject to the provisions of the Act, the Company may reduce share capital, any capital redemption reserve and any share premium account in any manner. The Company may also, subject to the requirements of the Act, purchase its own shares.

(h) Untraced shareholders

Subject to the Act, the Company may sell any shares of a member or person entitled thereto who is untraceable, if during a period of 12 years, at least three dividends in respect of the shares in question have become payable and the cheques or warrants for all amounts payable to such member or person in respect of his shares have remained uncashed or mandated dividend payments have failed and the Company has received no indication of the existence of such member or person. The net proceeds of sale shall belong to the Company but the member or person who had been entitled to the shares shall become a creditor of the Company in respect of those proceeds.

If on two consecutive occasions dividend payments have been sent through the post to any holder of shares to his registered or other specified address but returned undelivered or left uncashed, the Company may cease to send such dividend payments until the person entitled thereto otherwise requires.

(i) Procedure for General Meetings

Subject to the Act, the provisions of the Articles relating to general meetings apply as nearly as possible *mutatis mutandis* to every such meeting. The necessary quorum is three persons present in person or by proxy and entitled to attend and vote on the business to be transacted. The Chairman or deputy chairman shall preside as Chairman of the meeting and, if neither is present, the Directors present shall choose one of their number to be Chairman of the meeting. Such Chairman at a meeting where a quorum is present may with the consent of the meeting adjourn the meeting.

(j) Votes of members

Subject to the Act and to any special rights or restrictions as to voting attached to any class of shares at any general meeting, on a show of hands, every member present in person has one vote and in the case of a poll, every member present in person or by proxy shall have one vote for every share of which he is a holder.

No member shall, unless the Directors determine otherwise, be entitled to vote in respect of any share held by him either personally or by proxy at a general meeting if any call or other sum presently payable in respect of that share remains unpaid or if he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Companies Act 2006 and is in default for the prescribed period.

A resolution in writing duly executed by or on behalf of all members of the Company or any class of them entitled to receive notice of and to attend and vote at a general meeting shall be valid and effectual as if it has been passed at the general meeting duly covered.

(k) Non-UK shareholders

There are no limitations in the Company's Memorandum or Articles of Association on the rights of non-UK shareholders to hold, or exercise voting rights attaching to, Ordinary Shares. However, no shareholder is entitled to receive notices from the Company (whether electronically or otherwise), including notices of general meetings, unless he has given an address in the UK to the Company to which such notices may be sent.

(l) Sanctions on shareholders

A holder of Ordinary Shares loses his rights to vote in respect of Ordinary Shares if and for so long as he or any other person appearing to be interested in those shares fails to comply with a request by the Company under the Act requiring him to give particulars of any interest in those Ordinary Shares within 14 days. In the case of shareholdings representing 0.25 per cent. or more, in nominal amount, of the share capital of the Company then in issue, or any class thereof, the sanctions which may be applied by the Company include not only disenfranchisement but also the withholding of the right to receive payment or dividends and other monies payable on and restrictions on transfers of, the Ordinary Shares concerned.

(m) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property, assets (present and future) and uncalled capital and subject to applicable law, to issue debenture and other loan stock and debentures and other securities provided that the Directors shall restrict the borrowings of the Company and exercise all powers of control exercisable by the Company in relation to its subsidiaries, so as to secure (in relation to the subsidiaries (from time to time (if any)) as far as the Directors are able) that the aggregate amount for the time being of all borrowings of the Group (excluding any money owed between members of the Group) shall not at any time exceed an amount equal to three times the adjusted capital and reserves of the Company.

(n) Directors' fees

The amount of any fees payable to the Directors shall be determined by the Directors provided that they shall not in any year exceed an aggregate amount of £500,000 or such other sum as may from time to time be approved by ordinary resolution. Any such fees shall be divisible among the Directors as they may agree, or failing agreement, equally. The Directors are also entitled to be repaid all reasonable expenses incurred by them respectively in the performance of their duties. Any director holding an executive office or otherwise performing services which in the opinion of the Directors are outside the scope of his ordinary duties as a director may be paid such remuneration as the Directors may determine.

The Directors may establish and maintain any non contributory or contributory pension or superannuation funds for the benefit of, and give donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of, or directors or officers of and holding any salaried employment or office in, the Company or any other company which is its holding company or in which the Company or such holding company has any interest or which is allied to or associated with the Company or of any company which is a subsidiary undertaking of the Company or of any such other company and the families and dependents of any such persons; and the Directors shall have power, subject to statute, to purchase and maintain insurance against liability for any persons

who are or were at any time directors, officers, employees or auditors of the Company or its associated companies and for trustees of any pension fund in which employees of the Company or its associated companies are interested.

The Directors shall also be paid all expenses properly incurred by them in attending meetings of the Company or of the Board or otherwise in connection with the business of the Company.

(o) Directors' interests

A Director who is in any way, whether directly or indirectly, interested in any contract or proposed contract with the Company shall declare the nature of his interest in accordance with the Act.

A Director shall not vote, and shall not be counted in a quorum, in respect of any contract, arrangement or proposal in which he has an interest which (together with any interest of any person connected with him) is to his knowledge a material interest (otherwise than by virtue of shares or debentures or other securities held in or in respect of the Company), except that this prohibition shall not apply to:

- (i) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement by a Director to participate in the underwriting or subunderwriting of any offer of shares, debentures or other securities of the Company or any of its subsidiaries for subscription, purchase or exchange;
- (iv) any contract or arrangement concerning any other company in which the Director and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in Part 22 of the Companies Act 2006) representing one per cent. or more of either any class of the equity share capital, or the voting rights, in such company;
- (v) any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and
- (vi) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of, *inter alia*, any Directors of the Company.

(p) Directors' interests in transactions

Subject to the provisions of the Act, and provided that he has disclosed to the Board the nature and extent of any material interest of his, a Director notwithstanding his office may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested, may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested and shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit. Any Director may act by himself or by his firm in any professional capacity (other than auditor) and he or his firm shall be entitled to remuneration as if he were not a Director.

(q) Qualification shares

The Directors are not required to hold qualification shares.

(r) Retirement

At each annual general meeting of the Company one-third (or the nearest number to one third) of the Directors shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. In addition, any Director who would not otherwise be required to retire shall retire by rotation at every third annual general meeting after his last appointment or re-appointment. A retiring Director shall be eligible for re-election. The Company may from time to time by ordinary resolution appoint any person to be a Director. The Directors may also from time to time appoint one or more Directors but any Director so appointed shall retire at or at the end of the next annual general meeting of the Company but shall then be eligible for re-election and any Director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

(s) Executive office

The Board may from time to time appoint one or more Directors to be the holder of any executive office for such period and on such terms as it decides.

B. *Summary of alterations made for the purposes of the New Articles in respect of the CA 2006*

4.2 The final implementation of the CA 2006 took place in October 2009 and it is proposed that alterations be made to the Current Articles to comply with and take advantage of the changes effected by the new act. Set out below is a summary of the principal changes; however, the New Articles will also include some other minor, technical or clarifying amendments.

Statement of liability

A limited liability statement has been inserted into the New Articles as the memorandum of association has been abolished as a constitutional document.

Allotment authority

Since the relevant allotment authority and disapplication of pre-emption rights resolutions need to be renewed annually, the New Articles remove the Directors' general power to allot shares.

Redeemable shares

The New Articles provide that the Board can determine the terms, conditions and manner of redemption of redeemable shares issued after 1 October 2009.

Purchase of own shares, reduction, consolidation and subdivision of share capital

Under the Act, companies do not require specific authorisation in their articles to purchase their own shares, reduce their share capital or consolidate or subdivide their shares; therefore the New Articles remove these provisions.

Share qualification

Under the Act there is no need for articles to contain a statement to the effect that the directors are not subject to a share qualification. In light of this, the New Articles remove this provision.

Variation of class rights

The provision dealing with variation of class rights has been removed in the New Articles as it is not relevant to the Company.

Proxy appointments

Under the Act, articles can be amended so that weekends and bank holidays are excluded from the maximum requirement of a 48 hour proxy notice period. The New Articles reflect this change.

Validity of proxy votes

The Act now expressly requires proxies to vote in accordance with instructions given to them by their appointing member. The New Articles state that the Company is not required to enquire whether a proxy or corporate representative has voted in accordance with instructions and that votes cast will be valid even if they have not been cast in accordance with instructions.

Proxies

Proxies now have the right to speak at meetings and the New Articles reflect this.

The New Articles reflect the provisions in the Act relating to proxy voting, namely, where a proxy has been duly appointed by one member, he has one vote on a show of hands unless he has been appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been appointed by more than one member to vote for the resolution and by more than one member to vote against the resolution.

Voting by corporate representatives

Under the Act, a corporate representative is entitled to exercise the same powers on behalf of the corporation as that corporation could exercise if it were an individual shareholder.

If the corporation authorises more than one person:

- (a) on a show of hands, each representative has the same voting rights as the corporation would have, so that each representative will have one vote.
- (b) on a poll, where a company appoints more than one representative, each representative can exercise the votes attaching to the relevant shares in different ways, provided each representative is exercising the power in respect of different shares. However, where a corporation appoints more than one representative and those representatives attempt to exercise the corporation's power to vote in respect of the same shares, if they purport to exercise the power in the same way, it is treated as exercised but if they purport to exercise it in different ways, it is treated as not exercised (and the votes of the relevant representatives will not be counted).

Provisions have been inserted into the New Articles to reflect these provisions.

Participation in meetings at satellite meeting places or by other electronic means

The Act specifically provides for the holding and conducting of electronic meetings. The New Articles will enable members to participate in meetings of the Company even if they are not present in person at the principal place where the meeting is being held.

Conflicts of interest

The New Articles will enable the board of directors to authorise a director's conflict or potential conflict of interest that would otherwise need to be avoided or require shareholder approval.

Share transfers

Under the Act, when the company receives a transfer of shares, it must either register the transfer or give notice to the transferee of its refusal to register the transfer together with reasons, as soon as practicable and in any event within two months of receipt of the purported transfer. The New Articles reflect these changes.

In addition, companies are now unable to close their register and the power to do so has been removed in the New Articles.

Electronic communications

The Current Articles provide for the Company and members to communicate with each other using electronic communications. However, the following changes have been made in the New Articles:

- (a) website communications are permitted in respect of any member who does not respond within 28 days to a request from the Company to permit such communications to be made to such member;

- (b) if joint holders of a share are to receive documents, notices, or information electronically or via a website, only the agreement of the joint holder whose name stands first in the register is required.

References removed from articles:

Authorised share capital

The Act abolished the requirement for a company to have an authorised share capital and therefore any references to “authorised share capital” have been removed in the New Articles.

Extraordinary resolutions

The concept of extraordinary resolutions has been abolished by the Act and therefore any reference has been changed to special resolutions in the New Articles.

Written resolutions

Public companies can no longer pass members’ written resolutions so any reference to such resolutions has been removed in the New Articles.

Special Business

The definition of “special business” at a general meeting has been removed in the New Articles as the Act requires companies to state the general nature of all business to be dealt with at the meeting.

5. Directors’ and other interests

- 5.1 As at 29 November 2010 (being the latest practicable date prior to the publication of this document) and immediately following Admission, the interests of the Directors and the Proposed Directors in the issued share capital of the Company are, and will be, as follows:

<i>Name</i>	<i>As at the date of this document</i>		<i>Following the Placing and Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital (%)</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital (%)</i>
Drew Nelson	944,274	6.2	1,444,274	1.67
Ceri Jones	—	—	500,000	0.58
Ron Jones	45,000	0.3	245,000	0.28
Dr John Thynne	5,268	—	65,268	0.08
Simon Gibson	18,000	0.1	18,000	0.02
Gareth Jones	37,794	0.2	37,794	0.04
Giles Davies	—	—	—	—
James McKenzie*	—	—	14,143,463	16.37
Majd Zoorob	—	—	10,626,389	12.30

* excludes shareholding of his wife, Caroline McKenzie

In addition, the Directors and the Proposed Directors hold options over Ordinary Shares as detailed in paragraphs 3.7 and 3.9 above.

5.2 During the 5 years immediately prior to the date of this document, the Directors and Proposed Directors have held or currently hold the following directorships (other than in members of the Enlarged Group):

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships in the last five years</i>
Ceri Jones	Econotherm (UK) Limited Enfis Group Plc Executive Cover Limited MC 487 Limited Optical Reference Systems Limited	Comtec (Europe) Limited Leema Electro Acoustics Limited Stockval Holdings Limited Travelink Systems Limited
Gareth Jones	Enfis Group Plc Enfis Limited Lowering Carbon Limited Lux TSI Limited	A16 LLP
Giles Davies	Enfis Group Plc Enfis Limited	A16 LLP Tantalus Consulting Limited
Ron Jones	Agenda America Limited Agenda Films Limited Agenda Heno CYF Agenda Production Limited Agenda Television Limited Agenda Workshop Limited Barraclough Carey Prodcutions Limited Caitlin Film Limited Dave Edwards Entertainment Media Limited DMWSL 584 Limited Enfis Group Plc Fiction Factory Limited Global Television Services Limited Golden Break Music Limited Learning Pack Limited Llanelli Rugby Football Club Limited M4 Television Limited Macrocom (1014) Limited MC 432 Limited MC 433 Limited Melrose Film Productions Limited Mentorn Broadcasting Limited Mentorn Films Limited Mentorn Group Limited Mentorn International Limited Mentorn Limited Mentorn Media Limited Mentorn UFO's Limited Mobile Sport Limited Music Box Limited Pioneer Film and Television Productions Limited Pioneer Productions International Limited Pioneer Productions Media Group Limited P.O.P.1 Limited	Agenda Abertawe CYF. Enfis Limited Sportsweb Limited UWS Ventures Limited

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships in the last five years</i>
	RD Nominees Limited Red Dragon Acquisitions Limited Salem Films Limited Science Channel Limited Sunset & Vine North Limited Sunset & Vine Scotland Limited Sunset & Vne (APP) Limited Television Corporation Consumer Brands Limited The Television Corporation Limited Tinopolis Cymru Limited Tinopolis Facilities Limited Tinopolis Factual Limited Tinopolis Interactive Limited Tinopolis Limited Tinopolis Spark Learning Consortium Limited TV21 Limited TVC Media Limited UGH Limited Venner Television North Limited Venner TV Limited Video Arts Group Limited Video Arts Limited Visions Transmission Services Limited VMTV Limited World Sport Broadcasting Limited World Sport Television Limited Worldwide Entertainment News Limited	
Simon Gibson	Celtic House Investment Partners Limited Enfis Group Plc Fishstone Limited IQE Plc ISCA Networks Corporation Limited Newport Networks Group Plc Newport Networks Limited Newport Urban Regeneration Company Limited Wesley Clover Wales Limited	Enfis Limited Move Networks Limited Ubiquity Software Corporation Limited
Dr Drew Nelson	Enfis Group Plc EPI Holdings Limited (dormant) Galaxy Compound Semiconductors, Inc Greenlux Lighting Limited IQE (Europe) Limited IQE, Inc IQE Inc USA IQE Plc IQE Properties LLC IQE RF LLC IQE Silicon Compounds Limited IQE Solar LLC Llansannor House Holdings Limited	Enfis Limited

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships in the last five years</i>
	MBE Technology Pte Ltd NanoGaN Limited Wafer Technology International Limited (dormant) Wafer Technology Limited	
Dr John Thynne	Celtic House Investment Partners Limited Enfis Group Plc Wesley Clover Wales Limited	Enfis Limited Move Networks Limited WZXUQ Limited
Dr James McKenzie	Architectural Lighting & Controls Limited PhotonStar LED Limited	Brightlight UK Limited CDS Products Limited Mesophotonics Limited
Majd Zoorob	Finitephotonics Limited PhotonStar LED Limited	

5.3 Save as disclosed in paragraphs 5.4 below, no Director nor any Proposed Director:

5.3.1 has any unspent convictions in relation to indictable offences; or

5.3.2 has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such director; or

5.3.3 has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or

5.3.4 has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or

5.3.5 has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or

5.3.6 has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

5.4 Simon Gibson and John Thynne were directors of LANergy Limited until 21 January 2003. LANergy Limited was placed into liquidation on 10 April 2003, with an estimated deficit to unsecured creditors of £650,000.

- 5.5 So far as the Company is aware (i) the following persons had a notifiable interest, as stated below, in at least three per cent. of the Company's issued share capital as at 25 November 2010 (the latest practicable date prior to the posting of this document) and (ii) the following persons will have a notifiable interest, as stated below, in at least three per cent. of the Company's issued share capital at the date of this document or on the date of Admission:

<i>Name</i>	<i>As at 25 November 2010</i>		<i>On Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital (%)</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital (%)*</i>
Wesley Clover Wales Limited	1,750,854	11.5	1,750,854	2.0
Blackrock Investment Management	723,299	4.8	723,299	0.8
Swedbank Robur	1,431,000	9.4	2,331,000	2.7
Invesco	1,205,000	7.9	1,205,000	1.4
Octopus	1,157,800	7.6	1,157,800	1.3
Artemis	1,090,000	7.2	4,090,000	4.7
Professor Ken Board	952,734	6.3	952,374	1.1
Drew Nelson	944,274	6.2	1,444,274	1.7
University of Wales, Swansea	599,340	4.0	599,340	0.7
CFS Independent	760,000	5.0	1,760,000	2.0
James McKenzie	—	—	14,143,463	16.4
Majd Zoorob	—	—	10,626,389	12.3
Martyn Konig	—	—	2,748,533	3.2
Mufid Shawwa	—	—	2,773,423	3.2

- 5.6 The Shareholders listed in paragraph 5.5 above do not have different voting rights from other Shareholders.

6. Directors' and Proposed Directors' service agreements and terms of office

6.1 Existing Directors Service Agreements

Gareth Jones and Giles Davies have service agreements with the Company dated 16 March 2007.

Gareth Jones entered into a new service agreement with the Company on 1 October 2009, to reflect his change to part time status. This service agreement replaced his original service agreement of 16 March 2007.

Ceri Davies entered into a service agreement with the Company on 19 July 2009.

Each of the above service agreements can be terminated on 6 months written notice (except for that of Gareth Jones which can be terminated on 2 months written notice) served by either party. The current annual salaries of the executive directors are:

Ceri Jones: £85,000

Giles Davies: £73,500

Gareth Jones: £33,600

The principal terms of each of the above service agreements are as follows:

Bonus

At the discretion of the Company the director may be entitled to an annual bonus, the amount of such bonus and the timing of any payment is at the Company's absolute discretion. In addition to this and subject to successful achievement of any objectives/targets set by the Board, the director may also be considered for an annual performance bonus payment subject to review from time to time by the Board. The targets and objectives, whether they have been achieved and of so how much should be paid to the employee are all matters within the discretion of the Board. The performance bonus payment is subject to a cap, currently set as follows:

- Ceri Jones – £50,000

- Giles Davies – £20,000
- Gareth Jones – £20,000

Holidays

Each executive director is entitled to 25 working days per calendar year in addition to all usual public holidays.

Sick pay

Each executive director is entitled to full pay (based on basic salary and contractual benefits) for the first 65 working days of absence and half pay for any further 65 working days, in any 12 consecutive month period.

Benefits

Each executive director is entitled to membership of the Group's private health insurance scheme. He is also entitled to "the same pension arrangements as were available to him through the Company immediately prior to the Commencement Date. We understand that there are no contributory pension schemes in place.

Restrictive covenants

Each of the above contracts includes 12 month restrictive covenants in place preventing the director from (a) being engaged, concerned or interested in a competing business in any geographical area in which the Company conducts business provided that the director has material dealings in such area; (b) soliciting any customers of the Company; (c) soliciting any prospective customers of the Company; (d) dealing with or providing or supplying any customer; (e) dealing with or providing or supplying any prospective customer; (f) offering employment to or employing any Senior Executive; and (g) soliciting or enticing any Senior Executive to leave his/her employment.

With effect from Admission, Giles Davies and Gareth Jones will resign as Directors and will enter into a compromise agreement in respect of their employment with the Enlarged Group, which will cease on Admission accordingly.

6.2 Proposed Executive Directors

It is proposed that, conditional upon Admission, new service agreements will be entered into between the Company and each of James McKenzie (who it is intended will become Chief Executive Officer of the Enlarged Group) and Majd Zoorob (who it is intended will become Chief Technology Officer of the Enlarged Group).

The principal terms of the proposed new service agreements are set out below:

Term

Permanent contract terminable on not less than 6 months notice in writing

Remuneration

James McKenzie and Majd Zoorob will each be paid a gross basic salary of £85,000 per annum. This will be payable monthly in arrears and shall be subject to review by the Remuneration Committee of the Board on an annual basis.

Bonus

It is proposed that a contractual annual bonus is also payable. Entitlement to this bonus shall be dependent on the executive achieving any targets formally set by the Remuneration Committee. The amount of the bonus, timings of payment and the terms of the bonus scheme are in the Remuneration Committee's absolute discretion.

Holidays

Each of James McKenzie and Majd Zoorob will be entitled to 25 working days per year in addition to statutory and bank holidays. The holiday year runs from 1 January to 31 December.

Illness or accident

James McKenzie and Majd Zoorob will be entitled to 65 working days at full pay and 65 working days at half pay in any period of 12 months.

Benefits

It is proposed that the other benefits will be as set out above in the service contracts of the existing executive directors.

Restrictive covenants

In addition to the restrictive covenants set out in the Acquisition Agreement (as set out in paragraph 8.1.1 of this Part VII), for the period of 6 months (less any garden leave period) after the termination of his employment, each of James McKenzie and Majd Zoorob will be prevented from doing the following:

- Being engaged or concerned or interested or participating in any business in competition with the Company or the same as, in any restricted territory (which will include any area of business for the relevant group company) or that the executive had material concern with during the 12 month period preceding his departure;
- Facilitating the solicitation of the custom or business of any customer;
- Facilitating the solicitation of the custom or business of any prospective customer;
- Dealing with or supplying any customer;
- Offering or engaging any senior executive; and
- Soliciting or enticing any senior executive to leave his or her employment/directorship/consultancy.

6.3 Existing Non-executive Directors

Each of the current non-executive Directors of the Company are engaged on the terms of substantially similar letters of appointment, each dated 15 March 2007.

In each case, the appointment can be terminated by either party giving a minimum of three months written notice to the other. The current non-executive director's fees payable annually are as follows:

- Simon Gibson £10,000
- Ron Jones £10,000
- John Thynne £10,000
- Drew Nelson £10,000

The principal terms of each of these appointment letters are:

Fee

The fee is payable in four equal instalments in arrears around the first day of April, July, October and January. It is strictly conditional upon them having attended any Board meetings which are convened during the relevant quarter in person, or provided sufficient advice or assistance to the Company during that quarter.

Duties

Each non-executive Director is expected to attend all Board Meetings (which are expected to take place at least four times a year) and General Meetings and, if requested, meetings of the Audit and/or Remuneration Committees.

Time commitment

The expected time commitment required of each non-executive Director will be 20 full days per annum.

Status

The non-executive Directors are not employees of the Company.

Restrictions

In the event of any non-executive Director becoming aware of any potential conflict of interest he must immediately declare it to the Board.

It is proposed that, with effect from Admission, Ron Jones, Simon Gibson and John Thynne will each resign as Directors and their appointment letters will be terminated.

6.4 *Proposed Non-executive Directors*

It is proposed that, with effect from Admission, a new non executive director appointment letter will be entered into with Drew Nelson, as non-executive Chairman. The principal terms of the proposed new appointment letter mirror the provisions referred to above.

Special provision is to be made in Drew Nelson's proposed new appointment letter to cover his additional responsibilities as Chairman and to confirm his initial 3 year term, but it is intended that this can be extended by the Board.

The annual director's fees payable to Drew Nelson 1 year from the date of Admission will be £10,000.

- 6.5 Save as disclosed above, there are no service agreements or agreements for the provision of services existing or proposed between the Directors, Proposed Directors and the Company and none of the agreements set out above has been amended during the six months prior to the date of this document.

7. Employees

As at the date of this document, the Group had 12 employees.

Following Completion the Enlarged Group will have approximately 46 employees.

8. Material contracts

- 8.1 Save as set out below, the Enlarged Group has not entered into any material contract (not being a contract entered in the ordinary course of business) within the previous two years nor has any other contract been entered into which contains any provision under which any member of the Enlarged Group has any obligation or entitlement which is material to the Enlarged Group.

8.1.1 *Acquisition Agreement*

Pursuant to the Acquisition Agreement, the Company has agreed to acquire the Photonstar Shares from those of the Vendors holding approximately 59 per cent. of the Photonstar Shares ("the Warranting Shareholders"). Those Photonstar Shares held by the remaining Vendors will be transferred to the Company upon Admission pursuant to stock transfer forms to be executed by a director of Photonstar as attorney for such Vendors pursuant to the "drag along" provisions set out in Photonstar's articles of association.

Pursuant to these arrangements, the entire issued share capital of Photonstar will be acquired for an aggregate consideration of £5.1m, to be satisfied by the issue and allotment to the Vendors of the Consideration Shares.

The Acquisition Agreement is conditional upon the following conditions being satisfied as at the conclusion of the General Meeting (or at such later time and date as may be agreed between James McKenzie (as the Vendors' representative), the Company and finnCap):

- (a) each of the Resolutions having been passed;
- (b) the Placing being unconditional in accordance with its terms, save only in respect of any condition relating to completion of the Acquisition Agreement or the issue and allotment of the Consideration Shares; and

- (c) admission of the Consideration Shares to listing on AIM having become effective, subject only to issue and allotment thereof.

The Acquisition Agreement contains warranties and indemnities of a type usual for such a transaction, with similar warranties and indemnities being provided from the Warranting Vendors to the Company and vice versa. Each of the Warranting Vendors may satisfy (at his or her option) his or her proportion (such proportion being calculated as between the Warranting Shareholders and excluding the remaining Vendors' holdings of Photonstar Shares) of any warranty or indemnity liability either in cash or by the sale back to the Company for nil consideration of such number of Consideration Shares (at the issue price per Consideration Share) as is equal to such liability. Thus, up to approximately 59 per cent. of the Consideration Shares (being those issued to the Warranting Shareholders pursuant to the Acquisition Agreement) could potentially be sold back to the Company to satisfy any such claims. The remaining Vendors' Consideration Shares are not liable to be sold back to satisfy such claims as these Vendors are not parties to the Acquisition Agreement and have no liability for any such claims.

The Acquisition Agreement contains non-compete covenants on the part of James McKenzie and Majd Zoorob which provide certain restrictions on their ability to be interested in, manage or work for a competing business during the period of three years from Admission.

Pursuant to the Acquisition Agreement, each of the existing directors of the Company other than Ceri Jones and Dr Drew Nelson will resign and the Proposed Directors will be appointed as additional directors of the Company, in each case as from Admission.

8.1.2 *Placing and Nominated Advisor and Broker Agreements*

The placing and nominated advisor and broker agreements dated 30 November 2010 made between (1) the Company, (2) the Directors and (4) finnCap pursuant to which:

- (a) finnCap has been appointed as the Company's nominated adviser for the purposes of the AIM Rules, and as the Company's sole and exclusive broker for the purpose of Rule 35 of the AIM Rules. finnCap's appointment as nominated adviser is terminable by either party by giving not less than 3 months' written notice, provided the agreement may not be terminated within six months of the date of the agreement. In consideration of finnCap's appointment as nominated adviser and broker the Company has agreed to pay finnCap an annual retainer.
- (b) finnCap has agreed conditionally upon, inter alia, Admission taking place by no later than 24 December 2010 (or such later date as the Company and finnCap may agree not being later than 7 January 2010) to use its reasonable endeavours to procure places for the Placing Shares. Under the terms of the placing, nominated advisor and broker agreement the Company has agreed to pay finnCap a corporate finance fee and a commission of 5 per cent. of the aggregate value of the Placing Shares subscribed for at the Placing Price (excluding 1,460,000 Ordinary Shares to be subscribed for by certain Directors and Proposed Directors at the Placing Price pursuant to the subscription agreement referred to in paragraph 8.1.7 of this Part VII).

The placing and nominated advisor and broker agreements contain certain representations and warranties given by the Directors, the Proposed Directors and the Company, an indemnity in favour of finnCap, together with provisions which enable finnCap to terminate its obligations in respect of the Placing in certain circumstances, including circumstances where any warranties are found to be untrue or inaccurate in any material respect.

8.1.3 *Replacement Option Deed*

The Replacement Option Deed provides that,

- The relevant Photonstar option-holder and Company both agree to the option exchange (exchanges must be recorded in writing).

- The new option in the Company is “equivalent” to the old option in Photonstar.
- The total market value of the shares which are subject to the new option is the same as the total market value of the shares under the old option immediately prior to the new option being granted.

The Replacement Option Deed also (i) preserves any exercise conditions existing in the original option, (ii) provides that the new shares in the Company are to be satisfied from the Company’s EBT if necessary, and (iii) preserves the standard tax indemnities for the Company that are contained in the original option agreement in relation to any tax payable by the Company on behalf of the option-holder through PAYE.

In addition, the Replacement Option Deed provides that exercise of the replacement options cannot take place for a minimum of six months after Admission and also provides certain dealing restrictions and orderly market arrangements, namely:

- the option holder must effect any dealing in the option shares via the Company’s broker;
- not more than 25% of the option shares acquired pursuant to the replacement option may be disposed of during any period of six months following their acquisition by the option holder; and
- the option holder must comply with the Company’s code of dealings in respect of the option shares.

The surrender of the original option and grant of the replacement option takes effect from the Admission of the Consideration Shares and the re-admission of the Existing Ordinary Shares to trading on AIM in accordance with the AIM Admission document. The EMI replacement options will be notified to HMRC within 92 days of their grant.

8.1.4 *Agreement dated 15 May 2009 for the acquisition by PhotonStar of Architectural Lighting and Controls Limited*

On 15 May 2009 Photonstar acquired the entire issued share capital of ALC from the ALC Vendors. The aggregate consideration for the purchase was to be satisfied as follows:

- (a) by the payment in cash on completion of the acquisition to the ALC Vendors of an aggregate sum of £65,000; and
- (b) £336,370 to be satisfied by the allotment and issue to the ALC Vendors of an aggregate of 354,074 ‘D’ class ordinary shares of £0.01 in Photonstar, such shares credited as fully paid; and
- (c) by the payment in cash to the ALC Vendors of a sum equal to 5 per cent. of the value of all invoices (excluding vat) paid or part paid during the calendar years 2009 and 2010 for orders and business quoted in the “ALC project list” as of 8 May 2009 included in Share Purchase Agreement. Any revenue derived from the ALC project list in excess of £2m is excluded from this earn out scheme and the maximum payable to the ALC Vendors pursuant to it is capped at £100,000.

The Share Purchase Agreement provides that the consideration payable pursuant to the earn out scheme is conditional upon the corporation tax liability of ALC for 2008 in the sum of £55,388.00 being paid in full prior to any earn out consideration payments for 2009 being made, or that it can be demonstrated that such liability can be settled from ALC’s trading profits without incurring any debt to do so or the business being otherwise adversely affected by the making of such payment. Payments under the earn out provisions are to be made quarterly in arrears upon completion of an earn out report (comprising details of those invoices listed in the ALC project list which had been paid or partly paid), with the first such payment scheduled to be made on 1 October 2009.

It has been agreed between the ALC Vendors, Photonstar and the Company that the terms of the earn out scheme are to be varied as follows:

Conditional upon the Acquisition completing and the Enlarged Share Capital having been re-admitted to trading on AIM by no later than 31 December 2010, failing which the agreement to vary the agreement shall terminate and be of no effect, the parties thereto have irrevocably agreed that the earn out element of the consideration due to the ALC Vendors shall be fully and finally satisfied by:

- a) the payment by or on behalf of Photonstar to the ALC Vendors of the sum of £25,000 in cash within one week following the Acquisition completing and Admission; and
- b) the issue and allotment of new Ordinary Shares at the Placing Price to the value of £40,000 to the ALC Vendors.

The Share Purchase Agreement contains a limited set of warranties which are less extensive in scope and detail than would typically be expected to be seen in a transaction of this nature.

There are no restrictive covenants in the Share Purchase Agreement to which the ALC Vendors are subject – it instead stipulates that they are only bound by those restrictive covenants contained in their respective service agreements with Photonstar entered into pursuant to the terms of the transaction. However, only Brian Whitehorn and Robert Tuck entered into service agreements so there are no such restrictions imposed on either Louise Whitehorn or Julie Tuck. Moreover, it is not clear in the event of either Brian Whitehorn and/or Robert Tuck ceasing to be employed by Photonstar whether they would, in fact, be subject to any of these post termination provisions. Whilst each of their service agreements refers to post termination restrictions, there is no actual definition of the period of time following termination of their employment for which these restrictions will apply.

8.1.5 *Lock-In Agreement*

Pursuant to Lock-in Deeds entered into between the Company, finnCap and, respectively, each of the Proposed Directors and Drew Nelson and Ceri Jones, (“the Locked-in Shareholders”), each of the Locked-in Shareholders agrees, for a period of one year following Admission, not to effect any sale, any offer or agreement to sell, the grant of any option, right or warrant to purchase, a swap or other agreement or transaction which transfers economic ownership in whole or in part, a gift, a lending, the creation of any mortgage, charge, pledge or other security interest or encumbrance, the exercise of any option to sell, the public announcement of an intention to enter into any of these transactions and any other transaction whereby the Locked-in Shareholder disposes of any interest he has in his Ordinary Shares, whether absolutely or by way of security, whether conditionally or unconditionally (a “Disposal”).

In addition, each Locked-in Shareholder has agreed not to effect a Disposal other than (a) with the consent of the Company and finnCap and (b) through the Company’s broker until the second anniversary of Admission.

The above restrictions do not apply to a Disposal:

- (a) pursuant to an acceptance by the Locked-in Shareholder of:
 - (i) a general offer for the share capital of the Company (made in accordance with the Takeover Code) where such offer relates to the entire issued share capital of the Company (other than any shares held by the offeror, or persons acting in concert with the offeror for the purposes of the Takeover Code in relation to such offer);
 - (ii) a partial offer, being an offer for part of the share capital of the Company (made in accordance with the Takeover Code) where the offeror (together with persons acting in concert with the offeror for the purposes of the Takeover Code in relation to such offer) may come to acquire, as a result of the offer, an interest in shares of the Company to which 30 per cent. or more of the voting rights relate,

(any and all of such offers being collectively referred to as a “**Code Compliant Offer**”);

- (b) pursuant to the execution by the Locked-in Shareholder of an irrevocable commitment, agreement or undertaking to accept a Code Compliant Offer;
- (c) to the personal representative(s) of the Locked-in Shareholder who dies before the Orderly Market Date and by the personal representative(s) to any person provided that person shall first execute a deed of adherence in relation to such interest agreeing to be bound by the above restrictions;
- (d) pursuant to an intervening court order;
- (e) pursuant to any compromise or arrangement or any takeover offer effected under the Companies Acts providing for the acquisition by any person (or group of persons acting in concert) of 50 per cent. or more of the equity share capital of the Company and which compromise or arrangement has been sanctioned by the Court;
- (f) pursuant to a scheme of arrangement under section 110 of the Insolvency Act 1986;
- (g) by way of a gift to a close family member or to trustees for such individual and/or for his close family members or any of them provided that such transferee shall first execute a deed of adherence in relation to such interest agreeing to be bound by the above restrictions;
- (h) by a trustee of a settlement to an individual who is a beneficiary or potential beneficiary of such settlement provided that prior to making any such Disposal:
 - a. the Locked-in Shareholder shall satisfy the Company and finnCap that the proposed transferee is a close family member of the settlor of the settlement; and
 - b. such transferee shall first execute a deed of adherence in relation to such interest agreeing to be bound by the above restrictions;
- (i) by a trustee for the purposes of effecting the appointment of a new trustee or for the purpose of retiring as a trustee provided that such new trustee shall first execute a deed of adherence in relation to such interest agreeing to be bound by the above restrictions;
- (j) pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members or any class or them which is agreed to by the creditors or members and sanctioned by the court of any applicable jurisdiction;
- (k) by a nominee to the beneficial owner of such an Interest or another nominee provided that such transferee shall first execute a deed of adherence in relation to such interest agreeing to be bound by the above restrictions;
- (l) pursuant to any offer by the Company to purchase its own shares which is made on identical terms to the holders of shares of the same class and otherwise complies with the Companies Acts; or
- (m) by way of transfer of any Ordinary Shares to the Company in satisfaction of any warranty liability pursuant to the Acquisition Agreement.

Each Locked-in Shareholder also agrees to notify finnCap and the Company not less than 3 Business Days prior to any Disposal or the entry into of any agreement relating to the same.

Each Locked-in Shareholder also agrees not to effect a Disposal in breach of any restrictions on dealings in securities of the Company pursuant to the AIM Rules or other applicable law or regulation or, where the Locked-in Shareholder is bound by the Company’s code of dealings in shares (adopted in relation to the requirements under Rule 21 of the AIM Rules), in breach of such code of dealings.

8.1.6 *Asset Purchase Agreement*

By way of an internal group reorganisation in anticipation of the Acquisition, Enfis Limited entered into an agreement on 29 November 2010 with MC 487 Limited also a wholly owned subsidiary of the Company, transferring the business of the development, production and supply of LED light engine technology carried on by the Enfis Limited as at and with effect from 31 October 2010 together with all associated assets and liabilities relating thereto existing at that date and listed in a schedule to the agreement. The terms of the agreement provide that the purchase price was an amount equal to the values attributed to the assets transferred and detailed in the agreement and that this was to be satisfied by the assumption by MC 487 Limited of the assumed liabilities set out therein. The agreement contains standard provisions dealing with the transfer of the assets, assignment or novation of current customer and supplier contracts and the TUPE transfer of employees.

8.1.7 *Subscription Agreement*

Pursuant to a subscription agreement dated the date of this document, certain of the Directors (namely Ceri Jones, Ron Jones, Drew Nelson and John Thynne) and James McKenzie, one of the Proposed Directors, have agreed to subscribe, upon Admission, for an aggregate of 1,460,000 Ordinary Shares at the Placing Price.

9. **Taxation**

9.1 *Introduction*

The following paragraphs, which are intended as a general guide based on current legislation and HM Revenue & Customs practice as at the date of this document, summarise advice received by the Directors about the UK tax position of shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and who beneficially hold their shares as investments. Any shareholder who is in doubt as to their tax position, or who is subject to tax in a jurisdiction other than the United Kingdom, is strongly recommended to consult their professional advisers.

9.2 *Taxation of dividends*

Under current UK taxation legislation, no tax is withheld at source from dividend payments made by the Company.

An individual shareholder who is resident (for tax purposes) in the United Kingdom and who receives a dividend paid by the Company will currently be entitled to receive a tax credit equal to 1/9th of the cash dividend. The individual will be taxable upon the total of the dividend and the related tax credit ("the gross dividend") which will be regarded as the top slice of the individual's income. An individual shareholder who is not liable to income tax at a rate greater than the basic rate (currently 20 per cent.) will pay tax on the gross dividend at the dividend ordinary rate, currently 10 per cent. Accordingly, the tax credit will be treated as satisfying the individual's liability to income tax in respect of the dividend and there will be no further tax to pay. It should be noted however that there is no right to claim any repayment of the tax credit from the HM Revenue & Customs.

To the extent that the gross dividend (taken together with other taxable income) exceeds the individual's threshold for the higher rate of income tax the individual will, to that extent, pay tax on the gross dividend at the dividend upper rate (currently 32.5 per cent.). Accordingly, a shareholder who is a higher rate tax payer will have further income tax to pay at the rate of 22.5 per cent. on the gross dividend (equivalent to 25 per cent. of the dividend received). Tax credits are not repayable to shareholders with no income tax liability or whose liability to income tax does not exceed the amount of tax credit.

Individuals with earnings in excess of £150,000 will be subject to a higher rate of tax of 42.5 per cent. on dividends received. Accordingly, such shareholders will have further income tax to pay at the rate of 32.5 per cent. on the gross dividend (equivalent to 36.1 per cent. of the dividend received). Tax credits are not repayable to shareholders with no income tax liability or whose liability to income tax does not exceed the amount of tax credit.

Subject to exceptions for certain insurance companies and companies which hold shares as trading stock, a shareholder that is a company resident (for tax purposes) in the United Kingdom and that receives a dividend paid by the Company will not in most circumstances be liable to corporation tax or income tax on the dividend.

Trustees of discretionary trusts are liable to account for income tax at the dividend trust rate of 42.5 per cent.

United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive but are not entitled to claim repayment of the tax credit.

Shareholders who are resident in countries other than the UK may be entitled to repayment of all or a proportion of the tax credit in respect of dividends paid to them. This will depend upon the provisions of the double tax treaty (if any) between the country in which the Shareholder is resident and the United Kingdom. Shareholders not resident in the UK should consult their own tax adviser on the application of such provisions and the procedure for claiming relief.

9.3 ***Capital Gains Tax (“CGT”)***

Capital gains are broadly calculated as the difference between the proceeds received and the allowable costs of acquisition. A UK individual is currently entitled to an annual exemption of £10,100 before they pay any CGT.

Entrepreneurs’ relief (for business gains) can potentially reduce the effective rate of CGT payable on the disposal of shares to 10 per cent. The general conditions required are for the company to be fully trading, and for the individual shareholder to hold at least 5 per cent. of the company’s issued share capital, and to be an officer or employee of the company, all these conditions being satisfied for at least 12 months prior to a disposal.

If no Entrepreneurs’ relief is available, CGT is payable at 18 per cent. in respect of individuals who make capital gains in excess of the CGT annual exemption and whose income plus total capital gains fall within the basic rate tax band. To the extent that their income plus total capital gains exceed this band, their gains will be taxed at 28 per cent. Trustees will pay CGT at a rate of 28 per cent. on non business gains.

The above CGT rates only apply to individuals. Corporate shareholders should consult their own independent tax advisers.

9.4 ***Enterprise Investment Scheme and Venture Capital Trusts***

The Directors have received assurance from HM Revenue and Customs that the Company ranks as a “qualifying company” for the purposes of the EIS and a “qualifying investment” for the purposes of investment by VCTs.

The actual and continuing availability of EIS relief and the status of the Placing Shares as a qualifying holding for VCT purposes is conditional, among other things, on the Company continuing to satisfy the requirements for a qualifying company throughout the period of three years from the date of the investor making his investment (under EIS) and, for VCT purposes, throughout the period the Ordinary Shares are held as a “qualifying holding”. Qualifying company status requires, *inter alia*, the Company to conduct its trading mainly in the UK. There are other conditions the Company has to satisfy, and in such cases the Company’s status is usually closely monitored.

Investors considering taking advantage of any of the reliefs available under the EIS and VCT regimes should seek individual advice in order that they may fully understand how the rules apply in their individual circumstances.

In addition, an investor must be a qualifying investor in order to be entitled to EIS relief and it is again recommended that investors seek their own professional advice in this regard.

A claim for CGT deferral relief is made by the individual investors and/or trustees claiming the relief.

The Directors, the Proposed Directors and the Company give no undertaking or guarantee whatsoever to investors that the business of the Company will be conducted in a manner which is consistent with the provisions of the EIS or VCT regimes.

9.5 ***Inheritance Tax (“IHT”) Relief***

Ordinary shares in trading companies admitted to AIM generally qualify for 100 per cent. IHT Business Property Relief, provided that they have been held for two years prior to an event giving rise to a potential IHT charge. Any shareholder who has doubts as to his or her IHT position should consult a professional adviser, especially before making any gift or transfer of shares.

9.6 ***Stamp duty and stamp duty reserve tax (“SDRT”)***

No liability to stamp duty or SDRT should arise on the allotment of Placing Shares by the Company under the Placing.

Subsequent sales of Placing Shares inside CREST will generally be liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration calculated to the nearest penny. The SDRT is normally settled by CREST, on behalf of the purchaser or transferee, on the same day as the sale, but otherwise is payable on the “accountable date” for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made.

Subsequent sale of Placing Shares outside CREST will generally be liable to ad valorem stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration. An obligation to account for stamp duty reserve tax (“SDRT”) at the rate of 0.5 per cent. of the amount or value of the consideration will also arise if an unconditional agreement to transfer the Placing Shares is not completed by a duly stamped instrument of transfer before the “accountable date” for SDRT purposes, as described above. Stamp duty is normally, and SDRT is always, the liability of the purchaser or transferee of the Placing Shares. However, where an instrument of transfer which completes an unconditional agreement to transfer shares is duly stamped within six years after the agreement was entered into (or it becomes unconditional) the stamp duty will cancel the SDRT liability and any SDRT paid can be recovered.

The information in this section is intended as a general summary of the UK tax position and should not be construed as constituting advice. Potential investors should obtain advice from their own investment or taxation adviser.

10. The Takeover Code

10.1 For the purposes of this Part VII, paragraph 10:

- (a) “**acting in concert**” has the meaning attributed to it in the Takeover Code;
- (b) “**connected adviser**” has the meaning attributed to it in the Takeover Code;
- (c) “**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined below) of a company, irrespective of whether such interest or interests give de facto control;
- (d) “**PhotonStar Directors**” means James McKenzie and Majd Zoorob;
- (e) “**dealing**” or “**dealt**” includes the following:
 - (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;
 - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
 - (iii) subscribing or agreeing to subscribe for relevant securities;

- (iv) the exercise of conversion, whether in respect of new or existing securities, of any relevant securities carrying conversion or subscription rights;
 - (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
 - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
 - (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (f) “**derivative**” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
 - (g) “**disclosure date**” means 29 November 2010, being the latest practicable date prior to the posting of this document;
 - (h) “**disclosure period**” means the period commencing on 30 November 2009, being the date 12 months prior to the date of the posting of this document and ending on the disclosure date;
 - (i) “**exempt principal trader**” or “**exempt fund manager**” has the meaning attributed to it in the Takeover Code;
 - (j) “**interests in securities**” means a person who has a long economic exposure, whether absolute or conditional, to changes in the price of securities will be treated as interested in those securities. A person who only has a short position in securities will not be treated as interested in those securities.

In particular, a person will be treated as having an interest in relevant securities if:

- (i) he owns them;
 - (ii) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
 - (iii) by virtue of any agreement to purchase, option or derivative he:
 - a) has the right or option to acquire them or call for their delivery; or
 - b) is under an obligation to take delivery of them,
 whether the right, option or obligation is conditional or absolute and whether it is in money or otherwise; or
 - (iv) he is party to any derivative:
 - a) whose value is determined by reference to their price; and
 - b) which results, or may result, in his having a long position in them; and
 - (v) in case of Rule 5 of the Takeover Code only, he has received an irrevocable commitment in respect of them
- (k) “**relevant PhotonStar securities**” means shares in PhotonStar (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
 - (l) “**relevant Enfis securities**” means shares in Enfis (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
 - (m) “**relevant securities**” means relevant Enfis securities or relevant PhotonStar securities; and

- (n) “**short position**” means any short position (whether conditional or absolute and whether in money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.
- (o) “**voting rights**” means all the voting rights attributable to the capital of a company which are currently exercisable at a general meeting

Interests in relevant Enfis securities

10.2 As at the close of business on the disclosure date:

- (a) the interests of the Directors and Proposed Directors in relevant Enfis securities (excluding options which are disclosed in paragraphs 3.7 to 3.9 above) are as disclosed in paragraph 5 of this Part VII;
- (b) save as disclosed in paragraphs 3.7 and 3.8 above, no options over Ordinary Shares are held by the Enfis Directors or Proposed Directors or their respective immediate families, related trusts and connected persons.

10.3 As at the close of business on the disclosure date, save as disclosed in this Part VII:

- (a) PhotonStar had no interest in or right to subscribe for, or had any short position in relation to, any relevant Enfis securities, nor had it dealt in any relevant Enfis securities during the disclosure period;
- (b) none of the PhotonStar Directors had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Enfis securities, nor had any such person dealt in any relevant Enfis securities during the disclosure period;
- (c) no person acting in concert with PhotonStar had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Enfis securities, nor had any such person dealt in any relevant Enfis securities during the disclosure period;
- (d) none of the Directors had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Enfis securities;
- (e) no person acting in concert with Enfis had any interest in, or right to subscribe for, or had any short position in relation to, any relevant Enfis securities;
- (f) neither Enfis nor any of the Directors had any interest in or right to subscribe for, or had any short position in relation to, any relevant PhotonStar securities;
- (g) Enfis has not redeemed or purchased any relevant Enfis securities during the disclosure period;
- (h) there were no arrangements which existed between Enfis or any associate of Enfis and any other person;
- (i) neither PhotonStar nor any person acting in concert with PhotonStar had borrowed or lent any relevant Enfis securities, save for any borrowed shares which have either been on-lent or sold; and
- (j) neither Enfis nor any person acting in concert with Enfis had borrowed or lent any relevant Enfis securities, save for any borrowed shares which have either been on-lent or sold.

Other disclosures required under the Takeover Code

10.4 As at close of business on the disclosure date, save as disclosed in this Part VII:

- (a) there were no agreements, arrangements or understandings which existed between PhotonStar, or any person acting in concert with PhotonStar, and any other person having any connection with or dependence upon the Acquisition;
- (b) strategic plans for Enfis would have no likely repercussions on employment other than the intended resignations of Giles Davies, Ron Jones, Simon Gibson, John Thynne and Gareth Jones as disclosed in Part I of this document;

- (c) no intentions existed in relation to the redeployment of Enfis's fixed assets; and
- (d) there were no agreements, arrangements or understandings which existed, to transfer any relevant Enfis securities, acquired pursuant to the Acquisition, to any other persons.

11. Market Quotations

The following table shows the closing middle market quotations of an Ordinary Share for the first dealing day in each of the six months immediately prior to the date of this document, and for 29 November 2010 (being the latest practicable dealing day prior to the publication of this document):

<i>Date</i>	<i>Pence per Ordinary Share</i>
4 May 2010	12.5
1 June 2010	12.5
1 July 2010	14.5
2 August 2010	9.5
1 September 2010	14.5
1 October 2010	13.5
1 November 2010	11.0
29 November 2010	10.0

12. Working capital of the Enlarged Group

In the opinion of the Directors and the Proposed Directors, having made due and careful enquiry, the working capital available to the Enlarged Group, taking into account the cash balances of Enfis and PhotonStar and the net proceeds of the Placing, will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

13. Litigation

- 13.1 There are no, and during the 12 month period prior to the date of this document there have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.
- 13.2 There are no, and during the 12 month period prior to the date of this document there have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which PhotonStar is aware) which may have, or have had in the recent past, significant effects on PhotonStar's financial position or profitability.
- 13.3 A customer of Enfis Limited has verbally placed Enfis Limited on notice that it has received notification of a claim from its own customer which relates in part to losses allegedly caused by faulty equipment supplied by Enfis Limited in 2008 and early 2009. The equipment in question was rectified by Enfis Limited under warranty after the fault was identified in late 2009. These costs of rectification were included in its results for the year ended 31 December 2009.

Enfis Limited has been informed that the customer intends to seek compensation from Enfis Limited to reflect its own potential liability to the extent this is attributable to the faulty equipment supplied by Enfis Limited. However, whilst Enfis Limited has taken preliminary legal advice, the Directors are not in a position to adequately assess its potential liability in respect of this matter or the likely quantum of any claim which may be brought against it. Enfis Limited will vigilantly monitor this position and take steps to mitigate any potential liability. Accordingly, the Directors are not currently in a position to confirm that Enfis Limited's liability in respect of this potential claim will not be material in the context of the Enlarged Group.

14. Material Changes

- 14.1 Save as disclosed in its interim results to 30 June 2010 and the extracts from the unaudited management accounts for the quarter ended 30 September found in Part I of this document, there has been no significant nor material change in the financial or trading position of the Company since 31 December 2009, being the end of the period to which the latest audited accounts of the Company relate.
- 14.2 Save as disclosed in the management accounts for the six months to 30 September 2010 (extracts of which can be found in Part I of this document), there has been no significant nor material change in the financial or trading position of PhotonStar since 31 March 2010, being the end of the period to which the latest audited accounts of PhotonStar relate.

15. General

- 15.1 The costs, fees and expenses of the Acquisition and Admission, which are payable by the Company, are estimated to be approximately £380,000, excluding VAT.
- 15.2 Except for fees payable to the professional advisers whose names are set out on page 7 and payments to trade suppliers, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- 15.3 Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Reference materials include various historical and recent publications. A comprehensive list of reports and information used in the preparation of this document is available if required.
- 15.4 PKF has given and has not withdrawn its written consent to the inclusion in this document of its reports set out in Parts IV and V of this document and the pro forma statement of net assets set out in Part VI of this document in the form and context in which they appear and has authorised such reports for the purposes of the AIM Rules.
- 15.5 finnCap has given and not withdrawn its written consent to the issue of this document and the references to them in the form and context in which such references are included.

16. Documents available for inspection

The following documents or copies thereof may be inspected at the offices of Morgan Cole during the normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the date of Admission. Copies of these documents are also available from the website www.enfis.com:

- (a) the memorandum and articles of Association of the Company;
- (b) the New Articles;
- (c) the memorandum and articles of association of PhotonStar;
- (d) the audited financial statements of Enfis Group plc for the three financial years ended 31 December 2009;
- (e) the audited financial statements of PhotonStar for the three financial years ended 31 March 2010;
- (f) the interim report of Enfis Group plc for the six months ended 30 June 2010;
- (g) the accountant's reports on PhotonStar and ALC set out in Part IV and V respectively of this document;
- (h) this document;

- (i) the material contracts referred to in paragraph 8 of this Part VII;
- (j) the written consent letters referred to in paragraphs 15.4 and 15.5 of this Part VII; and
- (k) the irrevocable commitments referred to in Part I of this document.

17. Availability of document

Copies of this document will be available free of charge to the public at the registered office of finnCap during normal business hours on any weekday (Saturdays and public holidays excepted) until the date falling one month after the date of Admission. A copy of this document along with all announcements in relation to the Acquisition and the documents listed in paragraph 16 above are available from the website www.enfis.com.

Dated 30 November 2010

ENFIS GROUP PLC

(Registered in England and Wales with registered number 6133765)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Enfis Group plc (“the Company”) will be held at the offices of Morgan Cole, Bradley Court, Park Place, Cardiff, CF10 3DP on 23 December 2010 at 10.00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions, which will be proposed as ordinary and special resolutions, as indicated:

1. Approval of Acquisition (Ordinary Resolution)

That, subject to each of Resolutions 2 to 5 below being duly passed, the Acquisition (as defined in the admission document dated 30 November 2010 of which the Notice convening this general meeting formed part (“Admission Document”)) be and is hereby approved.

2. Approval of Waiver of Requirements of Rule 9 of the Takeover Code (Ordinary Resolution)

That:

- (a) the waiver by the Panel on Takeovers and Mergers described in the Admission Document of any requirement under Rule 9 of the City Code on Takeovers and Mergers (“the Code”) for Drew Nelson, Ceri Jones, Finitephotonics Limited, James McKenzie, Majd Zoorob and persons deemed to be acting in concert with them under the Code (“the Concert Party”) to make a general offer to shareholders of the Company as a result of the issue of shares to them pursuant to the acquisition by the Company of the entire issued share capital of PhotonStar LED Limited as described in the Admission Document; and
- (b) the waiver of the obligation which could arise pursuant to Rule 9 of the Code for the Concert Party to make a general offer to shareholders of the Company following any increase in the interests in shares of the Company held by any members of the Concert Party up to 42.51 per cent. in aggregate of those shares in the issued capital of the Company conferring the right to vote at general meetings where such increase arises from the valid exercise of options to subscribe for Ordinary Shares of 10p each in the Company (“Ordinary Shares”) granted to some or all of them (as described in the Admission Document) pursuant to the Company’s Executive Share Option Plan,

be and are hereby approved.

3. Authority to allot (Ordinary Resolution)

That, in accordance with section 551 of the Companies Act 2006 (the “Act”), the Directors be and are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (“Rights”) in respect of the following shares:

- (a) 51,023,849 Ordinary Shares pursuant to the Company’s obligations under the Acquisition Agreement; and
- (b) Ordinary Shares to be issued and allotted pursuant to the valid exercise of options granted and to be granted (as described in the Admission Document) under the Company’s Executive Share Option Plan; and
- (c) up to 19,799,790 Ordinary Shares to be placed pursuant to the Placing (as defined in the Admission Document); and
- (d) otherwise ordinary shares up to an aggregate nominal amount of £2,879,550.10

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the expiry of the next Annual General Meeting of the Company save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Act.

4. Disapplication of Pre-emption Rights (Special Resolution)

THAT, subject to the passing of the Resolution 3 and in accordance with section 570 of the Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by Resolution 3, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall:

- 4.1 be limited to the allotment of equity securities as described in paragraphs (a), (b) and (c) of Resolution 3 and otherwise up to an aggregate nominal amount of £1,295,797.55; and
- 4.2 expire on the expiry of the next Annual General Meeting of the Company (unless renewed, varied or revoked by the Company prior to or on that date) save that the company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

5. Adoption of New Articles (Special Resolution)

THAT the articles of association of the Company be replaced by new articles in the form of the articles which accompanied and were delivered to shareholders with the Admission Document.

6. Change of Name (Special Resolution)

THAT, subject to the passing of Resolutions 1 to 5 above, the name of the Company be changed to **“PhotonStar LED Group PLC”**

By order of the Board

Company Secretary

NOTES:

Appointment of proxies

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please provide details in writing of who will act as proxy in respect of which of your shares together with the proxy form.
4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to the Company's Registrar, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Kent, BR3 4TU; and
- received by the Company's Registrars no later than 10.00 a.m. on 21 December 2010.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy via CREST

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 10.00 a.m. on 21 December 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Kent, BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by the Company's Registrars, Capita Registrars, no later than 10.00 a.m. on 21 December 2010.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

