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U.S. Securities and Exchange Commission  
Washington, D.C. 20549

Form F-X

APPOINTMENT OF AGENT FOR SERVICE OF PROCESS AND UNDERTAKING

5-81956

A. Name of issuer or person filing ("Filer"):

Hightex Group plc

B. (1) This is

an original filing for the Filer

an amended filing for the Filer

(2) Check the following box if you are filing the Form F-X in paper in accordance with Regulation S-T Rule 101(b)(9)

C. Identify the filing in conjunction with which this Form is being filed:

Name of registrant: Hightex Group plc

Form type: Form CB

Filed Number (if known):

Filed by: Hightex Group plc

Date Filed (if filed concurrently, so indicate): Filed concurrently

PROCESSED

B AUG 14 2006  
THOMSON  
FINANCIAL

D. The Filer is incorporated or organized under the laws of England and Wales and has its principal place of business at Masters House, 107 Hammersmith House, London W14 0QH.

E. The Filer designates and appoints CT Corporation System ("Agent") located at:

818 West 7<sup>th</sup> Street  
Los Angeles, CA 90017

as agent of the Filer upon whom may be served any process, pleadings, subpoenas, or other papers in

(a) any investigation or administrative proceeding conducted by the Commission; and

(b) any civil suit or action brought against the Filer or to which the Filer has been joined as defendant or respondent, in any appropriate court in any place subject to the jurisdiction of any state or of the United States or of any of its territories or possessions or of the District of Columbia, where the investigation, proceeding or cause of action arises out of or relates to or concerns (i) any offering made or purported to be made in connection with the securities registered or qualified by the Filer on Form (Name of Form) \_\_\_\_\_ on (Date) \_\_\_\_\_ or any purchases or sales of any security in connection therewith; (ii) the securities in relation to which the obligation to file an annual report on Form 40-F arises, or any purchases or sales of such securities; (iii) any tender offer for the securities of a

Canadian issuer with respect to which filings are made by the Filer with the Commission on Schedule 13E-4F, 14D-1F or 14D-9F; or (iv) the securities in relation to which the Filer acts as trustee pursuant to an exemption under Rule 10a-5 under the Trust Indenture Act of 1939. The Filer stipulates and agrees that any such civil suit or action or administrative proceeding may be commenced by the service of process upon, and that service of an administrative subpoena shall be effected by service upon such agent for service of process, and that service as aforesaid shall be taken and held in all courts and administrative tribunals to be valid and binding as if personal service thereof had been made.

F. Each person filing this Form in connection with:

(a) the use of Form F-9, F-10, 40-F, SB-2 or Schedule 13E-4F, 14D-1F or 14D-9F stipulates and agrees to appoint a successor agent for service of process and file an amended Form F-X if the Filer discharges the Agent or the Agent is unwilling or unable to accept service on behalf of the Filer at any time until six years have elapsed from the date the issuer of the securities to which such Forms and Schedules relate has ceased reporting under the Exchange Act.

(b) the use of Form F-8, Form F-80 or Form CB stipulates and agrees to appoint a successor agent for service of process and file an amended Form F-X if the Filer discharges the Agent or the Agent is unwilling or unable to accept service on behalf of the Filer at any time until six years have elapsed following the effective date of the latest amendment to such Form F-8, Form F-80 or Form CB;

(c) its status as trustee with respect to securities registered on Form F-7, F-8, F-9, F-10, F-80, or SB-2 stipulates and agrees to appoint a successor agent for service of process and file an amended Form F-X if the Filer discharges the Agent or the Agent is unwilling or unable to accept service on behalf of the Filer at any time during which any of the securities subject to the indenture remain outstanding; and

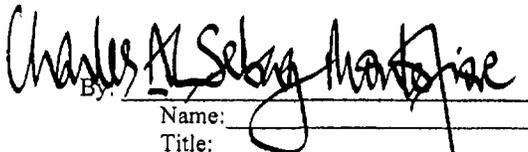
(d) the use of Form 1-A or other Commission form for an offering pursuant to Regulation A stipulates and agrees to appoint a successor agent for service of process and file an amended Form F-X if the Filer discharges the Agent or the Agent is unwilling or unable to accept service on behalf of the Filer at any time until six years have elapsed from the date of the last sale of securities in reliance upon the Regulation A exemption.

Each filer further undertakes to advise the Commission promptly of any change to the Agent's name or address during the applicable period by amendment of this Form, referencing the file number of the relevant form in conjunction with which the amendment is being filed.

G. Each person filing this Form, other than a trustee filing in accordance with General Instruction I.(a) of this Form, undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the Forms, Schedules and offering statements described in General Instructions I.(a), I. (b), I. (c), I. (d) and I. (f) of this Form, as applicable; the securities to which such Forms, Schedules and offering statements relate; and the transactions in such securities.

The Filer certifies that it has duly caused this power of attorney, consent, stipulation and agreement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of London, Country of England this 8th day of August, 2006.

Filer: Hightex Group plc

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

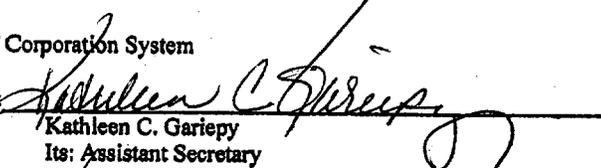
CHARLES SEBAG-MANTEFFORE  
DIRECTOR

Seattle-3332344.1 0053252-00005

This statement has been signed by the following persons in the capacities and on the dates indicated:

CT Corporation System

By:

  
Kathleen C. Gariepy  
Its: Assistant Secretary

(Date)

August 8<sup>th</sup>, 2006

# WEST 175 MEDIA GROUP INC.

*(incorporated in the State of California USA under the Corporations Code of the State of California)*

*Registered Office*

CT Corporation System  
818 West Seventh Street  
Los Angeles  
California 90017  
USA

*UK address for correspondence*

c/o Ludgate Investments Limited  
1st Floor  
46 Cannon Street  
London EC4N 6JJ

4 August 2006

Dear Shareholder,

You will find enclosed with this letter the following documents:

1. A circular to shareholders (**attached to this letter**) which you should read first;
2. An Admission Document for Hightex Group plc;
3. A pink Letter of Transmittal (equivalent to a Form of Acceptance);
4. A white Proxy Card or, if you hold your West Shares in the form of depository interests, a blue Form of Direction;
5. A termination notice in respect of depository interests in West Shares, if relevant;
6. A copy of an Agreement of Merger; and
7. A copy of Chapter 13 of the California Corporations Code.

Holders of options over and warrants to subscribe for West Shares will also find a separate letter addressed to them and a yellow Deed of Release and Surrender which they need to sign and return per the instructions contained therein. If you hold such options or warrants but don't hold any West Shares, you do not need to complete any other forms.

**Shareholders are urged to complete, sign and return the following two forms as soon as possible, using the enclosed pre-paid envelope for use within the United Kingdom:**

1. The pink Letter of Transmittal (including, in the case of US shareholders only, the substitute form W-9 at the back of that letter) along with any relevant share certificates; and
2. The white Proxy Card or blue Form of Direction (whichever is relevant).

If you hold your West Shares in the form of depository interests, you should also input your stock withdrawal message in the usual way in accordance with established CREST procedures, as soon as possible.

Yours faithfully

David Montgomery  
*Chairman*

*[This page has deliberately been left blank]*

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or about what action to take, you are recommended immediately to seek your own professional advice from your stockbroker, solicitor, accountant or other financial adviser duly authorised under the Financial Services and Markets Act 2000 who specialises in advising upon investments in shares and other securities. If you have sold or otherwise transferred all of your shares in the West 175 Media Group Inc., please forward this document and the accompanying documents to the purchaser or transferee or the agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee.

The Directors of West 175 Media Group Inc. accept responsibility for the information contained in this document. To the best of the knowledge and belief of the 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.

This document should be read in conjunction with the accompanying documents, including the AIM Admission Document which has been published by Hightex Group in connection with the Proposals. Assuming that the Merger is approved by West Shareholders, West will cease to exist and in lieu of their existing West Shares, West Shareholders will receive new Hightex Shares.

Each of the HTI Acquisition, the SolarNext Acquisition and the Placing is conditional on admission of the issued and to be issued ordinary share capital of Hightex Group to trading on AIM. Although the Merger is not, itself, conditional on Admission, it is conditional on all of the conditions to the HTI Acquisition, the SolarNext Acquisition and the Placing (other than any conditions relating to Admission) being satisfied or waived. Application for Admission will be made, and it is expected that dealings in all of the Hightex Shares (including those to be issued on completion of the Proposals) will commence on 6 September 2006.

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. You 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, after consultation with an independent financial adviser. Your attention is, in particular, drawn to the risk factors set out in Part II of the AIM Admission Document.

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## **WEST 175 MEDIA GROUP INC.**

*(incorporated in the State of California USA under the Corporations Code of the State of California)*

### **Proposed merger with Hightex Americas LLC to form a new holding company, Hightex Group plc, whose shares are to be admitted to trading on AIM**

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Teather & Greenwood, which is regulated in the United Kingdom by the Financial Services Authority, is acting solely for West in connection with the Merger and Hightex Group in connection with Admission and not for any other person and will not be responsible to any other person for providing the protections afforded to customers of Teather & Greenwood, or for providing advice in relation to the Merger, Admission or any of the other matters referred to herein.

Notice of a Special Meeting of West, to be held at the offices of Teather & Greenwood Limited, Beaufort House, 15 St Botolph Street, London EC3A 7QR, England on Monday 4 September 2006 at 10.00 a.m. (London time) is set out at Part 4 of this document. West Shareholders are requested to complete the enclosed Proxy Card and/or Form of Direction and return it to the Company Registrars at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, but in any event so as to arrive no later than 10.00 a.m. on Thursday 31 August 2006 (in the case of Forms of Direction) or on Saturday 2 September 2006 (in the case of Proxy Cards), whether or not they propose to be present at the Special Meeting. To be valid, the Proxy Card or Form of Direction must be completed in accordance with the instructions printed thereon. West Shareholders are also encouraged to sign and return the enclosed Letter of Transmittal in accordance with the instructions printed thereon at the same time as the Proxy Card or Form of Direction so as to ensure that, if the Merger is effected, West Shareholders receive their new Hightex Shares without delay. West Shareholders who hold their West Shares in the form of depository interests should also input their stock withdrawal message in accordance with established CREST procedures before 5 September 2006.

## IMPORTANT INFORMATION

### GENERAL

Neither the existing West Shares nor any of the New Hightex Shares have been or will be registered under the US Securities Act or under the relevant laws of any State of the United States of America or any state, province or territory of Australia, Canada, Japan, New Zealand, the Republic of Ireland or South Africa. Subject to certain exceptions, the New Hightex Shares to be issued pursuant to the Merger may not, directly or indirectly, be offered, sold, taken up, delivered or transferred in or into the United States, Australia, Canada, Japan, New Zealand, the Republic of Ireland or South Africa or to, or for the account or benefit of, US persons. Subject to certain exceptions, neither this document nor the West Merger Agreement are being posted to any person in the United States, Australia, Canada, Japan, New Zealand, the Republic of Ireland or South Africa or to US persons.

### NOTICE TO WEST SHAREHOLDERS IN THE UNITED STATES:

Neither the West Shares nor the New Hightex Shares have been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this document.

This business combination is being made for the securities of a foreign company. The Merger is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements incorporated by reference in this document have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws, since the issuer is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the US securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a US court's judgment.

### NOTICE TO WEST SHAREHOLDERS IN NEW ZEALAND:

This document and the accompanying documents are being distributed in New Zealand only to existing West Shareholders in accordance with the terms of the Securities Act (Hightex Group plc) Exemption Notice 2006 and may not be distributed to any other person in New Zealand.

Neither this document nor the accompanying AIM Admission Document constitutes a prospectus registered in New Zealand with the Registrar of Companies under the New Zealand Securities Act 1978 and such documents may not contain all the information that a New Zealand registered prospectus is required to contain. Accordingly, neither this document, the accompanying AIM Admission Document, nor any other materials or advertisements relating to the Merger and the New Hightex Shares may be sent to any person in New Zealand, nor may any New Hightex Shares be offered or issued directly or indirectly to any person in New Zealand, other than in accordance with the Securities Act (Hightex Group plc) Exemption Notice 2006.

### NOTICE TO WEST SHAREHOLDERS IN AUSTRALIA:

If you are receiving this document in Australia, you may only receive this offer described in this circular if either (a) you are a "sophisticated investor" capable of satisfying the criteria for the exemptions in section 708 of the Australian Corporations Act 2001 (Cth) ("Australian Corporations Act") namely: (i) a professional investor within the meaning of section 708(11) of the Australian Corporations Act; or (ii) an individual investor with an aggregate investment of, or commitment to invest \$AUS500,000 in the Company or an investor who has provided to the Company within the last six months an accountant's certificate confirming your income and/or assets in accordance with section 708(8) of the Australian Corporations Act; or (b) if the provisions of 708(1) permits this offer to be made to you.

## CONTENTS

<i>Part</i>	<i>Page</i>
<b>1. Letter from the Chairman of West</b>	4
<b>2. Questions and Answers</b>	14
<b>3. Additional Information</b>	16
<b>4. Notice of Special Meeting</b>	19
<b>5. Definitions</b>	20
 <i>Documents enclosed</i>	
<b>A. White Proxy Card or blue Form of Direction</b>	
<b>B. Agreement of Merger</b>	
<b>C. AIM Admission Document</b>	
<b>D. Pink Letter of Transmittal</b> <i>(equivalent to a Form of Acceptance)</i>	
<b>E. Termination notice in respect of depository interests in West Shares, if relevant</b>	
<b>F. Chapter 13 of the California Corporations Code</b>	

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for the Special Meeting	17 August 2006
Latest time and date for receipt of Forms of Direction for use at the Special Meeting	10.00 a.m. (London time) 31 August 2006
Latest time and date for receipt of Proxy Cards for use at the Special Meeting	10.00 a.m. (London time) 2 September 2006
Special Meeting of West Shareholders	10.00 a.m. (London time) 4 September 2006
Completion of the Transactions, subject only (save in the case of the Merger) to Admission	4 September 2006
Merger effective ("Effective Date")	6 September 2006 at 07.59 a.m. London time
Admission to trading on AIM of the existing and New Hightex Shares*	6 September 2006 at 08.00 a.m. London time
CREST stock accounts credited in respect of the New Hightex Shares allotted to West Shareholders who voted in favour of the Merger and have returned valid Letters of Transmittal prior to Admission**	6 September 2006
Certificates in respect of the New Hightex Shares dispatched to West Shareholders who voted in favour of the Merger and have returned valid Letters of Transmittal prior to Admission, week commencing**	11 September 2006

\*New Hightex Shares to be allotted pursuant to the Merger will only be allotted, and application for admission of such shares to trading on AIM will only be made on the date of first Admission if, and to the extent that, West Shareholders entitled to such shares pursuant to the Merger have delivered complete and effective Letters of Transmittal prior to 4 September 2006. To the extent that West Shareholders deliver complete and effective Letters of Transmittal and share certificates after 4 September 2006, the New Hightex Shares to which those West Shareholders may be entitled pursuant to the Merger will be allotted and application for their admission to trading on AIM will be made at 14 day intervals following the date of first Admission.

\*\*CREST accounts will be credited in respect of New Hightex Shares following allotment of the New Hightex Shares concerned. To the extent that West Shareholders deliver complete and effective Letters of Transmittal and share certificates after 4 September 2006, they will only be entitled to have their CREST accounts credited in respect thereof at 14 day intervals following the date of first Admission.

PART 1

# WEST 175 MEDIA GROUP INC.

*(incorporated in the State of California USA under the Corporations Code of the State of California)*

*Directors*

David John Montgomery (*Non-Executive Chairman*)  
John Humphrey Gunn (*Non-Executive Director*)  
Charles Adam Laurie Sebag-Montefiore (*Non-Executive Director*)

*Registered Office*

CT Corporation System  
818 West Seventh Street  
Los Angeles  
California 90017  
USA

*UK address for correspondence*

c/o Ludgate Investments Limited  
1st floor  
46 Cannon Street  
London EC4N 6JJ

4 August 2006

*To all holders of West Shares and, for information only, to the holders of Outstanding Options and Outstanding Warrants*

Dear Sir or Madam,

**Proposed merger with Hightex Americas LLC  
to form a new holding company, Hightex Group plc,  
whose shares are to be admitted to trading on AIM**

**1. Introduction**

It was announced today that West is to undertake the reverse merger to form Hightex Group plc. Hightex Group is a newly incorporated English public limited company established for the purposes of effecting a reverse merger between West, HighTex International (HTI) AG and SolarNext AG, through the merger under the laws of the States of California and Delaware of West with a wholly owned merger subsidiary of Hightex Group, Hightex Americas LLC, formed for the purpose of implementing the Merger; and through the acquisition by Hightex Group of the entire issued and to be issued share capital of HTI and SolarNext.

Hightex Group will apply for its ordinary shares to be admitted to trading on AIM. Upon completion of the Merger, the HTI Acquisition and the SolarNext Acquisition, Hightex Group will be the new UK holding company of HTI Group and SolarNext and, effectively, of West. The business of Hightex Group will be that of HTI and SolarNext.

As part of these arrangements, it is proposed that West will merge with Hightex Americas LLC. The Merger is a US style merger, whereby West will fuse with Hightex Americas LLC and cease to exist as an independent entity. Assuming completion of these arrangements, all West Shareholders (other than those West Shareholders who validly exercise dissenters' rights with respect to their shares) will receive one New Hightex Share for every ten West Shares. Fractions of New Hightex Shares will not be allotted.

In order to raise additional working capital for Hightex Group, Ludgate has conditionally agreed to raise approximately £1.4 million, net of expenses through a placing of the further New Hightex Shares with subscribers at the Placing Price.

Each of the HTI Acquisition, the SolarNext Acquisition and the Placing is conditional on admission of the issued and to be issued ordinary share capital of Hightex Group to trading on AIM. Although the Merger is not, itself, conditional on Admission, it is conditional on all of the conditions to the HTI

Acquisition, the SolarNext Acquisition and the Placing (other than any conditions relating to Admission) being satisfied or waived. It is expected that Admission will become effective on the same date as the date on which the Merger becomes effective.

On implementation of the Proposals in full, it is anticipated that West Shareholders as of the Effective Date will own approximately 34 per cent. of the enlarged issued share capital of Hightex Group, the vendors of HTI will own approximately 54 per cent., and those places subscribing pursuant to the Placing will own approximately 12 per cent. This assumes that no West Shareholder validly exercises dissenters' rights with respect to his West Shares and that the proposals to the holders of Outstanding Options and Outstanding Warrants described in paragraph 5 of this Part 1 are accepted in full.

As UK shareholders may not be familiar with US corporate mergers, I am writing to give you more information about the Merger, the process by which it will be implemented and to explain the action to be taken by West Shareholders. I am also writing to explain why the Directors consider the Proposals to be in the best interests of West Shareholders and are therefore recommending that you vote in favour of the Resolutions required to give effect to the Merger.

This document should be read in conjunction with the accompanying AIM Admission Document which contains detailed information about HTI Group, SolarNext, the Placing and the proposed admission of Hightex Group to AIM.

## **2. West**

West is currently a cash shell company. In June 2002, the newly constituted board fundamentally changed the focus of West by selling or closing its businesses, most of which were loss-making, within the UK, Europe, the USA and New Zealand. West disposed of its last trading subsidiary in March 2003. In May 2004, West underwent a Company Voluntary Arrangement ("CVA") which was successfully concluded in July 2004, at which time dealings in its shares were restored on AIM. In March 2005, West raised £1,040,000 by the placing of 130,000,000 new West Shares.

On 27 March 2006, West announced that, as a dormant cash shell, its shares would be suspended from trading on AIM unless it made an acquisition which constituted a reverse takeover by 2 September 2006.

In April 2006, West conditionally raised a further £1,000,000 by the placing of 100,000,000 new West Shares at 1 penny per share (the "2006 Placing"). The 2006 Placing was conditional on West announcing a reverse acquisition before 2 September 2006, and since April 2006, the subscription monies have been held in the client account of Withers LLP. The 2006 Placing became unconditional on today's announcement of the HTI Acquisition and the SolarNext Acquisition, and the new West Shares subject to the 2006 Placing will be allotted shortly.

The attention of West Shareholders is drawn to Part III of the accompanying AIM Admission Document which includes the financial results for West for the year ended 31 March 2006. The audited accounts of West for the year ended 31 March 2006 show that the Company was dormant throughout the year, neither generating turnover nor incurring cost of sales. The operating loss of £109,591 for the year was incurred after crediting the recovery of a debt amounting to £150,415 and a late receipt of £356 from the CVA and after charging legal and other professional fees and the costs associated of the share capital being traded on AIM. No directors' fees were charged in the year.

## **3. Hightex Group**

On its Admission to AIM, the business of Hightex Group will be that of the core HTI Group business and the developing SolarNext business. HTI Group designs, produces and installs polymer membrane structures for use by architects and structural engineers. SolarNext owns, and is negotiating to acquire, additional 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 purification 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.

Further information of Hightex Group, including HTI and SolarNext, is set out in the AIM Admission Document, which accompanies this circular.

#### 4. The Merger

The Merger is to be effected by means of a statutory merger under California and Delaware law between West and Hightex Americas LLC, pursuant to which all the West Shares will be cancelled in consideration for the issue by Hightex Group to West Shareholders (other than those West Shareholders who validly exercise dissenters' rights with respect to their shares) who hold West Shares on the Effective Date of up to 40,630,308 New Hightex Shares, depending on fractional entitlements and the extent to which the holders of Outstanding Options and Outstanding Warrants accept the proposals described in paragraph 5 of Part 1 of this document.

The Merger will, following the successful passing of the Resolutions at the Special Meeting on 4 September 2006, become effective upon the filing of appropriate certificates of merger and related documents with the Secretaries of State of the States of Delaware and California, or at a later date and time as may be specified in the certificates of merger. At the effective time of the Merger, West will be merged with and into Hightex Americas LLC, and Hightex Americas LLC will continue as the surviving party and a wholly-owned subsidiary of Hightex Group. It is anticipated that the Merger will become effective on or around 6 September 2006.

Under the terms of the Merger Agreement, each West Share in issue on the Effective Date will be converted into the right to receive 0.10 of a New Hightex Share. For example, if you own 100 West Shares, then you will receive 10 New Hightex Shares and so in proportion for any other number of West Shares held.

Fractions of New Hightex Shares will not be issued. West Shareholders will also be entitled to receive an amount in cash equal to the value based on the Placing Price of any fractional share resulting from the conversion of their West Shares into New Hightex Shares.

Assuming completion of all the Transactions in accordance with their terms, the proposals to the holders of Outstanding Warrants and Outstanding Options referred to in paragraph 5 of this Part 1 are accepted in full and all of the West Consideration Shares are allotted on Admission, the issued share capital of Hightex Group on Admission, will be as follows:

	<i>Hightex Shares</i>	<i>per cent.</i>
Former shareholders of HTI	64,454,864	53.68
Former shareholders, option holders and warrant holders of West	40,630,308	33.83
Subscribers of New Hightex Shares pursuant to the Placing	15,000,000	12.49
Total issued share capital	<u>120,085,172</u>	<u>100.00</u>

Under the terms of the West Merger Agreement, West, on the one hand, and Hightex Americas LLC and Hightex Group, on the other, have given various representations and warranties relating to, among other things, their respective organisation and the satisfaction of certain legal requirements for the Merger. The representations and warranties of each of the parties to the West Merger Agreement will expire upon completion of the Merger.

Completion of the West Merger Agreement is subject to a number of conditions, including, among others:

- (a) the representations and warranties of each party in the West Merger Agreement being true and correct;
- (b) each party having performed all obligations and agreements and complied with all covenants in the West Merger Agreement;
- (c) the West Shareholders having approved and adopted the Merger and West Merger Agreement; and
- (d) all conditions precedent to completion of the HTI Acquisition, the SolarNext Acquisition, and the Placing having been satisfied or waived, save for any conditions relating to Admission.

Further information on the terms of the Merger is set out in paragraph 8.3 of Part I of the AIM Admission Document.

West Shareholders' attention is also drawn to the enclosed West Merger Agreement, which sets out the full terms of the Merger and to the related Letter of Transmittal.

##### **5. Outstanding Options and Outstanding Warrants; Increase in Authorized Capital Stock**

West is writing separately today to all of the holders of the Outstanding Options and Outstanding Warrants. The directors of Hightex Group have required as a condition of the Merger that Hightex Group does not inherit the significant number of existing options over West Shares and warrants to subscribe for West Shares currently in issue, as this would inhibit the ability of Hightex Group to operate a suitable share incentive scheme linked to its future for the benefit of all Hightex Group shareholders. The directors of West do not believe this to be an unreasonable requirement.

It is therefore proposed that, prior to implementation of the Merger, most of the Outstanding Options and Outstanding Warrants should be converted into new West Shares, which will then be converted into a right to receive New Hightex Shares on the same basis as existing West Shares pursuant to the Merger, namely one New Hightex Share for every ten West Shares.

The directors of West have sought to devise a basis for conversion of the Outstanding Options and Outstanding Warrants into West Shares prior to the Merger becoming effective which is both fair to the holders of options, warrants and West Shares, and one which responds to the requirement of the directors of Hightex Group.

The proposed basis of conversion of Outstanding Options and Outstanding Warrants into West Shares differs according to whether the entitlement is "in-the-money" or "out-of-the-money".

In aggregate, West has in issue warrants to subscribe for, or options over West Shares summarised below:

<i>Category</i>	<i>Number</i>	<i>Exercise price (pence)</i>	<i>Expiry date</i>
<i>'In-the-money'</i>			
Advisers' options†	6,669,202	0.5	31 July 2009
Directors' options ‡	8,100,000	1.0	See note below
Adviser's warrants*	2,000,000	0.8	31 March 2010
<i>'Out-of-the-money'</i>			
Loan Note subscribers' warrants	17,438,889	4.5	31 July 2009
1996-2001 options	1,043,182	60 to 358.5	May 2007-Oct 2011

† Issued in May 2004 to Numis Securities Limited and Ludgate Investments Limited (3,334,601 shares each) in lieu of fees in connection with advice given over the Company Voluntary Arrangement entered into by West in 2004.

‡ Issued in March 2005 to the three directors of West (2,700,000 shares each) in lieu of directors' fees. The three directors have received no remuneration since 30 November 2004. The options are subject to the performance condition that West Shareholders approve a reverse acquisition at an appropriate special meeting of West.

\* Issued in March 2005 to Ludgate Investments Limited in lieu of fees in connection with advice given regarding the fund raising of £1,000,000 in March 2005.

In relation to the Outstanding Warrants and Outstanding Options that are "in-the-money", the profit element can be calculated objectively; being the difference between the underlying West Shares at the market price and the cost of exercise. It is proposed that, in exchange for the surrender by holders of such Outstanding Options and Outstanding Warrants of their entitlements, West will issue such number of new West Shares at 1.35 pence per share, as is equivalent to the profit element. The price of 1.35 pence per West Share is the middle market price at the close of business on 28 July 2006, the latest business day prior to suspension of trading of West Shares on AIM pending the announcement of the Transactions, and is defined as "the Warrant Issue Price".

The advisers and directors mentioned below who have Outstanding Options and Outstanding Warrants that are "in-the-money" have agreed to either this basis of conversion or to exercise the

relevant options in full. As a result, the new West Shares to be issued on exercise or surrender of the Outstanding Options and the Outstanding Warrants that are “in-the-money” are as follows:

<i>Category</i>	<i>Number</i>	<i>Profit element</i>	<i>New West Shares</i>
Advisers’ options	6,669,202	£56,688.24	4,199,128
Directors’ options			
– Exercise	2,700,000	–	2,700,000
– Convert	5,400,000	£18,900.00	1,400,000
Adviser’s warrants	2,000,000	£11,000.00	814,815
Total	<u>16,769,202</u>	<u>£86,588.24</u>	<u>9,113,943</u>

The proposals that are being made in respect of Outstanding Warrants and Outstanding Options which are “out-of-the-money” fall into two categories.

- (i) Warrants to subscribe for 17,438,889 West Shares were issued in June and September 2002 to subscribers of convertible loan notes of West. They have an exercise price of 4.5 pence per West Share, and are therefore “out-of-the-money”.

It is proposed that, in exchange for the surrender by holders of such warrants of their entitlements, West will issue a number of new West Shares at the Warrant Issue Price. The directors believe that the surrender formula should take account of the factor by which these warrants are “out-of-the-money”. The price of 1.35 pence per West Share on Friday 28 July (the last business day before the suspension of trading on AIM) was equivalent to 0.3 times the Warrant Issue Price of 4.5 pence and it is therefore proposed that the number of new West Shares to be issued be the number of warrants in issue multiplied by 0.3. Hence, a holder of such warrants to subscribe for 10,000 West Shares who surrenders such warrants will be allotted 3,000 new West Shares. At the Warrant Issue Price of 1.35 pence per West Share, these 3,000 new West Shares would have a value of £40.50.

On surrender of these warrants in full, in aggregate, the 17,438,889 warrants will become 5,231,667 new West Shares. At the Warrant Issue Price, these shares will have a value of £70,627.50.

If a holder of an Outstanding Warrant “out-of-the-money” does not accept the proposal to surrender his entitlement as described above, this warrant will simply be converted into a warrant to subscribe for shares Hightex Group on the basis of a warrant to subscribe for one new share in Hightex Group for every ten Outstanding Warrant, with an exercise price increased by a factor of 10 (eg an exercise price of 4.5p would become 45p).

- (ii) Old options exist over 1,043,182 West Shares, which are very deeply “out-of-the-money”. The exercise prices range between 60 pence and £3.58½ per West Share, which compares with the market price of an existing West Share on 28 July 2006, of 1.35 pence.

In the opinion of the directors, these very deeply “out of the money” options are worthless. No proposals are therefore being made in respect of these options which will lapse upon the Merger becoming effective, unless option holders exercise their options prior to such date.

In order to have a sufficient number of shares of common stock available for issuance upon the conversion of Outstanding Options and Outstanding Warrants into West Shares, West Shareholders are also being asked at the Special Meeting to approve an amendment to West’s articles of incorporation to increase West’s authorized capital stock from 400,000,000 West Shares to 425,000,000 West Shares.

If West Shareholders approve the proposed amendment to West’s articles of incorporation, and if all holders or warrants and options agree to the proposal to surrender such warrants and options in exchange for new West Shares, then as of the effective date of the amendment, the Directors anticipate

that an additional 14,345,610 new West Shares would be allotted pursuant to the proposals relating to Outstanding Options and Outstanding Warrants.

As at the date of this document, the issued share capital of West amounts to 291,957,470 West Shares. After allotment of the 100,000,000 new West Shares which were the subject of the placing in April 2006, and the 14,345,610 new West Shares referred to in the preceding paragraph, the Directors estimate that the enlarged issued share capital of West would increase to 406,303,080 West Shares, resulting in an authorised but unissued share capital of West of 18,696,920 West Shares.

The Directors have approved the necessary amendment to West's articles of incorporation and recommend that the West Shareholders approve the amendment at the Special Meeting, so that West has a sufficient number of shares of common stock authorized for issuance in connection with the conversion of Outstanding Options and Outstanding Warrants.

## **6. Timetable**

The closing of the Merger will take place at the earliest practical Business Day after satisfaction of all the conditions to the West Merger Agreement. This is expected to occur on or around 6 September 2006.

Assuming the Merger becomes effective, it is expected that share certificates for West Consideration Shares, and a cheque for any cash consideration to which they are entitled as a result of fractional entitlements, will be sent to former West Shareholders who voted in favour of the Merger and completed and returned their Letters of Transmittal by 4 September 2006 within 14 Business Days of the Merger becoming effective. For West Shareholders who currently hold their West Shares in the form of depository interests, it is expected that CREST accounts will also be credited within this period. West Shareholders should note that the directors of Hightex Group have reserved the right to make settlement of any West Consideration Shares in certificated form at their absolute discretion.

**West Shareholders should note that if and to the extent that they do not complete and deliver a valid Letter of Transmittal along with relevant share certificates and/or input their stock withdrawal message (if the shares are held as depository interests) by 4 September 2006, and the Merger becomes effective, then they will not be allotted their West Consideration Shares and will not receive their share certificates for their West Consideration Shares or any cash consideration to which they are entitled as a result of fractional entitlements and/or have their CREST accounts credited until the date 14 days following Admission (or at the expiry of the relevant period of 14 days following Admission, in which a complete and valid Letter of Transmittal is delivered). Each West Shareholder who wishes to approve the Merger and the Proposals is therefore urged to complete the Letter of Transmittal, input the stock withdrawal message, if relevant, and vote in favour of the Resolutions to be proposed at the Special Meeting.**

## **7. Special Meeting**

### *(a) Notice of Meeting*

You will find in Part 4 of this document a notice convening a Special Meeting of West which is being convened for 10.00 a.m. (London time) on Monday 4 September 2006. At the Special Meeting, the following Resolutions will be proposed:

1. To consider and, if thought fit, approve and adopt the West Merger Agreement; and
2. To consider and, if thought fit, approve an amendment to West's articles of incorporation so as to increase the authorised capital stock of West from 400,000,000 West Shares to 425,000,000 West Shares.

### *(b) Record Date*

The Directors have fixed 17 August 2006 as the record date for the Special Meeting. Accordingly, only holders of record of West Shares at the close of business on 17 August 2006 are entitled to notice of and to vote at the Special Meeting and at any adjournment or postponement thereof.

*(c) Quorum*

The presence at the Special Meeting, either in person or by proxy, of the holders of not less than one-third of the outstanding West Shares entitled to vote at the Special Meeting as of the Record Date is necessary to constitute a quorum to transact business at the Special Meeting. If a quorum is not present, it is expected that the Special Meeting will be adjourned or postponed in order to solicit additional proxies. West Shares represented at the Special Meeting but not voted, including West Shares for which proxies have been received but for which the holders have abstained, will be treated as present at the Special Meeting for purposes of determining the presence or absence of a quorum for the transaction of all business.

*(d) Stockholders Entitled to Vote*

A holder of West Shares is entitled to cast one vote, in person or by proxy, for each share held in his, her or its name as of the Record Date on each matter submitted to the West Shareholders for a vote at the Special Meeting.

*(e) Vote Required*

For the Resolutions to be approved and adopted, the affirmative vote of the holders of a majority of the outstanding West Shares is required. Broker non-votes and abstentions will have the effect of negative votes.

**As the Merger is conditional, *inter alia*, on the passing of the Resolutions, West Shareholders are urged to cast their votes at the Special Meeting.**

**8. Action to be taken**

*(a) White Proxy Card/Blue Form of Direction*

Enclosed with this document is a white Proxy Card or, if you hold your West Shares in the form of depository interests, a blue Form of Direction, for use by West Shareholders at the Special Meeting. Whether or not you intend to attend the Special Meeting, **you are requested to complete and sign the Proxy Card/Form of Direction in accordance with the instructions printed thereon and return the same, as soon as possible but in any event so as to be received by Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.00 a.m. (London time) on Thursday 31 August 2006 (in the case of Forms of Direction) and on Saturday 2 September 2006 (in the case of Proxy Cards).** Completion of the Proxy Card/Form of Direction will not preclude you from attending the Special Meeting and voting in person if you should so wish.

Each share represented by a properly authorized and unrevoked proxy received in time for the Special Meeting will be voted at the Special Meeting in the manner specified therein. **PROPERLY AUTHORIZED PROXY CARDS/FORMS OF DIRECTION THAT DO NOT CONTAIN VOTING INSTRUCTIONS WILL BE VOTED "FOR" APPROVAL AND ADOPTION OF THE RESOLUTIONS.**

The Directors do not know of any matters, other than those described in this document, that will come before the Special Meeting. If any other matters are properly presented for action at the Special Meeting, the persons named as proxy agents in the Proxy Cards/Form of Direction and acting thereunder will have discretion to vote on such matters in accordance with their best judgment.

*(b) Pink Letter of Transmittal (equivalent to a Form of Acceptance)*

Existing West Shareholders will find enclosed with this document a pink Letter of Transmittal for use in relation to the Merger. This Letter of Transmittal is the equivalent of the form of acceptance in a UK transaction. **Even if the Merger becomes effective, you must complete and return a Letter of Transmittal in accordance with the instructions printed thereon before you will be entitled to your West Consideration Shares, that is to say, New Hightex Shares.** This section should be read together with the notes on the Letter of Transmittal.

Existing West Shareholders who wish to exchange their existing West Shares for New Hightex Shares should check the details in the box headed "Description of West Shares of Common Stock Surrendered

for Exchange” on the enclosed Letter of Transmittal, and sign it in the box headed “Sign below” on page 5 of the Letter of Transmittal. If any of the West Shares surrendered hereby are held of record by two or more joint owners, all such owners must sign the Letter of Transmittal. When the Letter of Transmittal is signed by the registered holder(s) of the Certificate(s) surrendered hereby, no endorsements of certificate(s) or separate stock powers are required. If the Letter of Transmittal is signed by a person other than the registered holder(s) of the Certificate(s) surrendered hereby, the Certificate(s) must be endorsed or accompanied by appropriate stock powers, in either case signed by the registered holder(s).

If you have any questions as to how to complete the Letter of Transmittal or wish to receive additional Letters of Transmittal, please telephone Capita Registrars (telephone 0870 162 3121 or, from outside the UK, on +44 20 8639 2157).

**You should send the completed and duly signed Letter of Transmittal to the Exchange Agent, Capita Registrars Receiving Agents of The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 3.00 p.m. (London time) on 4 September 2006. You should also send your share certificate(s) for your West Shares or other document(s) of title, if relevant, and/or input your stock withdrawal message in the usual way in accordance with established CREST as soon as possible. A reply paid envelope is enclosed for your convenience for use within the United Kingdom.**

**Under California law, all holders of existing West Shares are required to complete the Letter of Transmittal in accordance with the instructions printed thereon. SETTLEMENT CANNOT BE MADE AND NO CERTIFICATE FOR NEW HIGHTEX SHARES CAN BE ISSUED TO ANY FORMER WEST SHAREHOLDER UNLESS AND UNTIL THAT SHAREHOLDER HAS COMPLETED THE LETTER OF TRANSMITTAL, ACCOMPANIED BY EITHER THE UNDERLYING SHARE CERTIFICATE OR A FORM OF INDEMNITY (SHOULD THAT CERTIFICATE BE LOST OR OTHERWISE NOT CAPABLE OF DELIVERY).** In the event that you have lost your underlying share certificate, please call Capita Registrars on 0870 162 3121, or if calling from outside the UK on +44 208 639 2157. A form of indemnity will be sent to you which should be completed and returned in accordance with the instructions printed thereon.

If any Depository Interests are still outstanding as at 5 September 2006, they will automatically be withdrawn from CREST, the name of the relevant West Shareholder will be added to the register of members of West and a share certificate sent to such West Shareholder. They will then have to complete and return the Letter of Transmittal along with the newly issued share certificate in accordance with the terms of the Merger. **They will, therefore not be able to receive any New Hightex Shares until 14 days after Admission** (or at the expiry of the relevant period of 14 days following Admission in which a complete and valid Letter of Transmittal is delivered).

## **9. Dissenters' Rights**

If the West Merger Agreement is approved, West Shareholders will be entitled, under certain circumstances, to dissenters' rights under California law. The following summary of the applicable provisions of Chapter 13 of the California Corporations Code (the “CCC”) is not intended to be a complete statement of dissenters' rights under California law and is qualified in its entirety by reference to such provisions, the full text of which accompanies this document. These provisions should be reviewed carefully by any West Shareholder who wishes to exercise dissenters' rights or who wishes to preserve the right to do so, because failure to comply with one of the statutory procedures summarised below will result in the loss of dissenters' rights. Any West Shareholder who forfeits his or her dissenters' rights by failure to follow the procedures under California law will receive the merger consideration described in this circular.

Pursuant to Chapter 13 of the CCC, any shareholder of West who does not wish to accept the merger consideration described in the West Merger Agreement, and who does not vote in favour of adopting and approving the West Merger Agreement, may dissent from the Merger and elect to have the fair market value of such shareholder's capital stock of West (exclusive of any element of value arising from the accomplishment or expectation of the Merger) paid to such shareholder in cash, provided that such shareholder complies with the provisions of Chapter 13.

If the West Merger Agreement is approved, West will be required to provide to all West Shareholders that did not vote in favour of the West Merger Agreement a notice of the approval, accompanied by a copy of the statutes governing dissenters' rights, a statement of the price determined by West to represent the fair market value of dissenting shares and a brief description of the procedure to be followed if the shareholder desires to exercise the shareholder's right to dissent. The statement of price will constitute an offer by West to purchase dissenting shares at the price stated.

Any stockholder that did not vote in favour of the West Merger Agreement and who wishes to exercise dissenters' rights under California law, with respect to some or all of the shares held by such stockholder must make written demand upon West to purchase such shares within 30 days of the date of mailing of the notice. The demand must state the number and class of shares held by the stockholder and what the stockholder claims to be the fair market value of those shares on 3 August 2006. The demand will constitute an offer by the stockholder to sell the shares at the stated price per share. The demand must be delivered to West 175 Media Group Inc, c/o Ludgate Investments Ltd, 1st Floor, 46 Cannon Street, London EC4N 6JJ, England, Attention: Charles Sebag-Montefiore. Stock certificates representing dissenting shares should be endorsed and delivered with the demand. If the stockholder and West agree that the shares qualify as dissenting shares and on their fair market value, the stockholder will receive the price of the dissenting shares within 30 days after agreement is reached. If agreement on these issues is not reached, the stockholder may file a complaint at any time within six months after the date of the notice in the Superior Court of California in the proper county, requesting court determination of the status of the stockholder's shares as dissenting shares or their fair market value, or both.

Any shareholder who wishes to exercise dissenters' rights under California law or who wishes to preserve his or her right to do so should carefully review the CCC accompanying this document, because failure to comply with the procedures set forth therein will result in the loss of such rights. Those wishing to dissent should consult with their own legal counsel in connection with compliance under Chapter 13 of the CCC.

West Shareholders should note that seeking to exercise dissenters' rights will not give a West Shareholder any right to prevent the Merger from becoming effective in the event that the Merger is authorised and approved by West Shareholders at the Special Meeting. It will instead provide a West Shareholder with the right to receive the fair market value of dissenting shares in cash instead of receiving the merger consideration described in this circular. Any West Shareholder seeking to exercise dissenters' rights could incur costs in exercising those rights, and there would be no assurance that the cash received by the Shareholder would be in excess of the market value of the merger consideration that the shareholder would receive if the shareholder did not exercise the dissenters' rights. It should also be noted that upon completion of the Transactions and Admission, there will be a readily available market for the Hightex Shares on AIM and therefore if West Shareholders wish to realise cash for their West Shares, acquiring New Hightex Shares pursuant to the Merger and then seeking to sell those shares on the market may prove to be a more effective way of achieving such a realisation.

**If you are in any doubt about what action to take, you are recommended immediately to seek your own professional advice from your stockbroker, solicitor, accountant or other financial adviser duly authorised under the Financial Services and Markets Act 2000 who specialises in advising upon investments in shares and other securities.**

## **10. Taxation**

The effect of the Merger on the taxation of an individual West Shareholder will depend on its or his particular circumstances. West Shareholders' attention is drawn to paragraph 3 of Part 3 of this document which sets out certain general guidance on the taxation effects of the Merger. West Shareholders should seek their own professional advice from an independent specialist tax adviser.

## **11. Recommendation of the Directors**

The Directors consider that terms of the Merger are fair and reasonable so far as West Shareholders are concerned and in the best interests of West Shareholders, considered as a whole. Your Directors believe that the Merger provides West Shareholders with the opportunity to participate in an

interesting business which offers environmentally sound solutions to architects and structural engineers and which possesses good growth prospects.

Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions, as they have irrevocably undertaken to do in respect of their own beneficial holdings totalling 40,409,481 West Shares, representing 13.84 per cent. of the present issued share capital of the Company.

Yours faithfully

David Montgomery  
*Chairman*

## PART 2

### QUESTIONS AND ANSWERS

**Q: Why is my vote important?**

**A:** If you do not return your Proxy Card (or Form of Direction, where relevant) or vote at the Special Meeting, it will be more difficult for West to obtain the necessary quorum to convene the Special Meeting. In addition, if a West Shareholder fails to vote, by proxy or in person, that will have the same effect as a vote against the Resolutions. The Resolutions must be approved by a majority of the outstanding West Shares entitled to vote.

**Q: What do I need to do now?**

**A:** After you have carefully read this document, please complete, sign and date your white Proxy Card or, if you hold your West Shares in the form of depository interests, blue Form of Direction, and return it in the enclosed postage-paid return envelope for use in the United Kingdom as soon as possible. This will enable your shares to be represented and voted at the Special Meeting.

Please also complete the pink Letter of Transmittal and send it together with your share certificates, if relevant, and return them in the enclosed postage-paid return envelope.

If your West Shares are held in the form of depository interests, you should also input your stock withdrawal message in the usual way in accordance with established CREST procedures as soon as possible.

**Q: What do I do if I have lost my share certificate(s)?**

**A:** You will need to call Capita Registrars on 0870 162 3121 or, if calling from outside the UK, on +44 208 639 2157. A Form of Indemnity will be posted to you which should be completed, signed and returned in accordance with the instructions referred to therein.

**Q: Can I change my vote?**

**A:** Yes. If you are a record holder, you may change your vote at any time before your proxy votes your West Shares at the Special Meeting by:

- delivering to Capita a duly executed written notice of revocation;
- delivering to Capita a later-dated, signed Proxy Card/Form of Direction; or
- attending the Special Meeting and voting in person. However, your attendance alone will not revoke your proxy.

If your West Shares are held in a “nominee name” account, you must contact your broker, bank or other nominee to change your vote in good time.

**Q: Can I attend the meeting and vote my shares in person?**

**A:** Yes. All West Shareholders are invited to attend the Special Meeting. Shareholders of record can vote in person at the Special Meeting. If your shares are held in nominee name, then you are not the shareholder of record and you must ask your broker, bank or other nominee how you can vote at the meeting.

**Q: If my shares are held in “nominee name” by my broker or bank, will my broker or bank vote my shares for me?**

**A:** Your broker or bank will vote your shares only if you provide instructions on how to vote. You should follow the directions provided by your broker or bank regarding how to instruct your broker or bank to vote your shares.

**Q: What if I fail to instruct my broker or bank about how to vote?**

**A:** Your failure to instruct your broker, bank or other nominee to vote your shares will have the same effect as a vote against the Resolutions.

**Q: Should I send in my stock certificates now?**

**A:** Yes. You should complete the pink Letter of Transmittal accompanying this document and send your stock certificates to Capita Registrars, who are the Exchange Agent, in accordance with the instructions set forth in the pink Letter of Transmittal.

**Q: Who can help answer my questions?**

**A:** West Shareholders should contact Capita Registrars on 0870 162 3121 or, from outside the UK, on +44 20 8639 2157.

## PART 3

### ADDITIONAL INFORMATION

#### 1. Directors

- 1.1 The Directors of West and their functions are set out below:

David John Montgomery (*Non-Executive Chairman*)

John Humphrey Gunn (*Non-Executive Director*)

Charles Adam Laurie Sebag-Montefiore (*Non-Executive Director*)

- 1.2 The business address of all the Directors is 1st floor, 46 Cannon Street, London EC4N 6JJ, UK.

#### 2. Share capital, options and warrants

- 2.1 On 2 August 2006 (the latest practical date before publication of this document), West had an authorised share capital of 400,000,000 shares of common stock of no par value.
- 2.2 On 2 August 2006 (the latest practical date before publication of this document), West had an issued share capital of 291,957,470 shares of common stock of no par value.
- 2.3 In April 2006, the Company conditionally agreed to place a further 100,000,000 shares of common stock ("the April 2006 Placing Shares"), conditional on the announcement of an acquisition before 2 September 2006. The April 2006 Placing Shares are expected to be allotted shortly following publication of this document.
- 2.4 On 2 August 2006 (the latest practical date before publication of this document), West had outstanding options to subscribe for 15,812,384 shares of common stock at varying exercise prices ranging between 0.5 penny and £3.58<sup>1</sup>/<sub>2</sub> per share.
- 2.5 On 2 August 2006 (the latest practical date before publication of this document), West had outstanding warrants to subscribe for 19,438,889 shares of common stock.
- 2.6 Pursuant to the proposals to the Outstanding Options and the Outstanding Warrants described in paragraph 5 of Part 1 of this document, the Company proposes to allot a maximum of 14,345,610 new West Shares prior to the Effective Date.
- 2.7 Accordingly, on or shortly before the Effective Date, it is anticipated that the issued share capital of West will comprise 406,303,080 West Shares.

#### 3. Taxation

##### *United Kingdom*

- 3.1 The following information relating to United Kingdom taxation is based upon the tax law and Inland Revenue practice in the United Kingdom at the date of this document. The comments are of a general nature only and are not a full description of all relevant tax considerations. Any person who is in any doubt as to his tax position, or is subject to taxation in a jurisdiction other than the UK, should consult a professional adviser concerning his tax position in respect of the acquisition, holding or disposal of West Shares. The statements are not applicable to all categories of shareholders, and in particular are not addressed to: (i) shareholders who do not own their West Shares as capital assets; (ii) special classes of shareholders such as insurance company and investment company; (iii) shareholders who hold West Shares as part of hedging or commercial transactions; or (iv) shareholders who are not resident or ordinarily resident in the UK for tax purposes (unless express reference is made to non-UK resident shareholders):

UK holders of West Shares who do not validly exercise dissenter's rights with respect to their holdings will realise a capital disposal in relation to their existing West Shares when the Merger takes effect and their holdings in West are exchanged for New Hightex Shares. Any gain which may be so realised by a UK holder will be subject to UK Capital Gains Tax ('CGT'). However,

by virtue of the reliefs available under section 136 Taxation of Chargeable Gains Act ('TGCA') 1992, UK holders of West Shares will, subject to the agreement of HM Revenue and Customs, be entitled to carry the original base cost of their holdings in West into their holdings in New Hightex Shares, so that no charge to UK CGT will crystallise until such time as the New Hightex Shares are sold. Confirmation has been received from HM Revenue and Customs that they are satisfied that the Merger, which represents a scheme of restructuring of West, will be effected for *bona fide* commercial reasons and will not form part of a scheme of arrangement of which the main purpose, or one of the main purposes, is avoidance of liability to CGT or corporation tax, so that the provisions of section 137 (1) TCGA 1992 will not prevent the application of section 136 to the proposed transaction, and that no notice ought to be issued under section 703(3) Income and Corporation Taxes Act 1988 in respect of the proposed transaction.

#### *United States of America*

3.2 The following describes the material U.S. federal income tax consequences of the Merger that are generally applicable to U.S. holders of West Shares. However, this discussion does not address all aspects of taxation that may be relevant to particular U.S. holders in light of their personal investment or tax circumstances or to persons who are subject to special treatment under the U.S. federal income tax laws. This discussion deals only with U.S. holders that hold West Shares as capital assets within the meaning of the Internal Revenue Code of 1986, as amended. In addition, this discussion does not address the tax treatment of special classes of U.S. holders, such as banks, insurance companies, tax-exempt entities, financial institutions, broker-dealers, persons, if any, holding West Shares as "qualified small business stock" or "section 1244 stock," persons holding West Shares as part of a hedging, "straddle," conversion or other integrated transaction, U.S. expatriates, or persons subject to the alternative minimum tax. This discussion may not be applicable to shareholders who acquired West Shares pursuant to the exercise of options or warrants or otherwise as compensation. Furthermore, this discussion does not address any aspect of state or local tax considerations. West Shareholders who may be subject to U.S. federal income tax or any other taxes are urged to consult their own tax advisor as to the specific tax consequences of the Merger for such West Shareholders, including the applicable federal, state, local and foreign tax consequences the Merger.

- (a) As used in this proxy statement, a "U.S. holder" means a holder of West capital stock who is for U.S. federal income tax purposes:
  - (i) a citizen or resident of the United States;
  - (ii) a corporation, partnership, or other entity created or organised in the United States or under the law of the United States or any state within the United States;
  - (iii) an estate whose income is includible in gross income for U.S. federal income tax purposes, regardless of its source; or
  - (iv) a trust whose administration is subject to the primary supervision of a U.S. court and that has one or more U.S. persons who have the authority to control all substantial decisions of the trust.
- (b) This discussion is based on the Internal Revenue Code of 1986, as amended, existing Treasury regulations, judicial authority, and administrative rulings and practice, all as of the date of this document. Future legislative, judicial, or administrative changes or interpretations may adversely affect the accuracy of the statements and conclusions described in this document. Any changes or interpretations could be applied retroactively and could affect the tax consequences of the Merger to U.S. holders.
- (c) Hightex will not be treated as a corporation for U.S. tax purposes pursuant to section 367 of the U.S. Internal Revenue Code, which applies to certain 'outbound' transactions (i.e., transactions involving transfers from a U.S. person to a foreign corporation). As such the proposed merger will not be eligible for tax-free reorganisation treatment in the U.S. The transfer of assets by West likely will be subject to a double level of U.S. tax, once at the West level, and once again at the shareholder level when West Shareholders receive the merger consideration (shares of Hightex). West will recognise gains in the merger, if any, to the extent that the fair market value of the assets transferred to Merger Subsidiary exceed West's

basis in those assets. We understand that West's sole asset is cash. Assuming that West transfers no other appreciated property in the merger, West should recognise no gain on the transfer of cash to Merger Subsidiary. West Shareholders, however, will recognise gains in the merger equal to the excess, if any, of the fair market value of the right to receive New Hightex Shares over the shareholders' basis in their cancelled West Shares.

**4. General**

- 4.1 Teather & Greenwood Limited has given and not withdrawn its written consent to the issue of this document with inclusion of its name in this document in the form and context in which it appears.
- 4.2 Copies of the following documents will be available for inspection at the office of Withers LLP, 16 Old Bailey, London EC4M 7EG during normal business hours on any week day (Saturday, Sunday and public holidays excepted) from the date of this document until the date which is one month following Admission:
- (i) the audited accounts of West for the two years ended 31 March 2006;
  - (ii) the Agreement of Merger;
  - (iii) the Hightex AIM Admission Document; and
  - (iv) the written consent referred to in this paragraph 4.

Dated 4 August 2006

PART 4

# WEST 175 MEDIA GROUP INC.

## NOTICE OF SPECIAL MEETING

**NOTICE IS HEREBY GIVEN** that a Special Meeting of the shareholders of the above-named Company will be held at the offices of Teather & Greenwood, Beaufort House, 15 St Botolph Street, London EC3A 7QR, England on Monday, 4 September 2006 at 10.00 a.m., London time, for the following purposes:

1. to consider and vote on a proposal to approve and adopt an Agreement of Merger, dated as of 3 August, 2006, among Hightex Group plc, a public limited company organized under the laws of England and Wales ("Hightex"), Hightex Americas LLC, a Delaware limited liability company and wholly-owned subsidiary of Hightex ("Merger LLC"), and West Music Group Inc., a California corporation ("West"), pursuant to which West will merge with and into Merger LLC and West shareholders will receive ordinary shares of Hightex on the terms set forth in the Agreement of Merger and as described in the circular of which this notice forms a part;
2. to consider and vote on a proposal to amend West's Articles of Incorporation, as amended, to increase the authorized capital stock of West from 400,000,000 shares of common stock to 425,000,000 shares of common stock.

The foregoing items of business are more fully described in the shareholder circular accompanying this Notice. **The board of directors unanimously recommends that West Shareholders vote "FOR" each of the proposals.**

The West Board of Directors has fixed the close of business on 17 August 2006 as the record date for the determination of the holders of West Shares entitled to notice of, and to vote at, the Special Meeting or any postponements or adjournments thereof.

ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE SPECIAL MEETING. TO ENSURE YOUR REPRESENTATION AT THE SPECIAL MEETING, HOWEVER, YOU ARE URGED TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD OR FORM OF DIRECTION AS PROMPTLY AS POSSIBLE TO ENSURE YOUR REPRESENTATION AT THE MEETING. A PREPAID ENVELOPE IS ENCLOSED FOR THAT PURPOSE FOR USE WITHIN THE UNITED KINGDOM. ANY SHAREHOLDER ATTENDING THE SPECIAL MEETING MAY VOTE IN PERSON EVEN IF THAT SHAREHOLDER HAS RETURNED A PROXY CARD/FORM OF DIRECTION.

EVEN IF YOU HAVE GIVEN YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE MEETING, YOU MUST OBTAIN FROM THE RECORD HOLDER A PROXY ISSUED IN YOUR NAME.

By Order of the Board of Directors

Charles Sebag-Montefiore  
*Director*

Dated 4 August 2006

Registered Office  
CT Corporation System  
818 West Seventh Street  
Los Angeles  
California 90017  
USA

## PART 5

### DEFINITIONS

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

“Act”	the Companies Act 1985, as amended
“Admission”	the admission of the entire issued ordinary share capital of Hightex Group (including the New Hightex Shares) to trading on AIM becoming effective in accordance with the AIM Rules
“AIM Admission Document”	the AIM Admission document of Hightex Group
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the rules for AIM companies and their nominated advisers published by the London Stock Exchange, as amended from time to time
“Board” or “Directors”	the directors of the Company, whose names are set out in paragraph 1.1 of Part 3 of this document
“Business Day”	a day other than a Saturday or Sunday on which banks are ordinarily open for the transaction of normal banking business in London
“Company” or “West”	West 175 Media Group Inc, a company incorporated under the laws of the State of California with number 1465706
“Completion”	completion of the Merger, the Hightex Acquisition, the SolarNext Acquisition and the Placing, or any one or combination of them, as the context requires
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by CRESTCo Limited
“Form of Direction”	the form of direction for use at the special meeting by West Shareholders who hold their West Shares in the form of depository interests
“Hightex Group”	Hightex Group plc, a newly formed company, incorporated in England and Wales under number 5860429, for the purposes of giving effect to the Proposals and proposed to constitute the new holding company for HTI, SolarNext and the existing assets of West
“Hightex Shares”	ordinary shares of 1 penny each in the capital of Hightex Group
“HTI”	HighTex International (HTI) AG, a company incorporated in Switzerland, with registered office at Espenstrasse 7, CH-9220, Bischofszell, Switzerland whose registered number is CH-440.3.018.281-5
“HTI Acquisition”	the proposed acquisition by Hightex Group of the entire issued share capital of HTI pursuant to the HTI Offers
“HTI Group”	the group of companies of which HTI is the holding company

“HTI Offers”	the offers made by the Company to the HTI Shareholders to acquire the entire issued and to be issued share capital of HTI, details of which are set out in paragraph 8.1 of Part I of the AIM Admission Document
“HTI Shareholders”	the persons who will, immediately prior to Completion, hold 100 per cent. of the issued share capital of HTI
“Letter of Transmittal”	the letter accompanying this circular which all West Shareholders are required to complete and return as a condition of receiving their West Consideration Shares
“London Stock Exchange”	London Stock Exchange plc
“Ludgate”	Ludgate Investments Limited, the Company’s placing agent
“Merger”	the merger proposed to be effected between Hightex Group, the Merger Subsidiary and West on the terms set out in the West Merger Agreement
“Merger Subsidiary”	Hightex Americas LLC, a Delaware limited liability company and a wholly-owned subsidiary of Hightex Group, organized specifically for the purposes of implementing the Merger
“New Hightex Shares”	the Hightex Shares to be issued as consideration pursuant to the Merger and the HTI Offers and pursuant to the Placing
“Official List”	the Official List of the UK Listing Authority
“Outstanding Options”	the outstanding “in-the-money” options over West Shares as at the date of this document, details of which are set out in paragraph 5 of Part 1 and paragraph 2 of Part 3 of this document
“Outstanding Warrants”	the outstanding warrants to subscribe West Shares as at the date of this document, details of which are set out in paragraph 5 of Part 1 and paragraph 2 of Part 3 of this document
“Placing”	the proposed placing of the Placing Shares by Ludgate at the Placing Price, as described in paragraph 9 of Part I of the AIM Admission Document
“Placing Price”	10p per New Hightex Share
“Placing Shares”	the 15,000,000 New Hightex Shares proposed to be issued pursuant to the Placing
“Proposals”	together, the Merger, the HTI Acquisition, the SolarNext Acquisition, the Placing, Admission and all related matters referred to in this document or in the AIM Admission Document
“Proxy Card”	the Proxy Card for use by West Shareholders at the Special Meeting
“Record Date”	17 August 2006
“Resolutions”	the resolutions to be considered by West Shareholders at the Special Meeting for the purposes, <i>inter alia</i> , of approving the Merger, details of which are set out in the Notice of Special Meeting in Part 4 of this document

“Special Meeting”	the special meeting of shareholders of West convened for the purposes of approving the West Merger Agreement and an amendment to West’s articles of incorporation, notice of which is set out in Part 4 of this document
“SolarNext”	SolarNext AG, currently registered as Sun Affairs AG, a company incorporated in Traunstein, Germany with registered office at Frauenchiemsee Haus Nor 25a, Gremeinde Chiertsee, whose registered number is HRB 13118
“SolarNext Acquisition”	the proposed acquisition by Hightex Group of the entire issued share capital of SolarNext pursuant to the SolarNext Share Purchase Agreement
“SolarNext Share Purchase Agreement”	the share purchase agreement between Hightex Group and Koch Projekt GmbH in connection with the SolarNext Acquisition
“Teather & Greenwood”	Teather & Greenwood Limited, the Nominated Adviser and Broker to West for the purposes of the Merger and to Hightex Group for the purposes of Admission
“Transactions”	the HTI Acquisition and the SolarNext Acquisitions, the Merger, the Placing or any combination of them as the context requires
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Service Authority acting in its capacity as the competent authority for the purposes of Part VIII of Financial Service and Markets Act 2000
“West Consideration Shares”	the new Hightex Shares to be issued as consideration pursuant to the Merger
“West Merger Agreement”	an agreement of merger dated as of 3 August 2006 by Hightex Group, Merger Subsidiary and West
“West Shares”	shares of common stock of no par value in the capital of West
“West Shareholders”	holders of West Shares, including those holders of Outstanding Warrants and Outstanding Options who acquire new West Shares on surrender of the Outstanding Options and the Outstanding Warrants in the manner referred to in paragraph 5 of Part 1 of this document



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. The whole text of this document should be read. Your attention is drawn, in particular, to the section headed "Risk Factors" set out in Part II of this document.

This document, which comprises an admission document for the purposes of the AIM Rules, has been drawn up in accordance therewith. Copies of this document, which is dated 4 August 2006, will be available free of charge to the public during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the registered office of the Company and from the offices of Teather & Greenwood, Beaufort House, 15 St. Botolph Street, London EC3A 7QR, United Kingdom from the date of Admission for not less than one month thereafter.

The Directors whose names are set out on page 5, accept responsibility, individually and collectively, for the contents of this document including responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the 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 there is no other material information the omission of which is likely to affect the import of such information.

Application will be made for all of the Ordinary Shares to be admitted to trading on AIM, the market of that name operated by the London Stock Exchange. It is expected that Admission will become effective and that dealings in the issued ordinary share capital of the Company will commence on 6 September 2006.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with larger or more established companies tends to be attached. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with his or her own independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.

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## Hightex Group plc

*(Incorporated in England and Wales under the Companies Act 1985 (as amended) with Registered No.5860429)*

### Admission to trading on AIM and Placing of 15,000,000 Ordinary Shares at a price of 10p per share

*Nominated Adviser and Broker*

#### TEATHER & GREENWOOD LIMITED

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Teather & Greenwood, which is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to the Company (for the purpose of the AIM Rules) and no one else in connection with the Placing and the Admission and will not be responsible for providing the protections afforded to customers of Teather & Greenwood nor for providing advice in relation to the contents of this document or any matter, transaction or arrangement referred to in it. Teather & Greenwood's responsibilities as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire Ordinary Shares in the Company in reliance on any part of this document.

The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, or under any relevant securities laws of any state, territory or other jurisdiction of the United States. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States, or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the placing of Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence. This offering is being made for the securities of a foreign company. The offering is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in this document have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies. It may be difficult for you to enforce your rights and any claim you may have arising under the US federal securities laws, since the Company is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of US securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a US court's judgment.

If you are receiving this document in Australia, you may only receive this offer pursuant to this document if you are either a "sophisticated investor" capable of satisfying the criteria for the exemptions in section 708 of the Australian Corporations Act 2001 (Cth) ("Australian Corporations Act") namely: (i) a professional investor within the meaning of section 708(11) of the Australian Corporations Act; or (ii) an individual investor with an aggregate investment of, or commitment to invest \$AUS500,000 in the Company; or (iii) an investor who has provided to the Company within the last six months an accountant's certificate confirming your income and/or assets in accordance with section 708(8) of the Australian Corporations Act; or if the provisions of 708(1) permits this offer to be made to you. Investors in Australia should be aware that an offer of Ordinary Shares for sale by a holder to a person receiving such an offer for sale in Australia may be regulated by the provisions in section 707 of the Australian Corporations Act and any relevant Class Order issued and varied by the Australian Securities and Investments Commission ("Secondary Sale Provisions"). However, any offer of sale of the Ordinary Shares to persons outside Australia will not be regulated by the Secondary Sale Provisions. Any recipient of Ordinary Shares who received this document in Australia agrees to be bound by and to comply with the Secondary Sale Provisions (if required) in respect of any subsequent resale of the Ordinary Shares within twelve months of the issue.

This document is only being distributed in New Zealand to existing West Shareholders in accordance with the terms of the Securities Act (Hightex Group plc) Exemption Notice 2006 and may not be distributed to any other person in New Zealand. This document is not a prospectus registered in New Zealand with the Registrar of Companies under the New Zealand Securities Act 1978 and may not contain all the information that a New Zealand registered prospectus is required to contain. Accordingly, neither this document nor any other materials or advertisements relating to the document may be sent to any person in New Zealand, nor may Ordinary Shares be offered or issued directly or indirectly to any person in New Zealand, other than in accordance with the Securities Act (Hightex Group plc) Exemption Notice 2006.

This Document is not for distribution outside the United Kingdom and, in particular, it should not be distributed to persons with addresses in Canada, Japan, the Republic of Ireland, South Africa or to persons with addresses in the United States, its territories or possessions or to any citizen thereof or to any corporation, partnership or other entity created or organised under the laws thereof, except pursuant to a valid exemption which lawfully allows a distribution to be made in a particular jurisdiction. Any such distributions could result in the violation of Canadian, Irish, Japanese or South African law. Further information in relation to certain jurisdictions other than the UK can be found in paragraph 18 of Part I of this document.

This document does not constitute an offer, or the solicitation of an offer, to subscribe or buy any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

## CONTENTS

	<i>Page</i>
<b>Admission statistics</b>	3
<b>Expected timetable of principal events</b>	3
<b>Key information</b>	4
<b>Directors, secretary and advisers</b>	5
<b>Glossary</b>	6
<b>Part I: Information on the Company and West</b>	7
<b>Part II: Risk factors</b>	24
<b>Part III: Accountants' report on the Company and West</b>	29
<b>Part IV: Accountants' report on the HTI Group, including SolarNext</b>	42
<b>Part V: Pro-forma statement of net assets of the Enlarged Group</b>	60
<b>Part VI: Additional information</b>	64
<b>Definitions</b>	84

### Admission statistics

Placing Price	10p
Market capitalisation at the Placing Price*	£12.0 million
Number of new Ordinary Shares to be placed under the Placing	15,000,000
Number of Ordinary Shares in issue at Admission*	120,085,172
Percentage of enlarged share capital subject to the Placing	12.5 per cent.
Gross proceeds of the Placing available to the Company	£1.5 million
Net proceeds of the Placing available to the Company	£1.44 million

### Expected timetable of principal events

Record Date for the West Special Meeting	17 August 2006
West Special Meeting	4 September 2006
Issue by West of West Shares to holders of West Options and West Warrants	4 September 2006
Completion of the West Merger	6 September 2006 at 7:59:59am
Admission to trading on AIM of the Ordinary Shares	6 September 2006 at 8:00am
HTI Acquisition and the SolarNext Acquisition effective	6 September 2006 at 8:00am
CREST stock accounts credited in respect of Consideration Shares and Placing Shares (as applicable)	6 September 2006
Certificates in respect of Consideration Shares and Placing Shares (as applicable) dispatched	week commencing 11 September 2006

\* Assuming full take-up of the Proposal put to holders of West Options and West Warrants, and, as regards the number of Consideration Shares to be issued to West Shareholders, assuming valid letters of transmittal are delivered on or prior to Admission in respect of all the West Shares in issue on the date the West Merger becomes effective.

## KEY INFORMATION

*The following summary of key information should be read in conjunction with the full text of this document from which it is derived. Attention is drawn, in particular, to the section headed "Risk Factors" set out in Part II of this document.*

- The Company currently has no trading business or investment. On Admission, the business of the Enlarged Group will be that of the profitable, core HTI Group business and the developing SolarNext business.
- The Company will also have cash resources available of not less than £3.3 million, arising from the Placing and the West Merger.
- HTI Group designs, produces and installs polymer membrane structures for use by architects and structural engineers.
- SolarNext is chiefly focussed on applications in the generation of: energy; solar cooling; the prevention of heat from entering homes, offices and other structures; and the purification of water.
- The HTI Group is one of the world's leading designers, producers and installers of polymer membrane solutions to the building and construction industries. It currently operates in Switzerland, Germany, UK, Poland, Thailand, Australia and the United States.
- Projects that HTI Group (or in the case of projects before HTG was formed in 2001, its management) has completed include: the Mound Stand at Lord's Cricket Ground, UK (1988); the membrane façade at the Burj Al Arab Hotel in Dubai, U.A.E (1997); the Pusan Stadium in South Korea (2002); the Olympic Stadium Berlin, Germany for the 2006 World Cup (2004); the new Grandstand at Royal Ascot Racecourse, UK (2006); and the passenger concourses at the New Bangkok International Airport, Thailand (2006).
- The Directors envisage that, over time, the polymer membrane structures business can be combined with the solar business of SolarNext to form a third business, the Intelligent Buildings Division, focused particularly on buildings, such as offices, hotels, visitor centres and airports.
- The Directors believe that Admission will increase the financial and commercial profile of the Company and will help the Enlarged Group to attract and retain key personnel through the grant of stock options.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Dr. Charles Desmond DesForges ( <i>Non-Executive Chairman</i> ) Klaus-Michael Andreas Koch ( <i>Chief Executive Officer</i> ) Frank Eduard Josef Molter ( <i>Finance Director</i> ) David Peter Walker ( <i>Director of Business Development</i> ) Charles Adam Laurie Sebag-Montefiore ( <i>Non-Executive Director</i> )
<b>Company Secretary</b>	Anthony George Hunter
<b>Registered Office</b>	Masters House 107 Hammersmith Road London W14 0QH United Kingdom
<b>Nominated Adviser and Broker</b>	<b>Teather &amp; Greenwood Limited</b> Beaufort House 15 St Botolph Street London EC3A 7QR United Kingdom
<b>Placing Agent</b>	<b>Ludgate Investments Limited</b> 1st Floor 46 Cannon Street London EC4N 6JJ United Kingdom
<b>Auditors and Reporting Accountants</b>	<b>MRI Moores Rowland LLP</b> 3 Sheldon Square London W2 6PS United Kingdom
<b>Solicitors to the Company (UK)</b>	<b>Withers LLP</b> 16 Old Bailey London EC4M 7EG United Kingdom
<b>Solicitors to the Company (Germany)</b>	<b>Rechtsanwälte Westermeyr &amp; Lerg</b> Richard Wagner Strasse 19 D-80333 Munich Germany
<b>Solicitors to the Nominated Advisor</b>	<b>Memery Crystal LLP</b> 44 Southampton Buildings London WC2A 1AP United Kingdom
<b>Solicitors to West (UK)</b>	<b>Bird &amp; Bird</b> 90 Fetter Lane London EC4A 1JP United Kingdom
<b>Solicitors to West (USA)</b>	<b>Stoel Rives LLP</b> 3600 One Union Square 600 University Street Seattle, WA 98101 USA
<b>Registrars</b>	<b>Capita Registrars</b> The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom

## GLOSSARY

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

<b>Concentrated envelope photovoltaics</b>	a combination of a transparent roof system with concentrating photovoltaic units
<b>CPU</b>	concentrating photovoltaic units, units which use Fresnel lenses to concentrate light to use it directly as heat or convert it into electricity
<b>DEC systems</b>	desiccant and evaporative cooling systems used for the air conditioning of buildings
<b>EPA</b>	Envelope Power Architectural  the integration of solar power energy systems into the roof of architectural structures
<b>EPG</b>	Envelope Power Greenhouse  the combination of membrane and solar technology which creates an environment for optimal plant cultivation
<b>ETFE</b>	ethylenetetrafluorethylene, a membrane principally used in pneumatic, multi-layered systems
<b>Fresnel lenses</b>	a thin optical lens, developed by the French physicist Augustin Fresnel, consisting of concentric rings of segmental lenses and having a short focal length, commonly used in spotlights, overhead projectors and headlights of motor vehicles
<b>Fritting</b>	A dot pattern which applies shading to a structure's external ETFE layer
<b>GWh</b>	Gigawatt hour
<b>MW</b>	Megawatt
<b>Pneumatic structures</b>	structures which use pneumatic air pressure to hold the polymer membrane in place
<b>Polymer membrane</b>	any of numerous natural and synthetic compounds of usually high molecular weight consisting of up to millions of repeated linked units, each a relatively light and simple molecule permeable to substances in solution
<b>PTFE</b>	polytetrafluorethylene-coated glass fibre membrane consisting of a high-quality glass fibre fabric with a fluoropolymer coating. Suited to high-quality permanent roofs and facades, in particular if a maximum life expectancy and a first class aesthetic appearance with a self-cleaning surface is required.
<b>PVC</b>	Polyvinylchloride-coated polyester fabric
<b>Tensile structures</b>	traditional types of structure where the polymer membrane is held in place by the system being under tension
<b>Tungsten Oxide</b>	A compound of Tungsten and Oxygen commonly used in the manufacture of alloys and ceramics

## PART I

### INFORMATION ON HIGHTEX GROUP PLC

#### 1. INTRODUCTION

Hightex Group plc is a newly incorporated English public limited company established for the purposes of effecting the reverse merger between West (an AIM listed company), HTI and SolarNext, through the acquisition by the Company of the entire issued and to be issued share capital of HTI and SolarNext; and through the merger under the laws of the States of California and Delaware of West with Merger Subsidiary, a wholly owned subsidiary of the Company.

The Company currently has no trading business or investment. On Admission, the business of the Enlarged Group will be that of the profitable core HTI Group business and the developing SolarNext business. The Placing and the West Merger will bring to the Company cash resources of not less than £3.3 million after placing costs. HTI Group designs, produces and installs polymer membrane structures for use by architects and structural engineers. SolarNext owns, and is negotiating to acquire, additional 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 ("Fraunhofer ISE") in Freiburg, Germany, which has a staff of more than 400 and is the largest solar energy research institute in Europe.

The Directors envisage that, over time, the polymer membrane business can be combined with the solar business of SolarNext to form a third business, the Intelligent Buildings division. At that stage, the Directors anticipate that buildings, such as an office, hotel, visitor centre or an airport, will use products which derive from the SolarNext operations' IP, as well as the polymer membrane systems currently supplied by HTI Group, for the roof or wall cladding. It is anticipated that the ensuing result will be a building which has a lightweight roof (leading to cost reductions throughout the building), inherently lower air conditioning costs, better acoustic qualities and, moreover, a building which in part is able to meet its own energy requirements.

Completion of the HTI Acquisition and the SolarNext Acquisition is inter-conditional and is conditional upon, amongst other things, completion of the Placing and Admission. Completion of the West Merger is conditional on, amongst other things, all of the conditions to the HTI Acquisition, the SolarNext Acquisition and the Placing being satisfied or waived, save for any conditions relating to Admission. Summaries of the principal terms of the HTI Acquisition, the SolarNext Acquisition and the West Merger are set out in paragraphs 8.1, 8.2 and 8.3 of Part VI of this document.

#### 2. HTI GROUP

##### 2.1 Overview of the membrane business

HTI Group is focussed on polymer membrane technology for use by architects and structural engineers. Polymer membrane structures are used by architects and structural engineers 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 and structural engineers are able to design buildings and other structures that not only look attractive but are pleasant and functional because of the transparent and translucent nature of these materials.

The HTI Group designs, produces and installs polymer membrane structures. HTI Group is one of the world's leading suppliers of polymer membrane solutions to the building and construction industries.

Klaus-Michael Koch is a pioneer in the polymer membrane business, and HTI Group is today one of the leaders in the field of membrane structures. It exploits modern membrane technology and know-how in this field and is at the cutting edge of the design, engineering and construction of some of the most exciting, technically advanced and architecturally stunning buildings and structures in the world today.

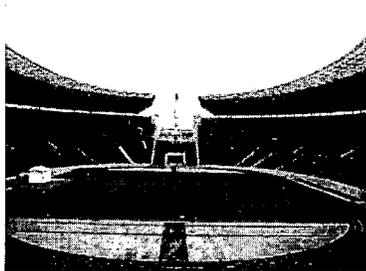
HTI Group has developed expertise and systems and uses a range of materials to meet, what the Directors consider, will be steadily increasing demand from the modern construction market for more efficient building systems to form energy conserving and intelligent buildings. The HTI Group offers a complete range of design and support services, including feasibility, concept design, detail design, fabrication, installation and maintenance.

## 2.2 Structures

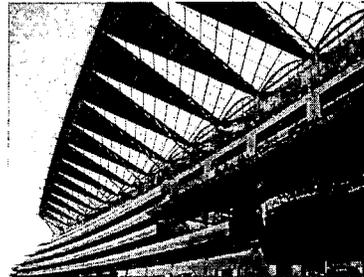
There are three fundamental types of structure that currently are used with polymer membrane designs.

### 2.2.1 Tensile Structures

Tensile structures are traditional types of structure where the polymer membrane is held in place by the system being under tension. The potential shape and form of these structures is almost infinite. By engineering them as a balanced tension system, they can be extremely lightweight, structurally efficient and are particularly useful for long span structures such as roofs of sports stadiums. Tensile structure projects typically use PTFE, a base glass fibre fabric coated with Teflon (a registered trademark of DuPont) or similar coatings that is durable and long-lasting.



*Olympic Stadium Berlin,  
Germany 2004*

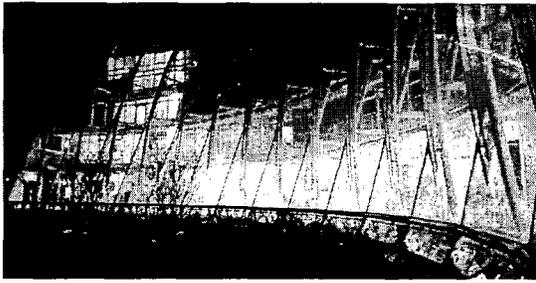


*Ascot Grandstand Racecourse,  
United Kingdom 2006*

### 2.2.2 Pneumatic Structures

Pneumatic structures use pneumatic air pressure to apply “tension” to the system. These structures developed from the market requirement to have larger unsupported areas of transparent “cladding” for covering leisure centres, swimming pools, atria and similar buildings. A typical panel consists of two or more layers of transparent foil (membrane), held around the perimeter with an aluminium frame and inflated with air pressure to stabilise it against wind and applied load. The foil most commonly used is ETFE which was introduced to the European membrane market for architecture and solar applications by Klaus-Michael Koch’s father, and is extremely durable and virtually unaffected by sunlight and weather.

A panel using ETFE is three metres wide and almost any length that can be handled. This system is extremely light-weight, less than  $1.5\text{kg/m}^2$ , even when using three layers. This compares with a triple glazed glass weight of some  $60\text{-}70\text{kg/m}^2$ . As a consequence, a membrane roof is approximately one fortieth (1/40th) of the weight of an equivalent glass roof. The elimination of so much weight in the roof will dramatically reduce the load bearing requirement within the structure and result in savings in the use of materials and cost throughout such a new building.



*Transparent Energy façade, Bad Tölz  
Germany 2003*



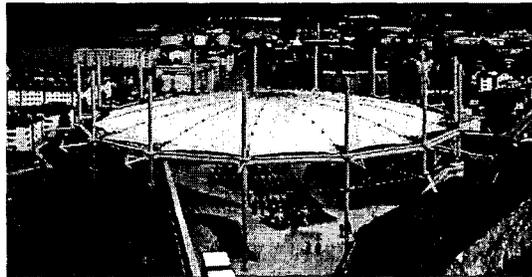
*Alnwick Garden, Northumberland,  
United Kingdom 2005*

The translucent ETFE foil is extremely transparent. Although this is a big benefit to some applications, such as greenhouses and covers for solar units, for other applications, such as transparent atria and leisure buildings, the high transparency gives too much solar gain in the building. It is normal, therefore, to apply shading to the external ETFE layer in the form of a printed dot pattern known as “fritting”. The density of the dots can be varied depending on the precise requirements of the project.

There can be significant benefits from combining these roof systems with CPU which use Fresnel lenses to concentrate the light. This is because with the fritting, the energy is simply expelled from the building and wasted, whereas a CPU system allows one to keep the same level of daylight coming from the “diffuse” sunlight and collect the “direct” energy with the CPUs and to use it directly as heat or convert it to electricity.

### **2.2.3 Retractable Structures**

With the requirement to have sports played on natural turf, but also to be able to exclude rain and wind, an increasing number of venues are choosing to have a retractable and/or transparent roof. Membrane systems are ideal for this application in that they are lightweight and, with the correct material grade, can lend themselves well to being folded and unfolded. An example is the new retractable roof at the Centre Court, Wimbledon, UK, whose material is due to be supplied and fitted by the Company in time for the 2009 tournament.



*Kufstein Castle,  
Austria 2006 (closed roof)*

Projects that HTI Group (or in the case of projects before HTG was formed in 2001, its management) has completed include: the Mound Stand at Lord’s Cricket Ground, UK (1988); the membrane façade at the Burj Al Arab Hotel in Dubai, U.A.E (1997); the Pusan Stadium in South Korea (2002); the Olympic Stadium Berlin, Germany for the 2006 World Cup (2004); the new Grandstand at Royal Ascot Racecourse, UK (2006); and the passenger concourses at the New Bangkok International Airport, Thailand (2006).

### **2.3 Markets and marketing strategy**

HTI Group works on projects worldwide. It currently operates in Switzerland, Germany, UK, Poland, Thailand, Australia and the United States.

Sales and marketing for the HTI Group is currently co-ordinated through HTG, a wholly owned subsidiary of HTI, and is progressed by its sister companies and the overseas offices generally on a geographical basis.

The Directors and senior management of the Company take an active role in sales and marketing activities especially in relation to larger international projects. Current sales activities have focused on the traditional market areas of Europe, Middle East and South East Asia and also follow the trend of regular project opportunities such as the Olympics, as a result of international sports events such as football, rugby and cricket world cups, Commonwealth Games and other similar events. All HTI Group's international membrane activity has been obtained directly through the work of the executive directors and senior management of HTI Group.

Experience to date suggests that once an architect becomes aware of the design possibilities of polymer membrane in architecture and has used it successfully, that architect continues to employ such technology. For example, in the UK, Sir Michael Hopkins first used the membrane technology in 1988 for the Mound Stand at Lord's Cricket Ground, UK, and has subsequently used the membrane technology in the Inland Revenue Amenity Building in Nottingham, the SAGA Headquarters building near Folkestone and the Alwick Gardens Visitor Centre in Northumberland, all situated in the UK.

In previous years, the significant financial requirements of the project business (bonding matters and prefinancing) have restricted the available financial resources to spend on marketing which are necessary to increase the scale of the business. As part of a listed group and with the greater financial resources thereby available, the Enlarged Group intends to increase its expenditure on sales and marketing, not only by employing suitably qualified individuals as senior salesmen, but also by creating a small dedicated marketing department to arrange seminars and workshops aimed at particular architects and structural engineers worldwide.

In order to underpin its growth, the Enlarged Group intends to widen its target market to include other important markets such as the Americas, Australia, Africa, India and other Asian countries. The Directors intend to penetrate these markets by increasing sales and marketing activities in these regions, with additions to resources as necessary, through joint ventures and other strategic alliances. To that effect, HTI Group has recently appointed a Senior Sales Director in the Americas. This candidate has a successful track record working within the industry in the USA and will be tasked with expanding the Enlarged Group's business in the Americas.

The Enlarged Group proposes to make other suitable appointments as appropriate elsewhere in Europe and worldwide.

#### **2.4 Contracts and customers**

HTI Group seeks to obtain a good balance of large, medium and smaller project contracts. It classifies large contracts as those greater than €2.5 million, medium as between €0.5 and €2.5 million and small contracts as less than €0.5 million.

Large contracts typically have relatively larger profit margins. Medium sized contracts help to provide a steady workload of the various departments, especially the design office and the fabrication / execution. Small projects are restricted to a reasonably small number at any one time, since they generally require disproportionately high input from the in-house design team. Such projects can often generate significantly high publicity due to their complexity and uniqueness.

Examples of typical projects, classified into the three categories are:

- New Bangkok Airport, Thailand (large)
- Olympic Stadium Berlin, Germany (large)
- State Pavilion Madrid Airport, Spain (medium)
- Centre Court Wimbledon, England (medium)
- Serpentine Gallery Pavilion in Hyde Park by Rem Koolhaas, London, UK (small)
- Roof for the pavilion for the Pope's forthcoming visit to Munich, Germany (small)

The customers for nearly all projects are general contractors although there are exceptions, such as the Serpentine Gallery Pavilion in Hyde Park, London, UK which was commissioned by the Serpentine Gallery, and occasionally the customer will be local authorities and private customers directly.

Where there are proposals for buildings to use architectural membrane technology, the specialist contractor such as HTI typically gets involved in the early phase of principal design decisions long before the general contractors are selected. The Directors believe the explanation for this is that, generally, architects and structural engineers are not very experienced in membrane technology, given that it is a relatively young discipline in the construction industry. However, a limited but increasing number of architects and engineers have earned a reputation as “membrane designers” and use this technology frequently in combination with the traditional building materials such as wood, stone, glass and metal. In order to increase the prospect of securing a sale, Hightex believes it to be very important to support these designers in the early phase of a project design. They believe that this helps to promote general awareness of the possibilities for membrane architecture and therefore to help to create repeat business.

The management of HTI, particularly Klaus-Michael Koch, Kurt Koch and David Walker have created an international network of designers who, based on positive experience with the HTI team, tend to repeat business, regardless of the identity of the general contractor or customer.

## 2.5 Competitive environment

The Directors of the Company are aware of the competitors listed below, in the core membrane business, but intend to position themselves at the forefront of the perceived shift towards more energy efficient and intelligent buildings. The Directors believe that there will be an increasing demand for more energy intelligent structures (as already evidenced by HTI Group’s projects at New Bangkok International Airport and Alnwick Garden’s Visitor Centre, UK) and so intend to differentiate the Company from its competitors by integrating the solar energy and acoustic technology in these modern lightweight building systems.

The Directors believe that some of the key market strengths of the Company include: quality detailing and value engineering; experience in setting up and managing large international projects; experience in having in-house factory and installation supervisors; an international network of contacts in many countries; and its relationship with Ogawatec in Japan.

The principal competitors and the material in which the Directors believe they compete with HTI Group:

<i>Competitor</i>	<i>Main areas of activity</i>	<i>Material portfolio</i>
Canobbio	Italy, Spain, Portugal	PVC, PTFE
CENO TEC	Germany, Turkey	PVC, PTFE, ETFE
Covertex	Germany, UK, China	PVC, PTFE, ETFE
Vector Foiltec	Germany, UK, US, China	ETFE
Ogawatec	Japan	PVC, PTFE
Taiyo Membrane	Japan, US, Australia, China, Europe, Middle East	PVC, PTFE

The Directors consider that, in the core membrane business, the principal competitors based in Europe are: Covertex GmbH and CENO TEC GmbH (Germany); Vector Foiltec (UK and Germany); and Canobbio S.p.A. (Italy). Outside Europe, the Directors consider that they face only one substantial international competitor, the Japan-based Taiyo Membrane Corporation.

The competition in the pneumatic systems is, thus far, limited to CENO TEC, Covertex and Vector Foiltec.

### 3. SOLARNEXT

#### 3.1 Overview

It is widely recognised that fossil fuels are a limited resource. The Directors believe that this scarcity, combined with growing awareness of the issues of pollution, greenhouse gases and other negative effects associated with fossil fuel combustion will increasingly lead industry, business and the consumer to turn to alternative energy sources as a viable replacement. Solar energy is the earth's primary and ultimate renewable energy source. The Directors feel that with the Company's existing know-how in membrane technology and the commercialisation of membranes, particularly in a construction environment, there should be opportunities where it could combine membrane technology with solar energy related products. SolarNext was therefore established in 2000 to exploit these opportunities.

SolarNext is exploring new technologies and is in discussions with the Fraunhofer ISE and similar institutions regarding the commercialisation of any relevant IP.

Professor Thomas Herzog, Professor at the Technical University in Munich, Chair of Building Technology and Dr Volker Wittwer, the Vice-Director of the Fraunhofer ISE, have both agreed to join the Advisory Committee of the Company. The Directors believe this will enhance the relationships and the transfer of knowledge between these institutions and the Company. Further information on the Advisory Committee can be found in paragraph 6 of Part I of this document.

The Company is building a team with responsibility for developing the solar business and for bringing into commercial existence any products identified by the team and by the Advisory Committee. Klaus Wende joined the Company as Head of SolarNext in March 2006, and Dr Uli Jakob, who previously worked as General Manager at the Centre of Applied Research of Sustainable Energy Technology – zafh.net, Stuttgart, Germany, will join the Company in September 2006 as Head of the solar cooling unit.

On 21 July 2006, a general meeting of the shareholders of Sun Affairs AG resolved to change the name of the company to SolarNext AG.

#### 3.2 Solar Products

The Directors have reviewed a wide range of actual and potential solar products. Following this review, the Directors decided to focus on commercialising and developing Concentrated Envelope Power, Solar Cooling and Solar Desalination.

##### 3.2.1 *Concentrated Envelope Power*

Concentrated envelope power units integrate membrane technology and solar-power energy systems into the roof of lightweight structures thus generating both electricity and heat.

The photovoltaic cell using silicon layers has become one of the most reliable components for converting light into electricity. Importantly, photovoltaic cells become more efficient when greater intensities of light are targeted on them. Also, as the photovoltaic cell is the most costly single component, it makes economic sense to reduce the required surface areas of this component through the use of concentrating optics.

However, one of the present drawbacks of concentrating systems is that they need tracking mechanisms sufficiently robust to withstand the elements, particularly wind. These systems can be expensive. An alternative solution offered by HTI Group and made possible by modern robust thermoplastic membranes with excellent optical properties, is to provide a less robust but more cost effective system behind a protective membrane "envelope". This is the concept of "concentrated envelope photovoltaics".

It has two primary applications – greenhouses and architectural uses.

a) *Envelope Power Greenhouse*

The combination of membrane and solar technology (a transparent roof system with CPUs, which use Fresnel lenses to concentrate the light) has led to the EPG, which creates an environment for optimal plant cultivation. With fritting, as described in paragraph 2.2.2 of this Part I, some of the energy from the sun's long wavelength rays is simply repelled by the building and wasted, whereas a CPU system allows one not only to keep the same level of daylight coming into the building from "diffuse" sunlight but also to collect the "direct" energy with the CPUs and use it as heat or subsequently convert it into electricity.

A solar-radiation filtering system installed in the roof structure of the greenhouse captures the direct solar radiation, converts it into heat and/or electricity and allows only the diffuse solar radiation sufficient for plant cultivation to enter the greenhouse interior. One beneficial consequence is that temperatures in the greenhouse are moderated so that water requirements for irrigation can be greatly reduced.

Depending on specific needs, EPGs can be equipped with concentrator PV modules for generation of electricity or with thermal receivers to generate heat, for instance for heating the greenhouse at night. Thus, the EPG is a multifunctional system both for the production of agricultural goods in an optimal greenhouse environment and the production of solar-generated electricity to be fed into the national grid or stored and used locally.

The Directors believe that the integration of solar power generation and greenhouse cultivation could have great synergistic effects and give rise to excellent economies of energy use on a worldwide basis. Combining membrane and solar technology can produce an optimal environment for greenhouse cultivation, increasing plant growth rate and lengthening the growing season. This combination can, at the same time, eliminate the need for external power sources and significantly reduce the requirements for water.



*Prototype of EPG in Lörrach, Germany*

b) *Envelope Power Architectural*

The EPA business will focus on design-orientated architectural projects by using membranes together with the above described photovoltaic and thermal modules. The integration of solar-power energy systems into the roof of architectural structures will generate both electricity and heat. These systems, concentrating direct solar radiation, will be equipped with tracking systems to follow the course of the sun. Since the envelopes protect these tracking systems, they can be lighter weight, lower maintenance and more economical than conventional outdoor tracking systems.

The Directors believe that the "envelope" will offer significant advantages from a technical, as well as an economic, point of view over conventional solar power solutions, especially for large spaces such as atria, stadia, airports and shopping malls.

An 80m<sup>2</sup> prototype EPG was installed in Tamera, Portugal, in 2005. Later this year, a small group of people intend to live in this "green" village as independently as possible from the outside world. It is intended that the greenhouse, which is part of the village,

will produce the power to provide heat at 200°C of heat for cooking with oil, as well as the environment for cultivation of crops. In addition it is intended to power a twin Stirling motor to produce 1 kW of electricity.

Sunvention GmbH, a company based in Lörrach, and Hightex Group are cooperating on the commercial development of this EPA IP. The Directors are intending that the first project, which will be publicly tendered in summer 2006, will be jointly offered and executed by Sunvention and the Company.

### 3.2.2 Solar cooling

The demand for air conditioning in offices, hotels, homes and elsewhere shows continued growth. Traditional methods of meeting this demand by using power derived from national electricity networks can place pressure on those networks at times of peak demand in summer and is at odds with the increasing environmental awareness. In the opinion of the Directors, the generation of the requisite cooling by use of solar energy is an intelligent alternative.

The current market for solar cooling is underdeveloped and still relatively small, with only approximately 6 MW of cooling capacity having been installed in Europe so far. However, the Directors anticipate the potential demand to be high and likely to grow. In Germany alone, 40,000 GWh of electrical power is consumed annually for the air conditioning of office buildings by common electrically driven, vapour compressor chillers.

Most solar cooling systems use absorption chillers (60 per cent. in Europe). In principle these work like normal, electrically driven, compressor refrigerators. Instead of electricity the absorption chiller in a solar cooling system uses hot water from solar thermal collectors to generate cold, e.g. for the cooling of a room or a whole building. The chillers provide cold water at temperature between 6°C and 18°C. They can therefore be used for central air conditioners as well as cooling systems with decentralised air treatment, such as fan coils and cooling ceilings. Additionally the heat source of the solar cooling system, the solar thermal collectors, could be also used for hot water during the year (swimming pool, kitchen, shower etc.) and for the heating system in winter time.

Solar cooling technology for 30 kW or more has been available commercially (for hotels, commercial buildings etc) and in limited use for several years. There is, however, no serial product yet on the market for below 10 kW, which is required for residential buildings.

In principle, no specific IP is needed, but a significant amount of know-how is required to develop alternative air conditioning units which are driven by either waste heat or by solar thermal energy.

SolarNext intends to use the existing know-how and expertise within the wider Hightex Group, possibly supplemented with the acquisition of additional external IP, to develop commercially viable solar cooling technology solutions, to address this overlooked market which is likely to undergo significant development in the future.

### 3.2.3 Solar Desalination

Well developed technologies exist for large scale desalination plants, which can process 5,000 to 130,000 m<sup>3</sup>/day. By their nature such large desalination plants need to be located in areas with a sound technical infrastructure, with access to electricity from a grid system, good transport and an adequate availability of qualified maintenance staff. These features, in turn, require such plants to be located close to centres of large population. This is an established market and supplied efficiently by the various large scale desalination technologies such as multi-stage flash, reverse osmosis and multi-effect desalination.

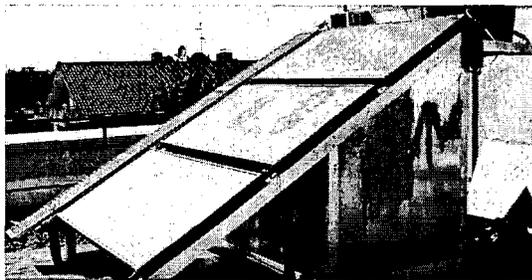
The Directors believe, however, that there is significant and unsatisfied demand for desalinated water on a smaller scale (up to 20 m<sup>3</sup>/day), particularly in the sun-belt and desert areas, and that small, decentralised, stand-alone units to meet such demand are not commercially available at present. A small unit cannot be provided by scaling down the

larger scale systems, as they are almost invariably required to survive in locations with poor infrastructure and have no additional power supply or sophisticated technical support available.

SolarNext intends to commercialise solar desalination units aimed at serving this market. A modular, small scale (100 litre per day) solar desalination unit for brackish or salt water, plus a membrane condenser, can produce drinking water. The modules can be linked to give a daily output of up to 1,000 litres (1m<sup>3</sup>), without the need for external power. These solar membrane desalination units are intended to be used for single dwellings and for emergency water supplies.

The Directors expect their customers to be intra-governmental agencies and international financial organizations, rather than the end users themselves.

The Fraunhofer ISE has developed a small scale desalination unit, based on innovative membrane distillation technology. In 2005, membrane distillation modules were installed in a series of test systems. Five prototype “compact systems” consisting of one membrane distillation module and 6m<sup>2</sup> of solar thermal collector were installed at the Fraunhofer ISE, in Gran Canaria, Egypt, Jordan and Morocco. The results demonstrate that the system can give a capacity of about 100 litres of drinking water per day.



*Compact Solar Desalination system  
installed at the Fraunhofer ISE.*

In 2006, two more systems, each with a capacity of 1,000 litres per day, have been set up in Jordan and Gran Canaria, Spain. These systems use four of the membrane distillation modules with internal heat recovery. Each system has a collector area of 80m<sup>2</sup> and a thermal energy storage tank of 4m<sup>3</sup>.

Fraunhofer ISE and the Company are in final negotiations for the Company to acquire a licence to solar desalination IP.

#### **3.2.4 Blue Window Technology**

The Company has acquired a licence for the Blue Window Technology described below, but the Directors anticipate that focus on the commercialisation of this product will be deferred until the first three products have been launched.

The cooling of buildings uses large amounts of power, especially in hot and sunny climates and when the buildings are modern constructions, which incorporate more glass and other transparent materials. The “Blue Window Technology” provides the ability to control the amount of heat and energy gain in offices and other buildings using either traditional glazing or pneumatic ETFE systems, by reducing the amount of long wavelength solar radiation that is allowed to penetrate the glass or membrane outer layer.

The Blue Window Technology is an alternative solution to controlling solar heat gain in buildings and can also be of use where there is a requirement for long wavelength light to be excluded at certain times of the day. The gasochromic system changes the colour of the membrane or glass. Two substrates, such as glass panes or foils, enclose a volume of gas containing hydrogen and/or oxygen. One substrate is coated with a thin film of tungsten and

oxygen and a thin layer of a catalyst. This coating reacts with diluted hydrogen in the gas and changes its colour from transparent to blue. By adding oxygen the coating becomes transparent again. Typical gas concentrations of hydrogen are one per cent. or below. This is below the combustion limit. The source of the gas may be small electrolyzers or gas flasks.

The commercial potential of Blue Window technology lies in the fact that solar long wavelength radiation admitted into the building can typically be reduced from 76 per cent. to five per cent. without losing the window's "see through" properties. This can materially reduce the cost of cooling buildings equipped with Blue Windows.

An exclusive licence for Europe, the United States and Japan for membrane application of this IP has been acquired by HTI from Fraunhofer ISE.

#### 4. CURRENT TRADING AND HISTORIC PERFORMANCE

The following financial information, which has been drawn up under International Financial Reporting Standards, has been extracted from the accountants' report on HTI Group and SolarNext contained in Part IV of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.

	<i>Year ended</i> 31 December 2003	<i>Year ended</i> 31 December 2004	<i>Year ended</i> 31 December 2005
	€'000	€'000	€'000
Revenues	10,676	9,635	11,760
Operating profit	755	18	800
Shareholders' equity	771	644	1,556

Gross profits for the first six months of the year remain in line with budget. An internal restructuring of the HTI Group, and the Admission process, have inevitably had an impact on the senior management's ability to focus on generating additional revenue. HTI has nonetheless made progress in 2006 with a number of significant and high profile contract wins. HTI is furthermore short listed for a number of additional contracts. The Company also continues to invest to develop and grow for the SolarNext business.

Further financial information on HTI Group, SolarNext, the Company and West is provided in Parts III and IV of this document.

#### 5. THE DIRECTORS

As at the date of this document the Board comprises:

**Dr Charles Desmond DesForges** (*Non-Executive Chairman*), aged 65

Charles DesForges is an experienced industrial manager having held senior management / board positions in several multi-national companies. He has extensive experience of the creation and management of technology-dependent businesses which exploit IP through nine years as a director at 3i plc. In recent years he has been Chairman / Director of several SMEs operating within the EU and CEO of a multi-national metal mining consortium based in Paris. He has a 1st class honours degree in applied science and a Ph.D from Cambridge University. He is past vice-president of the UK Institute of Materials and past President of TII, Luxembourg, Europe's leading professional technology transfer organisation.

**Klaus-Michael Andreas Koch** (*Chief Executive Officer*), aged 54

Michael Koch is Chief Executive Officer of the Company. He completed his Law Studies at Munich University in 1975 and in 1977 was issued his certificate as a German Lawyer. Having worked as a craftsman for his father's membrane business in his free time since High School, Michael joined his father's business full-time in 1978 and, over the next few years, became the most successful Sales Manager. In 1990 Michael was appointed Managing Director of Koch Hightex GmbH. From 1986 until 1996 he was Chairman of the German Quality Association for Membrane Roofing (KDV). In 1995 Michael received the Plunkett Award from DuPont for the best innovation with Teflon. From 2000 to present he has been Chairman of SolarNext AG. In 2004 Michael became Managing Director of Hightex GmbH.

**Frank Eduard Josef Molter** (*Finance Director*), aged 41

Frank Molter joined HTI Group in March 2004 and has been appointed Finance Director for the Company. Previously he held senior posts in the media industry including Chief Financial Officer of H5B5 Media AG (listed on the German Neuer Markt), Finance and Human Resources Director of radio NRW GmbH and was Managing Director of the start-up CALACON GmbH, an accounting services company. Previously, he worked as consultant at Roland Berger & Partner, the leading German strategy consulting company. Frank graduated with an MBA from HEC, Paris, France.

**David Peter Walker** (*Director of Business Development*), aged 52

David Walker joined Koch Hightex GmbH in 1991. He was appointed International Sales Director and based in Germany from 1993 to 1997 and Director of Koch Membrane Japan Co. Ltd from 1995 to 2000. He was appointed Managing Director of Hightex Ltd in 2001 and to the Board of the Company in July 2006. David graduated in 1976 with an Honours degree in Physics & Electronics from the University of Brighton before founding and becoming Technical Director of SERAC (Solar Engineering Research And Components) from 1977 to 1988, when he became Managing Director of SERAC until 1991.

**Charles Adam Laurie Sebag-Montefiore FCA** (*Non-Executive Director*), aged 56

Charles Sebag-Montefiore qualified as a Chartered Accountant in 1974 and was appointed an executive Director of Ludgate Investments Limited, an independent corporate advisory company, in October 2004. He is also a non-executive Director of West. He was a partner of Grieveson Grant & Co from 1985 to 1986 and an executive Director of Kleinwort Benson Securities Ltd (1986-1994), of Elderstreet Private Equity Ltd (1997-1999) and of IDJ Limited (1999-2004). He was a non-executive Director of Euclidian plc (1994-1999) and of Kiln plc (2001-2006).

## 6. ADVISORY COMMITTEE

The purpose of the Advisory Committee is to give the Company the benefit of the collective experience of its members, all of whom have known the Company, and in particular Klaus-Michael Koch, for several years. It is expected that the Advisory Committee will meet formally at least twice a year but that its members, as individuals, will regularly give the Company the benefit of their advice in the area of their respective expert knowledge.

**John Humphrey Gunn**, aged 64

John Gunn is a director of a number of quoted and unquoted companies including Ashley House plc, Ceres Power Holdings plc, Corac Group plc, HydroDec Group plc and Ludgate 181 (Jersey) Limited. He is also founder and director of Scheidegg Limited, which specialises in venture capital for high growth early stage companies. He was formerly chief executive officer of Exco International plc and chairman of Telerate Inc and of British & Commonwealth Holdings plc.

**Professor Thomas Herzog**, aged 65

Professor at the Technical University in Munich, Chairman of Building Technology. He founded his own practice as an architect in 1972 and has specialised in the development of buildings using renewable forms of energy and the development of new building products. Whilst remaining in practice as an architect throughout his professional career, in 1982 he commenced research and development work for the European Commission in Brussels and in 1993 was appointed Professor of Design and Building Construction at the Technical University in Munich. In 2003, he was appointed Guest Professor at both Tsinghua University, Beijing, China and Graham Professor at the University of Pennsylvania, USA. He has won many international awards, including the Mies Van der Rohe Prize in 1981 and the EuroSolar Prize for Architecture and Urban Planning in 1998. His architectural practice has specialised in the combination of the external appearance of a new building with its positioning and the possibility of making use of solar energy for heating purposes, cooling, ventilation and power generation. He is the author of several books on aspects of architecture and solar energy.

**Luitpold, Prince of Bavaria**, aged 55

Luitpold has been Managing Director of König Ludwig Schloßbrauerei Kaltenberg since 1976. He built the brewery from a small regional brewery into an international specialist brewery with franchise agreements in beer production, other consumer goods and restaurants. He has served as representative

of the food and drink industry to the Munich Chamber of Commerce as well as in the foreign trade department of the Chamber of Commerce.

**Dr. Volker Wittwer**, aged 62

Dr. Wittwer is the Deputy Director of the Fraunhofer ISE. He studied physics at the Technical University of Munich (1966-1971), specialising in Solid States Physics and worked on his doctoral thesis at that University between 1971 and 1974. He then joined the Fraunhofer ISE in Freiburg and was appointed head of the "Thermal and Optical Systems" department. He has conducted research work in the field of transparent insulation materials, selective coatings and solar thermal systems. In 1996, he was appointed deputy director of the Fraunhofer ISE. He is a lecturer in applied physics at the University of Oldenburg and since 1998 has been a lecturer at the University of Freiburg in Micro-Systems Technology. He has co-ordinated large joint projects in Germany and in the EU and is a member of the editorial board of the Journals "Solar Energy" and "Solar Energy Materials and Solar Cells".

**7. SENIOR MANAGEMENT, OTHER EMPLOYEES AND PREMISES**

**Kurt Koch** (*Head of Membrane*), aged 53

Kurt Koch joined HTI Group in August 2004 as Managing Director responsible for the membrane business of the group. Prior to his appointment, he had held a number of senior posts in the engineering and construction industry, including Sarnafil AG, Switzerland, where he was head of the Membrane Structures department from 1987 to 1998. From 1998 to 2001 he was an independent representative in Europe on Long Span Structures (mainly stadiums) for Birdair Inc. (USA) and in the period 2001-2004 he worked as Project Director on projects such as Berlin Olympic Stadium (Germany), Frankfurt Soccer Stadium (Germany) and Khalifa Stadium in Doha (Qatar).

**Klaus Wende** (*Head of Solar*), aged 52

Klaus Wende qualified as an M.Eng in 1979 and as an MBA in 1982. He is responsible for the solar business of Hightex Group and was appointed CEO of SolarNext AG in March 2006. Prior to this he was manager of BMW AG in Munich from 1982 to 1990, senior manager of BMW South Africa from 1990 to 1992, internal consultant for Würth GmbH from 1993 to 1996 and Director of Marketing & Sales of Wanzl GmbH from 1996 to 2005.

**Employees**

The Enlarged Group will, on Admission, have a total of 34 full-time and 2 part-time employees (excluding Directors). The Company also owns 50 per cent. of Metal System Sp z.o.o which has 28 employees, of which 23 are full-time and 5 are part-time.

<i>Department</i>	<i>GER</i>	<i>CH</i>	<i>UK</i>	<i>Total</i>
Sales & Marketing	4	1	1	6
Administration / HR / Finance	2	1	1	4
Engineering	4	1	1	6
Production	3	-	-	3
Project Management	4	-	1	5
Installation	10	-	-	10
Solar Business	2	-	-	2
<b>Total</b>	<b>29</b>	<b>3</b>	<b>4</b>	<b>36</b>

**Premises**

The principal office is currently located at Hochstätt 12, 83253 Rimsting, Germany, and will in October 2006 move to more convenient premises at nearby Nordstrasse 10, 83253 Rimsting. The new building comprises 1,152m<sup>2</sup> and will provide office space, design rooms and the design archive. The building has been leased for four years with an option to renew. The Directors believe that the building will contain sufficient space to accommodate the activities of the Company for the foreseeable future. In addition,

HTG plans to acquire a commercial building, immediately adjacent, which has the potential to act as the technology centre for the Enlarged Group. This adjacent building can be used as exhibition space, for prototype assembling and for pilot run production in the solar business, whereas other parts of it may be used as a warehouse.

## **8. PRINCIPAL TERMS OF THE HTI ACQUISITION, THE SOLARNEXT ACQUISITION AND THE WEST MERGER**

### **8.1 HTI Acquisition**

The HTI Acquisition is to be implemented by means of the HTI Offers. Under the terms of the HTI Offers, HTI Shareholders will receive 86 Consideration Shares in consideration for every one share of HTI they hold. The Loan Notes will convert automatically upon Admission, pursuant to the provisions in the Loan Note Instrument, and, thereafter, HTI Noteholders shall receive 86 Ordinary Shares for every one share in HTI they receive following conversion of their Loan Notes. Completion of the HTI Acquisition is conditional, amongst other things, upon completion of the West Merger and Admission.

Pursuant to a deed dated 9 June 2006, HTI issued the Hightex Warrants. Upon Admission, the Hightex Warrants will convert into warrants over 1,128,750 Ordinary Shares on equivalent terms.

### **8.2 SolarNext Acquisition**

The SolarNext Acquisition is to be effected by a share purchase agreement under German law between the current owner of SolarNext, Koch Projekt GmbH, a company incorporated in Germany, and the Company. The consideration price for the transfer of the SolarNext shares payable by the Company includes a nominal consideration of €1.00, payable at signing, and a deferred additional consideration of €50,000 payable if, from the date of the SolarNext Share Purchase Agreement up to 31 December 2008, SolarNext's profits exceed its carried forward losses. If on or after 31 December 2008, SolarNext's profits do not exceed its carried forward losses, the Company shall cease to have any obligation to pay the additional consideration. The SolarNext Share Purchase Agreement is conditional, among other things, on Admission, the HTI Offers and on the discharge by SolarNext of two subordinate shareholder loans for €10,000 each granted by Koch Projekt GmbH on 28 April 2003 and 12 May 2005, respectively, together with interest accrued as of the date of the SolarNext Share Purchase Agreement, for total aggregate amount of €21,693.35 ("Koch Projekt Shareholder Loans"). The Koch Projekt Shareholder Loans are to be discharged by SolarNext through the grant by the Company of a subordinated shareholder loan in the amount of €21,693.35 upon completion of the SolarNext Acquisition Agreement ("Company SolarNext Loan"). Among other things the Company SolarNext Loan accrues simple interest at a rate of 5 per cent. per year. Further details on the SolarNext Share Purchase Agreement and the Company SolarNext Loan are set out in paragraphs 8.2 of Part VI.

### **8.3 West Merger**

The West Merger is to be implemented by means of a statutory merger under the laws of the State of California and the State of Delaware between West and the Merger Subsidiary pursuant to the terms of which, all West Shares will be cancelled in consideration for the issue by the Company of 39,195,747 Consideration Shares, in aggregate, to the former West Shareholders and up to a further 1,434,561 Consideration Shares will be issued to holders of West Options and West Warrants over West Shares pursuant to the proposals described in paragraph 3.14 of Part VI of this document. Completion of the West Merger is conditional, amongst other things, on the approval of a simple majority of the outstanding West Shares entitled to vote on the proposal at the West Special Meeting, West having cash in its bank account of not less than £1.9 million at Completion, and the Placing Agreement, HTI Acquisition and SolarNext Acquisition being unconditional save as to Admission.

West Shareholders are entitled under certain circumstances to dissenters' rights under California law. Any West Shareholder who does not wish to accept Consideration Shares in return for their West Shares pursuant to the West Merger and who did not vote in favour of adopting and

approving the merger agreement may dissent from the merger and elect to have the fair value of his West Shares judicially appraised and paid to such shareholder in cash.

The West Circular has been sent to West Shareholders convening the West Special Meeting. Shareholders representing approximately 15 per cent. of the West Shares entitled to vote on the resolutions to approve the West Merger have irrevocably undertaken to vote in favour of them.

West Shareholders will also vote on a proposal to increase West's authorised share capital from 400,000,000 shares to 425,000,000 to accommodate the issue of new West Shares to holders of West Warrants and West Options who have surrendered their outstanding warrants and options in exchange for such new shares. Holders of West Warrants who do not surrender their warrants will have their warrants rolled over into new warrants over the Company on such terms as to reflect the fact that the existing warrants are "under water". Further details of the West Merger are set out at paragraph 8.3 of Part VI and of the potential rollover are set out in paragraph 3.14 of Part VI of this document.

#### 8.4 Shareholdings on Admission

The West Merger will give the Company access to additional cash resources of approximately £1.9 million for the development of its HTI Group and SolarNext operations.

On Admission, the shareholdings in the Company will be approximately as follows:

- the sellers of HTI and SolarNext will hold 64,454,864 Ordinary Shares in aggregate (representing approximately 54 per cent. of the issued share capital on Admission,) pursuant to the HTI Offers and the SolarNext Acquisition;
- placees under the Placing will hold 15,000,000 Ordinary Shares in aggregate (representing approximately 12 per cent. of the issued share capital on Admission,); and
- the former shareholders of West will hold 39,195,747 Ordinary Shares in aggregate and up to a further 1,434,561 Ordinary Shares will be issued to holders of West Options and West Warrants over West Shares pursuant to the proposals described in paragraph 3.14 of Part VI of this document (together representing approximately 34 per cent. of the issued share capital on Admission). This assumes that all of the West Shareholders have delivered letters of transmittal to the registrar on or prior to Admission in respect of all the West Shares in issue at the date the West Merger becomes effective.

**NOTE:**

Assuming full take up of the proposal put to holders of West Options and West Warrants, and, as regards the number of Consideration Shares to be issued to West Shareholders, assuming letters of transmittal are delivered on or prior to Admission in respect of all the West Shares in issue on the date the West merger becomes effective

The principal terms of the HTI Acquisition, the SolarNext Acquisition and the West Merger are summarised in paragraphs 8.1, 8.2 and 8.3 of Part VI of this document. The principal terms of the Placing are set out in paragraph 9 of this Part I.

## 9. THE PLACING

Subject to the HTI Acquisition, the SolarNext Acquisition and the West Merger becoming unconditional, the Placing will be £1.5 million for the Company, before expenses. After the expenses of the Placing, payable by the Company and estimated in total at £60,000 (excluding VAT), the net proceeds of the Placing are expected to be £1.44 million.

The proceeds of the Placing will be used to provide on-going working capital requirements for the Enlarged Group, to help finance the expansion of the membrane business and to develop the solar business, and to finance the purchase of a new commercial building in Rimsting immediately adjacent to the new office building.

The Placing is conditional on, *inter alia*, the HTI Acquisition, the SolarNext Acquisition, the West Merger and the Placing Agreement becoming unconditional (save, in each case, for Admission) and not having been terminated in accordance with their respective terms prior to Admission, and Admission

taking place on or before 6 September 2006 (or such later date as the Company and Ludgate may agree, but in any event no later than 31 October 2006). Further information on the Placing Agreement is set out in paragraph 9.1e of Part VI of this document.

The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission.

Dealings in the Placing Shares on AIM are expected to commence on 6 September 2006. In the case of placees requesting their Placing Shares in uncertificated form, it is expected that the appropriate CREST accounts will be credited with the Placing Shares comprising their placing participation with effect from 6 September 2006. In the case of placees requesting their Placing Shares in certificated form it is expected that certificates in respect of such shares will be despatched by post not later than the week commencing 11 September 2006. Pending despatch of definitive share certificates or crediting of CREST accounts, Capita Registrars will certify any instrument of transfer against the register.

#### **10. LOCK-IN ARRANGEMENTS**

Matrix One Limited has undertaken not to dispose of any Ordinary Shares held by them or any connected persons for a period of one year from Admission, except in certain limited circumstances, without the prior written consent of Teather & Greenwood and for a further period of six months only to dispose of such Ordinary Shares through Teather & Greenwood so as to ensure an orderly market in the share capital of the Company.

#### **11. SHARE OPTION SCHEME**

At Admission, it is proposed that the Company put in place the New Share Option Scheme. Further details of the Company's New Share Option Scheme including the principal feature of such scheme are set out in paragraph 7 of Part VI.

#### **12. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company will apply for the Ordinary Shares to be admitted to CREST with effect from Admission and CRESTCo Limited has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

#### **13. DIVIDEND POLICY**

The Directors intend that the Company will commence the payment of dividends once they consider it commercially prudent for the Company to do so, and subject to the availability of distributable reserves.

#### **14. CORPORATE GOVERNANCE**

The Directors will implement such corporate governance procedures and establish such committees of the Board, as are required for it to comply with the terms of the Combined Code, in so far as is practicable and reasonable given the size of the Company and in this regard the Board will take into account the guidance issued by the Quoted Companies Alliance.

The Company has adopted formally the principles for dealing in securities for AIM companies set out in Rule 21 of the AIM Rules and will take proper steps to ensure compliance by the Board with its code for dealings in the shares by Directors and employees.

An audit committee, to be chaired by Charles Sebag-Montefiore, and a remuneration committee, to be chaired by Charles DesForges, will be established with effect from Admission. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance, position

and prospects of the Company are properly monitored and reported on, and for meeting the auditors and reviewing their reports relating to accounts and internal controls. The remuneration committee will review the performance of Executive Directors and set the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. The remuneration committee will also determine the payment of bonuses to Executive Directors and the allocation of share options to employees.

## **15. ADMISSION, SETTLEMENT AND DEALINGS**

Application will be made to the London Stock Exchange for the entire issued share capital of the Company (comprising the existing Ordinary Shares, the Consideration Shares and the Placing Shares) to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings on AIM in the Ordinary Shares will commence on 6 September 2006. The Ordinary Shares are in registered form and are capable of settlement through CREST. Consideration Shares will only be issued to holders of West Shares if, prior to Admission, they have returned letters of transmittal to the registrar and surrendered their West Share certificates. Further Consideration Shares will be issued at 14 day intervals after Admission to the extent that letters of transmittal are returned by the holders of West Shares after Admission and West Share certificates are surrendered.

## **16. THE CITY CODE ON TAKEOVERS AND MERGERS**

The City Code will not apply to the Transactions. The City Code will furthermore not apply to the Company as it will be managed and controlled in Germany. No German takeover rules will apply as they do not apply to English incorporated companies. The implementation of the Takeover Directive (2004/25/EC) will also not affect the Company as AIM is not a regulated market and, therefore, the provisions of the Takeover Directive (2004/25/EC) do not apply to AIM listed companies going forward.

The Articles of the Company contain a mandatory offer provision for shareholders who alone or in concert acquire 30 per cent. or more of the Ordinary Shares or increase their percentage holding when holding 30 per cent. or more but not more than 50 per cent. of the Ordinary Shares. These are described briefly in paragraph 4.2n of Part VI of this document.

Shareholder's attention is drawn to the fact that as a result of the HTI Acquisition and the SolarNext Acquisition, following Admission Hightex Group will be a controlled company, with Matrix One Limited owning in excess of 30 per cent. of the Enlarged Group's share capital.

## **17. TAXATION**

Your attention is drawn to paragraph 10 of Part VI of this document, which provides a summary of UK taxation in respect of the holders of Ordinary Shares.

## **18. SECURITIES LAWS IN OVERSEAS JURISDICTIONS**

No action has been taken by the Company that would permit an offer of the Placing Shares or possession or distribution of this document or any other offering material in any jurisdiction where action for that purpose is required. The distribution of this document and the offer of Placing Shares in certain jurisdictions may be restricted by law and therefore the persons into whose possession this document comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

### **18.1 United States**

The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, or under any relevant securities laws of any state, territory or other jurisdiction of the United States. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States, or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed

the merits of the placing of Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence. This offering is being made for the securities of a foreign company. The offering is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in this document have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies. It may be difficult for you to enforce your rights and any claim you may have arising under the US federal securities laws, since the Company is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of US securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a US court's judgment.

### 18.2 Australia

If you are receiving this document in Australia, you may only receive this offer pursuant to this document if you are either a “sophisticated investor” capable of satisfying the criteria for the exemptions in section 708 of the Australian Corporations Act 2001 (Cth) (“Australian Corporations Act”) namely: (i) a professional investor within the meaning of section 708(11) of the Australian Corporations Act; or (ii) an individual investor with an aggregate investment of, or commitment to invest \$AUS500,000 in the Company; or (iii) an investor who has provided to the Company within the last six months an accountant’s certificate confirming your income and/or assets in accordance with section 708(8) of the Australian Corporations Act; or if the provisions of 708(1) permits this offer to be made to you. Investors in Australia should be aware that an offer of Ordinary Shares for sale by a holder to a person receiving such an offer for sale in Australia may be regulated by the provisions in section 707 of the Australian Corporations Act and any relevant Class Order issued and varied by the Australian Securities and Investments Commission (“Secondary Sale Provisions”). However, any offer of sale of the Ordinary Shares to persons outside Australia will not be regulated by the Secondary Sale Provisions. Any recipient of Ordinary Shares who received this document in Australia agrees to be bound by and to comply with the Secondary Sale Provisions (if required) in respect of any subsequent resale of the Ordinary Shares within twelve months of the issue.

### 18.3 New Zealand

This document is only being distributed in New Zealand to existing West Shareholders in accordance with the terms of the Securities Act (Hightex Group plc) Exemption Notice 2006 and may not be distributed to any other person in New Zealand. This document is not a prospectus registered in New Zealand with the Registrar of Companies under the New Zealand Securities Act 1978 and may not contain all the information that a New Zealand registered prospectus is required to contain. Accordingly, neither this document nor any other materials or advertisements relating to the document may be sent to any person in New Zealand, nor may Ordinary Shares be offered or issued directly or indirectly to any person in New Zealand, other than in accordance with the Securities Act (Hightex Group plc) Exemption Notice 2006.

## 19. FURTHER INFORMATION

**Your attention is drawn to the further information set out in the remainder of this document including Risk Factors in Part II, the Accountant’s Reports in Parts III and IV, the Pro-Forma Statement of Assets in Part V, and the Additional Information in Part VI of this document. Shareholders are advised to read the whole of this document and not rely solely on the summary information presented in Part I or the Key Information on page 5.**

## PART II

### RISK FACTORS

The Board believes that an investment in Ordinary Shares may be subject to a number of risks. Investors and prospective investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including, in particular, the risks described below, before making any investment decision. The information below does not purport to be an exhaustive list. In particular, the Enlarged Group's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements. Investors and prospective investors should consider carefully whether investment in Ordinary Shares is suitable for them in light of the information in this document and their personal circumstances.

In addition to all other information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the action you should take, you should consult a personal adviser authorised under the Financial Services and Markets Act 2000, who specialises in advising on investments of this kind before making any investment decisions. If any of the following risks were to materialise, the Enlarged Group's business, financial conditions, results or future operations could be materially adversely affected. In such cases, the market price of the Company could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial may also have an adverse effect upon the Enlarged Group.

#### General

##### *Investment in unlisted securities*

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies 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 an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

An investment in the Ordinary Shares may not be suitable for all readers of this document. Potential investors are accordingly advised to consult an appropriate person authorised under the Financial Services and Markets Act 2000 before making their decision.

##### *No prior market in the Company's Shares*

Prior to Admission, there has been no public market for the Ordinary Shares. There can be no assurance that the Placing Price will correspond with the price at which the Ordinary Shares will be traded following Admission or that active trading will develop and continue after Admission.

No guarantee can be given on either the liquidity in the market for the Ordinary Shares, in particular given the lock-in arrangements described in paragraph 10 of Part I of this document, or on the future success of AIM.

##### *Share price volatility*

The share price of publicly traded emerging companies can be highly volatile. The price at which the Ordinary Shares will be quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect the Company's quoted sector, or quoted companies generally. These factors could include the performance of the Company's acquisition and investment programmes, large purchases or sales of the Ordinary Shares, currency fluctuations, legislative changes in the energy technology sector and general economic conditions.

## **Risks relating to the Enlarged Group's industry**

### ***Industry practice***

Industry practice envisages payment for projects in deferred instalments and contracts typically include penalty clauses for late completion. It is an inherent risk of the building industry that due to factors outside the Enlarged Group's control, the Enlarged Group may be severely delayed or prevented completely from undertaking its part on a larger project by the actions of other contractors. Similarly, the Enlarged Group may incur late completion penalties through no fault of its own. This would have a detrimental affect on the Enlarged Group's operating results and financial condition.

### ***Warranties on polymer membrane structures***

The standard business practice in the field in which the Company operates allows the customer to require warranties relating to the integrity of the membrane structure. The Company therefore has to give such warranties on its membrane structures and thereby assume legal responsibility for any claim which might arise. The nature and length of the warranty varies from country to country and the Company has no influence on local laws or practice. In order to mitigate this risk, the Company has, for many years, provided an accrual in its balance sheet, which is based on the accumulated years of experience of the business. Additionally, the Company has set up a process for ensuring that the quality standards are as high as possible. However, there can be no assurance that there will never be a warranty claim in the future, or that if one is made, that the accrual in the balance sheet will be sufficient to cover it.

### ***Market changes***

Adverse changes in market practice in the membrane and/or solar business or other business in which the Enlarged Group operates in (whether relating to the actions of competitors, changes to government regulations or changes to prices or other market conditions) could adversely affect the Company's business, operating results and financial condition.

### ***Regulation and Laws***

The regulatory requirements the Enlarged Group must comply with are complex, multi-jurisdictional, and may restrict its ability to conduct its operations, and may also change and require the Enlarged Group to incur substantial expenditures to comply. The termination of a relationship as a result, for instance, of a failure to comply with the procurement laws or regulations could have an adverse impact on the Enlarged Group's business, operating results or financial conditions and could have a negative effect on its reputation and ability to procure future projects. Additionally, under various laws and regulations, the Enlarged Group, and/or its sub-contractors, is responsible for obtaining and maintaining a wide range of licenses, permissions and other consents from various regulatory and other public bodies in connection with its business, and is required generally to comply with the laws of the jurisdiction in which it carries on business. Although the Directors believe that, in connection with the projects the Enlarged Group has commenced work or is working on, the Enlarged Group has all material licenses and approvals, or exemptions from such licences, permissions and other consents, there is a risk that, at any point in time, certain of the Enlarged Group's licences may have expired, been supplanted by new regulations or revoked.

Whereas today, HTI Group is exclusively a partner to single projects on the territory of a specific country and in many cases with field help, the Company is planning to also start serial production, especially regarding facilities for water treatment and water desalination by the use of solar energy. For the global marketing of such products, it will be mandatory to observe the admission standards, like safety regulations, to undergo official testing procedures and to deal with all other legal provisions of different markets, which may be complex, time-consuming and multi-jurisdictional.

The interpretation and enforcement of laws and regulations are subject to change from time to time. There can be no assurance that future regulatory, judicial and legislative changes will not have a material adverse effect on the Enlarged Group, or that third parties will not raise material issues with regard to the Enlarged Group's compliance or non-compliance with applicable laws and regulations, or that other regulatory activities will not have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

### ***Foreign Currency***

The Company operates across the world, facing a number of different currencies, foreign exchange and repatriation regulations. While each of the Company's contract has a finite life, changes in any of these factors during the course of the contract may have an adverse impact on the Hightex Group.

### ***World events***

Terrorist attacks such as the attacks on the United States on 11 September 2001 and England on 7 July 2005 and the continuing response of the United States and the United Kingdom to these attacks, as well as the threat of future attacks in the United States, the United Kingdom, the Middle East and Asia or elsewhere, continue to cause uncertainty in the world financial markets and may affect the Enlarged Group's business, operating results and financial condition. The continuing conflict in Iraq may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets. These uncertainties could also adversely affect the Enlarged Group's ability to win projects in the principal regions it operates in. In the past, political conflicts have also resulted in attacks on architectural buildings such the World Trade Centre. Any of these occurrences could have a material adverse impact on the Enlarged Group's business, operating results and financial condition.

### **Risks relating to the Enlarged Group's business**

#### ***Anticipated rate of growth***

There can be no assurance that the Company will be able to achieve the level and rate of growth of sales envisaged by the Directors. Failure to achieve such sales targets could have a material adverse impact on the Company's operating results and financial condition.

#### ***Future funding requirements***

Whilst the Directors expect that the current level of funds and the net proceeds of the Placing will be sufficient to fund the Company's strategy, there is no guarantee that such amounts will in fact be sufficient. The Company's capital requirements depend on numerous factors, including the rate of market acceptance of its products and its ability to maintain and expand its customer base. Therefore, it is impossible for the Directors to predict the timing and amount of the Company's capital requirements with certainty. If the Enlarged Group's capital requirements vary materially from those planned, the Company may require further financing in addition to amounts raised under the Placing. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

#### ***Competitive bidding process***

A significant number of the Enlarged Group's contracts and tasking orders are awarded through a competitive bidding process. The Company expects that, to a certain extent, the Enlarged Group's business in the foreseeable future will continue to be awarded through competitive bidding. The competitive bidding process presents a number of risks, including substantial costs and management time and effort to prepare bids and proposal contracts that it may not win and incorrectly estimating the resources and costs structure that will be required to service any contract. The Enlarged Group may also face additional competition in the bidding process either from existing competitors or new market entrants, and face expense, delay or loss of an awarded contract if its competitors protest or challenge awards or contracts to the Enlarged Group. The Enlarged Group may also be disadvantaged in the bidding process for overseas contracts by preferences for bidders or other bidders based on socio-economic factors. Failure to win material bids could restrict the Enlarged Group's, and consequently the Company's, growth opportunities for the future.

#### ***Competition***

The Enlarged Group operates in a competitive environment and the market for polymer membrane structures and solar power solutions is rapidly evolving and competitive. Although the Directors believe the Enlarged Group is one of the market leaders in its field, the sector in which the Enlarged Group operates is competitive and there is no certainty that the Enlarged Group will be able to achieve

growth targets or that the market it intends to exploit can be exploited to the extent indicated by the Enlarged Group. Competition may come from companies which have greater development, marketing, financial and personnel resources than the Enlarged Group. As a result, the Enlarged Group, and consequently the Company, may not meet its revenue or profitability targets. There is no guarantee that the Enlarged Group will continue to be able to expand its operations nor that it will retain its present customer base.

***The Company's expansion into additional international markets may not be successful***

The Enlarged Group has invested time and effort and incurred expenses in executing a strategic development plan in the Americas, Middle East and Asia. This effort has focused on identifying strategic partners in the Middle East and Asia and in the appointment of a senior sales director in the Americas. If the Enlarged Group's expansion into additional international markets is not successful for any reason, the Company's business, operating results and financial condition could be materially adversely affected.

***Dependency on architects and structural engineers***

Architects and structural engineers will be fundamental to the Enlarged Group's development, as they will be the driver of technology developments in the sector. If the Company fails to develop partnerships and alliances with such architects and structural engineers that ensure its membrane and solar power technologies are incorporated into these architects' and structural engineers' products, its business and financial condition may be adversely affected.

***Reliance on third party suppliers and contractors***

The Company relies on third party suppliers to manufacture parts and materials and on subcontractors to assist in the installation of the membrane structures on site. If the Company is unable to obtain the raw materials or services at a price, of a quality, and within a timescale that is necessary to meet the customer's demands, it could have a material and adverse effect on the Company's business.

***Technology***

At present the core technology of the Company is polymer membrane structures and solar power solutions. Polymer membrane technology has undergone testing and has been used commercially since 1970. No assurance can be given that the Company's product development efforts will be successful, that any potential product will be capable of being produced in commercial quantities at an acceptable cost or that any products, if introduced, will achieve market acceptance. Furthermore, any products that may be developed through the Company's R&D program or licence negotiations will not be commercially available for at least 2 or 3 years, if at all. These risks also apply to the Company's secondary technology and its development.

***Intellectual property***

Despite precautions taken by the Company to protect its technology, unauthorised parties may attempt to copy or obtain and use its technology for incorporation in their own products. There is also a risk that the Company's technology could be superseded by alternative technological solutions, or technological advances by competitors. To the extent that the Company's products are protected by intellectual property rights, litigation may be necessary to enforce such rights and could result in losses to, and diversion of effort by the Company, with no guarantee of success.

***Market acceptance***

Whilst the Directors believe that there exists a viable market for the Company's products, there can be no assurance that such technology will continue to prove to be an attractive alternative to conventional products. The development of a market for the products is affected by many factors, some of which are beyond its control, including the emergence of newer, more competitive technologies and products, the future costs of energy and the cost of the Company's products themselves. If a market fails to fully develop or develops more slowly than anticipated, the Company may be unable to recover the losses it will have incurred in the development of its products and may never achieve profitability. In addition, the Directors cannot guarantee that the Company will continue to develop, manufacture or market its

products or components if market conditions do not support the continuation of the product or components.

***Small management team***

The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of the Directors and senior management. In common with similar sized companies, the Company has a small management team and accordingly, the loss of any one Executive Director or senior member of the management team may have a material effect on the strength of the management team until a suitable replacement is found.

***Reliance on key personnel***

The Enlarged Group will be dependent on certain key personnel, the loss of whose services may delay or prevent the achievement of business objectives. The ability to retain and attract qualified individuals is critical to the Enlarged Group's success. There can be no assurance that the Enlarged Group will be able to attract and retain such individuals currently or in the future on acceptable terms, if at all, and the failure to do so would have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

The process of locating, training and integrating successfully such personnel into the Enlarged Group's operations may be lengthy and expensive. The Enlarged Group's growth may place strain on its administrative, operational and financial resources and increase demands on its systems and controls.

***Service disruption***

The Enlarged Group is vulnerable to disasters and system failures, both internally and at third-party providers, which may disrupt its service, damage its reputation, result in it losing users or require it to make compensation payments. Any of these occurrences could have a material adverse impact on the Enlarged Group, and consequently the Company's, business, operating results and financial condition.

***Forward looking statements***

Historical facts, information gained from historic performance, present facts, circumstances and information and assumptions from all or any of these are not a guide to the future. Statements as to the Enlarged Group's aims, targets, plans and intentions and any other forward looking statement referred to or contained herein are no more than that and do not comprise forecasts. Any such forward looking statements are based on assumptions and estimates and involve risks, uncertainties and other factors, which may cause the actual results, outcome, financial condition, performance or achievements of the Enlarged Group to be materially different from any future results, performances or achievements expressed or implied by such forward looking statements.

**Although the Directors will seek to minimise the impact of the risk factors, investment in the Company should only be made by investors able to sustain a total loss of the investment. Investors are strongly recommended to consult an investment adviser authorised under FSMA (who specialises in investments of this nature) before making a decision to invest.**

## PART III

### ACCOUNTANTS' REPORT ON HIGHTEX GROUP AND WEST

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



3 Sheldon Square  
London  
W2 6PS

The Directors  
Teather & Greenwood Limited  
Beaufort House  
15 St Botolph Street  
London  
EC3A 7QR

4 August 2006

Dear Sirs

#### **Hightex Group Plc**

We report on the financial information set out below which has been prepared for inclusion in the AIM Admission Document (the 'Document') dated 4 August 2006 of Hightex Group Plc (the 'Company') on the basis of the Company's accounting policies. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that schedule and for no other purpose.

#### **Responsibilities**

The Directors of the Company are responsible for preparing the financial information as described in the 'Basis of Preparation' set out below and in accordance with applicable International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a fair presentation, for the purposes of the Document and to report our opinion to you.

#### **Basis of opinion**

We conducted our work in accordance with 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 judgements 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 Document dated 4 August 2006 a true and fair view of the state of affairs of the Company and West as at the dates stated, and of the surplus, deficits and cash flows of West for the periods then ended, in accordance with the basis of

preparation set out below and in accordance with applicable International Financial Reporting Standards and has been prepared in a form that is consistent with the accounting policies adopted by the Company.

**Declaration**

For the purposes of Paragraph a of Schedule Two of the AIM Rules we are responsible for this report as part of the 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 Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

**MRI Moores Rowland LLP**  
*Chartered Accountants*

**Part A – Financial information on the Company**

**BALANCE SHEET**

	<i>30 June 2006</i>
	€
<b>Current assets</b>	
Share capital not paid	72,500
<b>Total Assets</b>	<u>72,500</u>
<b>Shareholders' equity</b>	
Issued share capital	72,500
<b>Total liabilities and shareholders' funds</b>	<u>72,500</u>

**STATEMENT OF SHAREHOLDERS' EQUITY**

	€
Shareholders' equity on incorporation	72,500
<b>Shareholders' equity at 30 June 2006</b>	<u>72,500</u>

The Company was incorporated on 28 June 2006 with authorized share capital of £50,000 divided into 4,999,800 Redeemable Shares of £0.01 each and 200 Ordinary Shares of £0.01 each.

Charles Sebag-Montefiore and Charles DesForges, as subscribers for the ordinary and redeemable shares, undertook to pay-up the shares on the earlier of Admission or 31 December 2007.

## NOTES TO THE FINANCIAL INFORMATION ON THE COMPANY

### 1. Business of the Company

The Company was incorporated under the laws of England and Wales on 28 June 2006. The Company was established for the purpose of effecting the acquisition of the entire issued share capital of the HTI Group and SolarNext, and the acquisition of West through a wholly owned subsidiary formed as a US limited liability company (the "Merger Subsidiary"). This latter acquisition is to be achieved through the West Merger, under the laws of the States of California and Delaware. Neither the Company nor Hightex Americas LLC has traded since their respective incorporation and formation.

### 2. Basis of preparation of the financial information on the Company and accounting policies

#### *Basis of preparation*

The financial information has been prepared in accordance with International Financial Reporting Standards and is stated in Euros.

#### *Foreign currency translation*

The reporting currency of the Company is the Euro. The financial information has been translated into Euros at the closing rate of exchange ruling at the end of the reporting period.

#### *Comparative figures*

No comparative figures have been presented, as the period from incorporation on 28 June 2006 to 30 June 2006 is the Company's first period of account.

### 3. Events after the Balance Sheet date

On 21 July 2006, the Company became the owner of 100 per cent. of Hightex Americas LLC.

On 4 August 2006, West announced its conditional merger with Hightex Americas LLC in a merger governed by California and Delaware law, whereby the merged entities will fuse and West will cease to exist as a separate corporate entity as described in paragraph 1 above.

### 4. Nature of financial information

The financial information presented above does not constitute statutory accounts for the Company for the period ended 30 June 2006.

**Part B – Financial information on West**

**INCOME STATEMENTS**

	<i>Notes</i>	<i>31 Mar 2004 €'000</i>	<i>31 Mar 2005 €'000</i>	<i>31 Mar 2006 €'000</i>
Turnover		–	–	–
Administrative and operating expenses		312	283	158
<b>Operating deficit</b>	2	<b>(312)</b>	<b>(283)</b>	<b>(158)</b>
Non recurring credit	3	–	2,256	1
Exchange differences		194	–	–
Interest receivable	4	–	14	68
Interest payable	4	(114)	–	–
<b>Net (deficit)/surplus before and after taxation</b>	5	<b>(232)</b>	<b>1,987</b>	<b>(89)</b>
<b>Net (deficit)/earnings per share</b>				
Basic	6	(1.02 cents)	1.4 cents	(0.03 cents)
Diluted		(1.02 cents)	1.4 cents	(0.03 cents)
<b>Shares used in net (deficit)/earnings per share calculation:</b>				
Basic		22,730,038	138,245,605	291,957,470
Diluted		22,730,038	138,795,504	296,029,858
<b>Shares in issue at end of year</b>		<b>22,730,038</b>	<b>291,957,470</b>	<b>291,957,470</b>

**BALANCE SHEETS**

		<i>31 Mar</i>	<i>31 Mar</i>	<i>31 Mar</i>
		<i>2004</i>	<i>2005</i>	<i>2006</i>
	<i>Notes</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
Current assets				
Cash and cash equivalents		7	382	1,661
Accounts receivable	7	–	1,499	9
<b>Total assets</b>		<u>7</u>	<u>1,881</u>	<u>1,670</u>
Current liabilities				
Accounts payable	8	871	139	17
		871	139	17
Non-current liabilities				
Accounts payable	9	2,334	–	–
<b>Total liabilities</b>		<u>3,205</u>	<u>139</u>	<u>17</u>
Shareholders' equity				
Share capital	10	30,333	33,286	33,286
Retained deficits		(33,531)	(31,544)	(31,633)
<b>Total liabilities and shareholders' equity</b>		<u>7</u>	<u>1,881</u>	<u>1,670</u>

## STATEMENTS OF CASH FLOWS

	<i>31 Mar</i> 2004 €'000	<i>31 Mar</i> 2005 €'000	<i>31 Mar</i> 2006 €'000
<b>Cash flows from operating activities:</b>			
<b>Operating deficit</b>	<b>(312)</b>	<b>(283)</b>	<b>(158)</b>
Adjustments for:			
Credit arising on CVA	–	2,256	1
CVA expenses paid in shares	–	81	–
Foreign exchange movements	194	–	–
	<hr/>	<hr/>	<hr/>
<b>Operating (deficit)/surplus before working capital changes</b>	<b>(118)</b>	<b>2,054</b>	<b>(157)</b>
Changes in working capital:			
(Increase)/decrease in accounts receivables	51	–	(10)
Increase/(decrease) in accounts payable	188	(2,435)	(121)
	<hr/>	<hr/>	<hr/>
<b>Net cash generated/(used) in operating activities</b>	<b>121</b>	<b>(381)</b>	<b>(288)</b>
<b>Cash flows from investing activities:</b>			
Interest received	–	14	68
	<hr/>	<hr/>	<hr/>
<b>Net cash generated by investing activities</b>	<b>–</b>	<b>14</b>	<b>68</b>
<b>Cash flows before financing:</b>	<b>121</b>	<b>(367)</b>	<b>(220)</b>
<b>Cash flows from financing activities</b>			
Interest paid	(114)	–	–
Issue of shares for cash	–	742	1,499
	<hr/>	<hr/>	<hr/>
<b>Net cash provided by financing activities</b>	<b>(114)</b>	<b>742</b>	<b>1,499</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>7</b>	<b>375</b>	<b>1,279</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents, beginning of period/year	–	7	382
	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents, end of period/year</b>	<b>7</b>	<b>382</b>	<b>1,661</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	<i>Share capital</i>		<i>Retained deficit</i>	<i>Total</i>
	<i>Number of Shares</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
Balances at 1 April 2003	22,730,038	30,333	(33,299)	(2,966)
Net deficit for the period	-	-	(232)	(232)
<b>Balances at 31 March 2004</b>	<b>22,730,038</b>	<b>30,333</b>	<b>(33,531)</b>	<b>(3,198)</b>
Shares issued to finance West's CVA	16,250,000	94	-	94
Shares issued in connection with West's CVA	32,977,432	712	-	712
Shares issued for cash	220,000,000	2,147	-	2,147
Net surplus for the year	-	-	1,987	1,987
<b>Balances at 31 March 2005</b>	<b>291,957,470</b>	<b>33,286</b>	<b>(31,544)</b>	<b>1,742</b>
Net deficit for the year	-	-	(89)	(89)
<b>Balances at 31 March 2006</b>	<b>291,957,470</b>	<b>33,286</b>	<b>(31,633)</b>	<b>1,653</b>

West Shares had no par value.

On 7 July 2004, West completed a Creditors' Voluntary Arrangement, under the terms of which, creditors could elect to receive either a cash payment of 10 pence for each £1 of outstanding debt or 25 pence per £1 of outstanding debt in new common shares in West at 1.5 pence per share. A total of 32,977,432 West Shares were allotted to creditors in the year ended 31 March 2005 under these arrangements.

In order to finance and implement the CVA, new equity funds of £65,000 were raised through an issue of 16,250,000 West shares at 0.4 pence per share.

In the year ended 31 March 2005, 90,000,000 West shares were allotted at 0.5 pence per share for aggregate cash consideration of €648,000 (£450,000) and a further 130,000,000 West shares were allotted at 0.8 pence per share for aggregate cash consideration of €1,499,000 (£1,040,000).

After the balance sheet date, in April 2006, West raised €1,441,000 (£1,000,000) by the issue of 100,000,000 new shares of common stock at 1 pence per share in a placing. The placing was conditional on West announcing a reverse acquisition before 2 September 2006. The placing has now become unconditional.

## NOTES TO THE FINANCIAL INFORMATION ON WEST

### 1. Business of West

On 4 August 2006 West announced its conditional merger under the laws of the States of California and Delaware with Hightex Americas LLC (“Merger Subsidiary”), a Delaware company which is a wholly owned subsidiary of the Company. On completion of the West Merger, all of the West Shares will be cancelled and West’s assets and liabilities will be assumed by Hightex Americas LLC.

At the Balance Sheet date, West was a cash investment company which disposed of its last trading subsidiary in March 2003.

### 2. Basis of preparation of the financial information and accounting policies

#### *Basis of preparation*

The financial information on West has been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in accordance with the accounting policies of the Company. West previously reported its financial results for the three years ended 31 March 2006 in accordance with United Kingdom generally accepted accounting principles (“UK GAAP”). With the exception of translating amounts previously reported in UK pounds into Euros (see ‘Foreign currency translation’ below) there were no reconciling differences as a result of the restatement of the financial information in accordance with IFRS and with the accounting policies of the Company.

#### *Use of estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Foreign currency translation*

Prior to its liquidation, the reporting currency of West was the UK pound. The reporting currency of the Company is the Euro. The financial information on West has been translated into Euros at the closing rate of exchange ruling at the end of the reporting period.

Gains and losses that arise from the effect of exchange rate changes on balances denominated in currencies other than the measurement currency of West are included in the income statement as incurred.

#### *Cash and cash equivalents*

All highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

#### *Earnings/Net deficit per common share*

Basic earnings/net loss per share is computed by dividing net surplus/deficit by the weighted average number of shares outstanding.

For the purpose of calculating diluted earnings per share, the net loss attributable to ordinary shareholders and the weighted average number of shares outstanding is adjusted for the effects of all dilutive potential common shares. The effects of anti-dilutive potential common shares are ignored in calculating diluted earnings per share. Potential common shares are anti-dilutive when their conversion to common shares would decrease the deficit per share.

#### *Fair value of financial instruments*

Carrying amounts of certain of West’s financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to their short maturities, based on borrowing rates currently available to the Company. This would include

convertible debentures where the fair value of the conversion option is recognised under shareholders' equity.

## 2. Operating deficit

Operating deficit is stated after charging:

	<i>31 Mar</i> 2004 €'000	<i>31 Mar</i> 2005 €'000	<i>31 Mar</i> 2006 €'000
Directors' fees	–	61	–
Auditors' fees	17	17	14
Foreign exchange differences	43	–	–
	<u>          </u>	<u>          </u>	<u>          </u>

## 3. Non-recurring credit

	<i>31 Mar</i> 2004 €'000	<i>31 Mar</i> 2005 €'000	<i>31 Mar</i> 2006 €'000
Non-recurring credit on CVA	–	2,256	1
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>	<u>          </u>

On 7 July 2004 West completed a Creditors' Voluntary Arrangement ("CVA"). Under the terms of the CVA, creditors could elect to revive either a cash payment of 10 pence for each £1 of outstanding debt or 25 pence per £1 of outstanding debt in new common shares in West at 1.5 pence per share. In order to finance and implement the CVA, new equity funds of £65,000 were raised through an issue of shares at 0.4 pence per share. In addition, and conditional on completion of the CVA, further new equity funds of £450,000 were raised by the issue of 90,000,000 new shares in West at a price of 0.5 pence per share.

## 4. Interest

	<i>31 Mar</i> 2004 €'000	<i>31 Mar</i> 2005 €'000	<i>31 Mar</i> 2006 €'000
<b>a) Interest receivable</b>			
Interest on bank and other borrowings	–	14	68
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>b) Interest payable</b>			
Interest on bank and other borrowings	114	–	–
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>	<u>          </u>

## 5. Taxation

No corporate taxation was payable by West in the three years ended 31 March 2006 due to the losses made.

**6. (Deficit)/earnings per share**

	<i>31 Mar</i> <i>2004</i> €'000	<i>31 Mar</i> <i>2005</i> €'000	<i>31 Mar</i> <i>2006</i> €'000
Weighted average number of shares in issue	22,730,038	138,245,605	291,957,470
Number of dilutive share options	–	549,899	4,072,388
Weighted average number of shares in issue – diluted	<u>22,730,038</u>	<u>138,795,504</u>	<u>296,029,858</u>

**7. Accounts receivable**

	<i>31 Mar</i> <i>2004</i> €'000	<i>31 Mar</i> <i>2005</i> €'000	<i>31 Mar</i> <i>2006</i> €'000
Other accounts receivable	–	1,499	9
	<u>–</u>	<u>1,499</u>	<u>9</u>

At 31 March 2005, 'Other accounts receivable' represented proceeds of a placing of 130,000,000 new shares of common stock by West on 31 March 2005 which were received in April 2005.

**8. Accounts payable – current**

	<i>31 Mar</i> <i>2004</i> €'000	<i>31 Mar</i> <i>2005</i> €'000	<i>31 Mar</i> <i>2006</i> €'000
Trade creditors	591	–	–
Corporation tax	89	–	–
Other taxes and social security	132	–	–
Other creditors	59	106	–
Accruals and deferred income	–	33	17
	<u>871</u>	<u>139</u>	<u>17</u>

**9. Accounts payable – non current**

	<i>31 Mar</i> <i>2004</i> €'000	<i>31 Mar</i> <i>2005</i> €'000	<i>31 Mar</i> <i>2006</i> €'000
Convertible loan notes	<u>2,334</u>	<u>–</u>	<u>–</u>

The convertible loan notes were converted during the year ended 31 March 2005 as part of West's CVA (see Note 3).

## 10. Share capital

West's shares of common stock had no par value.

	<i>31 Mar 2004 No.</i>	<i>31 Mar 2005 No.</i>	<i>31 Mar 2006 No.</i>
<i>a) Authorised</i>			
Common stock (no par value)	<u>92,000,000</u>	<u>400,000,000</u>	<u>400,000,000</u>
<i>b) Allotted and issued</i>			
	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
Common stock (no par value)			
31 March 2006: 291,957,470			
(31 March 2005: 291,957,470;			
31 March 2004: 22,730,038)	<u>30,333</u>	<u>33,286</u>	<u>33,286</u>

## 11. Options and warrants

At 31 March 2006 the following options and warrants in West were outstanding:

<i>Outstanding options</i>	<i>No.</i>
Options at 1 penny, granted in 2005, expiring 31 March 2010	8,100,000
Options at 0.5p, granted in 2004, expiring 31 July 2009	6,669,202
Options at 60p to £3.58½, granted 1996-2001, expiring 2006-2011	<u>1,043,182</u>
<b>Total</b>	<b><u>15,812,384</u></b>
<i>Outstanding warrants</i>	<i>No.</i>
Warrants at 4.5p, granted in 2002, expiring 31 July 2009	17,438,889
Warrants at 0.8p, granted in 2005, expiring 31 March 2010	<u>2,000,000</u>
<b>Total</b>	<b><u>19,438,889</u></b>

Under the terms of the West Merger, the arrangements in relation to the above options and warrants are as set out at paragraph 3.14 of Part VI of this document.

## 12. Related party transactions

John Gunn and Charles Sebag-Montefiore, who were directors of West in the period, are also shareholders and directors of Ludgate Investments Limited, which provided financial advice to West, maintained its accounting and financial records, prepared and filed its tax returns and acted as its company secretary in the period.

During each of the three years ended 31 March 2006 West paid the following amounts to Ludgate Investments Limited:

	<i>31 Mar</i> <i>2004</i> €'000	<i>31 Mar</i> <i>2005</i> €'000	<i>31 Mar</i> <i>2006</i> €'000
Corporate finance fees	–	122	72
Placing fees (paid in shares)	–	65	–
Fees for company secretarial and accounting services	–	29	35

In addition, in the year ended 31 March 2005, John Gunn made a gift of €22,000 (€4,000 of which was subsequently repaid to him) to West to enable it to implement its CVA and to finance a cash payment of 10 pence for every £1 of debt owed to certain creditors of West in full and final settlement of those claims.

## 13. Post balance sheet events

In April 2006, West raised €1,441,000 (£1,000,000) by the issue of 100,000,000 new shares of common stock at 1 pence per share in a placing. The placing was conditional on West announcing a reverse acquisition before 2 September 2006. The placing has now become unconditional.

On 4 August 2006 West announced its conditional merger under the laws of the States of California and Delaware with Hightex Americas LLC referred to in Note 1 above. On completion of the merger the merged entities will fuse and West will cease to exist as a separate corporate entity.

## 14. Nature of financial information

The financial information set out above does not represent statutory financial information for West.

## PART IV

### FINANCIAL INFORMATION ON THE HTI GROUP, INCLUDING SOLARNEXT

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



3 Sheldon Square  
London  
W2 6PS

The Directors  
Teather & Greenwood Limited  
Beaufort House  
15 St Botolph Street  
London  
EC3A 7QR

4 August 2006

Dear Sirs

#### HTI Group, including SolarNext

We report on the combined financial information set out below which has been prepared for inclusion in the AIM Admission Document (the 'Document') dated 4 August 2006 of Hightex Group Plc (the 'Company') on the basis of the Company's accounting policies. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that schedule and for no other purpose.

#### Responsibilities

The Directors of the Company are responsible for preparing the combined financial information as described in the 'Basis of Preparation', set out below, and in accordance with applicable International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information as to whether the combined financial information gives a fair presentation, for the purposes of the Document, and to report our opinion to you.

#### Basis of opinion

We conducted our work in accordance with 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 judgements 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 combined financial information gives, for the purposes of the Document dated 4 August 2006, a true and fair view of the state of affairs of the HTI Group as at the dates stated and of its results and cash flows for the periods then ended in accordance with the basis of preparation

set out below and in accordance with applicable International Financial Reporting Standards and has been prepared in a form that is consistent with the accounting policies adopted by the Company.

**Declaration**

For the purposes of Paragraph a of Schedule Two of the AIM Rules, we are responsible for this report as part of the 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 Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

**MRI Moores Rowland LLP**  
*Chartered Accountants*

## COMBINED BALANCE SHEETS

		<i>31 Dec</i> 2003 €'000	<i>31 Dec</i> 2004 €'000	<i>31 Dec</i> 2005 €'000
	<i>Notes</i>			
<b>Current assets</b>				
Cash and cash equivalents		1,392	2,202	1,567
Inventories and work in progress	2	347	979	991
Accounts receivable	3	<u>3,754</u>	<u>990</u>	<u>3,422</u>
<b>Total current assets</b>		<b>5,493</b>	<b>4,171</b>	<b>5,980</b>
<b>Fixed assets</b>				
Intangible fixed assets	4	53	45	104
Property, plant and equipment (net)	5	396	316	419
Other non-current assets		–	40	–
<b>Total non-current assets</b>		<u>449</u>	<u>401</u>	<u>523</u>
<b>Total assets</b>		<b><u>5,942</u></b>	<b><u>4,572</u></b>	<b><u>6,503</u></b>
<b>Current liabilities</b>				
Trade accounts payable		1,159	942	1,399
Accrued liabilities and deferred income	6	2,679	2,062	1,531
Other accounts payable	6	<u>1,328</u>	<u>858</u>	<u>1,695</u>
<b>Total current liabilities</b>		<b>5,166</b>	<b>3,862</b>	<b>4,625</b>
<b>Non-current liabilities</b>				
Finance lease obligations	7	2	–	28
Other non-current liabilities	8	<u>3</u>	<u>66</u>	<u>294</u>
<b>Total non-current liabilities</b>		<b>5</b>	<b>66</b>	<b>322</b>
<b>Shareholders' equity</b>				
Share capital	9	135	135	399
Share premium account		40	40	40
Retained earnings		<u>596</u>	<u>469</u>	<u>1,117</u>
<b>Total shareholders' equity</b>		<u>771</u>	<u>644</u>	<u>1,556</u>
<b>Total liabilities and shareholders' equity</b>		<b><u>5,942</u></b>	<b><u>4,572</u></b>	<b><u>6,503</u></b>

## COMBINED INCOME STATEMENTS

		<i>12 Months</i>	<i>12 Months</i>	<i>12 Months</i>
		<i>31 Dec</i>	<i>31 Dec</i>	<i>31 Dec</i>
		<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>Notes</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
Turnover		10,676	9,635	11,760
Cost of sales		(6,078)	(5,283)	(7,085)
<b>Gross margin</b>		<u>4,598</u>	<u>4,352</u>	<u>4,675</u>
Salaries and related expenses		(1,884)	(2,208)	(2,005)
Other operating expenses		(1,824)	(1,980)	(1,710)
Depreciation and amortisation		(135)	(146)	(160)
<b>Operating surplus</b>	10	<u>755</u>	<u>18</u>	<u>800</u>
Interest receivable	11	14	24	38
Interest payable	11	(88)	(137)	(133)
<b>Net surplus/(deficit) before taxation</b>		<u>681</u>	<u>(95)</u>	<u>705</u>
Taxation	12	(212)	(55)	(58)
<b>Retained surplus/(deficit) after taxation</b>		<u><u>469</u></u>	<u><u>(150)</u></u>	<u><u>647</u></u>

## COMBINED STATEMENT OF CASH FLOWS

	<i>12 Months</i> <i>31 Dec</i> <i>2003</i> <i>Notes</i> <i>€'000</i>	<i>12 Months</i> <i>31 Dec</i> <i>2004</i> <i>€'000</i>	<i>12 Months</i> <i>31 Dec</i> <i>2005</i> <i>€'000</i>
<b>Cash flows from operating activities</b>			
Net operating income	469	(150)	647
Adjustments for:			
Depreciation	127	116	113
Amortisation	8	15	16
<b>Net operating income before working capital changes</b>	<u>604</u>	<u>(19)</u>	<u>776</u>
Changes in working capital:			
(Increase) in inventories	(192)	(632)	(124)
(Increase)/decrease in accounts receivable	(2,761)	2,764	(2,318)
Increase/(decrease) in accounts payable	1,850	(962)	284
<b>Net cash used in operating activities</b>	<u>(499)</u>	<u>1,151</u>	<u>(1,382)</u>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets	-	7	75
Acquisition of plant and equipment	-	36	216
<b>Net cash used in investing activities</b>	<u>-</u>	<u>(43)</u>	<u>(291)</u>
<b>Cash flows before financing</b>	(499)	1,108	(1,673)
<b>Cash flows from financing activities</b>			
Issue of shares for cash	-	-	264
Movements in shareholders' loans	(5)	(302)	719
Changes in finance leases	-	4	55
<b>Net cash provided by financing activities</b>	<u>(5)</u>	<u>(298)</u>	<u>1,038</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(504)</u>	<u>810</u>	<u>(635)</u>
Cash and cash equivalents, beginning of period/year	<u>1,896</u>	<u>1,392</u>	<u>2,202</u>
<b>Cash and cash equivalents, end of period/year</b>	<u><u>1,392</u></u>	<u><u>2,202</u></u>	<u><u>1,567</u></u>

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

	<i>(Note 9)</i> €'000	<i>Share premium account</i> €'000	<i>Retained earnings</i> €'000	<i>Total</i> €'000
Balances at 1 January 2003	135	40	129	304
Net surplus/(deficit) for the year	–	–	469	469
Exchange differences on combination	–	–	(2)	(2)
<b>Balances at 31 December 2003</b>	<b>135</b>	<b>40</b>	<b>596</b>	<b>771</b>
Net surplus/(deficit) for the year	–	–	(150)	(150)
Exchange differences on combination	–	–	23	23
<b>Balances at 31 December 2004</b>	<b>135</b>	<b>40</b>	<b>469</b>	<b>644</b>
Shares issued by HTI	264	–	–	264
Net surplus/(deficit) for the year	–	–	647	647
Exchange differences on combination	–	–	1	1
<b>Balances at 31 December 2005</b>	<b>399</b>	<b>40</b>	<b>1,117</b>	<b>1,556</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 in the three years ended 31 December 2005 as set out in Note 18 and on the basis of combination set out in Note 2.

## **1. Business of the HTI Group**

HTI is a private company registered in the Canton of Thurgau in Switzerland. HTI is the recently formed holding company for a number of entities which did not, in the three years ended 31 December 2005, form a legal group of companies but which were under common management and control throughout that period. These entities, which are listed in Note 18 below, are referred to as 'the HTI Group'.

The HTI Group is engaged in the design, supply and assembly of polymer membrane structures for use by architects. Polymer membrane structures 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 part of the HTI Group, has also acquired licences and other rights to IP from a variety of sources, including the Fraunhofer Institute for Solar Energy Systems in Freiburg. The Directors believe that these projects will lead not only to commercial products which can be sold into a growing market, but also that membrane architecture and solar technology can be combined to form a powerful solution to some of the world's greatest challenges, in the areas of saving energy through the creation of intelligent buildings, in the generation of power and in the production of clean drinking water or desalination of water in locations which lack electricity.

## **2. Basis of presentation and summary of significant accounting policies**

### ***Basis of preparation***

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 IFRS and in accordance with the accounting policies of the Company.

### ***Principles of combination***

The accompanying combined financial information includes the accounts of HTI and the entities comprising the HTI Group listed in Note 18. Inter-company balances and transactions have been eliminated.

### ***Use of estimates***

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The principal areas in which judgement is applied are as follows:

- recoverability of trade receivables;
- assessment of the percentage of completion of construction projects;
- valuation of provisions; and
- useful lives of intangible and tangible fixed assets.

### ***Foreign currency translation***

The reporting currency of the Company and the HTI Group is the Euro. Gains and losses that arise from the effect of exchange rate changes on balances denominated in currencies other than the reporting currency are included in the income statement as incurred.

### ***Cash and cash equivalents***

All highly liquid investments purchased with an original maturity of three months or less are considered to be to be cash equivalents.

### ***Revenue recognition***

Revenue represents the invoiced value, net of sales taxes, of goods sold and services provided to customers.

Revenues on long-term construction contracts are recognised according to the percentage of completion method. Revenue is recognised on a pro-rata basis according to the work performed and the degree of completion of the contract. Where the value of work performed on a contract exceeds the aggregate of payments received on account from customers, the resulting balance is included in inventories. Where the aggregate of payments received on account from customers exceeds the value of work performed on a contract, the resulting balance is included in creditors.

### ***Goodwill on consolidation***

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the HTI Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the HTI Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

### ***Other intangible assets – computer software***

Computer software is measured initially at purchase or production cost and is amortised on a straight-line basis over its estimated useful life, which is currently estimated to be 3 to 5 years.

### ***Impairment of tangible and intangible assets excluding goodwill***

At each balance sheet date, the HTI Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the HTI Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is

recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### ***Property, plant and equipment***

Property, plant and equipment are stated at cost and are depreciated on a straight-line basis over their estimated useful lives set out below:

Technical equipment, plant and machinery	3 to 10 years
Other equipment, fixtures and fittings	3 to 10 years

An impairment review is undertaken where there are indicators of impairment. Maintenance and repairs are charged to expenses when incurred.

#### ***Research and development expenditure***

Research and development costs are expensed as incurred, except for development costs, which are deferred as intangible assets when the HTI Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention and ability to use or sell the intangible asset;
- the existence of a market for the output of the intangible asset or the intangible asset itself;
- the availability of adequate technical resources to complete the development;
- the availability of adequate financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to reliably measure the expenditure attributable to the intangible asset during its development.

Deferred development costs are originally recorded at cost, which includes:

- expenditure on materials and services used or consumed in generating the intangible asset;
- the salaries, wages and other employment related costs of personnel directly engaged in generating the asset; and
- any expenditure that is directly attributable to generating the asset, such as the amortisation of patents used to generate the asset.

Capitalised development costs have a finite useful life and as such, are amortised on a straight-line basis over the estimated revenue earning period of the relevant product.

#### ***Inventories***

Inventories are valued on a first in, first out basis at the lower of cost and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing stocks to their present location and condition, including in the case of work-in-progress and finished goods an appropriate proportion of production overheads. Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and subsequent disposal.

#### ***Fair value of financial instruments***

Due to their short maturities, carrying amounts of certain of the HTI Group's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses, approximate fair value, based on borrowing rates currently available to the HTI Group.

#### ***Deferred taxation***

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are only recorded for deferred tax assets that are more likely than not to be realised.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefit is more likely than not.

#### *Financial assets*

Sales and purchases are accounted for at trade date. Investments included as financial assets are valued at fair value and are held as available for sale. Any impairment will be charged to income and expenditure account on recognition. Accounts receivable and other assets are valued at acquisition cost after taking account of the risk of default in arriving at those valuations.

#### *Leases*

Lease agreements under which the HTI Group is lessee are classified as finance leases if the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the HTI Group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the statement of operations.

Assets held under finance leases are depreciated at the shorter of the lease term and their useful economic lives.

### **3. Inventories and work in progress**

	<i>31 Dec</i> <i>2003</i> €'000	<i>31 Dec</i> <i>2004</i> €'000	<i>31 Dec</i> <i>2005</i> €'000
Work in progress	274	914	963
Finished goods	73	65	28
	<u>347</u>	<u>979</u>	<u>991</u>

### **4. Accounts receivable**

	<i>31 Dec</i> <i>2003</i> €'000	<i>31 Dec</i> <i>2004</i> €'000	<i>31 Dec</i> <i>2005</i> €'000
Trade accounts receivable	2,938	619	2,873
Other accounts receivable	618	335	437
Prepayments and accrued income	38	5	72
Recoverable from associates	25	31	40
Recoverable from shareholders	135	-	-
	<u>3,754</u>	<u>990</u>	<u>3,422</u>

## 5. Intangible fixed assets

Movements in the cost, amortisation and net book value of the assets are as follows:

	<i>31 Dec</i> 2003 €'000	<i>31 Dec</i> 2004 €'000	<i>31 Dec</i> 2005 €'000
Goodwill	–	–	75
Other intangibles – software	61	68	68
Cost/valuation at year end	<u>61</u>	<u>68</u>	<u>143</u>
Less accumulated amortisation	(8)	(23)	(39)
Net book value at period/year end	<u><u>53</u></u>	<u><u>45</u></u>	<u><u>104</u></u>

## 6. Property, plant and equipment

	<i>31 Dec</i> 2003 €'000	<i>31 Dec</i> 2004 €'000	<i>31 Dec</i> 2005 €'000
Leased machines	–	6	77
Manufacturing tooling	64	46	14
Fixtures and fittings and improvements	<u>577</u>	<u>607</u>	<u>752</u>
Cost at year end	641	659	843
Less accumulated depreciation	(245)	(343)	(424)
Net book value at year end	<u><u>396</u></u>	<u><u>316</u></u>	<u><u>419</u></u>

	<i>Leased</i> <i>assets</i> €'000	<i>Tooling</i> <i>equipment</i> €'000	<i>Fixtures,</i> <i>fixtures &amp;</i> <i>equipment</i> €'000	<i>Total</i> €'000
<b>Cost</b>				
At 1 January 2003	–	64	577	641
Additions	–	–	–	–
Disposals	–	–	–	–
At 31 December 2003	<u>–</u>	<u>64</u>	<u>577</u>	<u>641</u>
Additions	6	–	30	36
Disposals	–	(18)	–	(18)
At 31 December 2004	<u>6</u>	<u>46</u>	<u>607</u>	<u>659</u>
Additions	71	–	145	216
Disposals	–	(32)	–	(32)
At 31 December 2005	<u><u>77</u></u>	<u><u>14</u></u>	<u><u>752</u></u>	<u><u>843</u></u>

## 7. Property, plant and equipment (continued)

	<i>Leased assets €'000</i>	<i>Tooling equipment €'000</i>	<i>Fixtures, fixtures &amp; equipment €'000</i>	<i>Total €'000</i>
<b>Depreciation</b>				
At 1 January 2003	–	32	86	118
Disposals	–	–	–	–
Charge for year	–	14	113	127
At 31 December 2003	–	46	199	245
Disposals	–	(18)	–	(18)
Charge for year	1	13	102	116
At 31 December 2004	1	41	301	343
Disposals	–	(32)	–	(32)
Charge for year	21	3	89	113
At 31 December 2005	<b>22</b>	<b>12</b>	<b>390</b>	<b>424</b>
<b>Net book value</b>				
At 31 December 2005	55	2	362	419
At 31 December 2004	5	5	306	316
At 31 December 2003	–	18	378	396

## 8. Accounts payable

	<i>31 Dec 2003 €'000</i>	<i>31 Dec 2004 €'000</i>	<i>31 Dec 2005 €'000</i>
<b><i>Accrued liabilities and deferred income</i></b>			
Accruals	1,169	1,118	834
Advance billings	1,510	944	697
	<b>2,679</b>	<b>2,062</b>	<b>1,531</b>
<b><i>Other accounts payable</i></b>			
Bank overdrafts	9	–	37
Amounts payable to shareholders	554	252	971
Amounts payable to associates	15	5	17
Deferred tax liabilities	470	460	440
Sales taxes	123	24	38
Other payroll and social taxes	67	84	68
Other liabilities	90	33	124
	<b>1,328</b>	<b>858</b>	<b>1,695</b>

## 9. Finance lease obligations

	<i>31 Dec</i> <i>2003</i> €'000	<i>31 Dec</i> <i>2004</i> €'000	<i>31 Dec</i> <i>2005</i> €'000
Assets held under finance leases	<u>5</u>	<u>–</u>	<u>55</u>
	5	–	55
Less: Current portion	<u>(3)</u>	<u>–</u>	<u>(27)</u>
	(3)	–	(27)
Long term portion of finance leases	<u><u>2</u></u>	<u><u>–</u></u>	<u><u>28</u></u>

## 10. Other non-current liabilities

	<i>31 Dec</i> <i>2003</i> €'000	<i>31 Dec</i> <i>2004</i> €'000	<i>31 Dec</i> <i>2005</i> €'000
Loans	–	–	50
Amounts payable to associate entities	3	11	7
Other	<u>–</u>	<u>55</u>	<u>237</u>
	–	55	237
Deferred income	<u><u>3</u></u>	<u><u>66</u></u>	<u><u>294</u></u>

## 11. Share capital

Analysis of combined issued share capital:

	<i>31 Dec</i> <i>2003</i> €'000	<i>31 Dec</i> <i>2004</i> €'000	<i>31 Dec</i> <i>2005</i> €'000
HighTex International (HTI) AG	–	–	264
Hightex GmbH	60	60	60
Hightex Engineering GmbH	25	25	25
Hightex UK Limited	–	–	–
SolarNext AG	<u>50</u>	<u>50</u>	<u>50</u>
	<u><u>135</u></u>	<u><u>135</u></u>	<u><u>399</u></u>

## 12. Operating surplus

Operating surplus is stated after charging/(crediting):

	<i>31 Dec</i> <i>2003</i> €'000	<i>31 Dec</i> <i>2004</i> €'000	<i>31 Dec</i> <i>2005</i> €'000
Operating leases – rent and occupancy cost	74	92	80
Exchange differences	18	17	31
Depreciation	127	116	113
Amortisation of intangibles	8	15	16
Directors' fees	<u>319</u>	<u>435</u>	<u>384</u>

### 13. Interest

	<i>31 Dec</i> <i>2003</i> €'000	<i>31 Dec</i> <i>2004</i> €'000	<i>31 Dec</i> <i>2005</i> €'000
<i>a. Interest receivable</i>			
Interest on bank and other deposits	<u>14</u>	<u>24</u>	<u>38</u>
<i>b. Interest payable</i>			
Interest on bank and other borrowings	<u>88</u>	<u>137</u>	<u>133</u>

### 14. Taxation

	<i>31 Dec</i> <i>2003</i> €'000	<i>31 Dec</i> <i>2004</i> €'000	<i>31 Dec</i> <i>2005</i> €'000
Provision for deferred taxation	194	45	19
Current taxation	18	10	39
Corporate taxation	<u>212</u>	<u>55</u>	<u>58</u>

#### *Analysis of factors influencing tax charge:*

	<i>31 Dec</i> <i>2003</i> €'000	<i>31 Dec</i> <i>2004</i> €'000	<i>31 Dec</i> <i>2005</i> €'000
Net surplus/(deficit) before taxation	<u>681</u>	<u>(95)</u>	<u>705</u>
Expected taxation at 40 per cent.	<u>272</u>	<u>(38)</u>	<u>282</u>
Expected taxation at 40 per cent.	272	(38)	282
Tax effects of non-deductible items	4	44	5
Differences in capital tax carrying values	5	4	4
Prior years tax adjustments	–	9	(9)
Deferred tax adjustments	24	10	20
Other adjustments	(93)	26	(241)
Corporate taxation	<u>212</u>	<u>55</u>	<u>58</u>

### 15. Business and geographical segments

#### *Business segments*

For management purposes, the HTI Group is currently organised into just one significant operating division – design, supply and fit of membrane structures. A second division, the exploitation of solar intellectual property rights (“Solar”) is in development but has not reached significant revenue stage to date and so is not included as a separate division.

This single division is the basis on which the HTI Group reports its primary information by geographic segment as follows:

### *Geographical segments*

The HTI Group's marketing operations are located in, and targeted at, its three defined market segments as follows: Europe, Asia and the rest of the world ("ROW").

	<i>Europe</i>	<i>Asia</i>	<i>ROW</i>	<i>Total</i>
<i>31 December 2003</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>	<i>\$'000</i>
Revenue	8,344	2,332	–	<b>10,676</b>
Carrying amount of segment assets	4,170	1,772	–	<b>5,942</b>
Carrying amount of segment liabilities	5,145	26	–	<b>(5,171)</b>
<i>31 December 2004</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>	<i>\$'000</i>
Revenue	4,480	5,155	–	<b>9,635</b>
Carrying amount of segment assets	4,569	3	–	<b>4,572</b>
Carrying amount of segment liabilities	3,928	–	–	<b>(3,928)</b>
Additions to plant and equipment	36	–	–	<b>36</b>
Additions to intangible assets	7	–	–	<b>7</b>
<i>31 December 2005</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>	<i>\$'000</i>
Revenue	6,534	5,226	–	<b>11,760</b>
Carrying amount of segment assets	4,356	2,147	–	<b>6,503</b>
Carrying amount of segment liabilities	4,877	70	–	<b>(4,947)</b>
Additions to plant and equipment	216	–	–	<b>216</b>
Additions to intangible assets	75	–	–	<b>75</b>

### **16. Movement in net funds/(debt)**

	<i>31 Dec</i>	<i>31 Dec</i>	<i>31 Dec</i>
	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
Due to shareholders	(554)	(252)	(971)
Cash and cash equivalents	1,392	2,202	1,567
Bank overdrafts	(9)	–	(37)
Finance leases	–	(5)	(55)
Net funds	<u>829</u>	<u>1,945</u>	<u>504</u>
At start of year	<u>1,822</u>	<u>829</u>	<u>1,945</u>
Movement in net funds	<u><b>(993)</b></u>	<u><b>1,116</b></u>	<u><b>(1,441)</b></u>

## 17. Provisions and contingencies

The HTI Group is not subject to any material legal proceeding, claims or litigation.

Movements on significant provisions in the period were as follows:

	<i>At start of year €'000</i>	<i>Used in year €'000</i>	<i>Released in year €'000</i>	<i>Increase in year €'000</i>	<i>At end of year S'000</i>
<i>31 December 2003</i>					
Warranty provisions	27	–	–	–	27
Provision for project follow up costs	494	494	–	1,021	1,021
Provisions for personnel costs	61	61	–	92	92
Other provisions	29	25	–	25	29
	<b>611</b>	<b>580</b>	<b>–</b>	<b>1,138</b>	<b>1,169</b>
<i>31 December 2004</i>					
Warranty provisions	27	–	–	26	53
Provision for project follow up costs	1,021	1,001	–	963	983
Provisions for personnel costs	92	35	2	37	92
Other provisions	29	26	2	42	43
	<b>1,169</b>	<b>1,062</b>	<b>4</b>	<b>1,068</b>	<b>1,171</b>
<i>31 December 2005</i>					
Warranty provisions	53	–	–	20	73
Provision for project follow up costs	983	963	20	699	699
Provisions for personnel costs	92	92	–	89	89
Other provisions	43	42	–	209	210
	<b>1,171</b>	<b>1,097</b>	<b>20</b>	<b>1,017</b>	<b>1,071</b>

## 18. Key management personnel compensation

Key management personnel represent the Directors of the principal operating companies in the HTI Group.

	<i>31 Dec 2003 €'000</i>	<i>31 Dec 2004 €'000</i>	<i>31 Dec 2005 €'000</i>
Fees for services	<b>488</b>	<b>712</b>	<b>577</b>

## 19. Related party transactions

During each of the three years ended 31 December 2005, the HTI Group entered into transactions with the following companies and entities in which related parties held an interest.

### *Amounts payable to shareholders:*

	<i>31 Dec 2003 €'000</i>	<i>31 Dec 2004 €'000</i>	<i>31 Dec 2005 €'000</i>
Klaus Michael Koch	–	–	359
Membran GmbH	50	13	112
Koch Projekt GmbH	281	126	337
David Walker	223	113	106
Matrix One Limited	–	–	57
	<u>554</u>	<u>252</u>	<u>971</u>

### *Amounts payable to associated undertakings:*

	<i>31 Dec 2003 €'000</i>	<i>31 Dec 2004 €'000</i>	<i>31 Dec 2005 €'000</i>
Metal System Sp z.o.o.	15	5	17
	<u>15</u>	<u>5</u>	<u>17</u>

## 20. List of principal entities

Principal entities included in the combined financial information

<i>Name of Company</i>	<i>Country</i>	<i> Holding</i>	<i>Nature of business</i>
Hightex International (HTI) AG	Switzerland	100 per cent.	Holding Company.
Hightex GmbH	Germany	100 per cent.	Design, consultancy, supply, installation and construction of membrane structures.
Hightex Engineering GmbH	Germany	100 per cent.	Installation and assembly of membrane structures.
SolarNext AG	Germany	100 per cent.	Ownership and exploitation of related technologies.
Hightex UK Limited	UK	100 per cent.	Installation and assembly of membrane structures.
Metal System Sp z.o.o.	Poland	50 per cent.	Provision of steel structures and components.

## 21. Commitments under operating leases

At 31 December 2005, the HTI Group had annual commitments under non-cancellable operating leases as follows:

	€'000
<i>Land and buildings:</i>	
Expiring within one year	50
Expiring after more than two years	<u>–</u>

## 22. Contingent liabilities

At 31 December 2005, the HTI Group had contingent liabilities under contracted performance and warranty bonds as follows:

	<i>31 Dec</i> <i>2005</i> €'000
Total contingent liabilities under performance bonds and warranties	<u>2,563</u>

Included within cash and cash equivalents in the balance sheet at 31 December 2005 is aggregate cash of €1,255,000 lodged under the terms of performance and warranty bonds.

## 23. Post balance sheet events

In March 2006 HTI completed a placing of €1,833,333 5 per cent. Secured Guaranteed Convertible Loan Notes due 2011, which convert on Admission into HTI Shares and are to be conditionally acquired by the Company on Admission.

Also in March 2006, HTI completed a placing of 70,000 new shares for aggregate consideration of €667,000.

## 24. Nature of financial information

The financial information set out above does not represent statutory financial information for any of the entities comprising the HTI Group for any period.

**PART V**

**PRO-FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP**

Set out below is a pro-forma statement of consolidated assets, liabilities and shareholders' equity of the Enlarged Group, which has been prepared on the basis of the financial information on the Company and West and on the combined financial information on the HTI Group, as adjusted for the acquisition of the HTI Group by the Company and the Placing as set out in the notes below. The pro-forma statement has been prepared for illustrative purposes only and, because of its nature, will not represent the actual financial position or results of the Enlarged Group.

<i>Notes</i>	<i>The Company</i> <i>(i)</i> €'000	<i>West</i> <i>(ii)</i> €'000	<i>The HTI Group</i> <i>(iii)</i> €'000	<i>Acquisition adjustments</i> <i>(iv)</i> €'000	<i>Placing proceeds</i> <i>(v)</i> €'000	<i>Pro-forma balances</i> €'000
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and cash equivalents	–	1,661	1,567	3,519	1,327	8,074
Inventories and work in progress	–	–	991	–	–	991
Accounts receivable	72	9	3,422	(72)	–	3,431
<b>Total current assets</b>	<u>72</u>	<u>1,670</u>	<u>5,980</u>	<u>3,447</u>	<u>1,327</u>	<u>12,496</u>
Intangible fixed assets	–	–	104	5,345	–	5,449
Property, plant and equipment, net	–	–	419	–	–	419
<b>Total assets</b>	<u><u>72</u></u>	<u><u>1,670</u></u>	<u><u>6,503</u></u>	<u><u>8,792</u></u>	<u><u>1,327</u></u>	<u><u>18,364</u></u>
<b>Current liabilities:</b>						
Trade accounts payable	–	–	1,399	–	–	1,399
Accrued liabilities and deferred income	–	17	1,531	–	–	1,548
Other accounts payable	–	–	1,695	(295)	–	1,400
<b>Total current liabilities</b>	<u>–</u>	<u>17</u>	<u>4,625</u>	<u>(295)</u>	<u>–</u>	<u>4,347</u>
<b>Long-term liabilities:</b>						
Finance lease obligations	–	–	28	–	–	28
Other non-current liabilities	–	–	294	–	–	294
<b>Total long-term liabilities</b>	<u>–</u>	<u>–</u>	<u>322</u>	<u>–</u>	<u>–</u>	<u>322</u>
Total shareholders' equity	<u>72</u>	<u>1,653</u>	<u>1,556</u>	<u>9,087</u>	<u>1,327</u>	<u>13,695</u>
<b>Total liabilities and shareholders' equity</b>	<u><u>72</u></u>	<u><u>1,670</u></u>	<u><u>6,503</u></u>	<u><u>8,792</u></u>	<u><u>1,327</u></u>	<u><u>18,364</u></u>

NOTES:

- i The balance sheet of the Company at 30 June 2006 has been extracted without adjustment from the financial information on the Company set out in Section A of Part III of this Document. With the exceptions of the transactions referred to below, no account has been taken of the activities of the Company subsequent to 30 June 2006.
- ii The balance sheet of West at 31 March 2006 has been extracted without adjustment from the financial information on West set out in Section B of Part III of this Document. With the exceptions of the transactions referred to below, no account has been taken of the activities of West subsequent to 31 March 2006.
- iii The balance sheet of the HTI Group at 31 December 2005 has been extracted without adjustment from the combined financial information on the HTI Group set out in Part IV of this Document. With the exceptions of the transactions referred to below, no account has been taken of the activities of the Hightex Group subsequent to 31 December 2005.

- iv Acquisition adjustments represent the following:
- The Directors consider that the substance of the Merger under the laws of the States of California and Delaware of West with Merger Subsidiary, whereby the merged entities fused and West ceased to exist as a separate entity is that it is a group re-organisation and no goodwill will therefore be recognized in relation to that transaction.
  - The proceeds of the conditional placing by West of new shares of common stock in April 2006 to raise €1.441 million (£1 million) before costs of €72,000 (£50,000), which was contingent on the announcement by West of a reverse acquisition before 2 September 2006, and which has now become unconditional, has been accounted for as an adjustment to the fair value of the net assets acquired as part of the of the group re-organization referred to above.
  - The redemption of the 4,999,800 redeemable shares in the Company on Admission.
  - The following adjustments to the fair value of the net assets of the HTI Group acquired by the Company:
    - The proceeds of the issue of the HTI Loan Notes of €1.833 million, which convert on Admission into HTI Shares and are to be conditionally acquired by the Company on Admission
    - The proceeds of the issue in March 2006 by HTI of 70,000 new HTI Shares for aggregate consideration of approximately €667,000
    - The costs of the issue of the Hightex Loan Notes and HTI Shares referred to above of €350,000
    - The conversion to equity on Admission of certain shareholder loans in HTI with an aggregate value of €295,000
  - The acquisition of the HTI Group by the Company using the purchase method according to IFRS3 'Business combinations'. On the basis of provisional estimates of the fair value of the consideration for the acquisition and of the net assets of the HTI Group, goodwill amounting to approximately €5.345 million is expected to arise on consolidation.
- v Placing proceeds represent the placing by the Company of 15 million new Ordinary Shares at 10 pence per share, raising €2.175 million (£1.5 million) before costs of the transaction of €848,000 (£585,000).

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



3 Sheldon Square  
London  
W2 6PS

The Directors  
Teather & Greenwood Limited  
Beaufort House  
15 St Botolph Street  
London  
EC3A 7QR

4 August 2006

Dear Sirs

### **Hightex Group Plc**

We report on the pro-forma financial information set out in Part V of the AIM Admission Document (“the Document”) dated 4 August 2006 of Hightex Group Plc (“the Company”) which has been prepared on the basis of the notes thereto for illustrative purposes only, to provide information about how the reorganization of the Company and West, the acquisition of the HTI Group by the Company and the Placing might have affected the financial information presented on the basis of the accounting policies adopted by the Company. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that schedule and for no other purpose.

### **Responsibilities**

It is the responsibility of the Directors of the Company to prepare the pro-forma financial information in accordance with Schedule Two of the AIM Rules. It is our responsibility to form an opinion on the financial information as to the proper compilation of the pro-forma financial information and to report our 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 dates of their issue.

### **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. 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 the Company.

We planned and performed our work so as to obtain all 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:

- (a) the pro-forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

**Declaration**

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the 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 Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

**MRI Moores Rowland LLP**  
*Chartered Accountants*

## PART VI

### ADDITIONAL INFORMATION

#### 1. Responsibility

To the best of the knowledge and belief of the 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 there is no other material information the omission of which is likely to affect the import of such information. The Directors, whose names are set out on page 5, accept responsibility, individually and collectively, for the contents of this document accordingly.

#### 2. The Company

- 2.1 The Company was incorporated and registered with the Registrar of Companies in England and Wales on 28 June 2006 under the Act as a public company limited by shares with the name Hightex Group plc and with registered number 5860429.
- 2.2 The Company's main activity is that of a general commercial company, including being a holding company for companies within the group of companies of which the Company is for the time being the holding company.
- 2.3 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 2.4 The liability of the Shareholders of the Company is limited.
- 2.5 The Company's registered office is Masters House, 107 Hammersmith Road, London, W14 0QH, United Kingdom, and the telephone number of the Company Secretary, Anthony George Hunter, is +44 (0) 20 7603 1515.
- 2.6 On Admission, the companies in the Enlarged Group will comprise:

<i>Name of Company</i>	<i>Country</i>	<i>Holding</i>
HighTex International (HTI) AG	Switzerland	100 per cent.
Hightex GmbH	Germany	100 per cent.
Hightex Engineering GmbH	Germany	100 per cent.
Hightex UK Limited	UK	100 per cent.
Hightex Americas LLC	United States	100 per cent.
Hightex Pty. Ltd.	Australia	100 per cent.
Metal System Sp z.o.o.	Poland	50 per cent.
SolarNext AG	Germany	100 per cent.

#### 3. Share capital

- 3.1 The Company was incorporated with an authorised share capital of 200 Ordinary Shares and 4,999,800 Redeemable Shares. On Admission, the Redeemable Shares will convert into 4,999,800 Ordinary Shares.
- 3.2 Conditional on West Shareholder approval of the merger of the Merger Subsidiary with West at the West Special Meeting:
- (a) the Company's authorised share capital will be increased from £50,000 to £1,700,000 by the creation of 165,000,000 Ordinary Shares;
- (b) the Directors are to be generally and unconditionally authorised for the purposes of section 80 of the Act to allot relevant securities of an aggregate nominal value not exceeding £400,284 such authority to expire on 6 September 2011 and separately to allot relevant securities of an aggregate nominal value not exceeding £75,000 resulting from the exercise of the Investor Warrants such authority to expire on the second anniversary of Admission;

- (c) the Directors are to be authorised and empowered pursuant to s95 of the Act to allot equity securities (within the meaning of s94 of the Act as amended by the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 as regards equity securities which are held by the Company in Treasury) for cash pursuant to the authority conferred by the resolution in sub-paragraph 3.2(b) above as if s89(1) of the Act did not apply to any such allotment, provided that this power shall be limited:
- (i) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them;
  - (ii) to the allotment of equity securities of an aggregate nominal amount not exceeding £75,000 resulting from the exercise of the Investor Warrants such authority to expire on the second anniversary of Admission; and
  - (iii) to the allotment (otherwise than pursuant to sub-paragraph 3.2(c)(i) and (ii) above) of equity securities up to an aggregate nominal value of £120,085 and shall expire on 6 September 2011, 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 such an offer or agreement as if the power conferred by this resolution had not expired;
- (d) following the redemption of the Redeemable Shares upon Admission, any unissued Redeemable Shares are to be re-designated as Ordinary Shares having the rights and being subject to the conditions set out in the Articles of the Company.

3.3 Assuming the redemption upon Admission and re-designation of the Redeemable Shares, the table below sets out both the authorised and issued and fully paid share capital of the Company as at the date of this document and Admission:

**At the date of this document**

<i>Authorised</i>		<i>Issued and fully paid</i>	
£	<i>Number of Ordinary and Redeemable Shares</i>	£	<i>Number of Ordinary and Redeemable Shares</i>
50,000	200 Ordinary and 4,999,800 Redeemable Shares	50,000	200 Ordinary and 4,999,800 Redeemable Shares

**At Admission**

<i>Authorised</i>		<i>Issued and fully paid</i>	
£	<i>Number of Ordinary Shares</i>	£	<i>Number of Ordinary Shares<sup>1</sup></i>
1,500,000	150,000,000	1,200,852	120,085,172

Note:

<sup>1</sup> Assuming a full take up of the proposals put to holders of West Options and West Warrants and, as regards to the number of Consideration Shares to be issued to West Shareholders, this assumes that valid letters of transmittal are delivered on or prior to Admission in respect of the West Shares in issue on the date of the Merger becoming effective.

3.4 The Consideration Shares and the Placing Shares will be issued in reliance on the authorities referred to in paragraph 3.2 above.

3.5 There are no issued but not fully paid Ordinary Shares.

- 3.6 The provisions of section 89 (1) of the Act (which, to the extent not disapplied pursuant to section 95 of the Act, confer on shareholders rights of pre-emption in respect of the allotment of securities which are, or are to be, paid up in cash other than by way of allotment to employees under any employee's share scheme as defined in section 743 of the Act) have been disapplied as described in paragraph 3.2 above.
- 3.7 The existing issued Ordinary Shares are, and the Consideration Shares and the Placing Shares will be, in registered form and are, or will be, eligible for settlement within CREST.
- 3.8 Other than the issue of the Consideration Shares and the Placing Shares and save as regards up to 10 per cent. of the Company's issued share capital pursuant to the New Share Option Scheme, there is no present intention to issue any of the authorised but unissued ordinary share capital of the Company.
- 3.9 As at the date of this document, the Company has no listed or unlisted securities not representing share capital.
- 3.10 The Ordinary Shares are not redeemable and the Company has not issued any convertible or exchangeable securities or securities with warrants.
- 3.11 As at the date of this document the Company does not hold any of its own Ordinary Shares.
- 3.12 Save as disclosed in this document:
- (a) no share or loan capital of the Company has, since the date of incorporation of the Company, been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash and no such issue is now proposed;
  - (b) no commissions, discounts, brokerages or other special terms have been granted by the Company since the date of its incorporation in connection with the issue or sale of any such share or loan capital; and
  - (c) no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- 3.13 The Consideration Shares and the Placing Shares will rank *pari passu* in all respects with the other Ordinary Shares in issue and will rank in full for all dividends or other distributions hereafter declared, paid or made in respect of the Ordinary Share capital of the Company.
- 3.14 Under the terms of the West Merger, holders of West Options and West Warrants have been invited to waive their entitlements in exchange for an issue of new West Shares. The holders of all West Options and West Warrants "in-the-money" have agreed to this waiver. The only remaining category are the West Warrants exercisable at 4.5 pence per West Share which are "out-of-the-money". Such holders have also been invited to waive their entitlements in exchange for new West Shares on a basis which reflects the fact that such options are "out-of-the-money". If a holder of a West Warrant "out-of-the-money" does not agree to waive his entitlement, this West Warrant will be converted into a warrant in the Company on the basis of a warrant over one Ordinary Share for every ten West Warrants, with an exercise price which is equivalent to the ratio between the exercise price of the warrants in West (4.5 pence) and the middle market price of a West Share of 1.35 pence on 28 July 2006, the last business day prior to the suspension of trading in West Shares on AIM pending the announcement of the Transactions. The maximum number of warrants over Ordinary Shares which may be issued to the holders of "out-of-the-money" West Warrants is 1,743,889. Any such warrants over Ordinary Shares will be exercisable by notice during the 90 day periods starting on the date of the publication of the Company's annual accounts for the 2006, 2007, 2008 and 2009 financial years at 215p per Ordinary Share. The Directors believe that a substantial number of holders of West Warrants will choose to waive their entitlements in exchange for an issue of new West Shares.
- 3.15 As referred to in paragraph 8.1 of Part I and of this Part VI of this document, Ludgate will, following Admission, hold warrants over 1,128,750 Ordinary Shares exercisable at €0.110742 per

Ordinary Share by notice during the 90 day periods starting on the date of publication of the Company's annual accounts for the 2006, 2007, 2008, 2009 and 2010 financial years.

#### **4. Memorandum and articles**

4.1 The principal object of the Company, which is set out in clause 4.1 of its memorandum of association, is to carry on business as a general commercial company. The objects of the Company are set out in full in clause 4 of the memorandum of association, which is available for inspection as described in paragraph 14.21 below.

4.2 The Articles contain, *inter alia*, provisions to the following effect:

##### **(a) General Meetings**

###### **(i) Annual general meetings**

Subject to the provisions of the Act, annual general meetings shall be held at such time and place as the Board may determine. An annual general meeting convened for the passing of a special resolution shall be convened by not less than 21 clear days' notice in writing and an annual general meeting is deemed to have been duly convened if it is so agreed by all the Shareholders entitled to attend and vote at the meeting.

###### **(ii) Extraordinary general meetings**

The Board may convene an extraordinary general meeting whenever it thinks fit and at such times and places it shall determine. An extraordinary general meeting shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by section 368 of the Act. An extraordinary general meeting convened for the passing of a special resolution shall be convened by not less than 21 clear days' notice in writing and all other extraordinary general meetings shall be convened by not less than 14 clear days' notice in writing.

In the case of both an annual general meeting and an extraordinary general meeting, the notice must specify the type of meeting, the place, day and time of the meeting, the general nature of the business (if special business is to be transacted) and the intention to propose a special or extraordinary resolution if that be the case. The accidental omission to send a notice of a meeting shall not invalidate the proceedings at that meeting and if the Board considers it impractical or undesirable to hold a meeting on the date or at the time specified in a notice they may change the place or postpone the general meeting, or do both if it decides it is reasonable to do so.

The notice must be given to the Shareholders, the Directors and the Company's auditors. The entitlement of a Shareholder or proxy to attend a general meeting shall be subject to any such arrangements as may be for the time being approved by the Board.

The Board may direct that any person wishing to attend any general meeting should provide evidence of identity and submit to searches or such other security arrangements or restrictions as the Board shall consider appropriate in the circumstances, and shall be entitled in its absolute discretion to refuse admission to any person who fails to provide such evidence or fails to submit to such searches or otherwise comply with such security arrangements or restrictions.

##### **(b) Voting rights**

Subject to paragraph (h) below or subject to any special terms as to voting on which shares have been issued, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every Shareholder present in person or by representative or proxy shall have one vote for every Ordinary Share in the capital of the Company held by him. A proxy need not be a Shareholder of the Company.

(c) ***Dividends***

The Company may, by ordinary resolution in general meeting, declare a dividend, provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified. Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph (h) below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose. All dividends unclaimed for a period of 6 years after the date such dividend is payable shall be forfeited and shall revert to the Company.

(d) ***Return of Capital on a winding-up***

On a voluntary winding-up the Shareholders may share in any surplus assets. A liquidator may, with any sanction required by law, divide amongst the Shareholders in specie or in kind the whole or any part of the assets of the Company. For this purpose the liquidator may set the value he deems fair on a class or classes of property, and may determine on the basis of that valuation and in accordance with the then existing rights of Shareholders how the division is to be carried out between Shareholders or classes of Shareholders. A liquidator may not distribute to a Shareholder, without his consent, an asset to which there is attached a liability or potential liability for the owner.

(e) ***Variation of rights***

If at any time the capital of the Company is divided into different classes of shares, all or any of the rights or privileges attached to any class of shares in the Company may, subject to the provisions of the Act, be modified, varied or abrogated either in such manner as may be provided by those rights or with the consent in writing, or consent by electronic communication, sent to the Company, 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 meeting of the holders of the issued shares of that class.

(f) ***Alteration of capital***

The Company may by ordinary resolution increase its share capital (by such sum to be divided into shares of such amount as the resolution shall prescribe), consolidate and divide all or any of its share capital into shares of a larger nominal amount, sub-divide all or any of its shares, into shares of a smaller nominal amount and cancel any shares not taken, or agreed to be taken, by any person and diminish its authorised share capital by the amount of the shares so cancelled.

The Company may in a general meeting with the sanction of a special resolution, and subject to any confirmation or consent required by law, reduce its authorised and issued share capital or any capital redemption reserve or any share premium account.

Subject to and in accordance with the provisions of the Act, without prejudice to any special rights attached to any class of shares, the Company may purchase its own shares (including any Redeemable shares) in any way and at any price (whether at par or below par) and may hold shares as treasury shares.

All new shares shall be subject to the Articles and unclassified unless otherwise provided by the Articles, by resolution creating the new shares or by terms of any allotment of the new shares.

(g) ***Transfer of shares***

A Shareholder may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors, and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a

certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. Subject to sub-paragraph (h) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share, is in favour of not more than four transferees (except in the case of executors or trustees of a deceased Shareholder), is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with and the transfer is duly stamped.

(h) ***Suspension of rights***

If a Shareholder, or any other person appearing to be interested in shares held by such Shareholder, has been duly served with notice under section 212 of the Act and is in default in supplying to the Company within 28 days (or such other period as may be specified in such notice) the information thereby required, then (if the Directors so resolve) such Shareholder shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice (the 'default shares'). Where the holding represents more than 0.25 per cent. of the issued shares of that class, the payment of dividends may be withheld. No transfer of the default shares shall be registered unless the Shareholder is not himself (nor any other person interested in the default shares) in default as regards supplying the information requested, or the transfer is an approved transfer, or registration of the transfer is required by the Regulations.

(i) ***Pre-emption rights***

There are no rights of pre-emption under the Articles of the Company in respect of transfers of issued Ordinary Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

(j) ***Borrowing powers***

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future (including uncalled capital) and, subject to section 80 of the Act, to issue debenture stock or any other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

(k) ***Directors***

- 1) Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors shall be not less than 2 and not more than 25.
- 2) Each of the Directors shall be paid out of the funds of the Company a fee at such rate as may from time to time be determined by the Board, provided that such fees in aggregate shall not exceed £200,000 at the date of this document which amount may be increased by such higher amount as may be determined by ordinary resolution of the Company. The Directors shall also be entitled to be paid out of the funds of the Company all reasonable travelling, hotel and other expenses properly and reasonably incurred by them. If, in the opinion of the Board, any executive Director performs any special services on behalf of the Company such executive Director may be paid such additional remuneration therefore as the Board may determine.

- 3) At each annual general meeting one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire from office. If there are fewer than three Directors who are subject to retirement by rotation, one shall retire from office. Subject to the Act and the Articles, the Directors to retire by rotation at an annual general meeting include, so far as necessary to obtain the number required, first, a Director who wishes to retire and not offer himself for reappointment, and, second, those Directors who have been longest in office since their last appointment or reappointment. As between two or more who have been in office an equal length of time, the Director to retire shall, in default of agreement between them, be determined by lot. A Director retiring at a meeting shall retain office until the dissolution of such meeting. A retiring Director shall be eligible for re-election. Subject to any resolution reducing the number of Directors, the Company may, at any general meeting at which Directors retire in the manner aforesaid, fill up the vacated offices by electing a like number of persons to be Directors and may fill up any other vacancies. If at any meeting at which an election of a Director ought to take place the places of the retiring Directors are not filled up, then, subject to any resolution reducing the number of Directors, the retiring Directors, or such number of them as have not had their places filled up, shall, if willing, continue in office until the dissolution of the annual general meeting in the next year, unless, as regards any particular Director, a resolution for his re-election shall have been put to the meeting and lost.
- 4) A Director may act by himself or by his firm in a professional capacity for the Company (otherwise than as an auditor or auditor of a subsidiary company) and he and his firm shall be entitled to such remuneration or otherwise as the Board may decide.
- 5) A Director may be or become a Director or other officer of, or otherwise interested in, any company, promoted by the Company or in which the Company may be interested and shall not be liable to account to the Company or the Shareholders for any remuneration, profit or other benefit received by him as a Director or officer or from his interest in such other company.
- 6) Subject to the provisions of the Act, the Board may enter into, vary and terminate any agreement or arrangement with any Director who does not hold executive office for the provision of his services to the Company.
- 7) Subject to the Act and the Articles, no Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any office or employment or as a vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or its Shareholders of any profit or other benefit realised by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relationship thereby established or to vacate the office of Director.
- 8) A Director shall not vote or be counted in any quorum in respect of any contract or arrangement or any other proposal which (together with any interest of any person connected with him within the meaning of the Act) is to his knowledge a material interest, save that this prohibition shall not apply to:
  - the giving of any security, guarantee or indemnity in respect of money lent or obligations undertaken by him or by any person at the request of or for the benefit of the Company or any of its subsidiary undertakings for which he has himself assumed responsibility in whole or in part under the guarantee or indemnity or by the giving of security;
  - a contract, arrangement, transaction or proposal concerning the placing of shares, debentures or other securities of the Company or any of its subsidiary

undertakings in which he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of such placing;

- a contract, arrangement, transaction or proposal concerning any other company in which he is interested directly or indirectly and whether as an officer, creditor or shareholder or otherwise;
- a contract, arrangement, transaction or proposal for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award any Director any privilege or advantage not generally awarded to the employees to which it relates;
- a contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance which the Company is empowered to purchase and/or maintain for the benefit of any Directors of the Company or persons who include Directors.

- 9) A Director shall not vote or be counted in any quorum of any Board resolution concerning his own appointment as the holder of any office or position of profit with the Company or any company in which the Company is interested, including fixing or varying the terms of his appointment or its termination thereof. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) or termination of the appointment of two or more Directors to offices or positions of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and, in such a case, each of the Directors concerned shall be entitled to vote (and to be counted in the quorum) in respect of each resolution except that concerning his own appointment or the termination of his own appointment.
- 10) No person shall be disqualified from being appointed a Director by reason of his having attained the age of 70 or any other age and no Director shall be required to vacate his office at any time by reason only of the fact that he has attained the age of 70 or any other age.
- 11) The Board may exercise all the powers of the Company to grant pensions, annuities or other allowances and benefits in favour of any Director or former Director or the relations or dependents of any such person. For that purpose, the Board may procure the establishment and maintenance of, or participate in, or contribute to, any contributory or non-contributory pensions or superannuation fund, scheme or arrangement or pay any insurance premiums. A Director or former Director shall not be accountable to the Company or its Shareholders for any benefit of any kind conferred under or pursuant to this provision and the receipt of any such benefit shall not disqualify any person from being or becoming a Director of the Company.
- 12) The Board may appoint any one or more of their body to be Managing Director or to hold any executive office (other than that of auditor) for such period (subject to the Acts) and on such terms as the Board may think fit. A Director may hold and be remunerated in respect of any other office or position of profit with the Company in conjunction with his office as a Director.

(l) ***Non-United Kingdom shareholders***

There are no limitations in the Articles on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to, the Ordinary Shares. However, non-United Kingdom shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom or an electronic address to which such notices may be sent.

(m) ***CREST***

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles are

consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form.

(n) ***Restrictions on changes in control, mergers, acquisitions or corporate restructuring of the Company***

Save for the mandatory offer provision in Article 146, there are no provisions in the Articles that would have the effect of delaying, deferring or preventing a change in control of the Company or that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company. The mandatory offer provision provides for a mandatory offer to be made for all the Ordinary Shares, save those held by the acquiror and its concert parties, where 30 per cent. or more but not more than 50 per cent. of the Ordinary Shares have been acquired or where there has been any increase in the percentage of shares held by such persons between 30 per cent. and 50 per cent.

(o) ***Ownership threshold requiring Public Disclosure***

There are no provisions in the Articles governing the threshold above which shareholder ownership must be disclosed. The Company is subject to the provision of the Act requiring public disclosure of shareholdings.

**5. Directors**

**5.1 *Interests in Ordinary Shares***

The interests of the Directors (and their immediate families and of persons connected with them, within the meaning of section 346 of the Act) in Ordinary Shares (which have been notified to the Company pursuant to section 324 of the Act and are required to be entered into the register of Directors' interests maintained under the provisions of section 325 of the Act) as at 4 August 2006 (being the most recent practicable date prior to the publication of this document), all of which are beneficial, are as follows:

	<i>As at 4 August 2006</i>			<i>On Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>No. of Redeemable Shares</i>	<i>Percentage of issued share capital</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital<sup>1</sup></i>
Charles DesForges	100	2,499,900	50 per cent.	325,750	0.27
Klaus-Michael Koch	–	–	–	2,167,200	1.80
Frank Molter	–	–	–	4,128,000	3.44
David Walker	–	–	–	4,128,000	3.49
Charles Sebag-Montefiore	100	2,499,900	50 per cent.	285,254	0.24

NOTE:

<sup>1</sup> Assuming full value of the proposals put to holders of West Options and West Warrants, and, as regards the number of Consideration Shares to be issued to West Shareholders, assuming valid letters of transmittal are delivered on or prior to Admission in respect of all the West Shares in issue on the date the West Merger becomes effective.

**5.2 *Additional information on the Board***

- (a) The Board may, from time to time, hold directorships, or otherwise be interested in, other companies operating in similar business sectors to the Company. The Board will ensure, so far as is practicable, that in the event of any conflict of interest arising, it will be resolved fairly in the interests of the Company and to ensure that the Company can at all times operate independently.

- (b) The directorships held by each of the Directors over the five years preceding the date of this document, other than in the Company, and the partnerships in which they have been partners in the five years preceding the date of this document are as follows:

<i>Director</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Charles DesForges	Hightex Group plc Casect Limited	-
Klaus-Michael Koch	Hightex Group plc SolarNext AG Koch Projekt GmbH	Hightex GmbH
Frank Molter	Hightex Group plc Hightex GmbH Hightex Engineering GmbH HighTex International (HTI) AG Hightex Americas LLC	CALACON GmbH
David Walker	Hightex Group plc Hightex Ltd Sun Affairs Ltd B&O Hightex Asia Co Ltd Hightex Pty. Ltd	Skyspan (UK) Ltd
Charles Sebag-Montefiore	Hightex Group plc Ludgate Investments Limited West 175 Media Group Inc The Patrons of the National Galleries of Scotland The Samuel Courtauld Trust Oxford Centre for Hebrew and Jewish Studies The Strawberry Hill Trust	Community Careline Services Limited Govett European Enhanced Investment Trust plc The Harvill Press Limited IDJ Limited Kiln plc Kiln Underwriting Limited Slamagent Ltd West 175 Media Limited

- (c) No Director has any unspent convictions relating to indictable offences, has been bankrupt or has made or been the subject of any individual voluntary arrangement.
- (d) Save as disclosed in paragraph 9.3b of this Part VI, in respect of Charles Sebag-Montefiore as regards to the company voluntary arrangement of West and save as disclosed in paragraphs 5.2i and 5.2j, in respect of Frank Molter and Klaus-Michael Koch, none of the Directors has been a director of any company at the time of or within 12 months preceding the date of its receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors and none of the Directors has been a partner of any partnership at the time of or within 12 months preceding the date of any partnership voluntary arrangement, compulsory liquidation or administration of such partnership or has been a partner of a partnership at the time of or within 12 months preceding the date of the receivership of any asset of such partnership and none of the Directors has had any of his assets subject to any receivership.
- (e) None of the Directors, has been criticised by any statutory or regulatory authority (including recognised professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management of the affairs of the company.
- (f) No Director (nor any Member of a Director's family) has had a related financial product (as defined in the AIM Rules) referenced to Ordinary Shares.
- (g) Save as disclosed in this document, none of the Directors has or has had any interest in transactions effected by the Company since its incorporation which are or were unusual in their nature or conditions or which are or were significant to the business of the Company.

- (h) Charles Sebag-Montefiore is a director of and shareholder in West 175 Media Group Inc. and is interested in 2,852,541 West Shares as at the date of this document.
- (i) Frank Molter was director of H5B5 Media AG which went into insolvent liquidation in July 2002, which was within 12 months of Mr. Molter ceasing to be a director.
- (j) Klaus-Michael Koch was director of Chiemgauer Membran – und Zeltbau GmbH and its parent company Koch Hightex GmbH + Co. KG, which went into insolvent liquidation in August 1998.

### 5.3 *Directors' service agreements arrangements and letters of appointment*

#### (a) *Service agreements*

##### **Klaus Michael Koch**

Klaus Michael Koch has entered into a service agreement (the "Koch Agreement") with the Company dated 3 August 2006 to act as Chief Executive Officer of the Company. The Koch Agreement shall continue until terminated by Mr Koch or by the Company giving not less than 12 months' written notice and the employment shall terminate upon Mr Koch reaching the normal retiring age from time to time applicable to Directors of the Company. Remuneration for Mr Koch's services under this agreement and pursuant to arrangements with other companies in the Enlarged Group is €180,000 (£124,200) per annum, plus expenses.

##### **Frank Molter**

Frank Molter has entered into a service agreement (the "Molter Agreement") with the Company dated 3 August 2006 to act as a Finance Director of the Company. The Molter Agreement shall continue until terminated by either Mr Molter or the Company giving not less than 12 months' written notice and the employment shall terminate upon Mr Molter reaching the normal retiring age from time to time applicable to Directors of the Company. Remuneration for Mr Molter's services under this agreement and pursuant to arrangements with other companies in the Enlarged Group is €156,000 (£107,640) per annum, plus expenses.

##### **David Walker**

David Walker has entered into a service agreement (the "Walker Agreement") with the Company dated 3 August 2006 to act as Director of Business Development of the Company. The Walker Agreement shall, subject to a trial period of 12 months during which it will be terminable giving one months' written notice by either party, continue until terminated by Mr Walker or by the Company giving not less than 12 months' written notice and the employment shall terminate upon Mr Walker reaching the normal retiring age from time to time applicable to Directors of the Company. Remuneration for Mr Walker's services under this agreement and pursuant to arrangements with other companies in the Enlarged Group is €144,000 (£99,360) per annum, plus expenses.

#### (b) *Letters of appointment*

##### **Charles DesForges**

Dr DesForges has entered into an agreement with the Company dated 3 August 2006 under which he agrees to act as a Non-executive Chairman. The agreement will terminate on 6 month's written notice given by Dr DesForges or the Company. Dr DesForges is to receive a Director's fee of £36,000 per annum for his services, reimbursement of his expenses and £5,000 per annum for each board committee on which he sits. He is also to receive a signing-on bonus of £12,000 for services provided to the Company in the capacity of non-executive Director since April 2006.

##### **Charles Sebag-Montefiore**

Charles Sebag-Montefiore has entered into an agreement with the Company dated 3 August 2006 under which he agrees to act as a Non-executive Director. The agreement will terminate on 6 month's written notice given by Mr Sebag-Montefiore or the

Company. Mr Sebag-Montefiore is to receive a Director's fee of £24,000 per annum for his services, reimbursement of his expenses and £5,000 per annum for each board committee on which he sits. He is also to receive a signing-on bonus of £8,000 for services provided to the Company in the capacity of non-executive Director since April 2006.

- (c) None of the service agreements nor the letters of appointment described above provide for any benefits upon their termination, nor have they been amended since they were entered into.
- (d) At 30 June 2006, aggregate amounts of €554,598 were owed by HTG to Frank Molter, (€50,970) Koch Projekt GmbH (€369,576) and David Walker (€134,052) in relation to the provision of past consultancy services. It is intended that repayments of these amounts will take place over the next 12 months.

## 6. Substantial shareholders

- 6.1 Save as disclosed in paragraph 5.1 above, and as set out below, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company or who is or will, or is expected to, be interested in 3 per cent. or more of the issued share capital or voting rights over Ordinary Shares of the Company, as at the date of this document or at Admission:

	<i>Number of Ordinary Shares held as at the date of this document</i>	<i>Percentage of issued share capital as at the date of this document</i>	<i>Number of Ordinary Shares to be held on Admission</i>	<i>Percentage of issued share capital issued on Admission<sup>1</sup></i>
Matrix One Limited	–	–	31,456,650	26.20
R&B Capital (Special Situations)	–	–	10,000,000	8.33
John Gunn	–	–	6,440,361	5.36

### NOTE:

<sup>1</sup> Assuming full take up of the proposals put to holders of West Options and West Warrants, and, as regards the number of Consideration Shares to be issued to West Shareholders, assuming valid letters of transmittal are delivered on or prior to Admission in respect of all the West Shares in issue on the date the West Merger becomes effective.

- 6.2 All holders of Ordinary Shares have the same voting rights.

## 7. Summary of the principal features of the New Share Option Scheme

- 7.1 The New Share Option Scheme is proposed to be adopted by the Company on 3 August 2006. The New Share Option Scheme will not be approved by the UK HM Revenue and Customs or any other taxation authority. The principal features of the New Share Option Scheme are set out below:

### 7.1.1. Eligibility

All employees and all full-time directors of the Company or of any company controlled by the Company are eligible for selection for participation in the New Share Option Scheme at the discretion of the Remuneration Committee of the Board.

### 7.1.2. Grant of options

Options may only be granted in the 42-day period following publication of the Company's annual and half yearly results.

#### 7.1.3. *Exercise price*

Options will be granted at a price which represents no less than the average of the middle market values of an ordinary share in the three dealing days immediately before options are granted or, if greater, the nominal value of such a share.

#### 7.1.4. *Performance conditions*

Options may be granted subject to specified conditions (to be determined prior to grant) relating to the performance of the Company, or of a company controlled by the Company or of the optionholder. It is intended that performance would typically be measured over the three-year period immediately following the grant (unless an early exercise of option is permitted under the New Share Option Scheme, in which case performance will be measured over the shorter period).

#### 7.1.5. *Exercise periods*

Generally, subject to satisfying a performance condition attached to the option, an option is first exercisable on the date specified by the Board at the date of grant, which will be no earlier than the third anniversary of the date of grant. Options may be exercised early following the death of the optionholder or where the optionholder's employment or directorship ceases because of injury, disability, redundancy or retirement. The Remuneration Committee of the Board has a discretion to permit early exercise if one of the events described in paragraph 7.1.8 below occurs.

#### 7.1.6. *Lapse of options*

Options will lapse if not exercised within 10 years of grant. If an optionholder dies, his estate will have one year within which to exercise the options. If an optionholder ceases to be an employee or director as a result of injury, disability, redundancy or retirement, he will have six months in which to exercise his options, failing which they will lapse. If an optionholder ceases to be an employee or director for any other reason, his options will lapse. Options will also lapse at the end of any of the six month periods referred to in paragraph 7.1.8 below.

#### 7.1.7. *New Share Option Scheme limits*

The maximum number of shares over which options to subscribe may be granted under the New Share Option Scheme, when aggregated with shares issued or issuable under all share schemes operated by the Company, may not in any rolling ten year period exceed 10 per cent. of the Company's issued ordinary share capital.

#### 7.1.8. *Takeover and liquidation*

In the event of a change of control of the Company, options may, by agreement between the optionholder and the acquiring company, be exchanged for new options over the acquiring company. If not exchanged, options may be exercised within six months of the change of control. Options may also be exercised within six months of a Court sanctioning a reconstruction or amalgamation of the Company pursuant to Section 425 Companies Act 1985 or within six months of any person becoming bound or entitled to acquire shares in the Company under Sections 428 to 430F Companies Act 1985 or within six months of the Company passing a resolution for voluntary winding-up.

#### 7.1.9. *Variation of capital*

If there is a capitalisation or rights issue or any consolidation, sub-division or reduction of the Company's share capital, the remuneration committee of the Board will make such amendments to the number of shares and option price as it thinks fit, subject to receiving confirmation from the Company's auditors that the adjustments are fair and reasonable.

#### 7.1.10. *Amendment and termination*

The Board has authority to amend the rules unless the amendment materially affects an optionholder as regards an option granted prior to the amendment. Any amendment to one of the principle terms of the New Share Option Scheme to the advantage of the

optionholders requires the prior approval by the Company in general meeting (save that any amendment may be made without such authority if it is a minor amendment to benefit the administration of the New Share Option Scheme, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company or companies under its control). No options can be granted under the New Share Option Scheme later than 10 years after the date of adoption of the New Share Option Scheme.

## **8. Terms of the HTI Acquisition, the SolarNext Acquisition and the West Merger**

### **8.1 HTI Acquisition**

The Company has made an offer to HTI Shareholders and HTI Noteholders to acquire all of their HTI Shares that they are holding or receiving upon conversion of the Loan Notes on Admission in exchange for Consideration Shares. The Company is offering 86 Consideration Shares for every HTI Share outstanding. The offers are conditional, amongst other things, on Admission.

Pursuant to a deed dated 9 June 2006, HTI issued the Hightex Warrants. Upon Admission, the Hightex Warrants will convert into warrants over 1.128.750 Ordinary Shares on equivalent terms.

### **8.2 SolarNext Acquisition**

The Company has entered into an agreement dated 3 August 2006 with Koch Projekt GmbH to acquire the entire issued share capital of SolarNext. The consideration price for the transfer of the SolarNext shares payable by the Company includes a nominal consideration of €1.00, payable at signing, and an additional consideration of €50,000 payable if by 31 December 2008, SolarNext's retained profits exceed its carried forward losses. If by 31 December 2008, SolarNext's retained profits do not exceed its carried forward losses, the Company shall cease to have any obligation to pay the additional consideration. The agreement is conditional on amongst other things, Admission, and the discharge by SolarNext of the loans by Koch Projekt GmbH to the Company (the "Loans"). The Loans are subordinated as a result of an undertaking by Koch Projekt GmbH made on 30 January 2006 to have any payments due to it under the Loans subordinated to any claims of other creditors of SolarNext and any capitalisation requirements of SolarNext. Under German law, SolarNext is required to maintain at all times a minimum capitalisation of €50,000. Pursuant to the SolarNext Share Purchase Agreements, the Loans are to be discharged by the Company. The terms of the Loans provide: (1) for a simple interest at a rate of 5 per cent. per annum to be paid by SolarNext, as borrower; (2) termination by either party by one months notice after which the Loans shall become immediately due and payable in full by SolarNext, together with any accrued interest; and (3) a subordination provision, whereby, the Company agrees that any right for repayment under the loans shall be subordinated to any claims of other SolarNext creditors and any capitalisation requirements of SolarNext.

### **8.3 West Merger**

The West Merger is to be effected by means of a statutory merger under the laws of the States of California and Delaware between West and the Merger Subsidiary. The terms of the West Merger are set out in a merger agreement entered into on 3 August 2006 between West, the Merger Subsidiary and the Company (the "Merger Agreement"). Completion of the Merger Agreement is conditional, amongst other things, on the approval of a simple majority of the outstanding shares of West's capital stock entitled to vote on the proposal at the West Special Meeting.

On completion of the Merger Agreement, the assets of West will be transferred to the Merger Subsidiary and all West Shares will be cancelled. The consideration for the West Merger will be satisfied by the issue to West Shareholders of one Ordinary Share for every 10 West Shares.

Assuming the West Merger is approved at the West Special Meeting, assuming all West Shareholders return letters of transmittal to the registrar prior to Admission, and assuming no

shares are issued to holders of West Warrants, and, as regards the number of Consideration Shares to be issued to West Shareholders, assuming letters of transmittal are delivered on or prior to Admission in respect of all the West Shares in issue on the date the West Merger becomes effective, 39,195,747 Ordinary Shares in aggregate (representing approximately 33 per cent. of the issued share capital of the Company on Admission) will be issued by the Company to the West Shareholders. The West Circular was sent to West Shareholders on the same date as the date of this document and the West Special Meeting will be held on 4 September 2006.

Under California State law, West Shareholders will have statutory “dissenter’s rights” to require that some or all of their West Shares be purchased for cash instead of being exchanged for their proportion of the Consideration Shares. If any West Shareholder properly exercises such rights, it will be entitled to require West to purchase its West Shares for cash at their “fair market value.” If the shareholder and West are unable to agree upon the price to be paid for the West Shares, the shareholder will have a right to file a complaint in court seeking a determination of the fair market value of the West Shares. Following judgment on such a complaint, West would be obligated to pay the West Shareholder the fair market value of the West Shares as determined by the court plus interest from the date of the judgment. Any West Shareholder who does not vote in favour of the West Merger will not receive any Consideration Shares on Admission and will have a period of 30 days following the service of notice confirming the approval of the West Merger to pursue his statutory dissenters’ rights. Such West Shareholders who do not exercise their rights within this period will lose their status as dissenting West Shareholders and will receive their proportion of the Consideration Shares after they have returned a letter of transmittal to the Registrar and surrendered their West Share certificates when the Company next issues Consideration Shares which will be done at 14 day intervals following Admission.

## 9. Material contracts

9.1 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company since its incorporation and are or may be material:

- (a) the offer documents and forms of acceptance for the HTI Offers the terms of which are described in paragraph 8.1 of this Part VI;
- (b) a share purchase agreement between the Company and Koch Projekt GmbH dated 3 August 2006 the terms of which are described in paragraph 8.2 of this Part VI;
- (c) an admission agreement dated 3 August 2006 between the Company, the Directors and Teather & Greenwood pursuant to which Teather & Greenwood has agreed to provide reasonable assistance to the Company in connection with obtaining Admission. The agreement contains, subject to certain limitations (including as to the amounts of claims that may be made against the Directors), certain indemnities, warranties and undertakings from the Company and the Directors in favour of Teather & Greenwood;
- (d) an agreement dated 3 August 2006 between the Company and Teather & Greenwood, pursuant to which Teather & Greenwood has agreed to act as nominated adviser and broker to the Company for the purposes of the AIM Rules. The agreement may be terminated by either party on 3 months written notice and contains certain indemnities given by the Company in favour of Teather & Greenwood;
- (e) an agreement dated 3 August 2006 between the Company, the Directors and Ludgate pursuant to which Ludgate has agreed to use its reasonable endeavours to effect the Placing. The agreement contains, subject to certain limitations (including as to the amount of claims that may be made against the Directors), certain indemnities, warranties and undertakings from the Company and the Directors in favour of Ludgate;
- (f) an agreement dated 3 August 2006 between Matrix One Limited, the Company and Teather & Greenwood pursuant to which Matrix One Limited has undertaken as separate undertakings to the Company and Teather & Greenwood not to sell, transfer or otherwise dispose of any Ordinary Shares held by them or their connected persons as provided for in paragraph 10 of Part I of this document; and
- (g) the service agreements and the letters of appointment referred to in paragraph 5.3 of this Part VI.

9.2 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the HTI Group within the two years immediately preceding the date of this document and are or may be material:

- (a) a loan note instrument dated 28 March 2006 pursuant to which HTI issued the HTI Loan Notes. The HTI Loan Notes automatically convert at the conversion rate set out below at any time if the share capital of HTI or the share capital of any new parent or holding company is admitted to trading on any stock exchange, including AIM and will therefore convert on Admission. Each HTI Loan Note will convert into one HTI Share for every €9.523809 of HTI Loan Notes.
- (b) an investment agreement dated 28 March 2006 between HTI, certain managers and founders of HTI and investors in Loan Notes (the "Investment Agreement"). The Investment Agreement provided for various representations and warranties to be given by HTI. The Investment Agreement terminates, among other things, upon conversion of the Loan Notes to shares in HTI which will occur on Admission.
- (c) HTG has borrowed €450,000 pursuant to several loans from Klaus-Michael Koch, Membran GmbH and Matrix One Ltd., Hong Kong. HTG intends to discharge the principal part of the loans in the course of the reorganisation of the Enlarged Group. HTI will enter into three loans as the new lender to HTG. HTI will discharge two loans of Klaus-Michael Koch (€240,000) by issuing 25,200 HTI Shares to Mr. Koch and the loan of Matrix One Ltd. (€55,000) by issuing 5,775 HTI Shares to Matrix One Ltd. It is intended that the outstanding balances, plus accumulated interest, which are due will be repaid over the next 12 months.

9.3 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by West within the two years immediately preceding the date of this document and are or may be material:

- (a) the merger agreement dated 3 August 2006 made between the Company, Merger Subsidiary and West pursuant to which West is to merge into the Merger Subsidiary, such that all West Shares will be cancelled and holders of West Shares will receive Consideration Shares in exchange for their West Shares. The business and assets of West, which on Admission will comprise cash, will be transferred to Merger Subsidiary, which will also assume all West's liabilities. The Merger Agreement contains representations given by both West and the Merger Subsidiary and will be governed by the laws of Delaware, save for certain mandatory California law provisions.
- (b) West entered into a company voluntary arrangement ("CVA"), completion of which was announced on 7 July 2004. Under the terms of the CVA, all known creditors, in the UK and overseas, received either cash or West Shares in satisfaction of their claims. West has obtained counsel's opinion that there should be no liabilities of West towards known or unknown creditors in the UK or in New Zealand relating to the period prior to the CVA.

## 10. Taxation

The following is a general summary of certain UK tax consequences of the ownership of the Ordinary Shares for UK resident shareholders. This summary is based on current UK tax law and HM Revenue & Customs practice at the date of this document. It assumes that the persons referred to in this section are beneficially entitled to the Ordinary Shares as an investment and does not address the tax consequences, which may be relevant to certain other categories of UK shareholders such as financial institutions and dealers securities or where the Ordinary Shares are acquired in connection with an employment. It does not purport to be a complete analysis of all the potential tax effects relevant to a decision to invest in the Ordinary Shares, nor should it be considered to be legal or tax advice to any potential investor. Accordingly, prospective investors who are in any doubt as to their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom are urged to consult their tax advisers regarding the applicable tax consequences of acquiring, holding and disposing of the Ordinary Shares based upon their particular circumstances.

(a) ***Taxation of dividends for UK income taxpayers***

Under current UK tax legislation no UK tax will be withheld from any dividend paid by the Company.

An individual shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company will be entitled to a tax credit which may be set off against his total income tax liability on the dividend. Such an individual shareholder's liability to income tax is calculated on the aggregate of the dividend and the tax credit (the "Gross Dividend"), which will be regarded as the top slice of the individual's income. The tax credit will be equal to 10 per cent. of the Gross Dividend (i.e. the tax credit will be one-ninth of the net amount of the dividend received).

Generally, a UK resident individual shareholder who is not liable to income tax in respect of the Gross Dividend will not be entitled to reclaim any part of the tax credit. A UK resident shareholder who is liable to income tax at the starting or basic rate will be subject to income tax on the dividend at the rate of 10 per cent. of the Gross Dividend so that the tax credit will satisfy in full such shareholder's liability to income tax on the dividend. A UK resident individual shareholder liable to income tax at the higher rate will be subject to income tax on the Gross Dividend at 32.5 per cent. but will be able to offset the tax credit against part of this liability. The effect of the set off of the tax credit is that such a shareholder will have to account for additional tax equal to 22.5 per cent. of the Gross Dividend (which is also equal to 25 per cent. of the amount of the dividend received).

(b) ***Taxation of dividends – Other UK taxpayers***

The trustees of certain trusts may also have further tax to pay on dividends.

UK resident corporate shareholders, subject to certain very limited exceptions, are not liable to UK corporation tax in respect of dividends received from the Company.

Pension funds and most UK corporate shareholders are not, however, entitled to claim a refund of tax credits from the HM Revenue & Customs.

(c) ***Taxation of capital gains for UK resident shareholders***

A disposal of Ordinary Shares by a person who is resident or ordinarily resident in the UK for tax purposes may give rise to a liability to taxation on chargeable gains ("CGT") depending on individual circumstances. Individuals, personal representatives and trustees may be entitled to taper relief which may operate to reduce the chargeable gains subject to CGT. Companies are not entitled to taper relief, but are entitled to an indexation allowance which may similarly reduce the taxable chargeable gains. The indexation allowance cannot be used to create or increase a loss. There are provisions contained in the Finance Act 2002 which operate to remove from the scope of taxation on chargeable gains for UK companies certain gains (or disallow a loss) arising on disposals of shares where such shares constitute part of a substantial holding (defined as at least 10 per cent. of the ordinary share capital) in a trading company subject to a number of conditions.

(d) ***UK stamp duty and stamp duty reserve tax***

Except in relation to depository receipt arrangements and clearance systems (where special rules apply) no stamp duty or stamp duty reserve tax ("SDRT") will be payable on the issue and allotment of Ordinary Shares by the Company.

Subsequent sale and purchase of Ordinary Shares will normally give rise to a charge to stamp duty and/or SDRT, payable by the purchaser, generally at a rate of 0.5 per cent. of the consideration payable, rounded up to the nearest £5 in the case of stamp duty. Where the sale transaction takes place in CREST, generally SDRT will be automatically deducted and no stamp duty will arise. Stock transfer forms used to transfer Ordinary Shares not held within CREST will be liable to stamp duty. The execution and stamping of an appropriate stock transfer form within 6 years of the agreement to transfer the Ordinary Shares will normally cancel the related charge to SDRT.

(e) ***Inheritance tax***

The Ordinary Shares will be assets situated in the UK for the purposes of inheritance tax. A gift of such assets by, or on the death of, an individual holder of such assets might, subject to the availability of certain exemptions and reliefs, including business property relief, give rise to a liability to inheritance tax. A transfer of such assets at less than market value may be treated as a gift for inheritance tax purposes.

(f) No Ordinary Shares will be offered into any jurisdiction outside of the United Kingdom.

**11. Working capital**

In the Directors' opinion, having made due and careful enquiry, the working capital available to the Enlarged Group will, from Admission, be sufficient for its present requirements, that is for at least the next 12 months.

**12. Litigation**

12.1 Since its incorporation, the Company has not been engaged in, nor is it currently engaged in, any governmental, legal or arbitrational proceeding which has or may have a significant effect on the financial position of the Company and, so far as the Company is aware, there are no such proceedings pending or threatened against the Company.

12.2 In the 12 months prior to the date of this document no member of the HTI Group nor West has been engaged in, nor are any of them currently engaged in, any governmental, legal or arbitrational proceeding which has or may have a significant effect on the financial position of the HTI Group or West respectively and, so far as the Company, Hightex and West are aware, there are no such proceedings pending or threatened against any member of HTI Group or West.

**13. Licences**

Although HTI Group holds the Blue Window Technology Licence, the business of the Enlarged Group is not dependent on this or any other licence.

**14. General**

14.1 The accounting reference date of the Company is 31 December.

14.2 Teather & Greenwood of Beaufort House, 15 St Botolph Street, London EC3A 7QR has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

14.3 MRI Moores Rowland LLP ("Moores Rowland") of 3 Sheldon Square, London W2 6PS, a member of the Institute of Chartered Accountants, has given and not withdrawn its written consent to the inclusion of the accountants' reports at Parts III and IV on the Company and West and on the HTI Group and on, the pro-forma statement of net assets of the Enlarged Group at Part V and references to its name in the form and context in which it appears and have authorised the inclusion of such reports for the purposes of Schedule 2 of the AIM Rules. Moores Rowland has no material interest in the Company or the West Group.

14.4 Moores Rowland accepts responsibility for their reports in Parts III, IV and V of this document for the purposes of Schedule 2 of the AIM Rules. To the best of the knowledge and belief of Moores Rowland (which has taken all necessary steps to ensure that such is the case), the information contained in Parts III, IV and V of this document is in accordance with the facts and such Parts contain no omission of information likely to affect the import of such information.

14.5 Ludgate has given and not withdrawn its consent to the inclusion in this document of references to its name in the form and context in which it appears.

- 14.6 The ISIN number of the Ordinary Shares is GB00B19PH233.
- 14.7 The total costs and expenses payable by the Company in connection with the Placing and Admission (including professional fees) are estimated to amount to approximately £585,000 (excluding VAT). The total net proceeds of the Placing are estimated to amount to approximately £1.4 million.
- 14.8 The Ordinary Shares are not currently admitted to dealings on a recognised investment exchange and no applications for such admission have been made.
- 14.9 Save as disclosed in this document, there are no patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are of fundamental importance to the Enlarged Group's business.
- 14.10 Save as disclosed in paragraph 9.1 of this Part VI, no person (other than professional advisers named in this document and trade suppliers) has received, directly or indirectly, from the Company within 12 months preceding the application for Admission, or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more, calculated by reference to the Placing Price, or any other benefit with a value of £10,000 or more at the date of Admission.
- 14.11 Other than the Hightex Acquisition, SolarNext Acquisition and the West Merger, no terms have been agreed to effect any further acquisitions and no other significant investments are currently in progress.
- 14.12 The financial information concerning the Company and the HTI Group for the relevant accounting periods set out in the Accountants' Reports in Parts III, IV and V does not constitute statutory accounts of the Company and the HTI Group respectively within the meaning of section 240 of the Act. The Company has not prepared any statutory accounts since its incorporation.
- 14.13 The Placing Price represents a premium over nominal value of 9p per Ordinary Share.
- 14.14 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Company since its incorporation or any exceptional factors which have influenced its activities.
- 14.15 Save as disclosed in this document, there has been no significant change in the financial or trading position of any member of the HTI Group since 31 December 2005 or any exceptional factors which have influenced any of their activities.
- 14.16 As at the date of this document the Company does not have any employees. Following completion of the Transactions, the Enlarged Group will employ 36 people.
- 14.17 Monies received from applicants pursuant to the Placing will be held in accordance with the terms of the placing letters issued by Ludgate until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 8.00 a.m. on 6 September 2006, or such later date as the Company and Ludgate may agree, being no later than 31 October 2006, application monies will be returned to the relevant applicant at the relevant applicant's sole risk without interest.
- 14.18 The amount of approximately £3.3 million received pursuant to the Placing and the West Merger will be used by the Enlarged Group to pay costs relating to the Placing and Admission and to provide on-going working capital.
- 14.19 Following Admission, share certificates representing the Ordinary Shares to be issued pursuant to the Placing are expected to be despatched by post to applicants who do not wish to receive shares in uncertificated form, at the relevant applicant's sole risk. Temporary documents of title will not be issued in connection with the Placing. Pending despatch of definitive share certificates, instruments of transfer will be certified against the register of Shareholders of the

Company. No Consideration Shares will be issued to West Shareholders until they return a duly executed letter of transmittal to the Registrar.

- 14.20 Copies of this document, which includes full details of the Company and Admission, will be available free of charge at the Company's registered office and from the offices of the Company's nominated adviser, Teather & Greenwood, at Beaufort House, 15 St. Botolph Street, London EC3A 7QR during normal office hours on any weekday (Saturdays, Sundays and public holidays excepted), from the date of this document until the date which is one month following Admission.
- 14.21 Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Withers LLP, 16 Old Bailey, London EC4M 7EG, from the date of this document until the date which is one month following Admission:
- (a) the memorandum and articles of the Company;
  - (b) the reports from Moores Rowland set out in Parts III, IV and V of this document;
  - (c) the material contracts referred to in paragraph 9 of this Part VI;
  - (d) the rules of the New Share Option Scheme;
  - (e) the consent letters referred to in paragraph 14 of this Part VI; and
  - (f) this document.

Dated: 4 August 2006

## DEFINITIONS

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

“Act”	the Companies Act 1985, as amended
“Admission”	the admission of the entire issued Ordinary Share capital of the Company (including the Consideration Shares and the Placing 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 AIM companies and their nominated advisers published by the London Stock Exchange
“Articles”	the articles of association of the Company
“Asia Limited”	B & O Hightex Asia Co., Ltd., a company incorporated in Thailand, with registered office at 1083/3 Sukhumvit 71, North Klong Ton, Wattan District, Bangkok 10110, Thailand, whose registered number is 10754502228
“Blue Window Technology”	the technology for the alternative control of solar heat gain as further described in paragraph 3.2.4 of Part I
“Blue Window Technology Licence”	the rights to the Blue Window Technology for use with membrane set out in a licence agreement dated 1 October 2001 and entered into between Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e.V., Munich and SolarNext, Frauenchiemsee, subsequently assigned by SolarNext to HTE pursuant to an assignment agreement dated 9 December 2003 and assigned further on to HTI pursuant to an assignment agreement dated 10 February 2006
“Board” or “Directors”	the Directors of the Company, whose names are set out on page 5 of this document
“Business Day”	a day other than a Saturday or Sunday on which banks are ordinarily open for the transaction of normal banking business in London
“City Code”	the City Code on Takeovers and Mergers
“Combined Code”	the combined code on corporate governance published in July 2003 by the United Kingdom Financial Reporting Council
“Company”	Hightex Group plc, a company incorporated in England and Wales with registered office at Masters House, 107 Hammersmith Road, London W14 0QH, United Kingdom, whose registered number is 5860429
“Consideration Shares”	the Ordinary Shares to be issued as consideration pursuant to the West Merger, the HTI Offers and the SolarNext Acquisition
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by CRESTCo Limited

“CVA”	a company voluntary arrangement entered into by West completion of which was announced on 7 July 2004
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Enlarged Group”	together, the Company and its subsidiaries following Admission
“HTE”	Hightex Engineering GmbH, a company incorporated in Germany with registered office at Hochstatt 12, 83253, Rimsting, whose registered number is HRB 14540, a wholly owned subsidiary of HTI
“HTG”	Hightex GmbH, a company incorporated in Germany with registered office at Ridlerstr. 75, 80339 Munich whose registered number is HRB 133202, a wholly owned subsidiary of HTI
“HTI”	Hightex International (HTI) AG, a company incorporated in Switzerland, with registered office at Espenstrasse 7, CH-9220 Bischofszell, Switzerland whose registered number is CH-440.3.018.282-5
“HTI Acquisition”	the proposed acquisition by the Company of the entire issued share capital of HTI pursuant to the HTI Offers
“HTI Circulars”	the letters dated 4 August 2006, sent to HTI Shareholders and HTI Noteholders containing the HTI Offers
“HTI Group”	the group of companies of which HTI is the holding company
“HTI Loan Notes”	€1,833,333 5 per cent. Secured Guaranteed Convertible Loan Notes due 2011, which convert into 192,500 HTI shares, and on admission into 16,555,000 Ordinary Shares in the Company
“HTI Noteholders”	the holders of HTI Loan Notes
“HTI Offers”	the offer made by the Company to the HTI Shareholders and the HTI Noteholders by means of the HTI Circulars pursuant to which the Company shall acquire the entire issued share capital of HTI, details of which are set out in paragraph 8.1 of Part I and paragraph 8.1 of Part VI of this document
“HTI Shareholders”	holders of HTI Shares
“HTI Shares”	ordinary shares in the capital of HTI
“Hightex Warrants”	the warrants issued by HTI to Ludgate to subscribe for 13,125 HTI Shares at €9.523809 per share
“Intelligent Buildings Division”	a new area of business for the Company that the Directors envisage will combine polymer structures with the solar business of SolarNext
“Investor Warrants”	the warrants over 7,500,000 Ordinary Shares to be issued to placees pursuant to the Placing which are exercisable at 11p per Ordinary Share at any time in the period expiring on the second anniversary of admission

“Koch Projekt GmbH”	a limited liability company incorporated in Germany, with registered office at Otterkring 10, D-83253, Rimsting, Germany, whose registered number is HRB 1328
“Loan Note Instrument”	the instrument constituting the HTI Loan Notes entered into between HTI, HTG and the HTI Noteholders on 28 March 2008
“London Stock Exchange”	London Stock Exchange plc
“Ludgate”	Ludgate Investments Limited, placing agent to the Company
“Merger Subsidiary”	a limited liability company formed under the laws of the State of Delaware, USA, with registered office at c/o 109 Orange Street, Wilmington, Delaware 19801, the Company’s wholly owned subsidiary Hightex Americas LLC
“MSK”	Metal System Sp. z.o.o., a company incorporated in Poland with registered office at ul. Prosta 1, 66-470 Kostrzyn, Poland, whose registered number is 21126262685
“New Share Option Scheme”	the share option scheme to be adopted by the Company on Admission, details of which are set out in paragraph 10 of Part I and in paragraph 7 of Part VI of this document
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“PD Regulation”	Regulation 809/2004 of the European Commission
“Placing”	the conditional placing of 15,000,000 Ordinary Shares by Ludgate at the Placing Price, as described in paragraph 9 of Part I of this document
“Placing Agreement”	the conditional agreement, dated 3 August 2006, between the Company (1), Ludgate (2) and the Directors (3), in relation to the Placing, details of which are set out in paragraph 9 of Part I of this document
“Placing Price”	10p per Ordinary Share
“Placing Shares”	the 15,000,000 Ordinary Shares to be issued pursuant to the Placing
“Redeemable Shares”	4,999,800 redeemable shares of 1p each in the capital of the Company;
“Regulations”	the Uncertificated Securities Regulations 2001 ( <i>SI 2001/3755</i> )
“SDRT”	stamp duty reserve tax
“Shareholders”	holders of issued Ordinary Shares
“SolarNext”	SolarNext AG, currently registered as Sun Affairs AG, a company incorporated in Traunstein, Germany, with registered office at 83256 Frauenchiemsee Haus 25a, At Amtsgericht Traunstein whose registered number is HRB13118

“SolarNext Acquisition”	the proposed acquisition by the Company of the entire issued share capital of SolarNext pursuant to the SolarNext Share Purchase Agreement
“SolarNext Share Purchase Agreement”	the share purchase agreement between the Company and Koch Projekt GmbH in connection with the SolarNext Acquisition
“Teather & Greenwood”	Teather & Greenwood Limited, Beaufort House, 15 St. Botolph Street, London EC3A 7QR, United Kingdom
“Transactions”	the HTI Acquisition and the SolarNext Acquisition and the West Merger or any of them as the context requires
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the FSA acting in its capacity as the competent authority for the purposes of Part VIII of FSMA
“USA”, “US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“West”	West 175 Media Group Inc, a company incorporated in the State of California, USA, with registered office at c/o CT Corporation Systems, 818 West Seventh Street, Los Angeles, California 90017, USA, whose registered number is C1465706
“West Circular”	the circular sent to the holders of West Shares, options and warrants on 4 August 2006 setting out the background to the Transactions, explaining the terms of the West Merger and convening the West Special Meeting
“West Merger”	the proposed merger under the laws of the State of California and the state of Delaware between the Merger Subsidiary and West, details of which are set out in paragraph 8.3 of Part I and paragraph 8.3 of Part VI of this document
“West Options”	existing in-the-money options to subscribe for new West Shares, which are proposed to be surrendered in exchange for the issue of further West Shares, as described in paragraphs 8.3 of Part I of this document
“West Shares”	common stock of no par value in the capital of West
“West Shareholders”	holders of West Shares
“West Special Meeting”	the special meeting of West convened for 4 September 2006 at which West Shareholders will be asked to approve an increase in West’s authorised share capital and the West Merger
“West Warrants”	the 17,438,889 warrants granted by West on 2002, expiring on 31 July 2009 and the 2,000,000 warrants granted by West on 2005, expiring on 31 March 2010



# LETTER OF TRANSMITTAL

(OR FORM OF ACCEPTANCE)

To be used to in connection with  
the Merger  
with  
Hightex Americas, LLC  
and to  
surrender certificates representing  
Shares of Common Stock  
of  
WEST 175 MEDIA GROUP INC.

PLEASE RETURN THIS LETTER OF TRANSMITTAL AND ANY RELEVANT  
SHARE CERTIFICATES BY 4 SEPTEMBER 2006

## ACTION TO BE TAKEN

- Check the details in the box entitled "Description of West Stock Surrendered for Exchange" on page 2, and amend where indicated, if necessary.
- Sign this Letter of Transmittal on page 5.
- Return the completed and signed Letter of Transmittal, together with share certificate(s) (if applicable) and the Proxy Card and/or Form of Direction, to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, but in any event so as to arrive no later than 10.00 a.m. on Thursday 31 August September 2006 (in the case of Forms of Direction) and on Saturday 2 September 2006 (in the case of Proxy Cards). A reply-paid envelope for use in the UK only is enclosed for your convenience.
- West Shareholders who hold their shares in the form of depository interests should also input their stock withdrawal message in the usual way without delay and in accordance with established CREST procedures.
- **IN THE CASE OF US SHAREHOLDERS ONLY**, please read the notes on US Federal Income Tax on page 8. You also need to complete and sign the Substitute Form W-9 on pages 10 and 11.

You are advised to read the instructions set out in this Letter of Transmittal carefully.

If you are in any doubt as to how to complete this Letter of Transmittal, please telephone Capita Registrars on 0870 162 3121 or from outside the UK on +44 20 8639 2157.

**DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET OUT ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.**

DO NOT DETACH ANY PART OF THIS LETTER

LETTER OF TRANSMITTAL TO ACCOMPANY STOCK CERTIFICATES OF  
**WEST 175 MEDIA GROUP INC.**

a California corporation

To: Capita Registrars  
 The Registry  
 34 Beckenham Road  
 Beckenham, Kent, BR3 4TU  
 UNITED KINGDOM

Ladies and Gentlemen:

In connection with the closing of the transactions contemplated by the Agreement of Merger (the "**Merger Agreement**"), entered into by and among West 175 Media Group Inc., a California corporation ("**West**"), Hightex Americas, LLC, a Delaware limited liability company ("**Merger Subsidiary**"), and Hightex Group plc, a company incorporated under the laws of England and Wales ("**Hightex**"), the undersigned hereby agree to surrender all shares in West Stock held by them in exchange for Merger Shares and Cash Entitlement (together the "**Merger Consideration**") and to surrender all certificates held by them (the "**Certificate(s)**") representing shares of capital stock of West (the "**West Stock**") and all of the other documents attached hereto. Holders of depository interests who sign and return this Letter of Transmittal on or before 4 September 2006 will not be issued with share certificates in respect of the West Stock to be issued to them on withdrawal of depository interests and will therefore not be required to deliver such certificates. After this date, however, any non acceptors will be issued with share certificates and any Letters of Transmittal returned after this date must therefore be accompanied with a share certificate.

Please deliver the applicable Merger Consideration to be exchanged for all the shares of West Stock held by the undersigned as at the effective date of 6 September 2006 to the undersigned at the address set forth below in accordance with the terms of the Merger.

DESCRIPTION OF WEST SHARES OF COMMON STOCK SURRENDERED FOR EXCHANGE	
Name(s) and addresses of registered holder(s)	FOR INFORMATION ONLY COMMON SHARES HELD AT 2 August 2006
	COMMON SHARES
	INVESTOR CODE No.
	CREST PARTICIPANT ID
	CREST MEMBER ID
IF THE INFORMATION STATED ABOVE IS INCORRECT PLEASE INSERT CORRECT DETAILS BELOW	
ADDRESS .....	
.....	

If any of the Certificates that you own have been lost, stolen or destroyed, please tick this box and see Instruction 7.

Day time telephone number .....

The undersigned understands that surrender is not made in acceptable form until Capita Registrars (“**Capita**”) receives this Letter of Transmittal, duly completed and signed, and the Certificate(s) (or an appropriate Indemnity Agreement, if you have lost the certificate(s)), together with all accompanying evidences of authority in form satisfactory to Hightex. Holders of depository interests in West will not have been issued with Certificates and should therefore simply sign and return this Letter of Transmittal. The undersigned understands that the method of delivery of Certificate(s) and all other required documents is at his, her or its election, but risk of loss and title to the Certificate(s) will pass only upon delivery of the Certificate(s) to Capita. All questions as to validity, form and eligibility of any exchange of West Stock for Merger Consideration hereunder will be determined by Hightex and Merger Subsidiary, as the surviving company in the Merger, and such determination shall be final and binding.

The undersigned acknowledges receipt of (a) a copy of the Merger Agreement; (b) the Circular to shareholders of West, called herein the Notice and Proxy Statement; (c) the Admission Document relating to the admission of Hightex’s issued share capital to the AIM market of London Stock Exchange plc (the “Admission Document”); and (d) this Letter of Transmittal, and represents that the undersigned has had the opportunity to read these documents carefully and understands that, given the satisfaction or waiver of all conditions contained in the Merger Agreement and the effectiveness of the Merger, the undersigned’s shares of West Stock are to be converted into the right to receive the applicable Merger Consideration, subject to and in accordance with the terms of the Merger Agreement.

The undersigned represents and warrants that the undersigned has full right, power, authority and legal capacity to execute, deliver and perform its obligations under this Letter of Transmittal and to transfer and deliver such certificates, in accordance with the terms of the Merger Agreement. If an entity (company, charity or other organisation) the undersigned is duly organized, validly existing and in good standing in the jurisdiction of its incorporation or organization and the undersigned has taken such action as is necessary to authorize the execution, delivery and performance of this Letter of Transmittal. This Letter of Transmittal is irrevocable and constitutes the valid and binding agreement by the undersigned, enforceable against the undersigned in accordance with its terms.

The undersigned represents and warrants that the undersigned is the record and beneficial owner of the shares of West Stock set forth against its name in the Company’s register of members; such shares of West Stock are the only shares of West Stock owned by the undersigned; such shares of West Stock are free and clear of any lien, restriction, equity, pledge, charge, security interest, conditional sales contract or encumbrance of any kind (“**Lien**”) or any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of such West Stock), other than restrictions imposed by federal or state securities laws; and there are no agreements, arrangements or understandings to which the undersigned is a party (other than this Letter of Transmittal) involving the purchase, sale or other acquisition or disposition of the West Stock owned by the undersigned.

In the event that this Letter of Transmittal or any of the other documents required to be delivered by the undersigned hereunder is delivered prior to the Closing and the Closing does not thereafter occur, the undersigned understands that West will return any and all such documents to the undersigned. If the Closing does not occur, the actions taken hereunder by the undersigned pursuant to this Letter of Transmittal shall have no force and effect.

The undersigned hereby acknowledges that the completion and delivery of this Letter of Transmittal with respect to the undersigned’s West Stock constitutes consent of the undersigned to the terms of the Merger in accordance with the Merger Agreement. In the event of a conflict or inconsistency between any of the terms or provisions contained in this Letter of Transmittal and the Merger Agreement, the terms and provisions contained in the Merger Agreement shall prevail.

## GENERAL WAIVER AND RELEASE:

Effective upon the closing of the transactions contemplated by the Merger Agreement, and without any further action of the undersigned, except for rights arising from and as otherwise expressly set forth in the Merger Agreement or the other agreements contemplated thereby, the undersigned hereby irrevocably waives, releases and discharges West, Merger Subsidiary and Hightex and all of their respective directors, officers, employees, agents, attorneys and affiliates (the "Covered Parties") from any and all liabilities, obligations, claims, damages, judgments, demands, penalties, costs, fees, expenses (including, without limitation, attorneys' fees and expenses), suits, debts, losses, accounts, covenants, promises and causes of action, to the undersigned of any kind or nature whatsoever that exist or may have existed at or prior to the Effective Time of the Merger, whether in the undersigned's capacity as a shareholder, officer, director or employee of West or otherwise including, without limitation, in respect of (a) any rights to a liquidation preference under the Articles of Incorporation; (b) any rights of redemption under the Articles of Incorporation; and (c) any options, warrants, other convertible securities or other securities of West, or any rights to any of the foregoing, in each case whether absolute or contingent, liquidated or unliquidated, known or unknown, under the Articles of Incorporation, any agreement or understanding or otherwise at law or equity, and the undersigned shall not seek to recover any amounts in connection therewith or thereunder from any of the Covered Parties. Notwithstanding the foregoing, this general waiver and release shall not apply to claims of any person who has served as an employee or consultant of West relating to such person's rights to receive compensation and benefits in the ordinary course for service in such capacity and nor shall it apply to those holders of options and warrants to whom West has made a separate offer of waiver in exchange for West Stock. This release includes but is not limited to any claims for tort, breach of contract or otherwise.

**THIS IS A GENERAL WAIVER AND RELEASE OF KNOWN AND UNKNOWN CLAIMS. THE UNDERSIGNED EXPRESSLY WAIVES ALL OF THE BENEFITS AND RIGHTS GRANTED TO HIM, HER OR IT PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1542 AND ANY OTHER LAW OR REGULATION TO THE EFFECT THAT: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OF OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."**

The undersigned acknowledges that the undersigned has reviewed and understands this Letter of Transmittal and that the undersigned has been afforded the opportunity to meet and consult with an attorney before signing this Letter of Transmittal.

## WAIVER OF DISSENTERS' RIGHTS:

Completion and delivery by the undersigned of this Letter of Transmittal with respect to the shares of West Stock, and acceptance of the applicable Merger Consideration, constitute assent by the undersigned to the terms of the Merger pursuant to the Merger Agreement, and constitute an irrevocable waiver by the undersigned of any dissenters' rights with respect to any West Stock under applicable California law, whether or not the undersigned has previously made a written demand upon West.

The undersigned, upon request, shall execute and deliver all additional documents reasonably deemed by Hightex, Merger Subsidiary or their legal counsel to be necessary to complete the sale, assignment, transfer, cancellation and retirement of the shares of West Stock delivered herewith.

The defined terms used herein but not defined herein shall have the meanings assigned to them in the Merger Agreement.

This Letter of Transmittal shall remain in full force and effect notwithstanding the death or incapacity of one or more of the undersigned, and shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

**SIGN BELOW**

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Signature(s) of Holder(s)

(Must be signed by the registered holder(s). If signing by a trustee, executor, administrator, guardian, officer of a corporation or other form of business entity, attorney-in-fact or other person acting in a fiduciary or representative capacity, please set forth full title and enclose proper evidence of authority to so act. (See Instruction 2).

Dated: \_\_\_\_\_

## INSTRUCTIONS FOR COMPLETING LETTER OF TRANSMITTAL

Holders of depositary interests should note that no share certificates in West will be despatched following input of the stock withdrawal message in respect of West Shares provided that Capita Registrars as Receiving Agent have received a valid, signed Letter of Transmittal on or before 4 September 2006. The completed Letter of Transmittal and stock withdrawal message will constitute a valid assenting of West Shares to the Merger and entitle the acceptor to receive the applicable Merger Consideration in the form of shares in Hightex into their existing CREST account. After this date, the depositary interests will cease to be eligible to settle in CREST so any holders of depositary interests who have not signed and returned the Letter of Transmittal and input the stock withdrawal message by that date will receive a share certificate in West and will be obliged to deliver that share certificate with any Letter of Transmittal delivered after that date.

- (1) **Delivery of Letter of Transmittal and Certificate(s).** The Certificate(s), as well as the properly completed and duly executed Letter of Transmittal and any other documents required by this Letter of Transmittal, must be received by Capita at the address shown on page 1 of this Letter of Transmittal in order that delivery can be effected and that the appropriate person receives the applicable Merger Consideration in the form of shares in Hightex.

All questions as to validity, form and eligibility of any surrender of Certificate(s) hereby or mailing or delivery by the holder(s) of this Letter of Transmittal will be determined by Hightex and Merger Subsidiary, as the surviving company in the Merger. Hightex reserves the absolute right to reject any Certificate(s) or Letter of Transmittal not in proper form or the acceptance of which may, in the opinion of counsel for Hightex, be unlawful. Hightex also reserves the absolute right to waive any defect or irregularity in the surrender of any Certificate(s) or delivery of any Letter of Transmittal, and its interpretations of other terms and conditions of the Merger Agreement and this Letter of Transmittal (including these instructions) with respect to such irregularities or defects will be final and binding. None of Hightex, its affiliates or any other person will be under any duty to give notice of any defects or irregularities in any Certificate(s) or Letter of Transmittal nor will such parties incur any liability for failure to give any notice to any person (even if such notice is given to other persons).

The method of delivery of Certificate(s) and all other required documents is at the election of the surrendering shareholder(s), but risk of loss and title to the Certificate(s) will pass only upon delivery of the Certificate(s) to Capita. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended.

- (2) **Signatures on Letter of Transmittal; Stock Powers and Endorsements.** If any of the shares of West Stock surrendered hereby are held of record by two or more joint owners, all such owners must sign this Letter of Transmittal. When this Letter of Transmittal is signed by the registered holder(s) of the Certificate(s) listed and surrendered hereby, no endorsements of certificate(s) or separate stock powers are required. If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Certificate(s) surrendered hereby, the Certificate(s) must be endorsed or accompanied by appropriate stock powers.
- (3) **No Conditional Surrender or Acceptance.** No alternative, conditional, irregular or contingent surrender of Certificate(s) or transmittal of this Letter of Transmittal will be accepted.
- (4) **Multiple Registrations.** If the shares of West Stock to be surrendered are registered in different names on several Certificate(s), it will be necessary for the holder to complete, sign and submit as many separate Letters of Transmittal as there are different registrations for the holders of shares of West Stock.
- (5) **Special Payment and Delivery Instructions.** If the payment of the applicable Merger Consideration and any other payment hereunder is to be payable to a person(s) other than the registered holder(s), or if the applicable Merger Consideration and any other payment hereunder is to be mailed to a person(s) other than the person(s) signing this Letter of Transmittal, or to the person(s) signing this Letter of Transmittal at an address other than that shown above, please contact Capita for special instructions.

- (6) **Requests for Assistance or Additional Copies.** Questions and requests for assistance or for additional copies of this Letter of Transmittal and (if you are a US shareholder) the Substitute Form W-9 and the accompanying instructions or for copies of an applicable IRS Form W-8 may be directed to Capita.
- (7) **Lost, Destroyed or Stolen Certificate(s).** If any Certificate(s) has been lost, destroyed or stolen, please call West's Receiving Agent, Capita Registrars on 0870 162 3121 or, if calling from outside the UK, on +44 208 639 2157. An Indemnity Agreement will be posted to you which should be signed and returned in accordance with the instruction referred to therein. Holders of depository interests should note that no share certificates are being issued upon withdrawal of the depository interests unless specifically requested by the CREST member. This Letter of Transmittal and related documents cannot be processed until either the original Certificate(s) or a duly completed Indemnity Agreement have been returned to Capita, and until such time, shareholders will not receive their document of title to new shares in Hightex or other Merger Consideration.
-

## FOR US SHAREHOLDERS ONLY

### Important U.S. Federal Income Tax Information

Under United States federal income tax law, a shareholder whose shares of West Stock are tendered for the Merger Consideration is required to provide Capita, as exchange agent, with such shareholder's correct social security number, individual taxpayer identification number, or employer identification number (each a Taxpayer Identification Number or a "TIN") on Substitute Form W-9 provided below. If such shareholder is an individual, the TIN is such person's social security number. The TIN of a shareholder who lives outside the United States and who does not have and is not eligible to obtain a social security number is such person's IRS individual taxpayer identification number, and the shareholder must cross out item (ii) of the Certification box on the Substitute Form W-9. If Capita is not provided with the correct TIN, the shareholder may be subject to a \$50 penalty imposed by the IRS. In addition, the fair market value of the Merger Shares issued, and cash payments that are made, to such shareholder may be subject to federal backup withholding.

Certain shareholders (including, among others, all corporations, are not subject to federal backup withholding. Exempt shareholders should furnish their TIN, tick the box marked "Exempt" in Part 4 on the Substitute Form W-9 below, and sign, date and return the Substitute Form W-9 to Hightex. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If federal backup withholding applies, Capita is required to withhold twenty-eight per cent. (28%) of the fair market value of the Merger Shares issued, and payments made, to the shareholder. Federal backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the IRS.

### Purpose of Substitute Form W-9

To prevent federal backup withholding on the fair market value of the Merger Shares issued, and cash payments that are made, to a shareholder in exchange for shares of West Stock, the shareholder is required to notify Capita of such shareholder's correct TIN by completing the Substitute Form W-9 below certifying that the TIN provided on such form is correct (or that such shareholder is awaiting a TIN) and that (i) such holder is exempt from federal backup withholding; (ii) such holder has not been notified by the IRS that such holder is subject to federal backup withholding as a result of a failure to report all interest or dividends; or (iii) the IRS has notified such holder that such holder is no longer subject to federal backup withholding (see Part 2 of Substitute Form W-9).

### What Number to Give Capita

The shareholder is required to give Capita the TIN of the record owner of the West Stock. If the shares of West Stock are in more than one name or are not in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidelines on which number to report. If the tendering shareholder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, such shareholder should write "Applied For" in the space provided for in the TIN in Part 1, check the box in Part 3, and sign and date the Substitute Form W-9. If "Applied For" is written in Part 1 and Capita is not provided with a TIN within sixty (60) days, Capita may withhold twenty-eight per cent. (28%) of the fair market value of the Merger Consideration until a TIN is provided to Capita.

**TO BE COMPLETED BY ALL US SHAREHOLDERS OF WEST**

<b>PAYER'S NAME: CAPITA REGISTRARS, as Exchange Agent</b>		
<b>SUBSTITUTE Form W-9 Department of the Treasury Internal Revenue Service Payer's Request for Taxpayer Identification Number (TIN)</b>	<b>PART 1 – PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.</b>	<hr/> Social Security Number(s)  OR  <hr/> Employer identification number
	<b>PART 2 – CERTIFICATION – Under Penalties of Perjury, I certify that:</b> (i) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me); and (ii) I am not subject to backup withholding because (a) I am exempt from backup withholding; (b) I have not been notified by the Internal Revenue Service (“IRS”) that I am subject to backup withholding as a result of a failure to report all interest or dividends; or (c) the IRS has notified me that I am no longer subject to backup withholding.	
	<b>CERTIFICATION INSTRUCTIONS – You must cross out item (ii) in the Certification box above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you are subject to backup withholding you receive another notification from the IRS stating that you are no longer subject to backup withholding, do not cross out item (ii).</b>  SIGNATURE: _____  DATE: _____  NAME (PLEASE PRINT): _____	<b>Part 3 –</b> Awaiting TIN <input type="checkbox"/>

**NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY IN CERTAIN CIRCUMSTANCES RESULT IN BACKUP WITHHOLDING OF THE FAIR MARKET VALUE OF THE SHARES ISSUED TO YOU AND ANY PAYMENTS MADE TO YOU PURSUANT TO THE MERGER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER OR SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.**

**YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED  
THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9.**

**CERTIFICATION OF AWAITING TAXPAYER IDENTIFICATION NUMBER**

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (i) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration office, or (ii) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of issuance and payment of the Merger Consideration, twenty-eight per cent. (28%) of all reportable cash payments made to me and of the fair market value of the shares issued to me thereafter will be withheld until I provide a taxpayer identification number to the payer and that, if I do not provide my taxpayer identification number within sixty (60) days, such retained amounts shall be remitted to the IRS as backup withholding.

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

NAME (please print): \_\_\_\_\_

**NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM W-9 MAY RESULT IN BACKUP WITHHOLDING AND A \$50 PENALTY IMPOSED BY THE INTERNAL REVENUE SERVICE. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.**



# WEST 175 MEDIA GROUP, INC

("the Company")

## FORM OF PROXY FOR USE AT THE SPECIAL MEETING OF SHAREHOLDERS OF THE COMPANY ON 4 SEPTEMBER 2006

I/We .....  
Please insert full name(s) and address(es) in BLOCK CAPITALS  
of .....

being (a) member(s) of the Company, hereby appoint .....

of .....

or failing him the Chairman of the Meeting (Note 2) as my/our proxy to vote for me/us on my/our behalf as directed below at the Special Meeting of the Company to be held at the offices of Teather & Greenwood Limited, Beaufort House, 15 St Botolph Street, London EC3A 7QR, England on 4 September 2006 at 10.00 a.m. and at any adjournment thereof. I/We request such proxy to vote on the following resolutions as indicated below:

RESOLUTIONS	For	Against
1. To approve the amendment to the Company's Articles of Incorporation, to increase West's authorized capital stock to 425,000,000 shares of common stock		
2. To approve and adopt the Agreement of Merger among Hightex Group plc, Hightex Americas LLC and the Company, dated as of 3 August 2006		

Names of joint holders (if any) .....

Signed..... Dated.....2006

Signed by joint holders (if any).....

**Notes:**

1. Please indicate with an 'X' in the appropriate boxes how you wish the proxy to vote. The proxy will exercise his discretion as to how he votes:
  - 1.1 on any resolution referred to above if no instruction is given in respect of that resolution; and
  - 1.2 on any business or resolution considered at the meeting other than the resolutions referred to above.
2. If you wish to appoint someone other than the chairman of the meeting as your proxy please insert their name. If you insert no name then you will have appointed the chairman of the meeting as your proxy. A proxy need not be a member of the Company.
3. In the case of a corporation, this form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. **To be effective, this Form of Proxy must be completed, signed and returned in hard copy form by post or courier or by hand to the Company's Registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for the holding of the Special Meeting or any adjournment thereof.**
5. Any alterations made to this form of proxy should be initialled.
6. Completion of this form will not prevent you from subsequently attending and voting at the meeting in person, in which case any votes cast by the proxy will be excluded.
7. **THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED IN ACCORDANCE WITH INSTRUCTIONS, IF GIVEN. IF NO INSTRUCTIONS ARE GIVEN, THE SHARES REPRESENTED HEREIN WILL BE VOTED FOR THE PROPOSALS IDENTIFIED ABOVE. THE PROXIES ARE AUTHORIZED TO VOTE IN THEIR DISCRETION AS TO OTHER MATTERS THAT MAY COME BEFORE THIS MEETING.**
8. A majority of the proxies or substitutes at the meeting may exercise all the powers granted hereby. By signing this form you hereby acknowledge receipt of the shareholder circular relating to the special meeting of shareholders of the Company, and you hereby ratify and confirm all acts your proxy may do or cause to be done by virtue of this proxy.

# WEST 175 MEDIA GROUP, INC

("The Issuer Company")

## FORM OF DIRECTION

Form of direction for completion by holders of Depository Interests representing shares on a 1 for 1 basis in the Issuer Company in respect of the Special Meeting of shareholders of the Issuer Company to be held at 10.00 am on 4 September 2006 at the offices of Teather & Greenwood Limited, Beaufort House, 15 St Botolph Street, London EC3A 7QR, England

I/We .....  
Please insert full name(s) and address(es) in BLOCK CAPITALS

of .....

.....  
being a holder of Depository Interests representing shares in the Issuer Company hereby appoint Capita IRG Trustees Limited as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Issuer Company to be held on the above date (and at any adjournment thereof) as directed by an "X" in the spaces below.

RESOLUTIONS	For	Against
1. To approve the amendment to the Issuer Company's Articles of Incorporation, as amended, to increase the Issuer Company's authorized capital stock to 425,000,000 shares of common stock		
2. To approve and adopt the Agreement and Plan of Merger among Hightex Group plc, Hightex Americas LLC, and the Issuer Company, dated as of 3 August 2006		

Signature ..... Date .....

Signed by joint holders (if any) .....

*Notes:*

1. To be effective, this form of direction and the power of attorney or other authority (if any) under which it is signed, or a notarially or otherwise certified copy of such power or authority, must be sent by post, or by courier, or by hand to the Company Registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not less than 72 hours before the time appointed for the holding of the Special Meeting or any adjournment thereof.
2. Any alterations made to this form of direction should be initialed.
3. In the case of a corporation this form of direction should be given under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
4. Please indicate how you wish your votes to be cast by placing "X" in the box provided. On receipt of this form duly signed, you will be deemed to have authorised Capita IRG Trustees Limited to vote, or to abstain from voting, as they think fit.
5. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the Register of Depository Interests in respect of the joint holding.
6. THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED IN ACCORDANCE WITH INSTRUCTIONS, IF GIVEN. IF NO INSTRUCTIONS ARE GIVEN, THE SHARES REPRESENTED HEREIN WILL BE VOTED FOR THE PROPOSALS IDENTIFIED ABOVE. THE PROXIES ARE AUTHORIZED TO VOTE IN THEIR DISCRETION AS TO OTHER MATTERS THAT MAY COME BEFORE THIS MEETING.
7. A majority of the proxies or substitutes at the meeting may exercise all the powers granted hereby. By signing this form you hereby acknowledge receipt of the shareholder circular relating to the special meeting of shareholders of the Issuer Company, and you hereby ratify and confirm all acts your proxy may do or cause to be done by virtue of this proxy.

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the action you should take in relation to this document, you are recommended to seek immediately your own advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your West 175 Media Group Inc. Depository Interests, please send this document at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This document should be read in conjunction with the accompanying circular ("Circular") and related documents from West. Terms defined in the Circular bear the same meaning when used in this letter.

4 August 2006

### **To the holders of West 175 Media Group Inc. Depository Interests held in CREST**

Dear Depository Interest Holder,

#### **Termination of Depository Interests of West 175 Media Group Inc.**

Please find enclosed a Circular and various documentation from West. These documents relate to a proposed reverse merger of West with Hightex Americas LLC pursuant to which the West Shares which are represented by your holding of West Depository Interests will be exchanged for shares in Hightex Group plc (West Consideration Shares).

The documents contain further details of the Merger and set out the procedure for West Shareholders to vote on the Merger and the procedure for completing the Letter of Transmittal and returning the forms and letters to Capita Registrars (as receiving agents).

In the context of the Merger, Capita IRG Trustees Limited has decided to terminate the West Depository Interest arrangements, conditional upon the Resolutions regarding the Merger being passed at the Special Meeting of West Shareholders to be held on 4 September 2006.

Capita IRG Trustees Limited, as the Depository for the West Depository Interests held in CREST, hereby gives you notice that from close of business on 5 September 2006, the West Depository Interests will cease to be eligible to settle in CREST.

Furthermore, with effect from 5 September 2006, Capita IRG Trustees Limited will terminate the Trust Deed Poll governing the West Depository Interests and they will cease to exist.

**If you wish to receive West Consideration Shares in time for Admission, you must complete and return the Letter of Transmittal to Capita Registrars before the closing date of 4 September 2006, and input your stock withdrawal message in the usual way without delay and in accordance with established CREST procedures.**

If any West Depository Interests are still outstanding as at 5 September 2006, they will automatically be withdrawn from CREST, the name of the relevant West Shareholder will be added to the register of members of West and a share certificate sent such West Shareholder. They will then have to complete and return their Letter of Transmittal **along with** the newly issued share certificate in accordance with the terms of the Merger.

**If, therefore, West Shareholders do not return their Letter of Transmittal prior to 5 September 2006 they will not be allotted any West Consideration Shares until fourteen days following Admission (or at the expiry of the relevant period of fourteen days following Admission, in which a complete and valid Letter of Transmittal is delivered).**

If you require further information or assistance in this matter, please telephone Capita IRG Trustees Limited on +44(0) 208 639 2223 or +44(0) 208 639 2343.

Yours faithfully,

Capita IRG Trustees Limited  
Depository

**AGREEMENT OF MERGER**

**among**

**HIGHTEX GROUP plc,**

**HIGHTEX AMERICAS LLC,**

**and**

**WEST 175 MEDIA GROUP INC.**

**Dated as of 3 August, 2006**

## CONTENTS

<b>ARTICLE I – DEFINITIONS</b>	5
<b>ARTICLE II – THE MERGER</b>	8
<b>2.1 The Merger</b>	8
<b>2.2 The Closing</b>	8
<b>2.3 Effective Date and Time</b>	9
<b>2.4 Governance of the Surviving LLC</b>	9
<b>2.5 Merger Consideration</b>	9
2.5.1 Conversion	9
2.5.2 Exchange of TARGET Certificates; Issuance of Merger Shares	10
2.5.3 Dissenters’ Shares	11
2.5.4 Holders of Options and Warrants	11
<b>ARTICLE III – TARGET REPRESENTATIONS AND WARRANTIES</b>	12
<b>3.1 Organization</b>	12
<b>3.2 Authorization; Enforceability</b>	12
<b>3.3 Capitalization</b>	13
<b>3.4 Subsidiaries and Affiliates</b>	13
<b>3.5 No Approvals; No Conflicts</b>	13
<b>3.6 Financial Statements</b>	14
<b>3.7 Absence of Certain Changes or Events</b>	14
<b>3.8 Taxes</b>	15
<b>3.9 Property</b>	15
<b>3.10 Contracts</b>	15
3.10.1 Material Contracts	15
3.10.2 Required Consents	15
<b>3.11 Claims and Legal Proceedings</b>	15
<b>3.12 Labor and Employment Matters</b>	16
<b>3.13 Employee Benefit Plans</b>	16
<b>3.14 Intellectual Property</b>	16
<b>3.15 Corporate Books and Records</b>	16
<b>3.16 Licenses, Permits, Authorizations, etc.</b>	16
<b>3.17 Compliance with Laws</b>	16
<b>3.18 Insurance</b>	17
<b>3.19 Brokers or Finders</b>	17
<b>3.20 Absence of Questionable Payments</b>	17
<b>3.21 Bank Accounts</b>	17
<b>3.22 Customers</b>	17
<b>3.23 Accounts Receivable</b>	17
<b>3.24 Creditors’ List</b>	17
<b>3.25 Insider Interests</b>	17

<b>ARTICLE IV – REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUBSIDIARY</b>	18
4.1 Organization	18
4.2 Authorization; Enforceability	18
4.3 Securities	18
4.4 No Approvals or Notices Required; No Conflicts With Instruments	18
<b>ARTICLE V – CONDITIONS PRECEDENT TO OBLIGATIONS OF PARENT AND MERGER SUBSIDIARY</b>	19
5.1 Accuracy of Representations and Warranties	19
5.2 Performance of Agreements	19
5.3 Approvals and Consents	19
5.4 Completion and Interdependence	19
5.5 Proceedings and Documents; Officer’s Certificates	19
5.6 Compliance with Laws	20
5.7 Legal Proceedings	20
5.8 Consents to Merger	20
<b>ARTICLE VI – CONDITIONS PRECEDENT TO OBLIGATIONS OF TARGET</b>	20
6.1 Accuracy of Representations and Warranties	20
6.2 Performance of Agreements	20
6.3 Completion and Interdependence	20
6.4 Officers’ and other Certificates	21
6.5 Legal Proceedings	21
6.6 Approvals and Consents	21
6.7 Compliance with Laws	21
<b>ARTICLE VII – COVENANTS</b>	21
7.1 Conduct of TARGET Pending the Merger	21
7.2 Notification of Certain Matters	22
7.3 Further Action; Regulatory Matters	22
7.4 Publicity	23
<b>ARTICLE VIII – TERMINATION, AMENDMENT AND WAIVER</b>	23
8.1 Termination	23
8.2 Effect of Termination	23
8.3 Amendment; Waiver	23
<b>ARTICLE IX – OTHER AGREEMENTS</b>	24
9.1 Post-Closing Operations	24
<b>ARTICLE X – GENERAL</b>	24
10.1 Expenses	24
10.2 Notices	24
10.3 Severability	25

<b>10.4 Assignment</b>	25
<b>10.5 Parties in Interest</b>	25
<b>10.6 Governing Law; Venue</b>	25
<b>10.7 Other Remedies; Specific Performance</b>	25
<b>10.8 Interpretation; Schedules</b>	26
<b>10.9 Knowledge</b>	26
<b>10.10 Entire Agreement</b>	26
<b>10.11 Nonsurvival of Representations, Warranties, and Agreements.</b>	26
<b>10.12 Counterparts</b>	26
<b>EXHIBITS</b>	
2.3.1 – Form of Certificate of Merger (Delaware)	28
2.3.2 – Form of Certificate of Merger (California)	30
2.5.2b – Letter of Transmittal	36
2.5.2f – Indemnity Agreement	46
<b>SCHEDULES</b>	
3.3d – No Outstanding Options, Rights of First Refusal etc.	48
3.10.1 – Material Contracts	50
3.21 – Bank Accounts	51
3.25 – Insider Interests	52

## AGREEMENT OF MERGER

Agreement of Merger (“Agreement”) dated as of 3 August, 2006, by and among Hightex Group plc, a company organized under the laws of England and Wales (“PARENT”), Hightex Americas LLC, a Delaware limited liability company wholly-owned by PARENT (“Merger Subsidiary”), and West 175 Media Group Inc., a California corporation (“TARGET”).

### RECITALS

- A. PARENT is proposing to (i) acquire the entire issued share capital of each of Hightex International (HTI) AG, a private company registered in the Canton of Thurgau in Switzerland (the “HTI Acquisition”) and SolarNext AG, a company incorporated under the laws of Germany (the “SolarNext Acquisition” and together with the HTI Acquisition, the “Acquisitions”); (ii) effect a merger of TARGET and Merger Subsidiary pursuant to this Agreement (the “Merger”); (iii) effect the placing of new ordinary shares of PARENT with a selected group of investors (the “Placing”); and (iv) subsequent to, and conditional upon, the consummation of the Acquisitions, the Merger and the Placing, have PARENT’s entire issued share capital (including the shares issued pursuant to the Acquisitions, the Merger and the Placing) admitted to trading on the AIM Market of the London Stock Exchange plc (“AIM”).
- B. TARGET, PARENT and Merger Subsidiary believe it advisable and in their respective best interests to effect the Merger on the terms and subject to the conditions in this Agreement.
- C. The board of directors of TARGET has adopted and approved the Merger and this Agreement as required by applicable law.
- D. The board of directors of PARENT and the sole member of Merger Subsidiary have adopted and approved this Agreement and the Merger as required by applicable law.

### AGREEMENT

In consideration of the foregoing and the respective covenants, agreements, representations, and warranties set forth herein, the parties hereto agree as follows:

#### ARTICLE I – DEFINITIONS

As used herein, the following terms shall have the meanings herein specified:

“*Acquisitions*” is defined in Recital A.

“*Admission*” means the effective admission to trading on AIM, of the entire issued ordinary share capital of PARENT, including the shares issued pursuant to the Acquisitions, the Merger and the Placing, and the term “effective admission” shall refer to the announcement made by the London Stock Exchange plc in accordance with Rule 6 of the AIM Rules.

“*Admission Document*” means the document published by PARENT pursuant to the AIM Rules.

“*Affiliate*” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

**“Agreement”** means this Agreement of Merger.

**“AIM”** is defined in Recital A.

**“AIM Rules”** means the booklet published by the London Stock Exchange plc entitled “The AIM Rules” as amended from time to time.

**“Business Day”** means any day that is not a Saturday, Sunday or other day on which banks in the State of California or England are authorized or required to close.

**“California Law”** means the General Corporation Law of the State of California, as amended.

**“Cash Entitlement”** is defined in Section 2.5.2.

**“Certificates of Merger”** is defined in Section 2.3.

**“Closing”** is defined in Section 2.2.

**“Closing Date”** is defined in Section 2.2.

**“Code”** means the Internal Revenue Code of 1986, as amended.

**“Constituent Companies”** means Merger Subsidiary and TARGET.

**“Conversion Number”** is defined in Section 2.5.1.

**“Conversion Date”** is defined in Section 2.5.2.

**“Delaware Law”** means the Delaware Limited Liability Company Act, as amended.

**“Disclosure Memorandum”** means the disclosure memorandum attached as Schedule 3 to this Agreement.

**“Dissenters’ Shares”** is defined in Section 2.5.3.

**“Effective Date”** is defined in Section 2.3.

**“Effective Time”** is defined in Section 2.3.

**“Encumbrance”** means any liens, mortgages, pledges, deeds of trust, security interests, charges, or other encumbrances.

**“Exchange Agent”** is defined in Section 2.5.2.

**“Fractional Share Entitlement”** means the fractional share or shares of PARENT Common Stock to TARGET Holders would otherwise be entitled at the Effective Time, if PARENT were to issue fractional shares of PARENT Common Stock in the Merger.

**“GAAP”** means generally accepted accounting principles in the United States or in the United Kingdom, as specified herein.

**“Governmental Authority”** means any government, any state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the United States or the United Kingdom, any state of the United States or any political subdivision thereof, and any court, tribunal or arbitrator of competent jurisdiction, and any governmental or non-governmental self-regulatory organization, agency or authority.

**“HTI Acquisition”** is defined in Recital A.

**“Letter of Transmittal”** means a letter of transmittal substantially in the form set forth in Exhibit 2.5.2.

**“Ludgate”** shall mean Ludgate Investments Limited, a corporate advisory and investment house, authorized and regulated in the United Kingdom by the Financial Services Authority, and Hightex’s placing agent for the purposes of the Placing.

**“Material Contracts”** is defined in Section 3.10.

**“Meeting Date”** means the day of the special meeting of the TARGET Holders at which shareholder approval of the Merger is received.

**“Merger”** is defined in Recital A.

**“Merger Documents”** means all documents necessary to consummate the Merger under Delaware Law and California Law, but does not include any agreements or documents necessary to effect or consummate the HTI Acquisition, the SolarNext Acquisition, the Placing or the Admission.

**“Merger Subsidiary”** is defined in the Preamble.

**“Merger Shares”** means the number of shares of PARENT Common Stock to be issued to the TARGET Holders in the Merger.

**“Operative Documents”** means all documents necessary to effect or consummate the HTI Acquisition, the SolarNext Acquisition, the Placing and the Admission.

**“PARENT”** is defined in the Preamble.

**“PARENT Certificate”** is defined in Section 2.5.2.

**“PARENT Certificate Issue Date”** is defined in Section 2.5.2.

**“PARENT Common Stock”** means the ordinary shares of PARENT.

**“Permits”** means all currently required governmental approvals, authorizations, consents, licenses, orders, registrations and permits of all agencies, whether federal, state, local or foreign.

**“Permitted Encumbrances”** means:

- (a) Encumbrances for taxes, fees, assessments or other government charges or levies, either not delinquent or being contested in good faith and for which TARGET maintains adequate reserves in accordance with GAAP;
- (b) Liens in favor of financial institutions arising in connection with TARGET’s deposit accounts or securities accounts held at such institutions; and
- (c) Banker’s liens, rights of setoff and similar liens incurred on deposits made in the ordinary course of business.

**“Person”** means any person, corporation, partnership, joint venture, association, organization, other entity or Governmental Authority.

**“Personal Property”** is defined in Section 3.9.

**“Placing”** is defined in Recital A.

**“Record Date”** means the date for determining which TARGET Holders may be entitled to vote at the special meeting to approve the Merger.

**“Regulatory Documents”** means, with respect to a Person, all forms, reports, registration statements, schedules and other documents filed, or required to be filed, by such Person with any Governmental Authority.

**“SolarNext Acquisition”** is defined in Recital A.

*“Surviving LLC”* means Merger Subsidiary, as the surviving entity after the Effective Time.

*“TARGET”* is defined in the Preamble.

*“TARGET Balance Sheet”* means the balance sheet of TARGET as of March 31, 2006.

*“TARGET Business”* means the business formerly carried on by TARGET until cessation of operations on or around March 31, 2003.

*“TARGET Certificate”* is defined in Section 2.5.1.

*“TARGET Common Stock”* means the common stock of no par value per share, of TARGET.

*“TARGET Financial Statements”* means audited balance sheets, statements of income and expense, statements of cash flow and statements of stockholders’ equity of TARGET as of and for the year ended March, 31, 2006 and the fiscal years ended March 31, 2005, 2004 and 2003.

*“TARGET Holders”* is defined in Section 2.5.1.

*“TARGET Material Adverse Effect”* means a material adverse effect on TARGET’s assets, liabilities (absolute, accrued, contingent or otherwise) or condition (financial or otherwise).

*“TARGET Stock Options”* is defined in Section 2.5.4.

*“Tax”* or *“Taxes”* means any or all foreign, federal, state, county or local taxes, charges, fees, levies, imposts, duties and other assessments, including, but not limited to, any income, alternative minimum or add-on, estimated, gross income, gross receipts, sales, use, transfer, transactions, intangibles, ad valorem, value-added, franchise, registration, title, license, capital, paid-up capital, profits, withholding, payroll, employment, excise, severance, stamp, occupation, premium, real property, recording, personal property, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest, penalties or additions to tax.

*“Tax Returns”* shall mean any return, declaration, report, claim or refund, information return, statement or other similar document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

## ARTICLE II – THE MERGER

### 2.1 The Merger

At the Effective Time, and subject to the terms and conditions of this Agreement (including satisfaction or waiver of the conditions set forth in Articles 5 and 6) and the applicable provisions of California Law and Delaware Law, TARGET shall be merged with and into Merger Subsidiary, the separate corporate existence of TARGET shall cease, and Merger Subsidiary shall continue as the surviving person in the Merger and as a wholly-owned subsidiary of PARENT.

### 2.2 The Closing

The closing of the Merger (the “Closing”) shall take place at 10.00 a.m. local time at the offices of Stoen Rives LLP, 600 University Street, Suite 3600, Seattle, Washington, on the Business Day following the satisfaction or waiver of each of the conditions set forth in Articles 5 and 6, or on such other date and time or at such other location as PARENT and TARGET shall both agree in writing (the “Closing Date”). All actions taken at the Closing shall be deemed to have been taken simultaneously at the time the last of any such actions is taken or completed.

### 2.3 Effective Date and Time

On or before the Closing Date and upon the terms and subject to the conditions hereof, the parties hereto shall cause certificates of merger (the "Certificates of Merger"), substantially in the forms attached hereto as Exhibits 2.3.1 and 2.3.2 complying with the applicable provisions of Delaware Law and California Law, to be filed with the Secretary of State of the State of Delaware and the Secretary of State of the State of California, together with such other documents, certificates and other instruments, and shall take any and all other lawful actions, as may be required by Delaware Law and California Law to cause the Merger to become effective. The Merger shall become effective on the date (the "Effective Date") and at the time (the "Effective Time") of filing of the Certificate of Merger with the Secretary of State of the State of Delaware or at such other time as may be specified in such Certificate of Merger as filed.

### 2.4 Governance of the Surviving LLC

At and after the Effective Time, Merger Subsidiary shall continue to be governed by its certificate of formation and operating agreement as in effect at the Effective Time.

### 2.5 Merger Consideration

#### 2.5.1 Conversion

- a. As of the Effective Time, by operation of law and by virtue of the Merger and without any further action on the part of PARENT, Merger Subsidiary, TARGET, or the holders of shares of common stock of TARGET ("TARGET Common Stock") as at the Effective Time (each, a "TARGET Holder" and collectively, "TARGET Holders"):
  - i. all shares of TARGET Common Stock (1) that are held by TARGET as treasury stock or otherwise or (2) that are held by PARENT or Merger Subsidiary, if any (collectively, "Excluded Shares") shall be canceled and retired and shall cease to exist and no stock of PARENT or other consideration shall be delivered in exchange therefor;
  - ii. each issued and outstanding share of TARGET Common Stock, other than the Excluded Shares and Dissenters' Shares, shall be canceled and retired and shall cease to exist, and shall be converted into the right to receive one-tenth of a share (the "Conversion Number") of PARENT Common Stock (collectively, "Merger Shares") and a Cash Entitlement. The Conversion Number shall be appropriately adjusted to reflect any stock split, stock dividend, recapitalization, exchange, subdivision, combination of or other similar change in PARENT Common Stock or TARGET Common Stock following the date of this Agreement until the Effective Time. All shares of PARENT Common Stock into which the shares of TARGET Common Stock are converted shall be fully paid and assessable. All holders of certificates which immediately prior to the Effective Time represented shares of TARGET Common Stock (each a "TARGET Certificate" and collectively, "TARGET Certificates") shall cease to have any rights with respect thereto, except the right to receive Merger Shares (and a Cash Entitlement, if any) to be issued in consideration of TARGET Holder's delivery of a letter of transmittal to the Exchange Agent and surrender of the TARGET Certificate or Certificates in accordance with Section 2.5.2 (or an indemnity agreement in accordance with Section 2.5.2f below).
  - iii. From the Effective Time until the TARGET Holder's delivery of a letter of transmittal, if applicable, and the surrender of such TARGET Holder's TARGET Certificate or Certificates (or an indemnity agreement pursuant to Section 2.5.2f below), each TARGET Certificate (other than Excluded Shares, if any) shall be deemed, for all corporate purposes, cancelled as of the Effective Time and of no further effect. No dividends that are otherwise payable on PARENT Common Stock will be paid to persons that may become entitled to receive Merger Shares under the provisions of Section 2.5.2 unless and until such persons comply with each of the provisions thereof. After the issue of a PARENT Certificate, the person in whose name the PARENT Common Stock is issued, shall be entitled to receive any dividends on such PARENT Common Stock that have a record date on or after such date of issue.

- iv. No Merger Share shall be admitted to trading on AIM (and PARENT shall be under no obligation seek admission of such Merger Share) until it has been duly issued to a TARGET Holder pursuant to Section 2.5.2b;
- v. No scrip or fractional shares of PARENT Common Stock shall be issued in the Merger. To the extent that a TARGET Holder would otherwise be entitled to receive a fractional share of PARENT Common Stock at the Effective Time (individually, a "Fractional Share Entitlement", and collectively, "Fractional Share Entitlements"), such TARGET Holder shall instead be entitled (upon such TARGET Holder's delivery of a letter of transmittal and the surrender of such TARGET Holder's TARGET Certificate or Certificates (or an indemnity agreement pursuant to Section 2.5.2f below), to receive from PARENT an amount in cash equal to the value of that fractional interest in a share of the PARENT Common Stock, being the placing price of 10 pence a share in the PARENT Common Stock in lieu of such Fractional Share Entitlement ("the Cash Entitlement"). PARENT may obtain the funds necessary to meet its obligation to pay the Cash Entitlement by aggregating Fractional Share Entitlements and selling them to investors from time to time.

**2.5.2 Exchange of TARGET Certificates; Issuance of Merger Shares**

- a. PARENT shall authorize Capita IRG plc of Bourne House, 34 Beckenham Road, Beckenham Kent BR3 4TU, United Kingdom, or such other firm as is reasonably acceptable to TARGET, to serve as exchange agent hereunder (the "Exchange Agent").
- b. In order to receive one or more PARENT Certificates representing that number of whole Merger Shares and any Cash Entitlement to which TARGET Holder may become entitled pursuant to the provisions of Section 2.5.1, TARGET Holder must deliver to the Exchange Agent: (i) a letter of transmittal in the form attached hereto as Exhibit 2.5.2b of the Disclosure Memorandum; and, if applicable, (ii) TARGET Holder's TARGET Certificate or Certificates, representing such shares of TARGET Common Stock (or an indemnity agreement in accordance with Section 2.5.2f below).
- c. Upon Exchange Agent's receipt of a duly executed letter of transmittal and, if applicable, a TARGET Certificate or Certificate or indemnity agreement in accordance with Section 2.5.2f below), Exchange Agent shall inform PARENT that the TARGET Holder's TARGET Certificate or Certificates have been duly surrendered for, and may be converted into, Merger Shares, and a Cash Entitlement, if applicable. Delivery by each TARGET Holder to the Exchange Agent shall be effected, and risk of loss and title to the TARGET Certificate shall pass, only upon proper delivery of the TARGET Certificate (or an indemnity agreement in accordance with Section 2.5.2f below) to the Exchange Agent and the form of letter of transmittal shall so reflect.
- d. Delivery by the TARGET Holder of a letter of transmittal and, if applicable, the TARGET Certificate or Certificates (or an indemnity agreement in lieu therefor) shall entitle the TARGET Holder to receive as soon as practicable after the next PARENT Certificate Issue Date, a certificate representing that whole number of Merger Shares which shall be issued in consideration therefor (a "PARENT Certificate") together with the Cash Entitlement, if any, to which TARGET Holder shall have become entitled pursuant to the provisions of Section 2.5.1. PARENT shall pay any transfer or other taxes required by reason of the issuance of a PARENT Certificate provided that such PARENT Certificate is issued in the name of the TARGET Holder; provided, however, that PARENT shall not pay any transfer or other tax if the obligation to pay such tax under applicable law is solely that of the TARGET Holder. If a PARENT Certificate is to be issued to a person other than the TARGET Holder or such other person in whose name the TARGET Certificate is registered, it shall be a condition of such issuance that the TARGET Certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the TARGET Holder shall pay in advance any transfer or other taxes required by reason of the issuance of a PARENT Certificate to such TARGET Holder or to such other person, or the TARGET Holder shall establish to the satisfaction of the Exchange Agent that such tax has been paid or that no such tax is applicable.

- e. From the Effective Time until its surrender in accordance with this Section 2.5.2, each TARGET Certificate (other than Excluded Shares, if any) shall be deemed, for all corporate purposes, cancelled as of the Effective Time and of no further effect. No dividends that are otherwise payable on PARENT Common Stock will be paid to persons that may become entitled to receive PARENT Common Stock under the provisions of Section 2.5.2 unless and until such persons comply with each of the provisions thereof and Merger Shares are issued thereto. After the issue of a PARENT Certificate, the person in whose name the PARENT Common Stock is issued shall be entitled to receive any dividends on such PARENT Common Stock that shall have a record date on or after such date of issue.
- f. In case of any lost, mislaid, stolen, or destroyed TARGET Certificate, a TARGET Holder may be required, as a condition precedent to their receipt of the consideration described in Section 2.5.1 and in accordance with Section 419 of California Law, to deliver to PARENT an indemnity agreement in the form attached as Exhibit 2.5.2f if that TARGET Certificate is not capable of delivery. No delivery of a PARENT Certificate shall be issued to any former TARGET Holder unless and until that TARGET Holder has delivered a letter of transmittal, accompanied by either the underlying TARGET Certificate or an indemnity agreement.
- g. PARENT Certificates will be issued on the Admission date and thereafter, every two weeks on the day that is the anniversary of Admission, or, if not a business day, then on the next business day (each, a "PARENT Certificate Issue Date"). Delivery by a TARGET Holder of a letter of transmittal and a TARGET Certificate or Certificates (or an indemnity agreement in lieu thereof) to the Exchange Agent between PARENT Certificate Issue Dates shall not entitle such TARGET Holder to any dividends on PARENT Common Stock that have a record date falling between the date of such delivery and surrender and a PARENT Certificate Issue Date, nor any interest thereon.

#### 2.5.3 *Dissenters' Shares*

Notwithstanding anything in this Agreement to the contrary, shares of TARGET Common Stock outstanding immediately prior to the Effective Time and held by a TARGET Holder who has not voted (either in person or by proxy) to approve the Agreement or the Merger (each a "Dissenter" and collectively, "Dissenters") and who has notified PARENT of such Dissenter's intent to demand payment with respect to such TARGET Common Stock in accordance with Chapter 13 of California Law (the "Dissenters' Shares") shall not be converted into or represent a right to receive the consideration set forth in Section 2.5.1, unless such Dissenter fails to perfect or withdraws or otherwise loses his, her or its dissenters' rights pursuant to Chapter 13 of California Law. From and after the Effective Time, a Dissenter who has properly exercised such dissenters' rights shall not have any rights as a TARGET Holder or as a holder of shares of PARENT Common Stock with respect to such Dissenters' Shares, except those provided under Chapter 13 of California Law. A Dissenter shall be entitled to receive payment of the fair market value of the Dissenter's Dissenters' Shares in accordance with Chapter 13 of California Law, unless, after the Effective Time, such Dissenter fails to perfect, or withdraws or loses his, her or its dissenters' rights thereunder, in which case such Dissenters' Shares shall be converted into, and represent only, the right to receive the Merger Shares and Cash Entitlement, if any, without interest thereon, to which such Target Holder may be entitled upon surrender, if applicable, of the TARGET Certificate or Certificates representing the Dissenters' Shares, and delivery of a letter of transmittal.

#### 2.5.4 *Holders of Options and Warrants*

- a. At the Effective Time, each outstanding option (the exercise price of which is less than the closing mid-market price of a share of TARGET Common Stock as of the midday prior to the date on which the Agreement is signed), and each outstanding warrant to purchase shares of TARGET Common Stock (together, "TARGET Stock Options"), whether vested or unvested, and which has not been waived pursuant to the terms of the deeds of waiver to be sent to the holders of the TARGET Stock Options, shall be converted into and become the right to acquire shares of PARENT Common Stock, and PARENT shall assume each such TARGET Stock Option in accordance with the terms and conditions of the stock

option or warrant agreement by which it is evidenced. From and after the Effective Time, (i) each TARGET Stock Option assumed by PARENT may be exercised solely for shares of PARENT Common Stock, (ii) the number of shares of PARENT Common Stock subject to each such TARGET Stock Option shall be equal to the number of shares of TARGET Common Stock subject to such TARGET Stock Option immediately prior to the Effective Time multiplied by the Conversion Number, rounding down to the nearest whole share, (iii) the per share exercise price under each such TARGET Stock Option shall be adjusted such that the per share exercise price for each share of PARENT Common Stock shall be the exercise price of such TARGET Stock Option multiplied by a factor of 10 (e.g. an exercise price of 4.5p would become 45p), and (iv) any restriction on the exercise of any such TARGET Stock Option shall continue in full force and effect and the term, exercisability, vesting schedule and other provisions of such TARGET Stock Option shall otherwise remain unchanged, except that all references to TARGET shall be deemed to be references to PARENT; provided, however, that each TARGET Stock Option assumed by PARENT in accordance with this Section 2.5.4a shall, in accordance with its terms, be subject to further adjustment as appropriate to reflect any stock split, stock dividend, reverse stock split, reclassification, recapitalization or other similar transaction effected subsequent to the Effective Time.

- b. The grants made prior to the Effective Time pursuant to the TARGET stock option or warrant agreement by which they are evidenced, shall continue in effect on the same terms and conditions (subject to the adjustments required by this Section 2.5.4 after giving effect to the Merger).
- c. PARENT shall take all corporate action necessary to reserve for issuance a sufficient number of shares of PARENT Common Stock for delivery under the TARGET Stock Options assumed in accordance with this Section 2.5.4.

### **ARTICLE III – TARGET REPRESENTATIONS AND WARRANTIES**

Except as otherwise is set forth in the Disclosure Memorandum and in order to induce PARENT and Merger Subsidiary to enter into and perform this Agreement and the Merger Documents, TARGET represents and warrants to PARENT and Merger Subsidiary as of the date hereof as follows:

#### **3.1 Organization**

TARGET is a corporation validly existing and in good standing under the laws of the state of California. TARGET has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and each of the Merger Documents, and to consummate the transactions contemplated thereby.

#### **3.2 Authorization; Enforceability**

All TARGET Corporate action on the part of TARGET necessary for the authorization, execution, delivery and performance of the Merger Documents, the consummation of the Merger, and the performance of all TARGET's obligations under the Merger Documents has been taken or will be taken as of or prior to the Effective Time. Each of the Merger Documents has been duly executed and delivered by TARGET, as applicable, and each of the Merger Documents is a legal, valid and binding obligation of TARGET, enforceable against it in accordance with its terms, except as enforceability may be limited or affected by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, or other laws of general application relating to or affecting the enforcement of creditors' rights, and except as enforceability may be limited by equitable principles, including those limiting the availability of specific performance, injunctive relief and other equitable remedies providing for defenses based on fairness and reasonableness, regardless of whether considered in a proceeding in equity or at law.

### **3.3 Capitalization**

- a. As of the date hereof, the authorized capital stock of TARGET consists of 400,000,000 shares of TARGET Common Stock, of which the issued and outstanding shares of TARGET Common Stock, all of which are duly authorized, validly issued, fully paid and nonassessable and were issued free of preemptive (or similar) rights amounted to 291,957,470.
- b. After the date hereof but prior to the Record Date, 100,000,000 shares of TARGET Common Stock will be issued following a conditional placing entered into in April 2006 (the "Conditional Placing"), which will become unconditional upon the public announcement of the Merger. The Parties shall take all actions necessary to ensure that the public announcement is made prior to the Record Date.
- c. Subject to the approval of a majority of the outstanding shares of TARGET Common Stock, (including the additional 100,000,000 shares of TARGET Common Stock for delivery under the TARGET Stock Options assumed in accordance with Section 2.5.4), TARGET's authorized share capital will be increased from 400,000,000 to 425,000,000 in order to issue shares of TARGET Common Stock to holders of options and warrants who acquire shares of TARGET Common Stock issuable upon exercise of such options and warrants pursuant to duly executed Deeds of Release prior to the Effective Time.
- d. Except as set forth on Schedule 3.3d of the Disclosure Memorandum, there are no outstanding options, rights of first refusal or offer, preemptive rights, stock purchase rights or other agreements, either directly or indirectly, for the purchase or acquisition from TARGET or from any TARGET Holder of any shares of capital stock of TARGET or any securities convertible into or exchangeable for shares of capital stock of TARGET.
- e. TARGET is not a party or subject to any agreement or understanding and, to the knowledge of TARGET, there is no agreement or understanding between any Persons that affects or relates to the voting or giving of written consents with respect to any securities of TARGET or the voting by any director of TARGET. No TARGET Holder or any Affiliate thereof is indebted to TARGET, and TARGET is not indebted to any TARGET Holder or any Affiliate thereof. TARGET is not under any contractual or other obligation to register any of its presently outstanding securities or any of its securities that may hereafter be issued.

### **3.4 Subsidiaries and Affiliates**

TARGET does not own, directly or indirectly, any ownership, equity, or voting interest in any corporation, partnership, joint venture or other entity, and has no agreement or commitment to purchase any such interest.

### **3.5 No Approvals; No Conflicts**

The execution, delivery and performance of this Agreement and the Merger Documents by TARGET and the consummation by it of the transactions contemplated thereby will not:

- a. constitute a violation (with or without the giving of notice or lapse of time, or both) of any provision of law or any judgment, decree, order, regulation or rule of any court or other governmental authority applicable to TARGET;
- b. except as contemplated by this Agreement and the Merger Documents, require any consent, approval or authorization of, or declaration, filing or registration with, any Person, other than the TARGET Holders' and the sole member of the Merger Subsidiary's adoption and approval of this Agreement and the Merger Documents, and the filing of all documents necessary to consummate the Merger under Delaware Law and California Law;
- c. result in a default under (with or without the giving of notice or lapse of time, or both), or acceleration or termination of, or the creation in any party of the right to accelerate, terminate, modify or cancel, any agreement, lease, note or other restriction, encumbrance, obligation or liability to which TARGET is a party or by which it is bound or to which TARGET's assets are subject;

- d. result in the creation of any Encumbrance upon any assets of TARGET or the outstanding capital stock thereof; or
- e. conflict with or violate any provision of TARGET's certificate of incorporation or bylaws.

### 3.6 Financial Statements

- a. TARGET has delivered to PARENT the TARGET Financial Statements which been prepared in conformity with GAAP, as codified in the United Kingdom, on a basis consistent with prior accounting periods. The TARGET Financial Statements fairly present the financial position, profit & loss, balance sheet, cash flows and changes in financial position of TARGET as of the dates and for the periods indicated. To the best of its knowledge and belief, TARGET has no liabilities or obligations of any nature (absolute, contingent or otherwise) incurred prior to July 31, 2004 that are not fully reflected or reserved against in the TARGET Balance Sheet, except (i) liabilities or obligations incurred since the date of the TARGET Balance Sheet in the ordinary course of business and consistent with past practice, (ii) liabilities or obligations otherwise disclosed in this Agreement; or (iii) liabilities or obligations described on Schedule 3.10.1 of the Disclosure Memorandum. TARGET maintains standard systems of accounting that are adequate for its current non-operational status.
- b. As of the date hereof, TARGET has £1,900,000.00 in the Bank Account described on Schedule 3.21 of the Disclosure Memorandum, as more fully set forth on the TARGET Financial Statements. To the knowledge of TARGET, save for any liabilities arising pursuant to this Agreement, or its performance of its obligations hereunder, TARGET will not be subject to any liabilities other than those set forth on the TARGET Financial Statements.
- c. Subsequent to the completion of the Conditional Placing, Closing, and a public announcement of the consummation of the transactions described herein, £1,000,000 will be transferred to the Bank Account described on Schedule 3.21 of the Disclosure Memorandum.

### 3.7 Absence of Certain Changes or Events

Except as set forth on Schedule 3.10.1 of the Disclosure Memorandum, for the transactions specifically contemplated in this Agreement and the Merger Documents, since the date of the TARGET Balance Sheet, neither TARGET, nor any of its officers or directors in their representative capacities on behalf of TARGET, have:

- a. taken any action or entered into or agreed to enter into any transaction, agreement or commitment other than in the ordinary course of business;
- b. forgiven or canceled any indebtedness or waived any claims or rights of material value;
- c. suffered any change having a TARGET Material Adverse Effect;
- d. borrowed or agreed to borrow any funds, incurred or become subject to, whether directly or by way of assumption or guarantee or otherwise, any obligations or liabilities in excess of \$5,000 individually or \$10,000 in the aggregate, except liabilities and obligations that are incurred in the ordinary course of business and consistent with past practice, or increased, or experienced any change in any assumptions underlying or methods of calculating, any bad debt, contingency or other reserves;
- e. paid, discharged or satisfied any material claims, liabilities or obligations other than the payment, discharge or satisfaction in the ordinary course of business and consistent with past practice of claims, of liabilities and obligations reflected or reserved against in the TARGET Balance Sheet or incurred in the ordinary course of business and consistent with past practice since the date of the TARGET Balance Sheet, or prepaid any obligation having a fixed maturity of more than 90 days from the date such obligation was issued or incurred;
- f. knowingly permitted or allowed any of its assets to be subjected to any Encumbrance, other than Permitted Encumbrances;
- g. purchased or sold, transferred or otherwise disposed of any of its assets;
- h. made any change in accounting methods or practices or internal control procedures; or

- i. paid, loaned or advanced any amount to, or sold, transferred or leased any assets to any of the TARGET Holders or any of TARGET's officers or directors, or any Affiliate of any such TARGET Holder or of TARGET's officers or directors except for advances for travel and other business-related expenses.

### **3.8 Taxes**

- a. All material Taxes of TARGET have been fully paid, except for those for which adequate reserves have been created in the TARGET Financial Statements in accordance with GAAP.
- b. The unpaid Taxes of TARGET (i) did not, as the date of the TARGET Balance Sheet, exceed the reserve for Tax liability set forth on the face thereof and (ii) do not exceed that reserve as adjusted for the passage of time and events occurring in the ordinary course of business through the Closing Date.

### **3.9 Property**

TARGET owns no real property and has no leasehold interests in any real property. TARGET does not own, lease, rent or use any item of personal property.

### **3.10 Contracts**

#### **3.10.1 Material Contracts**

Schedule 3.10.1 to the Disclosure Memorandum contains a complete and accurate list of all TARGET contracts, agreements and understandings, oral or written, to which TARGET is currently a party or by which TARGET is currently bound providing for potential payments by or to TARGET in excess of \$10,000 (collectively, the "Material Contracts"), including joint venture agreements, credit agreements and instruments relating to the borrowing of money. All Material Contracts are valid, binding and enforceable in accordance with their terms against each party thereto, TARGET has performed in all material respects all obligations imposed on it thereunder, and neither TARGET nor, to the knowledge of TARGET, any other party thereto is in default thereunder, nor to the knowledge of TARGET, is there any event that with notice or lapse of time, or both, would constitute a default by TARGET or, to the knowledge of TARGET, any other party thereunder. True and complete copies of each such written contract (or written summaries of the terms of any such oral contract) have been delivered to PARENT by TARGET. Other than as described on Schedule 3.10.1 to the Disclosure Schedule, TARGET has no:

- a. contracts with directors, officers, TARGET Holders, brokers, professional advisors, that cannot be canceled by TARGET within 30 days' notice without liability, penalty or premium;
- b. instrument evidencing indebtedness for borrowed money by way of a direct loan, sale of debt securities, purchase money obligation, conditional sale or guarantee, or otherwise, except for indebtedness incurred in the ordinary course of business, and except as disclosed in the TARGET Financial Statements; and
- c. agreements or commitments to provide indemnification.

#### **3.10.2 Required Consents**

The execution and delivery of this Agreement and the performance of the obligations of TARGET hereunder will not constitute a default under any Material Contract.

### **3.11 Claims and Legal Proceedings**

There are no claims, actions, suits, arbitrations, investigations or proceedings pending or involving or, to the knowledge of TARGET, threatened against TARGET before or by any Person. To the knowledge of TARGET, there is no valid basis for any claim, action, suit, arbitration, proceeding or investigation before or by any Person that could reasonably be expected to have a TARGET Material Adverse Effect. There are no outstanding or unsatisfied judgments, orders, decrees or stipulations to which TARGET is a party.

### **3.12 Labor and Employment Matters**

TARGET currently pays no compensation to its directors and officers and has no employees.

### **3.13 Employee Benefit Plans**

TARGET does not have any Employee Benefit Plans, defined benefit plans (as defined in Section 3(35) of ERISA), or any other pension plan (as defined in Treasury Regulation section 1.401-1b.) and has not established any "welfare benefit plan".

### **3.14 Intellectual Property**

- a. Except for the unregistered right to use its corporate name, TARGET does not own any intellectual property rights, computer software and does not have a website.
- b. To the knowledge of TARGET, the activities and the conduct of the TARGET Business did not, as of cessation of the operation of the TARGET Business on or around March 31, 2003, infringe upon, violate or constitute the unauthorized use of the intellectual property rights of any third party. Further and also to the knowledge of TARGET, there is no pending or threatened claim alleging that the former activities or conduct of the TARGET Business infringed upon, violated or constituted the unauthorized use of the intellectual property rights of any third party.

### **3.15 Corporate Books and Records**

TARGET has furnished to PARENT or its counsel for their examination true and complete copies of the certificate of incorporation and bylaws of TARGET as currently in effect, including all amendments thereto and the minute books of TARGET. The stock transfer books of TARGET are maintained by the Exchange Agent. Such stock transfer books accurately reflect all issuances and transfers of shares of capital stock of TARGET since its inception.

### **3.16 Licenses, Permits, Authorizations, etc.**

- a. TARGET has timely filed all Regulatory Documents that were required to be filed with any Governmental Authority and has paid all fees and assessments due and payable in connection therewith. As of their respective dates, the Regulatory Documents of TARGET complied in all material respects with the requirements of all laws, rules and regulations applicable to such Regulatory Documents.
- b. TARGET has received all currently required Permits where the failure to have obtained any such Permit would have a TARGET Material Adverse Effect. TARGET is in compliance in all material respects with the terms of all Permits, and all the Permits are valid and in full force and effect, and no proceeding is pending, or to the knowledge of TARGET, threatened, the object of which is to revoke, limit or otherwise affect any of the Permits. TARGET has not received any notifications of any asserted present failure by it to have obtained any Permit, or any past and unremedied failure to obtain such items.

### **3.17 Compliance with Laws**

To the Knowledge of TARGET or except as would not have a TARGET Material Adverse Effect, TARGET is in compliance with all applicable federal, state, local and foreign laws, rules, regulations, ordinances, decrees and orders including all such laws, rules, regulations, ordinances, decrees and orders relating to antitrust matters, currency exchange, securities and investor protection matters, and trading-with-the-enemy matters. TARGET has not received any written notification or, to the knowledge of TARGET, any other form of notification of any asserted present or past unremedied failure by TARGET to comply with any of such laws, rules, regulations, ordinances, decrees or orders. Except for normal examinations conducted by any Governmental Authority in the ordinary course of business, no Governmental Authority has initiated any administrative proceeding or, to the knowledge of TARGET, investigation into or related to the TARGET Business or operations of TARGET. There is no unresolved violation, criticism or exception by any Governmental Authority with respect to any report or statement by any Governmental Authority relating to any examination of TARGET.

### **3.18 Insurance**

TARGET does not maintain any insurance policies.

### **3.19 Brokers or Finders**

Except as set forth in the engagement letters listed on Schedule 3.10.1 of the Disclosure Memorandum, TARGET has not incurred, and will not incur, directly or indirectly, as a result of any action taken by or on behalf of TARGET, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with the Merger, this Agreement or any transaction contemplated hereby.

### **3.20 Absence of Questionable Payments**

Neither TARGET nor, to the knowledge of TARGET, any director, officer, agent, or other Person acting on behalf of TARGET, has used any TARGET funds for improper or unlawful contributions, payments, gifts or entertainment, or made any improper or unlawful expenditures relating to political activity to domestic or foreign government officials or others. TARGET has reasonable financial controls to prevent such improper or unlawful contributions, gifts, entertainment or expenditures. Neither TARGET nor any current director, officer, agent, or other Person acting on behalf of TARGET has accepted or received any improper or unlawful contributions, payments, gifts or expenditures relating to TARGET Business. To the knowledge of TARGET, TARGET has at all times complied, and is in compliance, in all respects with the Foreign Corrupt Practices Act and all foreign laws and regulations relating to prevention of corrupt practices and similar matters.

### **3.21 Bank Accounts**

Schedule 3.21 to the Disclosure Memorandum sets forth the names and locations of all banks, trust companies, savings and loan associations, other financial institutions or accounts of any kind whatsoever (including accounts held as attorneys' offices) at which TARGET maintains accounts of any nature and the names of all Persons authorized to draw thereon, make withdrawals therefrom or have access to such accounts. TARGET maintains no safe deposit boxes.

### **3.22 Customers**

TARGET has no customers.

### **3.23 Accounts Receivable**

TARGET has no accounts receivable.

### **3.24 Creditors' List**

Save for the fees properly incurred pursuant to the engagement letters listed on Schedule 3.10.1 of the Disclosure Memorandum, TARGET has no creditors.

### **3.25 Insider Interests**

Except as set forth on Schedule 3.25 of the Disclosure Memorandum, no TARGET Holder or officer or director of TARGET has any interest (other than as a TARGET Holder) in (i) any TARGET asset, or (ii) any agreement, contract, arrangement or obligation relating to TARGET, its present or prospective business or its operations. Neither TARGET nor any officer, director or TARGET Holder has any interest, either directly or indirectly, in any entity, including any corporation, partnership, joint venture, proprietorship, firm, licensee, business or association (whether, as an employee, officer, director, stockholder, agent, independent contractor, security holder, creditor, consultant or otherwise), other than ownership of capital stock comprising less than 1% of any publicly held company, that presently (i) provides any services or engages in any activity that is the same, similar to or competitive with the former business of TARGET; or (ii) has any direct or indirect interest in any asset of TARGET.

**ARTICLE IV – REPRESENTATIONS AND WARRANTIES OF  
PARENT AND MERGER SUBSIDIARY**

In order to induce TARGET to enter into this Agreement and the Merger Documents, PARENT and Merger Subsidiary jointly and severally represent and warrant to TARGET as of the date of this Agreement as follows:

**4.1 Organization**

PARENT is a corporation duly incorporated and validly existing under the laws of England and Wales. Merger Subsidiary is a limited liability company validly existing under the laws of the state of Delaware. Each of PARENT and Merger Subsidiary has, as the case may be, all requisite corporate or limited liability company power and authority to execute, deliver and perform its obligations under the Merger Documents and the Operative Documents to which it is a party and to consummate the transactions contemplated thereby. All the issued and outstanding membership interests of Merger Subsidiary are held of record and beneficially by PARENT.

**4.2 Authorization; Enforceability**

PARENT and Merger Subsidiary have taken or will take prior to the Effective Time all corporate and limited liability company action on their part that is necessary for the authorization, execution, delivery and performance of this Agreement, the Merger Documents and the Operative Documents, and for the performance of their respective obligations thereunder. This Agreement, the Merger Documents and the Operative Documents have been duly executed and delivered by each of PARENT and Merger Subsidiary, as applicable, and each of this Agreement, the Merger Documents and the Operative Documents is a legal, valid and binding obligation of each of PARENT and Merger Subsidiary, as applicable, enforceable against each of them in accordance with its terms, except as enforceability may be limited or affected by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, or other laws of general application relating to or affecting the enforcement of creditors' rights, and except as enforceability may be limited by equitable principles, including those limiting the availability of specific performance, injunctive relief and other equitable remedies providing for defenses based on fairness and reasonableness, regardless of whether considered in a proceeding in equity or at law.

**4.3 Securities**

The Merger Shares to be issued pursuant to this Agreement have been duly authorized for issuance, and such Merger Shares, when issued and delivered to the TARGET Holders pursuant to this Agreement, shall be validly issued, fully paid and nonassessable.

**4.4 No Approvals or Notices Required; No Conflicts With Instruments**

The execution, delivery and performance of this Agreement, the Merger Documents and the Operative Documents by Merger Subsidiary and PARENT, as applicable, and the consummation by them of the transactions contemplated thereby will not:

- a. constitute a violation (with or without the giving of notice or lapse of time, or both) of any provision of law or any judgment, decree, order, regulation or rule of any Governmental Authority applicable to PARENT or Merger Subsidiary;
- b. require any consent, approval or authorization of, or declaration, filing or registration with, any Person, except (i) compliance with applicable securities laws and (ii) the filing of all documents necessary to consummate the Merger under Delaware Law and California Law; or
- c. conflict with or result in a breach of or constitute a default under any provision of the charter documents of PARENT or of Merger Subsidiary.

## **ARTICLE V – CONDITIONS PRECEDENT TO OBLIGATIONS OF PARENT AND MERGER SUBSIDIARY**

The obligations of PARENT and Merger Subsidiary to perform the covenants and agreements and satisfy the conditions in this Agreement, the Merger Documents and the Operative Documents to be performed and satisfied by them at or before the Closing shall be subject to the satisfaction of the following conditions, which may be expressly waived only in writing signed by PARENT and Merger Subsidiary:

### **5.1 Accuracy of Representations and Warranties**

The representations and warranties of TARGET contained herein and in the other Merger Documents shall have been true and correct in all respects when made. Except for changes contemplated by this Agreement and the other Merger Documents and to the extent that such representations and warranties speak as of an earlier date, TARGET'S representations and warranties shall be true and correct in all respects as of the Closing Date, as though made on that date.

### **5.2 Performance of Agreements**

TARGET shall have performed all obligations and agreements and complied with all covenants contained in this Agreement or any Merger Document to be performed and complied with by it at or prior to the Closing Date.

### **5.3 Approvals and Consents**

All transfers of Permits and all approvals of or notices to Governmental Authorities, the granting or delivery of which is necessary for the consummation of the transactions contemplated hereby shall have been obtained, and all waiting periods specified by law shall have passed. All other consents, approvals and notices referred to in this Agreement shall have been obtained or delivered.

### **5.4 Completion and Interdependence**

Consummation of the Merger is conditional upon each of the following:

- a. As of the business day prior to the date of Closing, TARGET shall not have received notice of intent to exercise Dissenters' Rights from holders of more than ten per cent. (10%) of the total number of shares of Target Common Stock outstanding as of the date prior to Closing.
- b. Holders of TARGET Stock Options exercisable for not less than seventy per cent. (70%) of the total number of shares of Target Common Stock issuable upon exercise of TARGET Stock Options, outstanding as of the date hereof shall have executed and delivered to TARGET one or more deeds of waiver with respect to such TARGET Stock Options.
- c. The closing conditions for each of the HTI Acquisition, the SolarNext Acquisition and the Placing, (save for any closing conditions that require completion of Admission as of the Closing Date) shall have been satisfied or duly waived by the respective Parties to such transactions.

### **5.5 Proceedings and Documents; Officer's Certificates**

PARENT shall have received a certificate or certificates of an officer of TARGET, in form and substance reasonably satisfactory to PARENT, as to:

- a. the authenticity and effectiveness of the actions of TARGET's board of directors and TARGET Holders and the adoption and approval of the Merger and the transactions contemplated by the Merger Documents.
- b. satisfaction of the conditions to the obligations of PARENT and Merger Subsidiary set forth in this Article V and dated as of the Closing Date.

## **5.6 Compliance with Laws**

The effectiveness of the Merger and the performance by PARENT, Merger Subsidiary, and TARGET of their respective obligations pursuant to this Agreement (as to PARENT, Merger Subsidiary and TARGET), the Merger Documents (as to TARGET), and the Merger Documents and the Operative Documents (as to PARENT and Merger Subsidiary) shall be legally permitted by all laws and regulations to which PARENT, Merger Subsidiary, and TARGET are subject.

## **5.7 Legal Proceedings**

No order of any Governmental Authority shall be in effect that enjoins, restrains, conditions or prohibits consummation of this Agreement or any Merger Document, and no litigation, investigation or administrative proceeding shall be pending or, to the knowledge of TARGET, threatened that would enjoin, restrain, condition or prevent consummation of this Agreement or any Merger Document.

## **5.8 Consents to Merger**

If the Material Contracts set forth in Schedule 3.10.2 to the Disclosure Memorandum, by their terms, require consent or waiver to consummate the Merger, then unless otherwise set forth in Schedule 3.10.2 to the Disclosure Memorandum or waived by PARENT, TARGET shall have received and delivered to PARENT or its counsel, originals or copies of written consents to the Merger or waivers thereof, as applicable, as required under such agreements or other documents, which consents or waivers, as the case may be, shall be reasonably satisfactory in all respects to PARENT.

# **ARTICLE VI – CONDITIONS PRECEDENT TO OBLIGATIONS OF TARGET**

The obligations of TARGET to perform the covenants and agreements and satisfy conditions in this Agreement and the Merger Documents to be performed and satisfied by it at or before the Closing shall be subject to the satisfaction of the following conditions, which may be expressly waived only in writing signed by TARGET:

## **6.1 Accuracy of Representations and Warranties**

The representations and warranties of PARENT and Merger Subsidiary contained herein and in the other Merger Documents shall have been true and correct in all respects when made. Except for changes contemplated by this Agreement and the other Merger Documents and to the extent that such representations and warranties speak as of an earlier date, the representations and warranties of PARENT and Merger Subsidiary shall be true and correct as of the Closing Date as though made on that date.

## **6.2 Performance of Agreements**

PARENT and Merger Subsidiary shall have performed all obligations and agreements and complied with all covenants contained in this Agreement and the other Merger Documents to be performed and complied with by them at or prior to the Closing.

## **6.3 Completion and Interdependence**

Consummation of the Merger is conditional upon each of the following:

- a. As of the business day prior to the date of Closing, TARGET shall not have received notice of intent to exercise Dissenters' Rights from holders of more than ten per cent. (10%) of the total number of shares of Target Common Stock outstanding as of the date prior to Closing.
- b. Holders of TARGET Stock Options exercisable for not less than seventy per cent. (70%) of the total number of shares of Target Common Stock issuable upon exercise of TARGET Stock Options, outstanding as of the date hereof shall have executed and delivered to TARGET one or more deeds of waiver with respect to such TARGET Stock Options.

- c. The closing conditions for each of the HTI Acquisition, the SolarNext Acquisition and the Placing, (save for any closing conditions that require completion of Admission as of the Closing Date) shall have been satisfied or duly waived by the respective Parties to such transactions.

#### **6.4 Officers' and other Certificates**

TARGET shall have received a certificate or certificates of an officer of each of PARENT and Merger Subsidiary, and Ludgate, in form and substance reasonably satisfactory to TARGET, as follows:

- a. from PARENT and Merger Subsidiary certifying the authenticity and effectiveness of the actions of TARGET's board of directors and TARGET Holders and the approval and adoption of the Merger and the transactions contemplated by the Merger Documents;
- b. from PARENT and Merger Subsidiary certifying the satisfaction of the conditions to the obligations of PARENT and Merger Subsidiary set forth in this Article VI and dated as of the Closing Date, other than the condition relating to the Placing referred to in Section 6.3c; and
- c. from Ludgate and PARENT certifying the satisfaction of the condition relating to the Placing referred to in Section 6.3c.

#### **6.5 Legal Proceedings**

No order of any Governmental Authority shall be in effect that enjoins, restrains, conditions or prohibits consummation of this Agreement, the Merger Documents and the Operative Documents, and no litigation, investigation or administrative proceeding shall be pending or, to PARENT's knowledge, threatened which would enjoin, restrain, condition or prevent consummation of this Agreement, any Merger Document or any Operative Document.

#### **6.6 Approvals and Consents**

All transfers of Permits and all approvals of or notices to Governmental Authorities, the granting or delivery of which is necessary on the part of PARENT and Merger Subsidiary for the consummation of the transactions contemplated hereby, shall have been obtained, and all waiting periods specified by law shall have passed. All other consents, approvals and notices on the part of PARENT and Merger Subsidiary referred to in this Agreement shall have been obtained or delivered.

#### **6.7 Compliance with Laws**

The effectiveness of the Merger and the performance by PARENT, Merger Subsidiary, and TARGET of their respective obligations hereunder and under the other Merger Documents shall be legally permitted by all laws and regulations to which PARENT, Merger Subsidiary, and TARGET are subject.

### **ARTICLE VII - COVENANTS**

Between the date of this Agreement and the Effective Time, the parties covenant and agree as set forth in this Article VII.

#### **7.1 Conduct of TARGET Pending the Merger**

Unless PARENT otherwise agrees in writing, and except as required to perform its obligations under this Agreement and the Merger Documents, TARGET covenants that it shall not take any action except in the ordinary course of business and in a manner consistent with past practice and in accordance with applicable law.

## 7.2 Notification of Certain Matters

Each party shall give prompt written notice to the other parties of (i) the occurrence or nonoccurrence of any event that would be reasonably likely to cause any representation or warranty made by such party contained in this Agreement to be untrue or inaccurate and (ii) any failure by such party to comply with or satisfy any covenant, condition or agreement to be compiled with or satisfied by it hereunder; provided, however, that the delivery of any written notice pursuant to this Section 7.2 shall not limit or otherwise affect the remedies available to the parties hereunder.

## 7.3 Further Action; Regulatory Matters

- a. Upon the terms and subject to the conditions hereof, each of the parties hereto shall use commercially reasonable efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated in this Agreement, the Merger Documents and the Operative Documents, including using commercially reasonable efforts promptly to prepare and file (on a confidential basis if requested by the other parties) all necessary documentation, to effect (on a confidential basis if requested by the other parties) all applications, notices, petitions and filings, and to obtain all waivers, licenses, permits, consents, approvals, authorizations, waivers, qualifications and orders of all Persons that are necessary or advisable to consummate the transactions contemplated by this Agreement.
- b. If any required consent of or waiver by any Person (excluding any Governmental Authority) is not obtained prior to the Closing, or if the assignment of any contract would be ineffective or would adversely affect any material rights or benefits thereunder so that PARENT or Merger Subsidiary would not in fact receive all such rights and benefits, the parties hereto, each without cost, expense or liability to the other, shall cooperate in good faith to seek, if possible, an alternative arrangement to achieve the economic results intended.
- c. The parties hereto will have the right to review in advance, and will consult with the other on, in each case subject to applicable laws relating to the exchange of information, all the information relating to PARENT, Merger Subsidiary or TARGET, as the case may be, which appear in any filing made with, or written materials submitted to, any Person in connection with the transactions contemplated by this Agreement, the Merger Documents and the Operative Documents. The parties hereto will consult with each other with respect to obtaining all permits, consents, approvals and authorizations of all Persons necessary or advisable to consummate the transactions contemplated by this Agreement and each party will keep the others apprised of the status of matters relating to completion of the transactions contemplated herein.
- d. The party responsible for a filing as set forth above shall promptly deliver to the other parties hereto evidence of the filing of all applications, filings, registrations and notifications relating thereto, and any supplement, amendment or item of additional information in connection therewith. The party responsible for a filing also shall promptly deliver to the other parties hereto a copy of each material notice, order, opinion and other item of correspondence received by such filing party from any Governmental Authority in respect of any such application. In exercising the foregoing rights and obligations, PARENT, Merger Subsidiary and TARGET shall act reasonably and as promptly as practicable.
- e. PARENT and Merger Subsidiary shall take all commercially reasonable steps necessary to satisfy any conditions or requirements imposed by any Governmental Authority or regulatory body, local or foreign in connection with the consummation of the transactions contemplated by this Agreement, the Merger Documents and the Operative Documents, other than those conditions or requirements, in the aggregate, the satisfaction of which by PARENT and Merger Subsidiary are reasonably likely to result in either a TARGET Material Adverse Effect or a material adverse effect with respect to PARENT or Merger Subsidiary.
- f. Each party to this Agreement shall, upon request, furnish each other with all information concerning themselves, directors, officers and stockholders and such other matters as may be reasonably necessary or advisable in connection with any statement, filing, notice or application made by or on behalf of PARENT, Merger Subsidiary or TARGET to any Governmental Authority in connection with the transactions contemplated by this Agreement.

- g. The parties to this Agreement shall promptly advise each other upon receiving any communication from any Governmental Authority whose consent or approval is required for consummation of the transactions contemplated by this Agreement which causes such party to believe that there is a reasonable likelihood that any requisite regulatory approval will not be obtained or that the receipt of any such approval will be materially delayed or that the transactions contemplated hereby will become subject to additional conditions imposed by a Governmental Authority.

#### **7.4 Publicity**

No party hereto shall issue any press release or otherwise make any statements to any third party with respect to this Agreement or the transactions contemplated hereby other than the issuance by PARENT of a press release announcing this Agreement and the transactions contemplated hereby or as required by law.

### **ARTICLE VIII – TERMINATION, AMENDMENT AND WAIVER**

#### **8.1 Termination**

This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time:

- a. by mutual written consent of TARGET and PARENT;
- b. by TARGET, if the Merger has not been consummated by October 31, 2006; provided, however, that the right to terminate this Agreement under this subsection b. shall not be available to any party whose willful breach of any obligation under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or before such date;
- c. by either TARGET or PARENT, if there shall be any law or regulation that makes consummation of the Merger illegal or if any judgment, injunction, order or decree enjoining PARENT, Merger Subsidiary, TARGET or the TARGET Holders from consummating the Merger is entered and such judgment, injunction, order or decree shall become final and nonappealable; provided, however, that the party seeking to terminate this Agreement pursuant to this subsection c. shall have used all reasonable efforts to remove such judgment, injunction, order or decree;
- d. by TARGET, in the event of a material breach by PARENT or Merger Subsidiary of any representation, warranty or agreement contained herein that has not been cured by October 31, 2006;
- e. by PARENT, in the event of a material breach by TARGET of any representation, warranty or agreement contained herein that has not been cured by the date of Admission.

#### **8.2 Effect of Termination**

Except as specifically provided in this Section 8.2, in the event of the termination of this Agreement pursuant to Section 8.1 hereof, there shall be no further obligation on the part of any party hereto.

#### **8.3 Amendment; Waiver**

This Agreement may be amended by an instrument in writing signed by PARENT, and TARGET. At any time prior to the Effective Time, any party hereto may (i) extend the time for the performance of any obligation or other act of any other party hereto, (ii) waive any inaccuracy in the representations and warranties contained herein or in any document delivered pursuant hereto, or (iii) waive compliance with any agreement or condition contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party or parties to be bound thereby. No other course of dealing between or among any of the parties hereto or any delay in exercising any rights pursuant to this Agreement shall operate as a waiver of any rights of any party hereto.

## ARTICLE IX – OTHER AGREEMENTS

### 9.1 Post-Closing Operations

- a. After the Closing, each party hereto, at the request of and without any further cost or expense to TARGET, shall take any further actions reasonably necessary or desirable to carry out the purposes of any Merger Document, to vest in Merger Subsidiary full title to all assets and rights of TARGET, and to effect the issuance of the Merger Shares to the TARGET Holders pursuant to the terms and conditions hereof.
- b. After the Closing, without further request of, and without any further cost or expense to TARGET, each of PARENT and Merger Subsidiary shall take all further actions required to carry out the purposes of this Agreement, the Merger Documents and the Operative Documents in order to consummate the HTI Acquisition, the SolarNext Acquisition, the Placing and the Admission.
- c. After the Closing, PARENT shall cause Merger Shares to be allotted and PARENT Certificates to be issued in respect thereof and Cash Entitlements to be paid in accordance with the provisions of Sections 2.5.1 and 2.5.2, (i) as soon as practicable after Admission to those TARGET Holders who are entitled thereto pursuant to the provisions of Section 2.5.1 as at Admission and (ii) as soon as practicable after each succeeding PARENT Certificate Issue Date thereafter, to those TARGET Holders who subsequently become entitled thereto pursuant to the provisions of Section 2.5.1. PARENT shall use its best efforts to procure that all shares of PARENT Common Stock required to be issued pursuant to this Agreement are admitted to trading on AIM as soon as practicable following allotment.

## ARTICLE X – GENERAL

### 10.1 Expenses

- a. TARGET shall pay its own fees and expenses incident to the negotiation, preparation and execution of this Agreement and the Merger Documents, including legal and accounting fees and expenses;
- b. PARENT and Merger Subsidiary shall pay their fees and expenses incident to the negotiation, preparation and execution of this Agreement, the Merger Documents and the Operative Documents, including legal and accounting fees and expenses;
- c. Reasonable attorneys' fees and expenses of the prevailing party in any action brought hereunder shall be paid by the other parties to such action.

### 10.2 Notices

Any notice, request or demand desired or required to be given hereunder shall be in writing given by personal delivery, confirmed facsimile transmission or overnight courier service, in each case addressed as respectively set forth below or to such other address as any party shall have previously designated by such a notice. The effective date of any notice, request or demand shall be the date of personal delivery, the date on which successful facsimile transmission is confirmed or the date actually delivered by a reputable overnight courier service, as the case may be, in each case properly addressed as provided herein and with all charges prepaid.

**TO PARENT AND MERGER SUBSIDIARY:**

Hightex Group plc  
Hochstatt 12  
83253 Rimsting-Chiemsee  
Germany  
Fax: + 49 805 490 2925  
Attention: Frank Eduard Josef Molter

**TO TARGET:**

West 175 Media Group Inc.  
1st floor, 46 Cannon Street  
London EC4N 6JJ, United Kingdom  
Fax + 44 (0) 20 7329 2100  
Attention: Charles Sebag-Montefiore

**10.3 Severability**

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

**10.4 Assignment**

This Agreement shall not be assigned by operation of law or otherwise; provided, however, that Merger Subsidiary's rights and obligations may be assigned to and assumed by PARENT or any other corporation wholly-owned (directly or through intermediate wholly-owned subsidiaries) by PARENT.

**10.5 Parties in Interest**

This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors, heirs, legal representatives and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

**10.6 Governing Law; Venue**

Except for the mandatorily applicable provisions of California Law, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without giving effect to its conflict of laws provisions that would cause the application of the laws of any jurisdiction other than the State of Delaware.

**10.7 Other Remedies; Specific Performance**

Except as otherwise provided herein, any and all remedies herein expressly conferred upon any party hereto will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by any party hereto of any one remedy will not preclude the exercise of any other remedy. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, in addition to any other remedy to which they may be entitled at law or in equity.

#### **10.8 Interpretation; Schedules**

Unless the context otherwise requires, references in this Agreement to Articles, Sections, Schedules and Exhibits refer to the Articles and Sections of, and Schedules and Exhibits to, this Agreement. The words “include,” “includes” and “including” when used herein shall be deemed in each case to be followed by the words “without limitation.” The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All references to dollar amounts contained in this Agreement shall mean United States dollars. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. Unless the context otherwise requires, the words “hereof,” “hereby” and “herein” and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement. The Schedules and Exhibits to this Agreement, including the Disclosure Memorandum, constitute a part of this Agreement and are incorporated into this Agreement for all purposes as if fully set forth herein.

#### **10.9 Knowledge**

Representations and warranties made in this Agreement that are qualified “to the knowledge of TARGET” mean that there is no fact or circumstance contrary to such representation or warranty within the actual knowledge of officers or directors of TARGET, after reasonable inquiry.

#### **10.10 Entire Agreement**

This Agreement, the Merger Documents and the Operative Documents constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, whether written or oral, among the parties, or any of them, with respect to the subject matter hereof and thereof.

#### **10.11 Nonsurvival of Representations, Warranties, and Agreements.**

None of the representations, warranties, and agreements of the parties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time, except for the agreements contained in Sections 2.1, 2.5, 6.3 Article IX and this Article X.

#### **10.12 Counterparts**

This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

**IN WITNESS WHEREOF**, the parties hereto have entered into and signed this Agreement of Merger as of the date and year first above written.

HIGHTEX GROUP plc

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

HIGHTEX AMERICAS LLC

\_\_\_\_\_

By: Frank Molter, Manager

WEST 175 MEDIA GROUP INC.

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT 2.3.1**

**Form of Certificate of Merger (Delaware)**

**CERTIFICATE OF MERGER  
OF  
WEST 175 MEDIA GROUP INC.  
a California corporation  
WITH AND INTO  
HIGHTEX AMERICAS LLC  
a Delaware limited liability company**

Pursuant to the provisions of Title 6, Section 18-209 of the Delaware Limited Liability Company Act, Hightex Americas LLC, a Delaware limited liability company and the surviving domestic limited liability company in this merger, files this Certificate of Merger and does hereby certify the following:

**FIRST:** The name and state of incorporation of each of the constituent companies of the merger are as follows:

<i>Name</i>	<i>State of Incorporation</i>
West 175 Media Group Inc.	California
Hightex Americas LLC	Delaware

**SECOND:** An Agreement of Merger, dated as of August 3, 2006 among the constituent companies and Hightex Group plc ("Merger Agreement"), has been approved and executed by each of the constituent companies in accordance with Section 18-209(c) of the Delaware Limited Liability Company Act.

**THIRD:** The name of the surviving domestic limited liability company is Hightex Americas LLC ("Surviving LLC").

**FOURTH:** The name of the corporation being merged into the Surviving LLC is West 175 Media Group Inc. ("Merging Corporation").

**FIFTH:** The Certificate of Formation of the Surviving LLC shall be the Certificate of Formation of the Surviving LLC.

**SIXTH:** The effective time of the merger herein certified shall be 2.59 a.m. Eastern Time on September 6, 2006.

**SEVENTH:** The executed Merger Agreement between the constituent companies is on file at a place of business of the Surviving LLC, the address of which is as follows:

c/o 1209 Orange Street  
Wilmington, DE 19801

**EIGHTH:** A copy of the Merger Agreement will be furnished by the Surviving LLC on request, without cost, to any member of the Surviving LLC or any shareholder of Merging Corporation.

**IN WITNESS WHEREOF**, the Surviving LLC has caused this Certificate of Merger to be signed by an authorized person this \_\_\_\_\_ day of September, 2006.

HIGHTEX AMERICAS LLC

BY: HIGHTEX GROUP PLC  
ITS: SOLE MEMBER

By: \_\_\_\_\_

\_\_\_\_\_

Its: \_\_\_\_\_

## EXHIBIT 2.3.2

### Form of Certificate of Merger (California)

**AGREEMENT OF MERGER  
OF  
WEST 175 MEDIA GROUP INC.  
WITH AND INTO  
HIGHTEX AMERICAS LLC**

1. **Parties to the Merger; Surviving Entity.** West 175 Media Group Inc., a California corporation (“West 175 ”), and Hightex Americas LLC, a Delaware limited liability company (“Hightex”) and wholly owned subsidiary of Hightex Group plc, a company organized under the laws of England and Wales (“Parent”), intend to effect a merger (“Merger”) of West 175 with and into Hightex in accordance with this Agreement of Merger and the applicable provisions of the General Corporation Law of the State of California (“California Law”) and the Delaware Limited Liability Company Act (“Delaware LLC Law”). Upon completion of the Merger, West 175 will cease to exist. Hightex, as the surviving entity after the Merger, is hereinafter sometimes referred to as the “Surviving Entity.”
2. **Terms and Conditions of the Merger.** At the effective time of the Merger (“Effective Time”), the effect of the Merger shall be as provided in the applicable provisions of the Delaware LLC Law. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, title to all property of West 175 shall vest in the Surviving Entity and all liabilities of West 175 shall become the liabilities of the Surviving Entity.
3. **Conversion of Interests.** At the Effective Time, by operation of law and by virtue of the Merger and without any further action on the part of Parent, West 175 , Hightex or the holders shares of common stock of West 175 (“West 175 Common Stock”) as at the Effective Time (each a “West 175 Holder” and collectively, “West 175 Holders”):
  - (i) The membership interest of Hightex issued and outstanding immediately before the Effective Time shall remain outstanding and shall constitute the outstanding membership interests of the Surviving Entity;
  - (ii) all shares of West 175 Common Stock (1) that are held by West 175 as treasury stock or otherwise or (2) that are held by Parent or Hightex, if any (collectively, “Excluded Shares”) shall be canceled and retired and shall cease to exist and no stock of Parent or other consideration shall be delivered in exchange therefor;
  - (iii) each issued and outstanding share of West 175 Common Stock, other than the Excluded Shares and Dissenters’ Shares, shall be canceled and retired and shall cease to exist, and shall be converted into the right to receive one-tenth of a share (the “Conversion Number”) of Parent Common Stock (collectively, “Merger Shares”) and a Cash Entitlement. The Conversion Number shall be appropriately adjusted to reflect any stock split, stock dividend, recapitalization, exchange, subdivision, combination of or other similar change in Parent Common Stock or West 175 Common Stock following the date of the Agreement of Merger dated as of August 3, 2006, by and among Parent, Hightex and West 175 (“Agreement”) until the Effective Time. All shares of Parent Common Stock into which the shares of West 175 Common Stock are converted shall be fully paid and assessable. All holders of certificates which immediately prior to the Effective Time represented shares of West 175 Common Stock (each a “West 175 Certificate” and collectively, “West 175 Certificates”) shall cease to have any rights with respect thereto, except the right to receive the Merger Shares (and a Cash Entitlement, if any) to be issued in consideration of West 175 Holder’s delivery of a letter of transmittal to the Exchange Agent and surrender of the West 175 Certificate or Certificates in accordance with Section 4 (or any indemnity agreement in accordance with Section 4(vi) below).

- (iv) From the Effective Time until the West 175 Holder's delivery of a letter of transmittal, if applicable, and the surrender of such West 175 Holder's West 175 Certificate or Certificates (or an indemnity agreement pursuant to Section 4(vi) below), each West 175 Certificate (other than Excluded Shares, if any) shall be deemed, for all corporate purposes, cancelled as of the Effective Time and of no further effect. No dividends that are otherwise payable on Parent Common Stock will be paid to persons that may become entitled to receive Merger Shares under the provisions of Section 4 unless and until such persons comply with each of the provisions thereof. After the issue of a Parent Certificate, the person in whose name the Parent Common Stock is issued, shall be entitled to receive any dividends on such Parent Common Stock that have a record date on or after such date of issue.
- (v) No Merger Share shall be admitted to trading on AIM (and Parent shall be under no obligation seek admission of such Merger Share) until it has been duly issued to a West 175 Holder pursuant to Section 4(ii).
- (vi) No scrip or fractional shares of Parent Common Stock shall be issued in the Merger. To the extent that a West 175 Holder would otherwise be entitled to receive a fractional share of Parent Common Stock at the Effective Time (individually, a "Fractional Share Entitlement", and collectively, "Fractional Share Entitlements"), such West 175 Holder shall instead be entitled (upon such West 175 Holder's delivery of a letter of transmittal and the surrender of such West 175 Holder's West 175 Certificate or Certificates (or an indemnity agreement pursuant to Section 4(vi) below), to receive from Parent an amount in cash equal to the value of that fractional interest in a share in the Parent Common Stock, being the placing price of 10 pence per share of PARENT Common Stock, in lieu of such Fractional Share Entitlement ("Cash Entitlement"). Parent may obtain the funds necessary to meet its obligation to pay the Cash Entitlement by aggregating Fractional Share Entitlements and selling them to investors from time to time.

**4. Exchange of West 175 Certificates; Issuance of Merger Shares.**

- (i) Parent shall authorize Capita IRG plc of Bourne House, 34 Beckenham Road, Beckenham Kent BR3 4TU, United Kingdom, or such other firm as is reasonably acceptable to West 175, to serve as exchange agent hereunder (the "Exchange Agent").
- (ii) In order to receive one or more Parent Certificates representing that number of whole Merger Shares and any Cash Entitlement to which West 175 Holder may become entitled pursuant to the provisions of Section 3, West 175 Holder must deliver to the Exchange Agent: (i) a letter of transmittal in the form attached as Exhibit 2.5.2b of the Disclosure Memorandum to the Agreement; (ii) if applicable, West 175 Holder's West 175 Certificate or Certificates, representing such shares of West 175 Common Stock (or an indemnity agreement in accordance with Section 4(vi) below).
- (iii) Upon Exchange Agent's receipt of a duly executed letter of transmittal and, if applicable, a West 175 Certificate or Certificates (or indemnity agreement in accordance with Section 4(vi) below), Exchange Agent shall inform Parent that the West 175 Holder's West 175 Certificate or Certificates have been duly surrendered for, and may be converted into, Merger Shares, and a Cash Entitlement, if applicable. Delivery by each West 175 Holder to the Exchange Agent shall be effected, and risk of loss and title to the West 175 Certificate shall pass, only upon proper delivery of the West 175 Certificate (or an indemnity agreement in accordance with Section 4(vi) below) to the Exchange Agent and the form of letter of transmittal shall so reflect.
- (iv) Delivery by the West 175 Holder of a letter of transmittal and, if applicable, the West 175 Certificate or Certificates (or an indemnity agreement in lieu therefore) shall entitle the West 175 Holder to receive as soon as practicable after the next Parent Certificate Issue Date, a certificate representing that whole number of Merger Shares which shall be issued in consideration thereof (a "Parent Certificate") together with the Cash Entitlement, if any, to which West 175 Holder shall have become entitled pursuant to the provisions of Section 3. Parent shall pay any transfer or other taxes required by reason of the issuance of a Parent Certificate provided that such Parent Certificate is issued in the name of the West 175

Holder; provided, however, that Parent shall not pay any transfer or other tax if the obligation to pay such tax under applicable law is solely that of the West 175 Holder. If a Parent Certificate is to be issued to a person other than the West 175 Holder or such other person in whose name the West 175 Certificate is registered, it shall be a condition of such issuance that the West 175 Certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the West 175 Holder shall pay in advance any transfer or other taxes required by reason of the issuance of a Parent Certificate to such West 175 Holder or to such other person, or the West 175 Holder shall establish to the satisfaction of the Exchange Agent that such tax has been paid or that no such tax is applicable.

- (v) From the Effective Time until its surrender in accordance with this Section 4, each West 175 Certificate (other than Excluded Shares, if any) shall be deemed, for all corporate purposes, cancelled as of the Effective Time and of no further effect. No dividends that are otherwise payable on Parent Common Stock will be paid to persons that may become entitled to receive Parent Common Stock under the provisions of Section 4 unless and until such persons comply with each of the provisions thereof and Merger Shares are issued thereto. After the issue of a Parent Certificate, the person in whose name the Parent Common Stock is issued shall be entitled to receive any dividends on such Parent Common Stock that shall have a record date on or after such date of issue.
  - (vi) In case of any lost, mislaid, stolen, or destroyed West 175 Certificate, a West 175 Holder may be required, as a condition precedent to their receipt of the consideration described in Section 3 and in accordance with Section 419 of the California Law, to deliver to Parent an indemnity agreement in the form attached as Exhibit 2.5.2f to the Agreement if that West 175 Certificate is not capable of delivery. No delivery of a Parent Certificate shall be issued to any former West 175 Holder unless and until that West 175 Holder has delivered a letter of transmittal, accompanied, if applicable, by either the underlying West 175 Certificate or an indemnity agreement.
  - (vii) Parent Certificates will be issued on the Admission date and thereafter, every two weeks on the day that is the anniversary of Admission, or, if not a business day, then on the next business day (each, a "Parent Certificate Issue Date"). Delivery by a West 175 Holder of a letter of transmittal and a West 175 Certificate or Certificates (or an indemnity agreement in lieu thereof) to the Exchange Agent between Parent Certificate Issue Dates shall not entitle such West 175 Holder to any dividends on Parent Common Stock that have a record date falling between the date of such delivery and surrender and a Parent Certificate Issue Date, nor any interest thereon.
5. **Dissenters' Shares.** Notwithstanding anything in this Agreement of Merger to the contrary, shares of West 175 Common Stock outstanding immediately prior to the Effective Time and held by a West 175 Holder who has not voted (either in person or by proxy) to approve the Agreement, the Merger or the Agreement of Merger (each a "Dissenter" and collectively, "Dissenters") and who has notified Parent of such Dissenter's intent to demand payment with respect to such West 175 Common Stock in accordance with Chapter 13 of California Law ("Dissenters' Shares") shall not be converted into or represent a right to receive the consideration set forth in Section 3, unless such Dissenter fails to perfect or withdraws or otherwise loses his, her or its dissenters' rights pursuant to Chapter 13 of California Law. From and after the Effective Time, a Dissenter who has properly exercised such dissenters' rights shall not have any rights as a West 175 Holder or as a holder of shares of Parent Common stock with respect to such Dissenters' Shares, except those provided under Chapter 13 of California Law. A Dissenter shall be entitled to receive payment of the fair market value of the Dissenter's Dissenters' Shares in accordance with Chapter 13 of California Law, unless, after the Effective Time, such Dissenter fails to perfect, or withdraws or loses his, her or its dissenters' rights thereunder, in which case such Dissenters' Shares shall be converted into, and represent only, the right to receive the Merger Shares and Cash Entitlement, if any, without interest thereon, to which such West 175 Holder may be entitled, if applicable, upon surrender of the West 175 Certificate or Certificates representing the Dissenters' Shares, and delivery of a letter of transmittal.

**6. Holders of Options and Warrants.**

- (i) At the Effective Time, each outstanding option (the exercise price of which is less than the closing mid-market price of a share of West 175 Common Stock as of the midday prior to the date the Agreement is signed), and each outstanding warrant to purchase shares of West 175 Common Stock (together, "West 175 Stock Options"), whether vested or unvested and which has not been waived pursuant to the terms of the deeds of waiver to be sent to the holders of the West 175 Stock Options, shall be converted into and become the right to acquire shares of Parent Common Stock, and Parent shall assume each such West 175 Stock Option in accordance with the terms and conditions of the stock option or warrant agreement by which it is evidenced. From and after the Effective Time, (i) each West 175 Stock Option assumed by Parent may be exercised solely for shares of Parent Common Stock, (ii) the number of shares of Parent Common Stock subject to each such West 175 Stock Option shall be equal to the number of shares of West 175 Common Stock subject to such West 175 Stock Option immediately prior to the Effective Time multiplied by the Conversion Number, rounding down to the nearest whole share, (iii) the per share exercise price under each such West 175 Stock Option shall be adjusted such that the per share exercise price for each share of Parent Common Stock shall be the exercise price of such TARGET Stock Option multiplied by a factor of 10 (e.g. an exercise price of 4.5p would become 45p), and (iv) any restriction on the exercise of any such West 175 Stock Option shall continue in full force and effect and the term, exercisability, vesting schedule and other provisions of such West 175 Stock Option shall otherwise remain unchanged, except that all references to West 175 shall be deemed to be references to Parent; provided, however, that each West 175 Stock Option assumed by Parent in accordance with this Section 6(i) shall, in accordance with its terms, be subject to further adjustment as appropriate to reflect any stock split, stock dividend, reverse stock split, reclassification, recapitalization or other similar transaction effected subsequent to the Effective Time.
- (ii) The grants made prior to the Effective Time pursuant to the West 175 stock option or warrant agreement by which they are evidenced, shall continue in effect on the same terms and conditions (subject to the adjustments required by this Section 6 after giving effect to the Merger).
- (iii) Parent shall take all corporate action necessary to reserve for issuance a sufficient number of shares of Parent Common Stock for delivery under the West 175 Stock Options assumed in accordance with this Section 6.

**7. Defined Terms.** The following terms are used in this Agreement of Merger are defined as follows:

"AIM" means the AIM Market of the London Stock Exchange plc.

"AIM Rules" means the booklet published by the London Stock Exchange plc entitled "The AIM Rules" as amended from time to time.

"Admission" means the effective admission on trading on AIM, of the entire issued ordinary share capital of Parent, including the shares issued pursuant to the Acquisitions, the Merger and the Placing as defined in Recital A to the Agreement, and the term "effective admission" shall refer to the announcement made by the London Stock Exchange plc in accordance with Rule 6 of the AIM Rules.

"Parent Common Stock" means the ordinary shares of Parent.

"Parent Holder" means the holders of the ordinary shares of Parent.

*[Signature page follows]*

**IN WITNESS WHEREOF**, the parties have duly executed this Merger Agreement as of August 3, 2006.

**West 175 Media Group Inc.**,  
a California corporation

**Hightex Americas LLC**,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: John Gunn  
Title: Chief Executive Officer

By: \_\_\_\_\_  
Name: Frank Molter  
Title: Sole Manager

By: \_\_\_\_\_  
Name: Charles Sebag-Montefiore  
Title: Secretary

**Signature Page to Agreement of Merger**

**CERTIFICATE OF APPROVAL**  
**OF**  
**AGREEMENT OF MERGER**

John Gunn, Chief Executive Officer, and Charles Sebag-Montefiore, Secretary certify that:

1. They are the Chief Executive Officer and Secretary, respectively, of West 175 Media Group Inc., a California corporation ("Corporation").
2. The Agreement of Merger in the form attached was duly approved by the board of directors and shareholders of the Corporation.
3. The principal terms of the Agreement of Merger were duly approved by the required vote of the shareholders of the Corporation. The total number of outstanding shares of the Corporation voting in favor of the Agreement of Merger equaled or exceeded the vote required. The percentage vote required was a majority or 51 per cent. of the outstanding shares of Common Stock of the Corporation.
4. There is only one class of shares and the number of shares outstanding is 291,957,470.

The undersigned further declare under penalty of perjury under the laws of the State of California that matters set forth in this certificate are true and correct of our own knowledge.

Dated: September, 2006

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Name: John Gunn  
Title: Chief Executive Officer

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Name: Charles Sebag-Montefiore  
Title: Secretary

# LETTER OF TRANSMITTAL

(OR FORM OF ACCEPTANCE)

To be used to in connection with  
the Merger

with

Hightex Americas, LLC

and to

surrender certificates representing  
Shares of Common Stock

of

**WEST 175 MEDIA GROUP INC.**

**PLEASE RETURN THIS LETTER OF TRANSMITTAL AND ANY RELEVANT  
SHARE CERTIFICATES BY 4 SEPTEMBER 2006**

## ACTION TO BE TAKEN

- Check the details in the box entitled "Description of West Stock Surrendered for Exchange" on page 2, and amend where indicated, if necessary.
- Sign this Letter of Transmittal on page 5.
- Return the completed and signed Letter of Transmittal, together with share certificate(s) (if applicable) and the Proxy Card and/or Form of Direction, to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, but in any event so as to arrive no later than 10.00 a.m. on Thursday 31 August September 2006 (in the case of Forms of Direction) and on Saturday 2 September 2006 (in the case of Proxy Cards). A reply-paid envelope for use in the UK only is enclosed for your convenience.
- West Shareholders who hold their shares in the form of depository interests should also input their stock withdrawal message in the usual way without delay and in accordance with established CREST procedures.
- **IN THE CASE OF US SHAREHOLDERS ONLY**, please read the notes on US Federal Income Tax on page 8. You also need to complete and sign the Substitute Form W-9 on pages 10 and 11.

You are advised to read the instructions set out in this Letter of Transmittal carefully.

If you are in any doubt as to how to complete this Letter of Transmittal, please telephone Capita Registrars on 0870 162 3121 or from outside the UK on +44 20 8639 2157.

**DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS  
SET OUT ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.**

**DO NOT DETACH ANY PART OF THIS LETTER**

LETTER OF TRANSMITTAL TO ACCOMPANY STOCK CERTIFICATES OF  
**WEST 175 MEDIA GROUP INC.**

a California corporation

To: Capita Registrars  
 The Registry  
 34 Beckenham Road  
 Beckenham, Kent, BR3 4TU  
 UNITED KINGDOM

Ladies and Gentlemen:

In connection with the closing of the transactions contemplated by the Agreement of Merger (the "**Merger Agreement**"), entered into by and among West 175 Media Group Inc., a California corporation ("**West**"), Hightex Americas, LLC, a Delaware limited liability company ("**Merger Subsidiary**"), and Hightex Group plc, a company incorporated under the laws of England and Wales ("**Hightex**"), the undersigned hereby agree to surrender all shares in West Stock held by them in exchange for Merger Shares and Cash Entitlement (together the "**Merger Consideration**") and to surrender all certificates held by them (the "**Certificate(s)**") representing shares of capital stock of West (the "**West Stock**") and all of the other documents attached hereto. Holders of depository interests who sign and return this Letter of Transmittal on or before 4 September 2006 will not be issued with share certificates in respect of the West Stock to be issued to them on withdrawal of depository interests and will therefore not be required to deliver such certificates. After this date, however, any non acceptors will be issued with share certificates and any Letters of Transmittal returned after this date must therefore be accompanied with a share certificate.

Please deliver the applicable Merger Consideration to be exchanged for all the shares of West Stock held by the undersigned as at the effective date of 6 September 2006 to the undersigned at the address set forth below in accordance with the terms of the Merger.

DESCRIPTION OF WEST SHARES OF COMMON STOCK SURRENDERED FOR EXCHANGE	
Name(s) and addresses of registered holder(s)	FOR INFORMATION ONLY COMMON SHARES HELD AT 2 August 2006
	COMMON SHARES
	INVESTOR CODE No.
	CREST PARTICIPANT ID
	CREST MEMBER ID
IF THE INFORMATION STATED ABOVE IS INCORRECT PLEASE INSERT CORRECT DETAILS BELOW	
ADDRESS .....	
.....	

If any of the Certificates that you own have been lost, stolen or destroyed, please tick this box and see Instruction 7.

Day time telephone number .....

The undersigned understands that surrender is not made in acceptable form until Capita Registrars (“**Capita**”) receives this Letter of Transmittal, duly completed and signed, and the Certificate(s) (or an appropriate Indemnity Agreement, if you have lost the certificate(s)), together with all accompanying evidences of authority in form satisfactory to Hightex. Holders of depository interests in West will not have been issued with Certificates and should therefore simply sign and return this Letter of Transmittal. The undersigned understands that the method of delivery of Certificate(s) and all other required documents is at his, her or its election, but risk of loss and title to the Certificate(s) will pass only upon delivery of the Certificate(s) to Capita. All questions as to validity, form and eligibility of any exchange of West Stock for Merger Consideration hereunder will be determined by Hightex and Merger Subsidiary, as the surviving company in the Merger, and such determination shall be final and binding.

The undersigned acknowledges receipt of (a) a copy of the Merger Agreement; (b) the Circular to shareholders of West, called herein the Notice and Proxy Statement; (c) the Admission Document relating to the admission of Hightex’s issued share capital to the AIM market of London Stock Exchange plc (the “Admission Document”); and (d) this Letter of Transmittal, and represents that the undersigned has had the opportunity to read these documents carefully and understands that, given the satisfaction or waiver of all conditions contained in the Merger Agreement and the effectiveness of the Merger, the undersigned’s shares of West Stock are to be converted into the right to receive the applicable Merger Consideration, subject to and in accordance with the terms of the Merger Agreement.

The undersigned represents and warrants that the undersigned has full right, power, authority and legal capacity to execute, deliver and perform its obligations under this Letter of Transmittal and to transfer and deliver such certificates, in accordance with the terms of the Merger Agreement. If an entity (company, charity or other organisation) the undersigned is duly organized, validly existing and in good standing in the jurisdiction of its incorporation or organization and the undersigned has taken such action as is necessary to authorize the execution, delivery and performance of this Letter of Transmittal. This Letter of Transmittal is irrevocable and constitutes the valid and binding agreement by the undersigned, enforceable against the undersigned in accordance with its terms.

The undersigned represents and warrants that the undersigned is the record and beneficial owner of the shares of West Stock set forth against its name in the Company’s register of members; such shares of West Stock are the only shares of West Stock owned by the undersigned; such shares of West Stock are free and clear of any lien, restriction, equity, pledge, charge, security interest, conditional sales contract or encumbrance of any kind (“**Lien**”) or any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of such West Stock), other than restrictions imposed by federal or state securities laws; and there are no agreements, arrangements or understandings to which the undersigned is a party (other than this Letter of Transmittal) involving the purchase, sale or other acquisition or disposition of the West Stock owned by the undersigned.

In the event that this Letter of Transmittal or any of the other documents required to be delivered by the undersigned hereunder is delivered prior to the Closing and the Closing does not thereafter occur, the undersigned understands that West will return any and all such documents to the undersigned. If the Closing does not occur, the actions taken hereunder by the undersigned pursuant to this Letter of Transmittal shall have no force and effect.

The undersigned hereby acknowledges that the completion and delivery of this Letter of Transmittal with respect to the undersigned’s West Stock constitutes consent of the undersigned to the terms of the Merger in accordance with the Merger Agreement. In the event of a conflict or inconsistency between any of the terms or provisions contained in this Letter of Transmittal and the Merger Agreement, the terms and provisions contained in the Merger Agreement shall prevail.

## GENERAL WAIVER AND RELEASE:

Effective upon the closing of the transactions contemplated by the Merger Agreement, and without any further action of the undersigned, except for rights arising from and as otherwise expressly set forth in the Merger Agreement or the other agreements contemplated thereby, the undersigned hereby irrevocably waives, releases and discharges West, Merger Subsidiary and Hightex and all of their respective directors, officers, employees, agents, attorneys and affiliates (the "**Covered Parties**") from any and all liabilities, obligations, claims, damages, judgments, demands, penalties, costs, fees, expenses (including, without limitation, attorneys' fees and expenses), suits, debts, losses, accounts, covenants, promises and causes of action, to the undersigned of any kind or nature whatsoever that exist or may have existed at or prior to the Effective Time of the Merger, whether in the undersigned's capacity as a shareholder, officer, director or employee of West or otherwise including, without limitation, in respect of (a) any rights to a liquidation preference under the Articles of Incorporation; (b) any rights of redemption under the Articles of Incorporation; and (c) any options, warrants, other convertible securities or other securities of West, or any rights to any of the foregoing, in each case whether absolute or contingent, liquidated or unliquidated, known or unknown, under the Articles of Incorporation, any agreement or understanding or otherwise at law or equity, and the undersigned shall not seek to recover any amounts in connection therewith or thereunder from any of the Covered Parties. Notwithstanding the foregoing, this general waiver and release shall not apply to claims of any person who has served as an employee or consultant of West relating to such person's rights to receive compensation and benefits in the ordinary course for service in such capacity and nor shall it apply to those holders of options and warrants to whom West has made a separate offer of waiver in exchange for West Stock. This release includes but is not limited to any claims for tort, breach of contract or otherwise.

**THIS IS A GENERAL WAIVER AND RELEASE OF KNOWN AND UNKNOWN CLAIMS. THE UNDERSIGNED EXPRESSLY WAIVES ALL OF THE BENEFITS AND RIGHTS GRANTED TO HIM, HER OR IT PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1542 AND ANY OTHER LAW OR REGULATION TO THE EFFECT THAT: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OF OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."**

The undersigned acknowledges that the undersigned has reviewed and understands this Letter of Transmittal and that the undersigned has been afforded the opportunity to meet and consult with an attorney before signing this Letter of Transmittal.

## WAIVER OF DISSENTERS' RIGHTS:

Completion and delivery by the undersigned of this Letter of Transmittal with respect to the shares of West Stock, and acceptance of the applicable Merger Consideration, constitute assent by the undersigned to the terms of the Merger pursuant to the Merger Agreement, and constitute an irrevocable waiver by the undersigned of any dissenters' rights with respect to any West Stock under applicable California law, whether or not the undersigned has previously made a written demand upon West.

The undersigned, upon request, shall execute and deliver all additional documents reasonably deemed by Hightex, Merger Subsidiary or their legal counsel to be necessary to complete the sale, assignment, transfer, cancellation and retirement of the shares of West Stock delivered herewith.

The defined terms used herein but not defined herein shall have the meanings assigned to them in the Merger Agreement.

This Letter of Transmittal shall remain in full force and effect notwithstanding the death or incapacity of one or more of the undersigned, and shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

**SIGN BELOW**

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Signature(s) of Holder(s)

(Must be signed by the registered holder(s). If signing by a trustee, executor, administrator, guardian, officer of a corporation or other form of business entity, attorney-in-fact or other person acting in a fiduciary or representative capacity, please set forth full title and enclose proper evidence of authority to so act. (See Instruction 2).

Dated: \_\_\_\_\_

## INSTRUCTIONS FOR COMPLETING LETTER OF TRANSMITTAL

Holders of depositary interests should note that no share certificates in West will be despatched following input of the stock withdrawal message in respect of West Shares provided that Capita Registrars as Receiving Agent have received a valid, signed Letter of Transmittal on or before 4 September 2006. The completed Letter of Transmittal and stock withdrawal message will constitute a valid assenting of West Shares to the Merger and entitle the acceptor to receive the applicable Merger Consideration in the form of shares in Hightex into their existing CREST account. After this date, the depositary interests will cease to be eligible to settle in CREST so any holders of depositary interests who have not signed and returned the Letter of Transmittal and input the stock withdrawal message by that date will receive a share certificate in West and will be obliged to deliver that share certificate with any Letter of Transmittal delivered after that date.

- (1) **Delivery of Letter of Transmittal and Certificate(s).** The Certificate(s), as well as the properly completed and duly executed Letter of Transmittal and any other documents required by this Letter of Transmittal, must be received by Capita at the address shown on page 1 of this Letter of Transmittal in order that delivery can be effected and that the appropriate person receives the applicable Merger Consideration in the form of shares in Hightex.

All questions as to validity, form and eligibility of any surrender of Certificate(s) hereby or mailing or delivery by the holder(s) of this Letter of Transmittal will be determined by Hightex and Merger Subsidiary, as the surviving company in the Merger. Hightex reserves the absolute right to reject any Certificate(s) or Letter of Transmittal not in proper form or the acceptance of which may, in the opinion of counsel for Hightex, be unlawful. Hightex also reserves the absolute right to waive any defect or irregularity in the surrender of any Certificate(s) or delivery of any Letter of Transmittal, and its interpretations of other terms and conditions of the Merger Agreement and this Letter of Transmittal (including these instructions) with respect to such irregularities or defects will be final and binding. None of Hightex, its affiliates or any other person will be under any duty to give notice of any defects or irregularities in any Certificate(s) or Letter of Transmittal nor will such parties incur any liability for failure to give any notice to any person (even if such notice is given to other persons).

The method of delivery of Certificate(s) and all other required documents is at the election of the surrendering shareholder(s), but risk of loss and title to the Certificate(s) will pass only upon delivery of the Certificate(s) to Capita. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended.

- (2) **Signatures on Letter of Transmittal; Stock Powers and Endorsements.** If any of the shares of West Stock surrendered hereby are held of record by two or more joint owners, all such owners must sign this Letter of Transmittal. When this Letter of Transmittal is signed by the registered holder(s) of the Certificate(s) listed and surrendered hereby, no endorsements of certificate(s) or separate stock powers are required. If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Certificate(s) surrendered hereby, the Certificate(s) must be endorsed or accompanied by appropriate stock powers.
- (3) **No Conditional Surrender or Acceptance.** No alternative, conditional, irregular or contingent surrender of Certificate(s) or transmittal of this Letter of Transmittal will be accepted.
- (4) **Multiple Registrations.** If the shares of West Stock to be surrendered are registered in different names on several Certificate(s), it will be necessary for the holder to complete, sign and submit as many separate Letters of Transmittal as there are different registrations for the holders of shares of West Stock.
- (5) **Special Payment and Delivery Instructions.** If the payment of the applicable Merger Consideration and any other payment hereunder is to be payable to a person(s) other than the registered holder(s), or if the applicable Merger Consideration and any other payment hereunder is to be mailed to a person(s) other than the person(s) signing this Letter of Transmittal, or to the person(s) signing this Letter of Transmittal at an address other than that shown above, please contact Capita for special instructions.

- (6) **Requests for Assistance or Additional Copies.** Questions and requests for assistance or for additional copies of this Letter of Transmittal and (if you are a US shareholder) the Substitute Form W-9 and the accompanying instructions or for copies of an applicable IRS Form W-8 may be directed to Capita.
- (7) **Lost, Destroyed or Stolen Certificate(s).** If any Certificate(s) has been lost, destroyed or stolen, please call West's Receiving Agent, Capita Registrars on 0870 162 3121 or, if calling from outside the UK, on +44 208 639 2157. An Indemnity Agreement will be posted to you which should be signed and returned in accordance with the instruction referred to therein. Holders of depository interests should note that no share certificates are being issued upon withdrawal of the depository interests unless specifically requested by the CREST member. This Letter of Transmittal and related documents cannot be processed until either the original Certificate(s) or a duly completed Indemnity Agreement have been returned to Capita, and until such time, shareholders will not receive their document of title to new shares in Hightex or other Merger Consideration.
-

## FOR US SHAREHOLDERS ONLY

### Important U.S. Federal Income Tax Information

Under United States federal income tax law, a shareholder whose shares of West Stock are tendered for the Merger Consideration is required to provide Capita, as exchange agent, with such shareholder's correct social security number, individual taxpayer identification number, or employer identification number (each a Taxpayer Identification Number or a "TIN") on Substitute Form W-9 provided below. If such shareholder is an individual, the TIN is such person's social security number. The TIN of a shareholder who lives outside the United States and who does not have and is not eligible to obtain a social security number is such person's IRS individual taxpayer identification number, and the shareholder must cross out item (ii) of the Certification box on the Substitute Form W-9. If Capita is not provided with the correct TIN, the shareholder may be subject to a \$50 penalty imposed by the IRS. In addition, the fair market value of the Merger Shares issued, and cash payments that are made, to such shareholder may be subject to federal backup withholding.

Certain shareholders (including, among others, all corporations, are not subject to federal backup withholding. Exempt shareholders should furnish their TIN, tick the box marked "Exempt" in Part 4 on the Substitute Form W-9 below, and sign, date and return the Substitute Form W-9 to Hightex. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If federal backup withholding applies, Capita is required to withhold twenty-eight per cent. (28%) of the fair market value of the Merger Shares issued, and payments made, to the shareholder. Federal backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the IRS.

### Purpose of Substitute Form W-9

To prevent federal backup withholding on the fair market value of the Merger Shares issued, and cash payments that are made, to a shareholder in exchange for shares of West Stock, the shareholder is required to notify Capita of such shareholder's correct TIN by completing the Substitute Form W-9 below certifying that the TIN provided on such form is correct (or that such shareholder is awaiting a TIN) and that (i) such holder is exempt from federal backup withholding; (ii) such holder has not been notified by the IRS that such holder is subject to federal backup withholding as a result of a failure to report all interest or dividends; or (iii) the IRS has notified such holder that such holder is no longer subject to federal backup withholding (see Part 2 of Substitute Form W-9).

### What Number to Give Capita

The shareholder is required to give Capita the TIN of the record owner of the West Stock. If the shares of West Stock are in more than one name or are not in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidelines on which number to report. If the tendering shareholder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, such shareholder should write "Applied For" in the space provided for in the TIN in Part 1, check the box in Part 3, and sign and date the Substitute Form W-9. If "Applied For" is written in Part 1 and Capita is not provided with a TIN within sixty (60) days, Capita may withhold twenty-eight per cent. (28%) of the fair market value of the Merger Consideration until a TIN is provided to Capita.

**TO BE COMPLETED BY ALL US SHAREHOLDERS OF WEST**

<b>PAYER'S NAME: CAPITA REGISTRARS, as Exchange Agent</b>		
<b>SUBSTITUTE</b>  <b>Form W-9</b>  <b>Department of</b> <b>the Treasury</b>  <b>Internal</b> <b>Revenue Service</b>  <b>Payer's Request</b> <b>for Taxpayer</b> <b>Identification</b> <b>Number (TIN)</b>	<b>PART 1 – PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.</b>	<hr/> Social Security Number(s)  OR  <hr/> Employer identification number
	<b>PART 2 – CERTIFICATION</b> – Under Penalties of Perjury, I certify that: (i) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me); and (ii) I am not subject to backup withholding because (a) I am exempt from backup withholding; (b) I have not been notified by the Internal Revenue Service (“IRS”) that I am subject to backup withholding as a result of a failure to report all interest or dividends; or (c) the IRS has notified me that I am no longer subject to backup withholding.	
	<b>CERTIFICATION INSTRUCTIONS</b> – You must cross out item (ii) in the Certification box above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you are subject to backup withholding you receive another notification from the IRS stating that you are no longer subject to backup withholding, do not cross out item (ii).  SIGNATURE: _____  DATE: _____  NAME (PLEASE PRINT): _____	<b>Part 3 –</b> Awaiting TIN [ ]  <b>Part 4 –</b> Exempt [ ]

**NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY IN CERTAIN CIRCUMSTANCES RESULT IN BACKUP WITHHOLDING OF THE FAIR MARKET VALUE OF THE SHARES ISSUED TO YOU AND ANY PAYMENTS MADE TO YOU PURSUANT TO THE MERGER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER OR SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.**

**YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED  
THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9.**

**CERTIFICATION OF AWAITING TAXPAYER IDENTIFICATION NUMBER**

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (i) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration office, or (ii) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of issuance and payment of the Merger Consideration, twenty-eight per cent. (28%) of all reportable cash payments made to me and of the fair market value of the shares issued to me thereafter will be withheld until I provide a taxpayer identification number to the payer and that, if I do not provide my taxpayer identification number within sixty (60) days, such retained amounts shall be remitted to the IRS as backup withholding.

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

NAME (please print): \_\_\_\_\_

**NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM W-9 MAY RESULT IN BACKUP WITHHOLDING AND A \$50 PENALTY IMPOSED BY THE INTERNAL REVENUE SERVICE. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.**

**SCHEDULE 3**  
**DISCLOSURE MEMORANDUM**  
**to**  
**AGREEMENT OF MERGER**  
**among**  
**HIGHTEX GROUP plc,**  
**HIGHTEX AMERICAS LLC,**  
**and**  
**WEST 175 MEDIA GROUP INC.**

**Dated as of 3 August, 2006**

The Schedules to this Disclosure Memorandum (each, a "Schedule" and collectively, "Schedules") are attached to the Agreement of Merger, dated as of August 3, 2006 ("Agreement"), among Hightex Group plc, a company organized under the laws of England and Wales ("PARENT"), Hightex Americas LLC, a Delaware limited liability company wholly-owned by PARENT ("Merger Subsidiary"), and West 175 Media Group Inc., a California corporation ("TARGET"). Capitalized terms used herein but not defined in the Schedules shall have the meanings ascribed to them in the Agreement.

The Schedules are qualified in their entirety by reference to the Agreement, and are intended only to qualify the representations, warranties and covenants of West 175 and shall not be deemed to expand in any way the scope or effect of any such representations, warranties or covenants.

Inclusion of information on any Schedule shall not be construed as an admission that such information is material to the operation of West 175. Matters reflected in the Schedules are not necessarily limited to matters required by the Agreement to be reflected in the Schedules. Any such additional matters are included herein for informational and disclosure purposes and do not necessarily include other matters of similar nature.

The titles and headings used in the Schedules are provided for convenience only and the Schedules shall be interpreted as though such titles and headings did not appear in the Schedules. Any disclosure in a Schedule shall qualify the representations, warranties and covenants of West 175 contained in the Agreement and all other Schedules to the extent it is reasonably clear from a reading of the disclosure that such disclosure is applicable to such representations, warranties and covenants or to such other Schedules.

**SCHEDULE 3.3d.**

**Outstanding Options, Rights of First Refusal etc.**

**LIST OF OPTIONS AS AT 1 JUNE 2006**

<i>Name</i>	<i>Number</i>	<i>Exercise Price</i>	<i>Vest Date</i>	<i>Expiry</i>
Numis Securities	3,334,601	£0.005	14.05.04	31.07.09
Ludgate Investments Ltd	3,334,601	£0.005	14.05.04	31.07.09
Gunn, John	2,700,000	£0.01	31.03.05	See note*
Montgomery, David	2,700,000	£0.01	31.03.05	See note*
Sebag-Montefiore, Charles	2,700,000	£0.01	31.03.05	See note*
McEwen, John	75,974	£1.25	30.07.96	30.07.06
McEwen, John	126,000	£0.60	24.06.99	30.07.06
Neistat, Doug	6,500	£1.25	30.07.96	30.07.06
Neistat, Doug	55,000	£1.10	30.05.99	30.07.06
Neistat, Doug	50,000	£0.60	24.06.99	30.07.06
Simcock, Don	6,500	£1.25	30.07.96	30.07.06
Neistat, Doug	50,000	£1.30	30.05.97	30.05.07
Simcock, Don	50,000	£1.30	30.05.97	30.05.07
Neistat, Doug	375	£2.50	24.06.99	24.06.09
Simcock, Don	375	£2.50	24.06.99	24.06.09
McEwen, John	80,579	£1.10	31.05.99	31.07.09
McEwen, John	164,773	£0.60	31.05.99	31.07.09
Neistat, Doug	1,500	£1.10	31.05.99	31.07.09
Neistat, Doug	1,500	£0.60	31.05.99	31.07.09
Simcock, Don	1,500	£1.10	31.05.99	31.07.09
Simcock, Don	1,500	£0.60	31.05.99	31.07.09
Frost, Sir David	50,000	£2.85	19.12.99	19.12.09
Green, Jeff	50,000	£2.85	19.12.99	19.12.09
Frost, Sir David	50,000	£3.445	13.01.00	13.01.10
Stuart, Max	4,909	£3.585	29.03.00	29.03.10
Burton, Paul	16,878	£3.56	01.04.00	01.04.10
McEwen, John	112,517	£3.56	01.04.00	01.04.10
Burton, Paul	2,500	£2.815	20.04.00	20.04.10
McEwen, John	15,000	£2.815	20.04.00	20.04.10
McEwen, John	50,000	£2.815	20.04.00	20.04.10
Burton, Paul	37,975	£1.58	01.04.01	01.04.11
Green, Jeff	35,637	£1.58	01.04.01	01.04.11
McEwen, John	253,164	£1.58	01.04.01	01.04.11
Neistat, Doug	12,500	£1.35	15.05.01	01.10.11
<b>Total</b>	<b>16,132,358</b>			

Note \*: TARGET Stock Options granted to directors are only exercisable on the announcement of a transaction or reverse acquisition.

**LIST OF WARRANT HOLDERS AS AT JUNE 2006**

<i>Name of Warrant Holder</i>	<i>Total Number of Warrants</i>
Beckett, Edward	222,222
Beckett, Peter	33,333
Bothway, Colin Herbert	149,444
Burton, Paul	111,111
Caledonian Heritable Inv. Ltd	1,111,111
Cheapside Nominees Ltd	1,111,111
Clarke, Tom Fison	1,085,056
Croft, Paul David	220,722
Daveney Ltd	555,556
Draysey & Wright Nominees Ltd	154,111
Evans, Dylan	27,778
Finlayson, Robin	111,111
Gibbsourne Pty Limited	1,111,044
Gill, Mark	55,556
Gunn, John Humphrey	971,667
Gunn, John & James Mackintosh A/C Ingrid	175,833
Gunn, John & James Mackintosh A/C Natalie	200,889
Gunn, John & James Mackintosh A/C Alison	367,555
Gunn, John & Richard Ashton A/C WENPL	1,170,722
Horrocks, Mark	1,666,667
Jones, Dafydd Hefin	27,556
Kaszubowski, Anton	22,222
Ludgate 181 (Jersey) Ltd	903,167
Ludgate Investments Ltd	2,000,000
Magnus, Sir Laurence	444,444
Mangnall, Richard	111,111
Montgomery, David	888,889
Moulange, John Nicholas	111,111
OMX Securities Nominees Ltd A/C KKCLT	601,789
Palmer, Mary	111,111
Pershing Keen Nominees Ltd A/C PSL 982	1,111,111
PWAC PPP P N Elliott	500,000
S P Angel Nominees Limited	311,112
Sebag-Montefiore, Charles	571,556
Singer & Friedlander Group PLC	1,111,111
<b>Total</b>	<b><u>19,438,889</u></b>

## SCHEDULE 3.10.1

### Material Contracts

1. 2004 Creditors Voluntary Arrangement, TARGET entered into a company voluntary arrangement (“CVA”), completion of which was announced on 7 July, 2004. Under the terms of the CVA, all known creditors in the United Kingdom and overseas, received either cash or shares in TARGET in satisfaction of their claims. TARGET has obtained counsel’s opinion that there should be no liabilities of TARGET towards known or unknown creditors in the United Kingdom or New Zealand relating to the period prior to the CVA.
2. Letter from Capital Accumulation Limited (“Capacc”) to the Directors of TARGET dated 13 July, 2006 confirming that Capacc shall pay TARGET £100,000 in cash in full and final settlement of Capacc’s liability and obligations under clause 5.3 of the Heads of Terms entered into by Capacc and TARGET dated 13 July, 2005.
3. Engagement letter entered into with Ludgate in connection with the April 2006 fundraising.
4. Engagement letter entered into with Ludgate in connection with the Merger.
5. Engagement letter entered into with Teather & Greenwood Limited in connection with the Merger.
6. Engagement letter entered into with Bird & Bird in connection with the Merger.
7. Engagement letter entered into with Stoel Rives LLP in connection with the Merger.
8. Engagement letter entered into with Bell Gully in connection with the Merger.
9. Option and warrant agreements in respect of the outstanding options and warrants referred to in Schedule 3.3d.

## **SCHEDULE 3.21**

### **Bank Accounts**

Location of Accounts: Clydesdale Bank PLC, 91 Gresham Street, London EC2V 7BL, United Kingdom.

Authorized Persons: John Humphrey Gunn, Charles Adam Laurie Sebag-Montefiore and Daniel Asher Weiss.

Accounts:

Cashflow Account – number 543659

Cash Management Account – number 543667

Treasury deposit account – number 4518-252031-400

## **SCHEDULE 3.25**

### **Insider Interests**

1. Charles Sebag-Montefiore ("CSM") and Hightex have entered into an agreement effective from Admission whereby CSM will provide services to and on behalf of Hightex as a Non-executive Director, for a Director's fee of £24,000 per annum for his services, reimbursement of his expenses, £5,000 per annum for each board committee on which he sits and an £8,000 signing-on fee.

Either party may terminate the agreement on 3 month's written notice.

2. Certain existing TARGET Holders participated in the April 2006 placing and may participate in the Placing.
3. Certain TARGET Holders have an interest in the share capital of Ludgate which provides services to TARGET.



# CALIFORNIA CORPORATIONS CODE

## CORPORATIONS GENERAL CORPORATION LAW

### CHAPTER 13 – DISSENTERS' RIGHTS

#### 1300. [SHORT FORM MERGER; PURCHASE OF SHARES AT FAIR MARKET VALUE; "DISSENTING SHARES" AND DISSENTING SHAREHOLDERS]

- (a) If the approval of the outstanding shares (Section 152) of a corporation is required for a reorganization under subdivisions (a) and (b) or subdivision (e) or (f) of Section 1201, each shareholder of the corporation entitled to vote on the transaction and each shareholder of a subsidiary corporation in a short-form merger may, by complying with this chapter, require the corporation in which the shareholder holds shares to purchase for cash at their fair market value the shares owned by the shareholder which are dissenting shares as defined in subdivision (b). The fair market value shall be determined as of the day before the first announcement of the terms of the proposed reorganization or short-form merger, excluding any appreciation or depreciation in consequence of the proposed action, but adjusted for any stock split, reverse stock split, or share dividend which becomes effective thereafter.
- (b) As used in this chapter, "dissenting shares" means shares which come within all of the following descriptions:
- (1) Which were not immediately prior to the reorganization or short-form merger either (A) listed on any national securities exchange certified by the Commissioner of Corporations under subdivision (c) of Section 25100 or (B) listed on the National Market System of the NASDAQ Stock Market, and the notice of meeting of shareholders to act upon the reorganization summarizes this section and Sections 1301, 1302, 1303 and 1304; provided, however, that this provision does not apply to any shares with respect to which there exists any restriction on transfer imposed by the corporation or by any law or regulation; and provided, further, that this provision does not apply to any class of shares described in subparagraph (A) or (B) if demands for payment are filed with respect to 5 percent or more of the outstanding shares of that class.
  - (2) Which were outstanding on the date for the determination of shareholders entitled to vote on the reorganization and (A) were not voted in favor of the reorganization or, (B) if described in subparagraph (A) or (B) of paragraph (1) (without regard to the provisos in that paragraph), were voted against the reorganization, or which were held of record on the effective date of a short-form merger; provided, however, that subparagraph (A) rather than subparagraph (B) of this paragraph applies in any case where the approval required by Section 1201 is sought by written consent rather than at a meeting.
  - (3) Which the dissenting shareholder has demanded that the corporation purchase at their fair market value, in accordance with Section 1301.
  - (4) Which the dissenting shareholder has submitted for endorsement, in accordance with Section 1302.
- (c) As used in this chapter, "dissenting shareholder" means the recordholder of dissenting shares and includes a transferee of record.

#### 1301. [DISSENTER'S RIGHTS; DEMAND ON CORPORATION FOR PURCHASE OF SHARES]

- (a) If, in the case of a reorganization, any shareholders of a corporation have a right under Section 1300, subject to compliance with paragraphs (3) and (4) of subdivision (b) thereof, to require the corporation to purchase their shares for cash, such corporation shall mail to each such shareholder a notice of the approval of the reorganization by its outstanding shares (Section 152) within 10 days after the date of such approval, accompanied by a copy of Sections 1300, 1302, 1303, 1304 and this section, a statement of the price determined by the corporation to represent

the fair market value of the dissenting shares, and a brief description of the procedure to be followed if the shareholder desires to exercise the shareholder's right under such sections. The statement of price constitutes an offer by the corporation to purchase at the price stated any dissenting shares as defined in subdivision (b) of Section 1300, unless they lose their status as dissenting shares under Section 1309.

- (b) Any shareholder who has a right to require the corporation to purchase the shareholder's shares for cash under Section 1300, subject to compliance with paragraphs (3) and (4) of subdivision (b) thereof, and who desires the corporation to purchase such shares shall make written demand upon the corporation for the purchase of such shares and payment to the shareholder in cash of their fair market value. The demand is not effective for any purpose unless it is received by the corporation or any transfer agent thereof (1) in the case of shares described in clause (i) or (ii) of paragraph (1) of subdivision (b) of Section 1300 (without regard to the provisos in that paragraph), not later than the date of the shareholders' meeting to vote upon the reorganization, or (2) in any other case within 30 days after the date on which the notice of the approval by the outstanding shares pursuant to subdivision (a) or the notice pursuant to subdivision (i) of Section 1110 was mailed to the shareholder.
- (c) The demand shall state the number and class of the shares held of record by the shareholder which the shareholder demands that the corporation purchase and shall contain a statement of what such shareholder claims to be the fair market value of those shares as of the day before the announcement of the proposed reorganization or short-form merger. The statement of fair market value constitutes an offer by the shareholder to sell the shares at such price.

#### 1302. [DISSENTING SHARES; STAMPING OR ENDORSING]

Within 30 days after the date on which notice of the approval by the outstanding shares or the notice pursuant to subdivision (i) of Section 1110 was mailed to the shareholder, the shareholder shall submit to the corporation at its principal office or at the office of any transfer agent thereof, (a) if the shares are certificated securities, the shareholder's certificates representing any shares which the shareholder demands that the corporation purchase, to be stamped or endorsed with a statement that the shares are dissenting shares or to be exchanged for certificates of appropriate denomination so stamped or endorsed or (b) if the shares are uncertificated securities, written notice of the number of shares which the shareholder demands that the corporation purchase. Upon subsequent transfers of the dissenting shares on the books of the corporation, the new certificates, initial transaction statement, and other written statements issued therefor shall bear a like statement, together with the name of the original dissenting holder of the shares.

#### 1303. [DISSENTING SHAREHOLDER ENTITLED TO AGREED PRICE WITH INTEREST; TIME OF PAYMENT]

- (a) If the corporation and the shareholder agree that the shares are dissenting shares and agree upon the price of the shares, the dissenting shareholder is entitled to the agreed price with interest thereon at the legal rate on judgments from the date of the agreement. Any agreements fixing the fair market value of any dissenting shares as between the corporation and the holders thereof shall be filed with the secretary of the corporation.
- (b) Subject to the provisions of Section 1306, payment of the fair market value of dissenting shares shall be made within 30 days after the amount thereof has been agreed or within 30 days after any statutory or contractual conditions to the reorganization are satisfied, whichever is later, and in the case of certificated securities, subject to surrender of the certificates therefor, unless provided otherwise by agreement.

#### 1304. [DISSENTERS' ACTIONS; JOINTER; CONSOLIDATION; APPOINTMENT OF APPRAISERS]

- (a) If the corporation denies that the shares are dissenting shares, or the corporation and the shareholder fail to agree upon the fair market value of the shares, then the shareholder demanding purchase of such shares as dissenting shares or any interested corporation, within six months after the date on which notice of the approval by the outstanding shares (Section 152) or notice pursuant to subdivision (i) of Section 1110 was mailed to the shareholder, but not thereafter, may

file a complaint in the superior court of the proper county praying the court to determine whether the shares are dissenting shares or the fair market value of the dissenting shares or both or may intervene in any action pending on such a complaint.

- (b) Two or more dissenting shareholders may join as plaintiffs or be joined as defendants in any such action and two or more such actions may be consolidated.
- (c) On the trial of the action, the court shall determine the issues. If the status of the shares as dissenting shares is in issue, the court shall first determine that issue. If the fair market value of the dissenting shares is in issue, the court shall determine, or shall appoint one or more impartial appraisers to determine, the fair market value of the shares.

1305. [APPRAISERS DUTY AND REPORT; COURT JUDGMENTS; PAYMENTS; APPEAL; COSTS OF ACTION]

- (a) If the court appoints an appraiser or appraisers, they shall proceed forthwith to determine the fair market value per share. Within the time fixed by the court, the appraisers, or a majority of them, shall make and file a report in the office of the clerk of the court. Thereupon, on the motion of any party, the report shall be submitted to the court and considered on such evidence as the court considers relevant. If the court finds the report reasonable, the court may confirm it.
- (b) If a majority of the appraisers appointed fail to make and file a report within 10 days from the date of their appointment or within such further time as may be allowed by the court or the report is not confirmed by the court, the court shall determine the fair market value of the dissenting shares.
- (c) Subject to the provisions of Section 1306, judgment shall be rendered against the corporation for payment of an amount equal to the fair market value of each dissenting share multiplied by the number of dissenting shares which any dissenting shareholder who is a party, or who has intervened, is entitled to require the corporation to purchase, with interest thereon at the legal rate from the date on which judgment was entered.
- (d) Any such judgment shall be payable forthwith with respect to uncertificated securities and, with respect to certificated securities, only upon the endorsement and delivery to the corporation of the certificates for the shares described in the judgment. Any party may appeal from the judgment.
- (e) The costs of the action, including reasonable compensation to the appraisers to be fixed by the court, shall be assessed or apportioned as the court considers equitable, but, if the appraisal exceeds the price offered by the corporation, the corporation shall pay the costs (including in the discretion of the court attorneys' fees, fees of expert witnesses and interest at the legal rate on judgments from the date of compliance with Sections 1300, 1301 and 1302 if the value awarded by the court for the shares is more than 125 percent of the price offered by the corporation under subdivision (a) of Section 1301).

1306. [DISSENTING SHAREHOLDERS; EFFECT OF PREVENTION OF PAYMENT OF FAIRMARKET VALUE]

To the extent that the provisions of Chapter 5 prevent the payment to any holders of dissenting shares of their fair market value, they shall become creditors of the corporation for the amount thereof together with interest at the legal rate on judgments until the date of payment, but subordinate to all other creditors in any liquidation proceeding, such debt to be payable when permissible under the provisions of Chapter 5.

1307. [DISSENTING SHARES; DISPOSITION OF DIVIDENDS]

Cash dividends declared and paid by the corporation upon the dissenting shares after the date of approval of the reorganization by the outstanding shares (Section 152) and prior to payment for the shares by the corporation shall be credited against the total amount to be paid by the corporation therefor.

1308. [DISSENTING SHARES; RIGHTS AND PRIVILEGES]

Except as expressly limited in this chapter, holders of dissenting shares continue to have all the rights and privileges incident to their shares, until the fair market value of their shares is agreed upon or determined. A dissenting shareholder may not withdraw a demand for payment unless the corporation consents thereto.

1309. [DISSENTING SHARES; LOSS OF STATUS]

Dissenting shares lose their status as dissenting shares and the holders thereof cease to be dissenting shareholders and cease to be entitled to require the corporation to purchase their shares upon the happening of any of the following:

- (a) The corporation abandons the reorganization. Upon abandonment of the reorganization, the corporation shall pay on demand to any dissenting shareholder who has initiated proceedings in good faith under this chapter all necessary expenses incurred in such proceedings and reasonable attorneys' fees.
- (b) The shares are transferred prior to their submission for endorsement in accordance with Section 1302 or are surrendered for conversion into shares of another class in accordance with the articles.
- (c) The dissenting shareholder and the corporation do not agree upon the status of the shares as dissenting shares or upon the purchase price of the shares, and neither files a complaint or intervenes in a pending action as provided in Section 1304, within six months after the date on which notice of the approval by the outstanding shares or notice pursuant to subdivision (i) of Section 1110 was mailed to the shareholder.
- (d) The dissenting shareholder, with the consent of the corporation, withdraws the shareholder's demand for purchase of the dissenting shares.

1310. [SUSPENSION OF CERTAIN PROCEEDINGS WHILE LITIGATION IS PENDING]

If litigation is instituted to test the sufficiency or regularity of the votes of the shareholders in authorizing a reorganization, any proceedings under Sections 1304 and 1305 shall be suspended until final determination of such litigation.

1311. [CHAPTER INAPPLICABLE TO CERTAIN CLASSES OF SHARES]

This chapter, except Section 1312, does not apply to classes of shares whose terms and provisions specifically set forth the amount to be paid in respect to such shares in the event of a reorganization or merger.

1312. [VALIDITY OF REORGANIZATION OR SHORT FORM MERGER, ATTACK ON; SHAREHOLDER RIGHTS; BURDEN OF PROOF]

- (a) No shareholder of a corporation who has a right under this chapter to demand payment of cash for the shares held by the shareholder shall have any right at law or in equity to attack the validity of the reorganization or short-form merger, or to have the reorganization or short-form merger set aside or rescinded, except in an action to test whether the number of shares required to authorize or approve the reorganization have been legally voted in favor thereof; but any holder of shares of a class whose terms and provisions specifically set forth the amount to be paid in respect to them in the event of a reorganization or short-form merger is entitled to payment in accordance with those terms and provisions or, if the principal terms of the reorganization are approved pursuant to subdivision (b) of Section 1202, is entitled to payment in accordance with the terms and provisions of the approved reorganization.
- (b) If one of the parties to a reorganization or short-form merger is directly or indirectly controlled by, or under common control with, another party to the reorganization or short-form merger, subdivision (a) shall not apply to any shareholder of such party who has not demanded payment of cash for such shareholder's shares pursuant to this chapter; but if the shareholder institutes any action to attack the validity of the reorganization or short-form merger or to have the reorganization or short-form merger set aside or rescinded, the shareholder shall not thereafter have any right to demand payment of cash for the shareholder's shares pursuant to this chapter. The court in any action attacking the validity of the reorganization or short-form merger or to

have the reorganization or short-form merger set aside or rescinded shall not restrain or enjoin the consummation of the transaction except upon 10 days' prior notice to the corporation and upon a determination by the court that clearly no other remedy will adequately protect the complaining shareholder or the class of shareholders of which such shareholder is a member.

- (c) If one of the parties to a reorganization or short-form merger is directly or indirectly controlled by, or under common control with, another party to the reorganization or short-form merger, in any action to attack the validity of the reorganization or short-form merger or to have the reorganization or short-form merger set aside or rescinded, (1) a party to a reorganization or short-form merger which controls another party to the reorganization or short-form merger shall have the burden of proving that the transaction is just and reasonable as to the shareholders of the controlled party, and (2) a person who controls two or more parties to a reorganization shall have the burden of proving that the transaction is just and reasonable as to the shareholders of any party so controlled.

1313. [CONVERSION DEEMED TO CONSTITUTE REORGANIZATION]

A conversion pursuant to Chapter 11.5 (commencing with Section 1150) shall be deemed to constitute a reorganization for purposes of applying the provisions of this chapter, in accordance with and to the extent provided in Section 1159.

