



For Immediate Release

16 February 2011

**HIWAVE TECHNOLOGIES PLC
(FORMERLY NXT PLC)**

**INTERIM RESULTS FOR THE SIX MONTHS
ENDED 31 DECEMBER 2010**

HiWave Technologies plc ("HiWave" or the "Company") today announces its unaudited results for the six months ended 31 December 2010. HiWave develops and sells electronic components, sub-assemblies and devices which utilise innovative sound and touch technologies to product manufacturers worldwide.

HIGHLIGHTS:

- Net funds raised £7.03m
- Turnover £0.74m (2009: £0.95m)
- Component sales £0.21m (2009: £0.05m)
- Restructuring costs £0.43m (2009: nil)
- Total assets £7.05m (2009: £1.74m)

Chairman, David Bramwell, commented:

"I am encouraged by the effort and endeavour of the entire management team and, therefore, expect steady but significant growth in the business."

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Chairman's Statement

FINANCIAL RESULTS

Although sales for the period were around £0.2m lower than 2009, they were in line with expectations as indicated in November 2010 and were due to the continued decline in revenues from licensing and consultancy. The new business model is beginning to take shape but there is a lot of hard work to be done in the next few months to generate revenue growth opportunities. I am pleased to say that the early signs are encouraging as component sales are doing well and revenues from the audio platform products are ahead of schedule.

TRADING

Income from the sale of components was £205k, an increase of 280% on the same period last year (2009: £54k) which is an encouraging sign that the new business model is finding favour in the market place. Income from royalty agreements was slightly ahead of last year at £465k (2009: £435k), but income from licensing and consultancy services decreased by 85% to £71k (2009: £462k) which is a clear indication of the change in strategy which is being implemented.

ORGANISATION AND MANAGEMENT

In addition to the continuing drive for profitable sales revenue, we are engaged in several initiatives to improve the strength and depth of the management team through the recruitment of performance driven executives in the commercial, sales and technical areas of the business. Furthermore, new management policies and protocols are being developed and implemented.

Financial management and controls are at the core of the new business model; therefore, in order to ensure that the company has robust controls, we are installing an accounts and information system whilst the new business model is at a fledgling stage.

COSTS AND CASH

Costs excluding restructuring were £2.1m (2009: £1.8m), reflecting the process of building a management team. A thorough review of all costs has been performed, resulting in a change of some advisors and more competitive pricing from some suppliers.

Following the fundraising in October 2010, cash at 31 December 2010 was £5.3m (2009: £0.2m). Costs relating to the fundraising rose to £1.0m rather than the £0.8m forecast due to increased costs from the registrars resulting from the oversubscription costs and overruns with several advisors to the placing.

The Company has invested £0.1m in working capital to ensure that long lead times on fabrication of some components do not compromise customer production requirements.

Restructuring costs of £0.4m were incurred prior to 31 December 2010 (2009: nil) from the termination of eight employee contracts and the repatriation from secondment of two more members of the team.

STRATEGY

We continue to focus on developing a business model based on the sale of components and sub-assemblies that exploit the Company's intellectual property and know-how. In so doing, we are carrying out a thorough review of the extensive intellectual property asset base in order to ensure that we can exploit all assets which complement and supplement the existing sound and touch technologies. When the intellectual property review is complete, we intend to dispose of assets which are non-core to the business.

We shall continue to invest in R & D to enable us to build on the features and breadth of the products offered and will explore potential acquisition opportunities which will add to and extend our range of sound and touch technology products.

PROSPECTS

The new business model is already enabling us to engage with potential customers in the audio sector who recognise the benefits of the combination of the Audium amplifier and BMR speaker technologies.

A two 15W balanced mode radiator (BMR) development speaker kit was launched towards the end of the period and announced in January. The kit allows each element of HiWave's patented technology to be assessed by potential customers.

We attended the Consumer Electronics Show in the USA where a proof of concept wireless audio system was demonstrated to major companies in the consumer audio sector. Clearly showing the battery life extension delivered by the Audium amplifier and the compelling audio quality of BMR, the system was well received. HiWave has entered the next phase of the development program to create a fit-for-production solution that will be launched later in the year.

On the touch technology side of the business, the haptics control products greatly simplify the design challenges faced by customers requiring this technology. Development of our haptics devices is gathering pace.

Although I have been working with the Company only a short time I am encouraged by the expertise, effort and endeavour shown by the entire management team and, therefore, expect steady but significant growth in the business.

Dr David M Bramwell
Chairman
16 February 2011

Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2010

	Unaudited results for the six months ended	Unaudited results for the six months ended	Audited accounts for the year ended
	31 December 2010 £'000	31 December 2009 £'000 (restated) ¹	30 June 2010 £'000
Continuing Operations			
Revenue	741	951	1,853
Cost of goods sold	(162)	(42)	(110)
Gross profit	579	909	1,743
Other operating expenses	(2,055)	(1,820)	(3,717)
Restructuring costs	(433)	-	-
	(2,488)	(1,820)	(3,717)
Loss before financing income	(1,909)	(911)	(1,974)
Net financing costs	-	-	(2)
Loss before taxation	(1,909)	(911)	(1,976)
Taxation	107	103	231
Loss for the period	(1,802)	(808)	(1,745)
Currency translation differences	(15)	(12)	(8)
Total comprehensive income attributable to the equity holders of the Company	(1,817)	(820)	(1,753)
Basic and fully diluted loss per share	(0.7)p	(0.5)p	(1.1)p

¹ Restated due to a change in accounting policy – detail in Note 1 to the Accounts.

Unaudited Condensed Consolidated Balance Sheet

As at 31 December 2010

	Unaudited balance sheet at 31 December 2010 £'000	Unaudited balance sheet at 31 December 2009 £'000 (restated)	Audited balance sheet at 30 June 2010 £'000
Assets			
Non-current assets			
Property, plant and equipment	113	114	186
Other intangible assets	438	387	470
Long-term debtors	41	41	41
	592	542	697
Current assets			
Inventories	102	-	-
Trade and other receivables	719	914	729
Current tax recoverable	295	75	188
Cash and cash equivalents	5,345	206	167
	6,461	1,195	1,084
Total assets	7,053	1,737	1,781
Equity and liabilities			
Share capital	4,267	1,512	1,587
Deferred share capital	22,682	22,682	22,682
Share premium account	92,411	87,201	88,058
Shares to be issued	282	282	282
Stock option reserve	850	821	815
Accumulated deficit	(114,000)	(111,110)	(112,183)
	6,492	1,388	1,241
Current liabilities			
Trade and other payables	561	301	430
Borrowings	-	-	110
Short-term provisions	-	48	-
	561	349	540
Total liabilities	561	349	540
Total equity and liabilities	7,053	1,737	1,781

The interim financial statements of HiWave Technologies plc, registered number 514718, were approved by the Board of Directors and authorised for issue on 16 February 2011.

Unaudited Condensed Consolidated Statement of Changes in Equity

As at 31 December 2010

	Share capital £'000	Deferred share capital £'000	Share premium £'000	Shares to be issued £'000	Stock option reserve £'000	Accumulated deficit £'000	Total equity as at 31 December 2010 £'000	Total equity as at 31 December 2009 £'000 (restated)
At 1 July	1,587	22,682	88,058	282	815	(112,183)	1,241	1,935
Retained loss for the financial period	-	-	-	-	-	(1,802)	(1,802)	(808)
Other comprehensive income	-	-	-	-	-	(15)	(15)	(12)
Issue of shares (net of expenses)	2,680	-	4,353	-	-	-	7,033	198
Fair value of stock options	-	-	-	-	35	-	35	75
At 31 December	4,267	22,682	92,411	282	850	(114,000)	6,492	1,388

Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 31 December 2010

	Unaudited cash flow for the six months ended 31 December 2010 £'000	Unaudited cash flow for the six months ended 31 December 2009 £'000 (restated)	Audited cash flow for the year ended 30 June 2010 £'000
Cash flows from operating activities			
Loss before finance income	(1,909)	(911)	(1,974)
Adjustments for:			
Depreciation, amortisation and impairment	112	52	152
Fair value of share-based payments	35	75	69
Foreign exchange translation	(15)	(12)	(8)
	(1,777)	(796)	(1,761)
Increase in stock	(102)	-	-
Decrease in trade and other receivables	10	275	303
Increase/(decrease) in trade and other payables	131	(8)	131
Utilisation of provisions	-	(125)	(173)
Cash outflow from operations	(1,738)	(654)	(1,500)
Taxation received	-	199	232
Net cash outflow from operating activities	(1,738)	(455)	(1,268)
Cash flows from investing activities			
Purchase of intangible assets	-	-	(232)
Purchase of property, plant and equipment (Note A)	(12)	(136)	(170)
Proceeds on disposal of property, plant and equipment	5	-	-
Interest paid	-	-	(2)
Net cash used in investing activities	(7)	(136)	(404)
Cash flows from financing activities			
Proceeds from the issue of share capital	7,033	198	1,130
Net cash raised in financing activities	7,033	198	1,130
Net (decrease)/increase in cash and cash equivalents	5,288	(393)	(542)
Cash and cash equivalents at the beginning of period (Note B)	57	599	599
Cash and cash equivalents at the end of period (Note B)	5,345	206	57

Notes to the cash flow statement

A. Property, plant and equipment

During the period the Group acquired property, plant and equipment of £12,000 by way of cash payment.

B. Cash and cash equivalents

All cash balances consist of cash on hand with banks or in a guaranteed fixed interest deposit account for a maximum of three months.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1. Basis of preparation and accounting policies

Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2010, which is available at www.hi-wave.com. These interim financial statements have not been audited.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the interim management report. The interim management report also includes a summary of the group's financial position and its cash flows.

The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Going concern

The Board has undertaken a recent and thorough review of the Group's forecasts and associated risks and sensitivities. The extent of this review reflects the uncertain economic outlook for the worldwide economy taken as a whole, as well as the specific financial circumstances of the Group at this time. The review has identified that the Group's cash flow forecasts are particularly sensitive to adverse changes in its working capital cycle (debtor days and creditor days) and the continuing ability of the Group to exploit the technology via licensing and consultancy. The Board has concluded that the risk of materially adverse changes in either of these areas is both unlikely and manageable.

Following this review, the Board has concluded that it has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason the going concern basis continues to be adopted in preparing the financial statements.

The monthly performance of the business and its forecasts are being regularly reviewed in detail. Should there be an unforeseen and material adverse change in any of the key sensitivities impacting on the Group's forecasts, the Board would seek to mitigate the impact by adopting different operating and funding strategies.

The directors have considered the Group's forecasts and projections, together with adjustments to reflect various outcomes arising from adverse trading conditions, and conclude that they indicate that the Group has sufficient funding to operate.

Nature of financial information

The financial information contained in this document does not constitute the Group's audited statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the year ended 30 June 2010 has been extracted from the audited financial statements for that year on which the auditors gave an unqualified report and which did not contain a statement under Sections 498(2) or 237(3) of the Companies Act 2006. A copy of those financial statements has been filed with the Registrar of Companies.

Significant accounting policies

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those previously applied by the Group in its consolidated financial statements for the year ended 30 June 2010.

Revenue recognition

The Group changed its revenue recognition policy in the year ended 30 June 2010 to reflect evolving business practices. Previously, HiWave recognised revenue on the signing of new licences or on the delivery of Intellectual Property where residual obligations were immaterial to the contract. Licence revenue is now recognised solely on the date of signed licence agreements where there are no residual obligations. Management judges that this policy provides a more appropriate point at which to recognise revenue and therefore provides more reliable and more relevant information. This change in accounting policy has been accounted for retrospectively, and the comparative statements for the six months to December 2009 have been restated. Opening accumulated deficit for 2009 is unchanged as there is no impact on periods prior to 2009.

2. Earnings per share

Basic earnings per share has been calculated on the Group profit for the financial period and on the weighted average number of ordinary shares in issue for the relevant period, which in the six months to 31 December 2010 was 265,658,043 ordinary shares. Whilst unexercised share options in the Company would increase the weighted average number of potential shares in the period, due to the losses of the Group in the period they are not considered to be dilutive.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

continued

3. Segmental analysis

The Group adopted IFRS 8 Operating Segments with effect from 1 July 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required the Group to identify two segments (business and geographical), using a risks and returns approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

There has been no change in the identification of the Group's reportable segments following the adoption of IFRS 8.

HiWave is organised internally to report to the Group's chief operating decision maker, the Chief Executive Officer, on the financial and operational performance of the group as a whole. The Group's chief operating decision maker is ultimately responsible for entity-wise resource allocation decisions and evaluates the performance of the Group on a group wide basis and any elements within it on a combination of information from the executives in charge of the Group and Group financial information.

As a consequence of the above factors the Group has one operating and reportable segment in accordance with IFRS 8 Operating Segments.

For management purposes, the Group is currently organised into four geographical areas – United Kingdom, Hong Kong, Japan and the US. These geographical segments are the basis on which the Group reports its primary segment information.

The Group's revenue originates in the UK. The customers are located in the following geographical areas:

	Six months to December 2010 £'000	Six months to December 2009 £'000 (restated)
UK	29	49
Rest of Europe	57	62
Asia Pacific	454	648
USA and Canada	201	192
Total revenue	741	951

Six months to December 2010

£'000	UK	HK	Japan	US	Total
Revenue:					
Component sales	205	-	-	-	205
Royalties	465	-	-	-	465
Licences and other	71	-	-	-	71
Costs	(1,963)	(381)	(97)	(209)	(2,650)
Loss before financing income	(1,222)	(381)	(97)	(209)	(1,909)
Net financing income					-
Loss before tax					(1,909)
Tax					107
Loss for the period attributable to equity shareholders					(1,802)
Depreciation and amortisation	103	5	-	4	112
Non-current assets	568	19	-	5	592
Assets	6,338	82	15	26	6,461
Liabilities	535	19	-	7	561

Notes to the Unaudited Condensed Consolidated Interim Financial Information continued

3. Segmental analysis (continued)

Six months to December 2009 (restated)

£'000	UK	HK	Japan	US	Total
Revenue:					
Component sales	54	-	-	-	54
Royalties	435	-	-	-	435
Licences and other	462	-	-	-	462
Costs	(1,223)	(397)	(82)	(160)	(1,862)
Loss before financing income	(272)	(397)	(82)	(160)	(911)
Net financing income					-
Loss before tax					(911)
Tax					103
Loss for the period attributable to equity shareholders					(808)
Depreciation and amortisation	40	6	-	6	52
Non-current assets	500	30	-	12	542
Assets	1,007	152	19	17	1,195
Liabilities	333	6	-	10	349

Year to June 2010

£'000	UK	HK	Japan	US	Total
Revenue:					
Component sales	182	-	-	-	182
Royalties	861	-	-	-	861
Licences and other	810	-	-	-	810
Costs	(2,402)	(867)	(178)	(380)	(3,827)
Loss before financing income	(549)	(867)	(178)	(380)	(1,974)
Net financing income					(2)
Loss before tax					(1,976)
Tax					231
Loss for the period attributable to equity shareholders					(1,745)
Depreciation and amortisation	127	13	-	12	152
Non-current assets	664	24	-	9	697
Assets	925	135	10	14	1,084
Liabilities	490	43	-	7	540

The results above exclude management recharges.

Capital Additions: In the six months to December 2010 there were £1,000 of capital additions in Hong Kong and £11,000 of capital additions in the UK. In the six months to December 2009 there were £1,000 of capital additions in Hong Kong and £135,000 of capital additions in the UK.

4. Tax

The Tax rebate of £100,000 relating to Research and Development activities has been recognised for the six month period, representing the best estimate of the amount refundable. In addition to this the Group received a further £7,000 relating to prior period tax claims.

5. Dividends

The directors do not recommend the payment of an interim dividend.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

continued

6. Share Capital

Share capital as at 31 December 2010 was £4.3 million. During the period, the Group issued 268,075,164 shares for cash at 3p to raise funds for the restructure of the Group and development of new and existing products.

The total number of shares in issue at 31 December 2010 was 426,695,319.

7. Principle Risks and Uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the next six months and could cause actual results to differ materially from expected and historical results. Other than the reduced reliance on licensing and licensees, and the increased reliance on the sale of components, the directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 30 June 2010. A detailed explanation of the risks can be found on pages 14 and 15 of the annual report which is available at www.hi-wave.com.

8. Statement of Directors' Responsibilities

We confirm to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial reporting';
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the next six months); and
- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board,

James E Lewis
Chief Executive Officer

Kate V Barnes
Chief Financial Officer

Availability of Interim Statements

HiWave Technologies plc will not be sending hard copies of these Interim Financial Statements to individual shareholders. They will be available on the Company's website, www.hi-wave.com. However, if you would like to receive a hard copy, please put your request in writing to HiWave Technologies plc, Regus House, 1010 Cambourne Business Park, Cambourne, Cambridgeshire, CB23 6DP.