

28 September 2006

## HIGHTEX GROUP PLC

### INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2006

#### CHAIRMAN'S STATEMENT

##### Results and AIM Admission

Hightex Group plc was admitted to trading on AIM on 6 September 2006 and the Board is pleased that the company has passed this important milestone.

The financial information set out in this report in relation to the six months ended 30 June 2006 covers the period before the Hightex and SolarNext businesses were acquired by Hightex Group plc. The financial information presents the results for Hightex International AG ('HTI') and its now wholly owned operating subsidiaries and of SolarNext AG ('SolarNext') and is presented on a combined basis, in accordance with the presentation of the financial information on the business included in the company's AIM admission document.

Turnover reached €3.9million in the first six months and gross profit amounted to €1.1million. After charging all expenses including approximately €100,000 of development expenditure on the solar business (SolarNext), the loss before tax amounted to €894,000 and the loss after tax €541,000. The deficit per share in HTI actually in issue during the six month period amounted to €0.97, which is equivalent to a deficit per share in Hightex Group plc at the date of admission to AIM of €0.004.

The internal re-structuring of the group of companies of which Hightex Group plc is now the holding company, the fund raising of €2.5m (before expenses) which closed in March 2006, together with the AIM Admission process have all impacted on the ability of senior management to focus on generating additional revenue and resulted in one-off costs during the first six months of the year.

Overall, however, as stated in the AIM Admission document dated 4 August 2006, these results were in line with expectation. Since 30 June Company has made good operational progress.

#### Operations

##### Polymer Membrane business

The membrane business designs, produces and installs polymer membrane structures for use by architects and structural engineers. Recent projects include the roofs on the new Grandstand at Royal Ascot Racecourse, the passenger concourses at the new Bangkok International Airport in Thailand, the Clarke Quay Canopy Street in Singapore and the Pavilion at the Serpentine Gallery in Kensington Gardens, London.

As a private company, Hightex was historically restricted in the scale of its potential business by a lack of financial resources. To remedy this restriction, Hightex International AG first raised €2.5m (before expenses) through a private placing which closed in March 2006. This fundraising is reflected in this financial information.

In addition, the process of Admission to AIM brought a further £3.5m (before expenses) through the reverse acquisition of West 175 Media Group Inc, a cash shell with approximately £2m, and a placing of £1.5m. These transactions are not reflected in this financial information as they took place after the balance sheet date.

At the present time, Hightex Group has cash resources amounting to approximately €5.8

m.

With these increased cash resources now available to the Group, Hightex intends to recruit additional salesmen and project managers and to establish a programme of marketing activity.

Hightex is delighted to announce that it has appointed Dave Capezzuto as head of sales of Hightex Americas LLC, the Company's wholly owned US subsidiary. Dave, an American citizen, was previously Vice President, Sales and Marketing, America of the principal competitor of Hightex. His appointment is the first step in the establishment of Hightex's business in the USA, a territory with significant potential for Hightex.

The Group has recently won its first major contract in Australia, to design and install the roof at the new Gold Coast Stadium in Brisbane for a total value of €4.2 million. It has also recently won contracts at the Munich Technology Centre and the Sheik Khalifa Sports City in Bahrain to a total value of €1.5 m. Other commercial leads are being actively pursued.

### **SolarNext**

SolarNext owns and is negotiating to acquire additional solar intellectual property ("IP") which is chiefly focussed on applications in the generation of solar energy; solar cooling; the prevention of heat from entering homes, offices and other structures; and the desalination of water. SolarNext has close links with the Fraunhofer Institute for Solar Energy Systems in Freiburg, Germany, which has a staff of more than 400 and is the largest solar energy research institute in Europe.

The first project to be commercialised is solar cooling. On 1 September 2006 Dr Uli Jakob joined the Company as Head of the Solar Cooling Division and SolarNext will install its first solar cooling module in an existing office building in Bavaria in October 2006. The Company intends to bid for the first public tender for a solar greenhouse facility in Germany in December 2006. Development of a solar desalination prototype is continuing with a view to commercialisation in 2007.

### **Conclusion**

The Board views 2006 as a transitional year during which it has sought to answer a number of structural and financial issues, in order to shape itself to push the Group to the next stage of its development. They believe that Hightex is now well placed to take advantage of the opportunities in its polymer membrane business for sporting stadia and other structures throughout the world, to accelerate the pace of growth and to develop the SolarNext business.

**Charles DesForges**

**Chairman**

**28 September 2006**

### **COMBINED INCOME STATEMENTS**

<b>Notes</b>	<b>6 Months 30 June 2006 €' 000</b>	<b>6 Months 30 June 2005 €' 000</b>	<b>12 Months 31 Dec 2005 €' 000</b>
Turnover	3,878	5,230	11,760
Cost of sales	(2,737)	(3,371)	(7,085)
<b>Gross margin</b>	<b>1,141</b>	<b>1,859</b>	<b>4,675</b>
Salaries and related expenses	(959)	(1,041)	(2,005)
Other operating expenses	(1,000)	(979)	(1,710)
Depreciation and amortisation	(83)	(69)	(160)

<b>Operating (deficit)/ surplus</b>		<u>(901)</u>	<u>(230)</u>	<u>800</u>
Net interest	4	7	8	(95)
<b>Net (deficit)/surplus before taxation</b>		<u>(894)</u>	<u>(222)</u>	<u>705</u>
Taxation	5	353	89	(58)
<b>Retained (deficit)/surplus after taxation</b>		<u>(541)</u>	<u>(133)</u>	<u>647</u>

#### **(Deficit) surplus per share**

The combined presentation represents the (deficit)/surplus attributable to equity shareholders as follows:

Deficit)/surplus per share in HTI in issue in the period	6	<u>€(0.97)</u>	<u>€(0.26)</u>	<u>€1.24</u>
Deficit)/surplus per share in Hightex Group plc on admission to AIM	6	<u>€(0.004)</u>	<u>€(0.001)</u>	<u>€0.005</u>

With the exception of exchange differences arising on combination, the HTI Group had no recognized gains or losses other than the profit for the period. Changes in combined shareholders' equity are set out in the statement below.

All of the amounts above relate to continuing activities.

#### **COMBINED BALANCE SHEETS**

	Notes	<b>30 June</b> 2006 <b>€' 000</b>	<b>30 June</b> 2005 <b>€' 000</b>	<b>31 Dec</b> 2005 <b>€ ,000</b>
<b>Current assets</b>				
Cash and cash equivalents		3,881	2,963	1,567
Inventories and work in progress		44	106	991
Accounts receivable		2,030	3,887	3,422
<b>Total current assets</b>		<u>5,955</u>	<u>6,956</u>	<u>5,980</u>
<b>Fixed assets</b>				
Intangible fixed assets		296	37	104
Property, plant and equipment (net)		367	402	419
<b>Total non-current assets</b>		<u>663</u>	<u>439</u>	<u>523</u>
<b>Total assets</b>		<u>6,618</u>	<u>7,395</u>	<u>6,503</u>
<b>Current liabilities</b>				
Trade accounts payable		771	2,038	1,399
Accrued liabilities and deferred income		1,093	3,453	1,531
Other accounts payable		3,318	1,082	1,695

Total current liabilities		5,182	6,573	4,625
Non-current liabilities				
Finance lease obligations		1	4	28
Other non-current liabilities		84	317	294
Total non-current liabilities		<u>85</u>	<u>321</u>	
322				
Shareholders' equity				
Share capital	6	443	135	399
Share premium account		342	40	40
Retained earnings		566	326	1,117
<b>Total shareholders' equity</b>		<u>1,351</u>	<u>501</u>	<u>1,556</u>
<b>Total liabilities and shareholder' equity</b>		<u>6,618</u>	<u>7,395</u>	<u>6,503</u>

#### COMBINED STATEMENT OF CASH FLOWS

	Notes	6 Months 30 June 2006 €' 000	6 Months 30 June 2005 €' 000	12 Months 31 Dec 2005 €' 000
<b>Cash flows from operating activities</b>				
<b>Net operating income</b>		(541)	(133)	
647				
Adjustments for:				
Depreciation and amortisation		83	69	129
<b>Net operating income before working capital changes</b>		<u>(458)</u>	<u>(64)</u>	
776				
Changes in working capital:				
Decrease/(increase) in inventories		947	873	(124)
Decrease/(increase) in accounts receivable		1,393	(2,897)	(2,318)
(Decrease)/increase in accounts payable		(1,591)	2,940	284
<b>Net cash used in operating activities</b>		<u>291</u>	<u>852</u>	<u>(1,382)</u>
<b>Cash flows from investing activities</b>				
Acquisition of intangible assets		223	-	75
Acquisition of plant and equipment		-	147	216
<b>Net cash used in investing activities</b>		<u>(223)</u>	<u>(1470)</u>	
(291)				
<b>Cash flows before financing</b>		68	705	(1,673)
<b>Cash flows from financing activities</b>				
Issue of shares for cash		346	-	264
Issue of 5% Secured Guaranteed Convertible Loan Notes 2011		1,833	-	-
Movements in shareholders' loans		43	49	719
Changes in finance leases		24	7	55

<b>Net cash provided by financing activities</b>	2,246	56	1,038
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,314</b>	<b>761</b>	<b>(635)</b>
Cash and cash equivalents, beginning of period/year	1,567	2,202	2,202
<b>Cash and cash equivalents, end of period/year</b>	<b>3,881</b>	<b>2,963</b>	<b>1,567</b>

#### STATEMENT OF CHANGES IN COMBINED SHAREHOLDERS' EQUITY

	Combined share capital	Share premium account	Retained earnings	Total
	€' 000	€' 000	€' 000	€' 000
Balances at 1 January 2005	399	40	1,117	1,556
Net deficit for the period	-	-	(541)	(541)
Exchange differences on combination	-	-	(10)	(10)
Shares issued by HTI	44	302	-	346
<b>Balances at 30 June 2006</b>	<b>443</b>	<b>342</b>	<b>566</b>	<b>1,351</b>

The combined share capital and shareholders' equity represents the aggregate of the issued share capital and shareholder's equity of the entities comprising the HTI Group and SolarNext in the six months ended 30 June 2006 as set out in Notes 1 and 3 and on the basis of combination set out in Note 2.

On 28 March 2006, HTI completed a placing of 70,000 new shares of 1 Swiss Franc each for aggregate consideration, before issue costs, of €667,000.

Also on 28 March 2006 HTI completed a placing of €1,833,333 5% Secured Guaranteed Convertible Loan Notes due 2011, which converted before the admission to trading on AIM of Hightex Group plc into shares in HTI and converted again into ordinary shares in Hightex Group plc on admission to AIM.

On 9 June 2006 HTI issued warrants to subscribe for 13,125 shares at €9.523809 per share, those warrants to convert into warrants over 1,128,750 ordinary shares in Hightex Group plc on admission to AIM.

#### NOTES TO THE INTERIM FINANCIAL INFORMATION

##### 1. Business of the Hightex International AG ('HTI') Group and SolarNext

Hightex Group plc ('the Company') is the newly formed holding company for the HTI Group and SolarNext.

HTI is a private company registered in the Canton of Thurgau in Switzerland. HTI is itself a recently formed holding company for a number of entities which did

not, in the six months ended 30 June 2006, form a legal group of companies but which were under common management and control throughout that period. These entities, which are listed in Note 3 below, are referred to as 'the HTI Group'. SolarNext, a sister company, was also under common management and control and is accounted for in this financial information as part of the HTI Group.

The HTI Group is engaged in the design, supply and assembly of polymer membrane structures and materials for use by architects. Polymer membrane materials are used by architects in the building and construction industries because they are flexible and lightweight yet durable and proof against sunlight and weather. Because of their flexibility and low weight, architects are able to design buildings and other structures that not only look attractive but are pleasant and functional due to the transparent and translucent nature of these materials.

In addition, HTI or SolarNext, a sister company also under common management and control and accounted for in this financial information as part of the HTI Group, has also acquired licences and other rights to solar IP from a variety of sources including the Fraunhofer Institute for Solar Energy Systems in Freiburg.

In the period prior to 4 August 2006 a re-organisation of the HTI Group took place in which HTI acquired the entire issued share capital of each of Hightex GmbH, Hightex Engineering GmbH and Hightex Limited. On 6 September 2006 the acquisition of the entire issued share capital of HTI and SolarNext by Hightex Group plc became effective, on the admission to trading on AIM of the issued share capital of Hightex Group plc.

## 2. Basis of presentation and significant accounting policies

The entities comprising the HTI Group have previously prepared financial information under UK and German generally accepted accounting principles and IFRS. This financial information is presented on a combined basis. It has been prepared and presented in accordance with International Financial Reporting Standards ('IFRS') and in accordance with the accounting policies of the Company. This basis of presentation is consistent with that adopted in relation to the HTI Group and SolarNext in the AIM admission document of Hightex Group plc, which acquired the HTI Group and SolarNext after the balance sheet date, on 6 September 2006.

## 3. List of principal entities

Principal entities included in the combined financial information are as follows

<u>Name of Company</u>	<u>Country</u>	<u>Holding</u>	<u>Nature of business</u>
Hightex International AG	Switzerland	100%	Holding Company
Hightex GmbH	Germany	100%	Design, consultancy, supply, installation and construction of membrane structures
Hightex Engineering GmbH	Germany	100%	Design and engineering of membrane structures
SolarNext AG formerly Sun Affairs	Germany	100%	Ownership and exploitation of

AG)			related technologies
Hightex Limited	UK	100%	Installation and assembly of membrane structures
Metal System Sp z.o.o.	Poland	50%	Provision of steel structures and components

#### 4. Interest

	30 June 2006 €' 000	30 June 2005 €' 000	31 Dec 2005 €' 000
Interest/receivables on bank and other deposits	7	18	38
Interest/payables on bank and other borrowings	-	10	133
	<u>7</u>	<u>8</u>	<u>(95)</u>

#### 5. Taxation

	30 June 2006 €' 000	30 June 2005 €' 000	31 Dec 2005 €' 000
Provision for deferred taxation	-	-	(19)
Current taxation credit	353	89	(39)
Corporate taxation credit/(charge)	<u>353</u>	<u>89</u>	<u>(58)</u>

#### 6. Share capital and (deficit)/surplus per share

Analysis of combined issued share capital:

	30 June 2006 €' 000	30 June 2005 €' 000	31 Dec 2005 €' 000
Hightex International AG	308	-	264
Hightex GmbH	60	60	60
Hightex Engineering GmbH	25	25	25
Hightex Limited	-	-	-
SolarNext AG (formerly Sun Affairs AG)	50	50	50
	<u>443</u>	<u>135</u>	<u>399</u>

(Deficit)/surplus per share is calculated by dividing the deficit or surplus attributable to equity shareholders in the period ended 30 June 2006 by the weighted average number of shares in issue in the period.

The deficit attributable to equity shareholders in the period ended 30 June 2006 was €541,000 (30 June 2005: €133,000) and the surplus attributable to equity shareholders in the year ended 31 December 2005 was €647,000. The weighted average number of shares in HTI in issue in the period ended 30 June 2006 was 556,740 (30 June 2005: 520,000 and 31 December 2005: 520,000).

Information in relation to the (deficit)/surplus per share attributable to the number of shares in Hightex Group plc on admission to AIM is provided for illustrative purposes only.

## 7. Movement in net funds

	30 June 2006 €'000	30 June 2005 €'000	31 Dec 2005 €'000
Loans from shareholders	(1,014)	(301)	(971)
5% Secured Guaranteed Convertible Loan Notes 2011	(1,833)	-	-
Cash and cash equivalents	3,881	2,963	1,567
Bank overdrafts	-	(4)	(37)
Finance leases	(31)	(7)	(55)
Net funds	1,003	2,651	504
At start of year	504	1,945	1,945
Movement in net funds	499	706	(1,441)

## 8. Post balance sheet events

The acquisition by Hightex Group plc of the entire issued share capital of HTI, and indirectly of its investments in the entire issued share capital of each of Hightex GmbH, Hightex Engineering GmbH and Hightex Limited, and of SolarNext became effective on the admission to AIM of Hightex Group plc on 6 September 2006.

## 9. Nature of financial information

The financial information set out above does not represent statutory financial statements for Hightex Group plc or for any of the entities comprising the HTI Group or SolarNext for the period ended 30 June 2006. Neither Hightex International AG nor of Hightex GmbH, Hightex Engineering GmbH or SolarNext are required to prepare or file statutory financial statements in the UK and have not done so. Hightex Limited is required to prepare or file statutory financial statements in the UK but has in the past taken advantage of the small companies exemption from the requirement for an audit. The first statutory financial statements of Hightex Group plc will in respect of the period ending 31 December 2006.

These interim results are being circulated to shareholders in Hightex Group plc. Further copies can be obtained from the registered office at Masters House, 107 Hammersmith Road, London W14 0QH.

The Directors  
Hightex Group plc  
Masters House  
107 Hammersmith Road  
London  
W14 0QH

28 September 2006

Dear Sirs

# Independent Review Report by MRI Moores Rowland LLP to the shareholders of Hightex Group plc

## Introduction

We have been instructed by the directors of Highex Group plc to review the financial information on the Hightex International AG ('HTI') Group, including SolarNext AG ('SolarNext'), for the six months ended 30 June 2006 set out on pages 3 to 10 and we have read the other information contained in the interim report for any apparent misstatements or material inconsistencies with the financial information.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Financial Services Authority as applicable to AIM listed companies require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the AIM admission document except where changes, and the reason for them, are disclosed.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information in respect of the HTI Group, including SolarNext, as presented for the six months ended 30 June 2006.

**MRI Moores Rowland LLP**  
*Chartered Accountants*  
*Registered Auditor*

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