

HIGHWAY CAPITAL PLC

INTERIM REPORT 2012

Chairman's Statement

Dear Fellow Shareholder

The results for the six months ended 31 August 2012 showed a loss before tax of £54,000 (six months ended 31 August 2011: £41,000 loss; year ended 29 February 2012: £93,000 loss).

No dividend has been declared.

Highway Capital remains a cash shell. Efforts have been made to find a suitable target to reverse into the company but there is the need for the two largest shareholders to agree on any deal put forward.

The company has value as a fully listed shell, but has a dwindling amount of cash to support itself as an entity. The board is considering various options to remedy this, and I hope to communicate with you further on this in due course.

The reason that the company's cash is running low is simply due to the fact that, over the last ten years, successive major shareholders have either failed to introduce strong prospective companies to reverse into Highway, or have failed to agree on potential ones.

Last year I was invited to join the board as Chairman and tasked with finding a solution to this situation, which continues to this day. I own only 5% of the company's shares, and am therefore unable to break any impasse that may occur. However, I am mindful that the board has a very important duty to ensure the best outcome for Highway Capital's shareholders and I hope you will support me and the board in the coming months as we attempt to resolve all these issues by using our powers to execute a sensible strategy.

D Wheatley
Chairman

31 October 2012

<i>Profit and loss account</i>		<i>6 months ended 31 August 2012 (unaudited) £'000</i>	<i>6 months ended 31 August 2011 (unaudited) £'000</i>	<i>Year ended 29 February 2012 (audited) £'000</i>
	<i>Notes</i>			
Management fees		-	-	-
Administrative expenses		(54)	(41)	(94)
Operating loss	2	(54)	(41)	(94)
Interest receivable		-	-	1
Loss on ordinary activities before taxation		(54)	(41)	(93)
Tax credit on loss on ordinary activities		-	-	-
Loss for the period		(54)	(41)	(93)
Basic and diluted loss per share	3	(0.68)p	(0.52)p	(1.17)p

<i>Balance Sheet</i>	<i>Notes</i>	<i>31 August 2012 (unaudited) £'000</i>	<i>31 August 2011 (unaudited) £'000</i>	<i>29 February 2012 (audited) £'000</i>
Fixed assets				
Investments		-	-	-
Current assets				
Debtors		11	12	4
Cash at bank and in hand		81	191	136
		92	203	140
Creditors: amounts falling due within one year		(28)	(33)	(22)
Net current assets		64	170	118
Net assets		64	170	118
Capital and reserves				
Share capital	5	159	159	159
Share premium		295	295	295
Profit and loss account		(390)	(284)	(336)
Total equity shareholders' funds		64	170	118

<i>Cash Flow Statement</i>	<i>Notes</i>	<i>6 months ended 31 August 2012 (unaudited) £'000</i>	<i>6 months ended 31 August 2011 (unaudited) £'000</i>	<i>Year ended 29 February 2012 (audited) £'000</i>
Net cash outflow from				

operating activities	6a	(55)	(38)	(94)
Returns on investments and servicing of finance				
Interest received		-	-	1
Net cash inflow from returns on investments and servicing of finance		-	-	1
Taxation				
Corporation tax		-	-	-
Equity dividends paid		-	-	-
Decrease in cash	6b	(55)	(38)	(93)

Notes to the Interim Report

1. Basis of preparation of the interim report

The condensed set of financial statements for the six months ended 31 August 2012 has been prepared on a basis consistent with the financial statements for the year ended 29 February 2012.

The condensed set of financial statements for the six months ended 31 August 2012 has not been audited or reviewed by the auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

The comparative financial information for the year ended 29 February 2012 has been extracted from the audited financial statements, on which the auditors issued an unqualified audit report and which have been delivered to the Registrar of Companies.

The financial information contained in the interim statement does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

There are no acquired or discontinued operations in the relevant financial periods.

There are no recognized gains or losses other than the profit or loss for the relevant financial periods.

Highway Capital plc is a stand-alone company and does not prepare consolidated accounts. It has therefore continued to prepare its accounts in accordance with UK rather than international accounting standards, as permitted under EC Regulation 1606/2002.

2. Operating loss

This is stated after charging:

	<i>6 months ended 31 August 2012 (unaudited) £'000</i>	<i>6 months ended 31 August 2011 (unaudited) £'000</i>	<i>Year ended 29 February 2012 (audited) £'000</i>
Directors' remuneration			
- salaries and fees	29	16	42

Auditors' remuneration			
- audit services	4	4	9
- other services	4	7	12

3. Loss per share

The loss per ordinary share calculation has been based on the losses attributable to ordinary shareholders of £54,000 (August 2011: £41,000; February 2012: £93,000), divided by 7,945,638 (August 2011 and February 2012: 7,945,638) being the average of the issued share capital during the period.

There is no difference between the basic and diluted loss per share.

4. 2012 interim dividend

No interim dividend has been declared.

5. Share capital

	<i>31 August 2012 (unaudited)</i>	<i>31 August 2011 (unaudited)</i>	<i>29 February 2012 (audited)</i>
Ordinary shares of 2p each			
Authorised			
Number of shares	50,000,000	50,000,000	50,000,000
Nominal value	£1,000,000	£1,000,000	£1,000,000
Allotted, called-up, fully paid			
Number of shares	7,945,638	7,945,638	7,945,638
Nominal value	£158,913	£158,913	£158,913

6. Cash flow statement

	<i>6 months ended 31 August 2012 (unaudited) £'000</i>	<i>6 months ended 31 August 2011 (unaudited) £'000</i>	<i>Year ended 29 February 2012 (audited) £'000</i>
a) Net cash outflow from operating activities			
Operating loss	(54)	(41)	(94)
(Increase)/decrease in debtors	(7)	(8)	(1)
Increase/(decrease) in creditors	6	11	1
	(55)	(38)	(94)

b) Reconciliation of net cash flow to movement in net funds

Decrease in cash in the period	(55)	(38)	(93)
Movement in net funds in the period	(55)	(38)	(93)
Opening net funds	136	229	229
Closing net funds	81	191	136

7. Related party transactions

There have been no material related party transactions during the period.

8. Responsibility statement

We confirm that to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with Statement: Half-yearly financial reports issued by the Accounting Standards Board;
- (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 their impact on the financial statements and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

D Wheatley
Chairman

E P Levey
Non-Executive Director

9. Publication

Copies of this statement will be available on the company's website at www.highwaycapital.co.uk.