HIGHWAY CAPITAL *plc*

ANNUAL REPORT 2013

Contents

Chairman's statement

Results for 12 months ended 28 February 2013 show a loss before tax of £116,493 (2012: £93,105 loss).

The company had cash in the bank and in hand of £54,721 at the balance sheet date. The board does not consider it appropriate to declare a dividend. During the year the underlying costs associated with maintaining the listing have remained in line with prior years, however additional professional costs have been incurred in relation to the corporate changes described below and these are reflected in the final figures.

The board has continued to explore opportunities to increase shareholders' value, unfortunately, as I have previously indicated, any proposed acquisition has needed the support of both major shareholders as they each hold in excess of 25 per cent. of the shares, and none has yet proved suitable to both.

This continuing structural situation has resulted in the cash resources of the company being increasingly depleted and during the year the board decided to investigate injecting additional equity capital into the company. During these discussions an issue regarding the company's listing category arose. The company's listing category was premium (commercial company) and it was drawn to the attention of the board that the company was not therefore compliant with one of the continuing obligations required of companies falling within this listing category by virtue of the company not currently carrying on an independent business as required by Listing Rule 6.1.4(3) and Listing Rule 9.2.2A. The alternatives available to the board were to transfer the company to a standard listing or to cancel its listing completely. After careful consideration, the board concluded that it would be appropriate to transfer the company's listing category on the Official List to a standard listing.

The alternative of cancelling the company's listing would have, in the opinion of the board, resulted in an inability to raise further capital and complete an acquisition, resulting in liquidation of the company immediately upon cancellation of the listing, which would be unlikely to generate any value for shareholders.

To that end, on 20 May 2013, the company called a general meeting to seek shareholder approval for this change to a standard listing. Under the listing rules, the proposed transfer required the company to obtain the prior approval of a resolution for such transfer from not less than 75 per cent. of shareholders who vote in person or by proxy at a general meeting. Therefore, the resolution proposed at the general meeting to approve the proposed transfer was a special resolution. The meeting, held on 12 June 2013, approved this change and as the date of transfer to a standard listing must not be less than 20 business days after the resolution is passed, it is anticipated that the date of transfer will be 11 July 2013. Once this transfer is effected the board intends to seek approval for additional equity capital to be injected into the company.

In order to ensure adequate resources until this transfer is completed the company called a further general meeting on 21 June 2013 to seek shareholder approval, by way of an

Chairman's statement continued

ordinary resolution for the company to be permitted to borrow up to £150,000 and this resolution was approved.

Following the passing of this resolution, the board entered into discussions with Mr M Szytko, who agreed to make a loan to the company of £150,000 on normal commercial terms.

Having effected the above changes, the board believes that not only will it be able to continue its search for an acquisition to generate a significant increase in shareholder value, but also that it will reduce the costs associated with maintaining its listing. We will continue to work with both major shareholders to identify an acceptable target and will inform you of any developments.

D M D A Wheatley
Chairman

28 June 2013

Directors' report

Your directors have pleasure in submitting their report and the audited accounts for the year ended 28 February 2013.

Principal activity

The company is a stand-alone "cash shell" and the board is actively seeking to acquire a suitable business.

Business review and management report

The loss on ordinary activities for the year before taxation was £116,493 (2012: loss £93,105). After taxation and dividends, the deficit of £116,493 (2012: deficit £93,105) has been transferred to reserves.

The company remains a "cash shell" and the board continues to identify and evaluate target companies as it seeks opportunities to maximize the value of the company. In the meantime, the company continues to keep expenditure to a minimum in order to preserve its cash resources. The company had cash at bank and in hand of £54,721 at 28 February 2013.

The principal risks and uncertainties that the company faces are in identifying and acquiring a suitable target company. The income of the company fluctuates with movements in interest rates.

Events that have occurred since the end of the financial year are detailed in note 16 to the accounts. Details of future developments can be found in the Chairman's statement.

Dividends

The directors do not recommend the payment of a final dividend for the year.

Directors

The following directors served during the year to 28 February 2013:

D. M. D. A. Wheatley (Chairman)
E. P. Levey
M. Szytko

Details of directors' remuneration, service contracts and interests in the ordinary shares of the company are included in the directors' remuneration report on pages 8 and 9.

Mr Wheatley retires by rotation and offers himself for re-election at the annual general meeting. Mr Wheatley does not have a service contract with the company. Following formal performance evaluation, the board believes that the non-executive director has performed effectively and that Mr Wheatley should be re-elected.

Biographies of directors

Dominic Wheatley, 54, was appointed a non-executive director and Chairman on 19 September 2011, and was previously on the board from 2001 to 2006. Mr Wheatley is CEO of Catalis SE. He also founded Bright Things, the company which is now named SocialGO, in September 2004. He served as CEO of the company until 2010, when he became Chairman of SocialGO. Before starting Bright Things, Mr Wheatley had considerable executive management experience in the video games industry. He co-founded Domark in 1984, a video games company that he later reversed into Eidos. In 1992 he established Domark's US subsidiary in California. The company changed its name and Mr Wheatley served as CEO of Eidos Interactive until 1997. He then became an investor in various companies, some of which he joined as a Director and helped float on the London Stock Exchange (Statpro plc, Kuju plc, and Telecom Plus plc). He also has commercial interests in France.

Edward Levey BA(Hons) FCCA, 62, was appointed to the board on 10 March 1995 as finance director and company secretary. Under an agreement dated 5 June 2003 his position changed to that of a non-executive

Directors' report ***continued***

director and he continues to act as company secretary. He has held a number of directorships in manufacturing, engineering and service industry companies during the past 25 years.

Maciej Szytko, 30, was appointed as a non-executive director on 19 September 2011. He is a Commercial Studies graduate from the University of Westminster. Over the past 7 years, he has held a number of managerial positions in the hospitality industry. He is currently a self-employed adviser and active investor in public and private companies with a focus on the Commonwealth of Independent States (CIS) and the Warsaw Stock Exchange (WSE), where his first financial successes occurred.

Substantial shareholdings

At 28 February 2013 the company had been notified, in accordance with the Disclosure and Transparency Rules of the Financial Services Authority, of the following notifiable interests in the ordinary share capital of the company:

	Number of Ordinary Shares	Percentage Holding
R. B. Rowan	2,375,745	29.90%
M. Szytko	2,383,691	29.99%
D. Wheatley	396,040	4.98%
J. A. M. Hemming MP	295,000	3.71%
P. Fellerman	530,000	6.7%

The only subsequent notified change up to 26 June 2013, was an increase in the shareholding of P. Fellerman from 530,000 (6.7 per cent.) to 556,199 (7.0 per cent.).

Fixed assets

There have been no movements in fixed assets during the year.

Payment of suppliers

It is the company's policy to pay suppliers in accordance with the terms agreed for each transaction. The average number of creditor days during the period was not more than 60 days.

Audit information

The directors are satisfied that the auditors are aware of all information relevant to the audit of the company's accounts for the year to 28 February 2013 and that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution proposing that Littlestone Golding be re-appointed as auditors of the company will be put to the annual general meeting.

Share capital and voting rights

Throughout the year the authorised share capital has been £1,000,000 divided into 50,000,000 ordinary shares of 2p each, and the issued share capital has been £158,913 divided into 7,945,638 ordinary shares of 2p each. Each ordinary share has full voting rights. It is intended that resolutions to authorise the directors to allot shares up to an aggregate nominal amount of £15,891 and to dis-apply the pre-emption rights on allotments of shares up to an aggregate nominal amount of £15,891 will be proposed at the AGM.

Directors' report continued

Going concern

The company is a "cash shell", and, apart from a small amount of interest receivable, currently has no income stream. Until a suitable trading business is acquired, it is therefore dependent on its cash reserves to fund ongoing costs. At the date of approval of the accounts the company has agreed the additional funding that it considers necessary to enable it to be able to continue to meet its liabilities as they fall due, but the funds have not yet been received.

After reviewing the company's budget for 2013/2014 and its medium term plans, the directors have a reasonable expectation that, following the £150,000 loan to the company that Mr M Szytko, a director and shareholder of the company, has agreed to provide on normal commercial terms, the company will have adequate resources to continue in operational existence for the foreseeable future. The company has received written confirmation that the full amount of the loan will be received shortly after the date of approval of the accounts. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Financial risk management

The company's financial risk management objective is to minimise, as far as possible, the company's exposure to such risk as detailed in note 20 to the accounts.

By order of the board

E. P. Levey
Secretary

28 June 2013

Directors' remuneration report

Introduction

The information included in this report is not subject to audit other than where specifically indicated.

Remuneration committee

The remuneration committee consists of the non-executive directors, Dominic Wheatley and Edward Levey. This committee's primary function is to review the performance of executive directors and senior employees and set their remuneration and other terms of employment. Since the disposal of its trading subsidiary on 24 January 2001, the company has only had one executive director and no senior employees.

The committee is also responsible for administering any share option scheme or bonus schemes. The only such scheme in place is the Executive Share Option Scheme, which has been approved by HM Revenue & Customs. Options in respect of 60,000 shares at an exercise price of 50p per share held by ex-employees, expired on 24 January 2002. There are currently no options granted and no directors hold share options.

The remuneration committee determines the company's policy for the remuneration of executive directors, having regard to the UK Corporate Governance Code and its provisions on directors' remuneration.

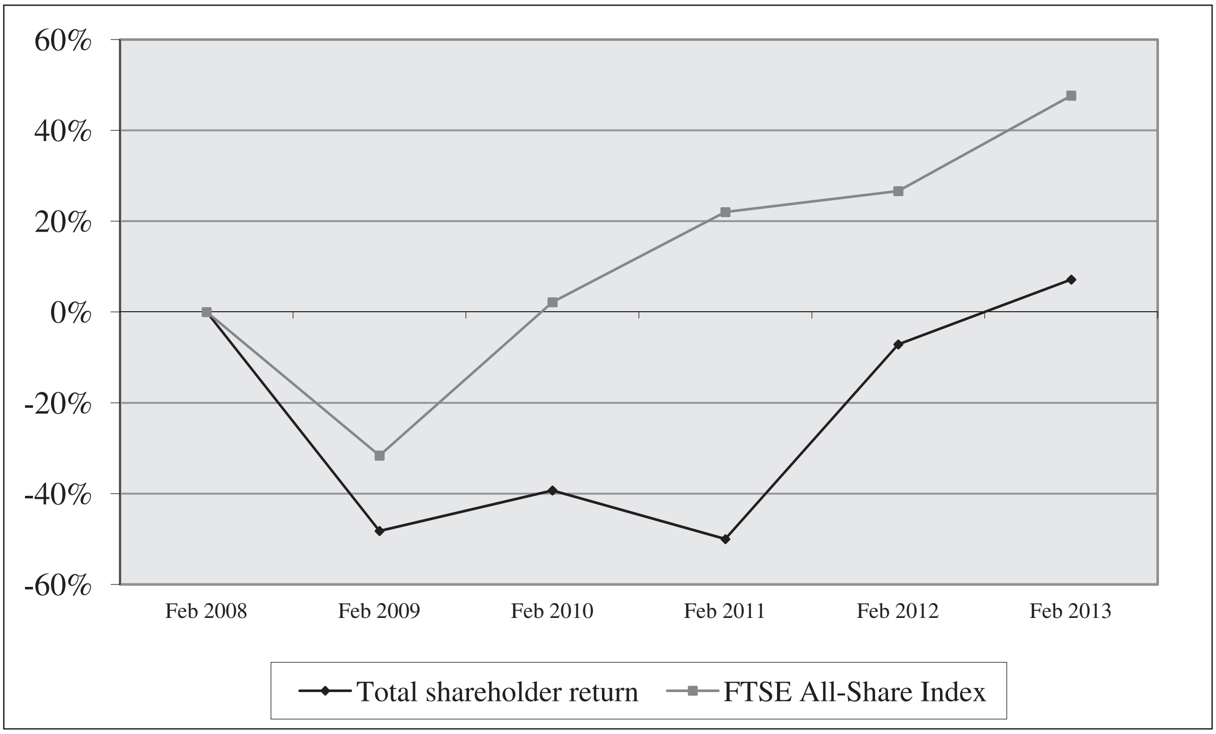
The remuneration policy

It is the aim of the committee to remunerate executive directors competitively and to reward performance. Details of the remuneration packages of individual directors are set out below.

There are currently no share options, long term incentive plans, performance bonuses or pension schemes in place.

Performance graph

The following table includes a performance graph comparing, over the last five financial years, the Total Shareholder Return of an ordinary share in Highway Capital plc against the Total Shareholder Return of the FTSE All-Share Index. The remuneration committee considers the FTSE All-Share Index to be an appropriate comparator for Total Shareholder Return performance. The dividend adjustment to the FTSE All-Share Index for 2013 has been estimated based on past performance.



Directors' remuneration report continued

Service agreements and terms of appointment

None of the directors has a service contract with the company.

Directors' interests

The directors' interests in the share capital of the company are shown below. All interests are beneficial.

	Number of ordinary shares	
	28.2.2013	**29.2.2012**
D. M. D. A. Wheatley	396,040	396,040
E. P. Levey	10,000	10,000
M. Szytko	2,383,691	2,288,550

There have been no notified changes in the interests of the directors since the year end.

Directors' emoluments (audited)

Directors' emoluments including amounts payable to third parties in respect of directors' services are comprised as follows:

Non-executive directors:	**Fees**	**Basic Salary**	**Compensation payment**	**Taxable Benefits**	**2013 Total**	**2012 Total**
D. M. D. A. Wheatley	20,000	—	—	—	20,000	8,555
A. H. Drummon	—	—	—	—	—	2,417
E. P. Levey	26,000	—	—	—	26,000	26,000
M. Szytko	12,000	—	—	—	12,000	5,500
	£58,000	£—	£—	£—	£58,000	£42,472

E. P. Levey has for the time being agreed to waive part of his fees and is currently receiving £2,000 per annum. D. M. D. A. Wheatley's fees are £20,000 per annum and M. Szytko's fees are £12,000 per annum.

In addition to his non-executive director's fee, E. P. Levey currently receives £2,000 a month under a rolling one-month consultancy agreement.

No pension contributions were made by the company on behalf of its directors.

No director currently has share options, and no share options were granted to or exercised by the directors during the period under review.

Approval by shareholders

At the next annual general meeting of the company a resolution approving this report is to be proposed as an ordinary resolution.

This report was approved by the board on 28 June 2013 and signed on its behalf by:

D. M. D. A. Wheatley
Remuneration Committee Chairman

Corporate governance

The policy of the board is to manage the affairs of the company in accordance with the UK Corporate Governance Code, which is publicly available from the Financial Reporting Council.

Application of principles of good governance

Board of directors

The board currently comprises the three non-executive directors: Dominic Wheatley, Edward Levey and Maciej Szytko. The articles of association require a third, but not greater than a third, of the directors to retire by rotation each year. Since 19 September 2011 the non-executive Chairman has been Dominic Wheatley and prior to that, Howard Drummon, and the senior independent director has been Edward Levey throughout the year. Since the disposal of the company's trading subsidiary on 24 January 2001 the company has not had a Chief Executive. The board intends to appoint a Chief Executive when a new business is acquired.

Edward Levey was previously an executive director of the company and, in addition to his non-executive director's fee, currently has a rolling one-month consultancy agreement with the company. The board regards Edward Levey as fully independent in character and judgement.

There are regular board meetings each year and other meetings are held as required to direct the overall company strategy and operations. Board meetings follow a formal agenda covering matters specifically reserved for decision by the board. These cover key areas of the company's affairs including overall strategy, acquisition policy, approval of budgets, major capital expenditure and significant transactions and financing issues.

The board has delegated certain responsibilities, within defined terms of reference, to the audit committee and the remuneration committee as described below. The appointment of new directors is made by the board as a whole.

During the year ended 28 February 2013, there were 8 formal board meetings, 1 audit committee meeting and 1 remuneration committee meeting. All meetings were fully attended, apart from 1 board meeting which Dominic Wheatley was unable to attend and 1 board meeting which Edward Levey was unable to attend.

The board undertakes a formal annual evaluation of its own performance and that of its committees and individual directors, through discussions and one-to-one reviews with the Chairman and the senior independent director.

Audit committee

The audit committee is currently headed by Dominic Wheatley, the Chairman, and also comprises Edward Levey, another non-executive director, who has relevant financial experience and up to date knowledge of financial matters. The committee's terms of reference are in accordance with the UK Corporate Governance Code.

The committee reviews the company's financial and accounting policies, interim and final results and annual report prior to their submission to the board, together with management reports on accounting matters and internal control and risk management systems. It reviews the auditors' management letter and considers any financial or other matters raised by both the auditors and employees.

The committee considers the independence of the external auditors and ensures that, before any non-audit services are provided by the external auditors, they will not impair the auditors' objectivity and independence. During the year non-audit services totalled £7,000 and covered normal taxation and other related compliance work, which did not impact on the auditors' objectivity or independence.

The committee has primary responsibility for making recommendations to the board in respect of the appointment, reappointment and removal of the external auditors.

Corporate governance *continued*

Remuneration committee

The remuneration committee is currently headed by Dominic Wheatley, the Chairman, and also comprises Edward Levey, another non-executive director.

The committee's primary function is to review the performance of executive directors and senior employees and to set their remuneration and other terms of employment. It is also responsible for administering any share option and bonus schemes.

Relations with shareholders

The company encourages two-way communication with both its institutional and private investors and responds promptly to all queries received.

Internal controls

The directors are responsible for internal control in the company and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material error, losses or fraud. In addition, there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the company.

The key procedures that the directors have established are designed to provide effective internal control within the company and are regularly reviewed by the board. This is in accordance with The Turnbull Guidance provided by the Institute of Chartered Accountants in England and Wales. Such procedures have been in place throughout the period under review and up to the date of approval of the annual report and accounts.

Due to the size of the company, all key decisions are made by the board and the assessment and management of risk is an integral part of the board's decision-making process.

The company's organisational structure has clear lines of responsibility and the board continues to review systems to monitor and investigate the major business risks facing the company.

The board has established control procedures for all key financial areas of the business, which enable the board to maintain full and effective control. These controls include defined procedures for seeking and obtaining approval for major transactions and controls relating to the security of assets. The company operates a comprehensive budgeting and financial reporting system.

The directors have reviewed the effectiveness of the company's systems of internal control as they operated during the period under review and consider that there have been no material losses, contingencies or uncertainties caused by weaknesses in internal controls. The directors do not consider that an internal audit function is presently necessary as the company is a "cash shell".

Going concern

The company is a "cash shell", and, apart from a small amount of interest receivable, currently has no income stream. Until a suitable trading business is acquired, it is therefore dependent on its cash reserves to fund ongoing costs. At the date of approval of the accounts the company has agreed the additional funding that it considers necessary to enable it to be able to continue to meet its liabilities as they fall due, but the funds have not yet been received.

After reviewing the company's budget for 2013/2014 and its medium term plans, the directors have a reasonable expectation that, following the £150,000 loan to the company that Mr M Szytko, a director and shareholder of the company, has agreed to provide on normal commercial terms, the company will have adequate resources to continue in operational existence for the foreseeable future. The company has received

Corporate governance ***continued***

written confirmation that the full amount of the loan will be received shortly after the date of approval of the accounts. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Statement of compliance

In the opinion of the directors, the company has complied throughout the year ended 28 February 2013 with all provisions relevant to a company of its size set out in the UK Corporate Governance Code, except for the items outlined below.

Code provision A.2.1 – Since the disposal of the company's trading subsidiary on 24 January 2001 the company has not had a Chief Executive. The board intends to appoint a Chief Executive when a new business is acquired.

Code provision A.3.1 – The Chairman, Dominic Wheatley holds 4.98% of the ordinary share capital of the company, and therefore does not satisfy the Code's independence criteria. However, major shareholders were consulted prior to his appointment.

Code provision B.1.2 – Since the resignation of Howard Drummon on 19 September 2011, the company has had one rather than at least two independent non-executive directors on the board, as Dominic Wheatley and Maciej Szytko are both significant shareholders in the company.

Code provision B.2.1 – A nomination committee has not been set up, as the directors consider that it is not appropriate while the company is a "cash shell" without any employees. The board intends to set up a nomination committee when a new business is acquired.

Code provision C.3.1 – Since the resignation of Howard Drummon on 19 September 2011, the company has had one rather than at least two independent non-executive directors on the audit committee, as Dominic Wheatley and Maciej Szytko are both significant shareholders in the company.

Directors' responsibility statement

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

— select suitable accounting policies and then apply them consistently;

— make judgements and estimates that are reasonable and prudent;

— follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts; and

— prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. They are responsible for the system of internal control, and for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities. The directors are also responsible for ensuring that all information relevant to the audit has been made available to the auditors.

Under applicable law and regulations, the directors are also responsible for preparing a directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The directors confirm that, to the best of their knowledge and belief:

— the accounts in this document, prepared in accordance with applicable UK law and accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the company; and

— the business review and management report in the directors' report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

By order of the board

E. P. Levey
Secretary

28 June 2013

Independent auditors' report

to the members of Highway Capital plc

We have audited the accounts of Highway Capital plc for the year ended 28 February 2013 which comprise the Profit and Loss Account, the Reconciliation of Equity Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the Directors' Responsibility Statement set out on page 13, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the accounts. In addition, we read the financial and non-financial information in the Annual Report 2013 to identify material inconsistencies with the audited accounts. If we become aware of any material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 28 February 2013 and of the loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the accounts regarding the company's ability to continue as a going concern. The company is a "cash shell", and, apart from a small amount of interest receivable, currently has no income stream. Until a suitable trading business is acquired, it is therefore dependent on its cash reserves to fund ongoing costs. At the date of approval of the accounts the company has agreed the additional funding that it considers necessary to enable it to be able to continue to meet its liabilities as they fall due, but the funds have not yet been received. These conditions indicate the existence of material uncertainties that may cast significant doubt on the company's ability to continue as a going concern. The accounts do not include any adjustments that would result if the company were unable to continue as a going concern. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Independent auditors' report ***continued***

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.
- the information given in the Corporate Governance Statement set out on pages 10 to 12 with respect to internal control and risk management systems in relation to financial reporting processes is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the directors' statement set out on page 7, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the board on directors' remuneration.

Michael Wright FCA (Senior Statutory Auditor)
For and on behalf of Littlestone Golding
Chartered Accountants
Statutory Auditor

17 Cavendish Square
London
W1G 0PH

28 June 2013

Profit and loss account

Year ended 28 February 2013

	Notes	2013	2012
Management fees		—	—
Other income		—	—
Administrative expenses		(116,772)	(93,802)
Operating loss	2	(116,772)	(93,802)
Interest receivable		279	697
Loss on ordinary activities before taxation		(116,493)	(93,105)
Tax credit on loss on ordinary activities	5	—	—
Loss for the financial year		(116,493)	(93,105)
Basic and diluted loss per share	7	(1.47)p	(1.17)p
Basic and diluted loss per share from continuing operations	7	(1.47)p	(1.17)p

Continuing operations

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

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial periods.

Reconciliation of equity shareholders' funds

	2013	**2012**
Loss attributable to ordinary shareholders	(116,493)	(93,105)
Dividends	—	—
Net decrease in shareholders' funds	(116,493)	(93,105)
Shareholders' funds at 1 March 2012	117,518	210,623
Shareholders' funds at 28 February 2013	£1,025	£117,518

Balance sheet
at 28 February 2013

	Notes	2013	2012
Fixed assets			
Investments	8	—	—
		—	—
Current assets			
Debtors	10	3,740	4,049
Cash at bank and in hand		54,721	136,199
		58,461	140,248
Creditors: amounts falling due within one year	11	(57,436)	(22,730)
Net current assets		1,025	117,518
Net assets		£1,025	£117,518
Capital and reserves			
Share capital	14	158,913	158,913
Share premium	17	295,437	295,437
Profit and loss account	17	(453,325)	(336,832)
Total equity shareholders' funds		£1,025	£117,518

Approved by the board on 28 June 2013

D M D A Wheatley
Chairman

Cash flow statement

Year ended 28 February 2013

	Notes		2013		2012
Net cash outflow from operating activities	21(a)		(81,757)		(93,345)
Returns on investments and servicing of finance					
Interest received		279		697	
Net cash inflow from returns on investments and servicing of finance			279		697
Taxation					
Corporation tax			—		—
Equity dividends paid			—		—
Decrease in cash	21(b)		£(81,478)		£(92,648)

Notes to the accounts

Year ended 28 February 2013

1. Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Highway Capital plc does not prepare consolidated accounts and the directors have therefore continued to prepare its accounts in accordance with UK rather than international accounting standards, as permitted under EC Regulation 1606/2002.

Going concern

The company is a "cash shell", and, apart from a small amount of interest receivable, currently has no income stream. Until a suitable trading business is acquired, it is therefore dependent on its cash reserves to fund ongoing costs. At the date of approval of the accounts the company has agreed the additional funding that it considers necessary to enable it to be able to continue to meet its liabilities as they fall due, but the funds have not yet been received.

After reviewing the company's budget for 2013/2014 and its medium term plans, the directors have a reasonable expectation that, following the £150,000 loan to the company that Mr M Szytko, a director and shareholder of the company, has agreed to provide on normal commercial terms, the company will have adequate resources to continue in operational existence for the foreseeable future. The company has received written confirmation that the full amount of the loan will be received shortly after the date of approval of the accounts. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The accounts do not include any adjustments that would result if the company were unable to continue as a going concern.

Consolidation

At 28 February 2013, Highway Capital plc was a stand-alone company and is therefore not required to prepare consolidated accounts.

Depreciation

Depreciation is provided on all fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life.

Stocks and work-in-progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is provided in full at appropriate rates in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes, if those timing differences are not permanent and have originated but not reversed by the balance sheet date. The deferred tax balance has not been discounted.

Finance leases and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful economic lives.

The interest element is charged to profit and loss account on a straight line basis over the period of the finance leases or hire purchase contracts.

Notes to the accounts *continued*
Year ended 28 February 2013

Rentals paid under operating leases are charged to income on a straight line basis over the lease period.

Foreign currencies

Profit and loss account transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Turnover

Turnover represents management fees receivable.

2. Operating loss

This is stated after charging:

	2013	**2012**
Directors' remuneration – Salaries and fees	58,000	42,472
Auditors' remuneration – Audit services	9,000	8,900
– Taxation and other related compliance services	7,000	12,450

3. Employees

The average number of employees during the year was made up as follows:

	2013	**2012**
Directors	3	3
Other	—	—
	3	3

Employee costs including directors during the year amounted to:

Salaries and fees	58,000	42,472
	£58,000	£42,472

4. Directors' remuneration

Information relating to directors' emoluments is included in the directors' remuneration report on pages 8 and 9.

Notes to the accounts *continued*

Year ended 28 February 2013

5. Taxation

Based on the loss for the year:

	2013	2012
U.K. corporation tax at 20% (2012: 20%)	—	—
Under/(over) provision in previous years	—	—
	£—	£—

Factors affecting the tax charge/(credit) for the year

	2013	2012
Loss on ordinary activities before taxation	£(116,493)	£(93,105)
Loss on ordinary activities before taxation multiplied by the small company rate of UK corporation tax of 20% (2012: 20%)	£(23,299)	£(18,621)
Effects of:		
Current period tax losses not utilised	23,197	18,496
Disallowed expenditure/(income)	102	125
Adjustments to tax charge in respect of previous periods	—	—
	£23,299	£18,621
Current tax charge/(credit)	£—	£—

The company has estimated losses of £1,012,000 (2012: £896,000) that may be available for carry forward against future profits, and estimated capital losses of £1,460,000 (2012: £1,460,000) that may be available for carry forward against future chargeable gains. No deferred tax asset has been recognised in the accounts in respect of these unrelieved losses.

6. Dividends

	2013	2012
Interim paid nil per share (2012: nil)	—	—
	£—	£—

7. Loss per share

The loss per ordinary share calculation has been based on the loss attributable to ordinary shareholders of £116,493 (2012: loss £93,105), divided by 7,945,638 (2012: 7,945,638), being the weighted average number of ordinary shares in issue during the year. The basic and the diluted loss per ordinary share are the same.

There are no discontinued operations in either period and, therefore, the basic and the diluted loss per ordinary share from continuing operations are the same as the basic and the diluted loss per ordinary share.

8. Investments

The company currently has no investments.

Notes to the accounts *continued*

Year ended 28 February 2013

9. Capital commitments

At 28 February 2013 the company had no capital commitments.

10. Debtors

	2013	2012
Other debtors	1,712	1,703
Prepayments	2,028	2,346
	£3,740	£4,049

11. Creditors: amounts falling due within one year

	2013	2012
Trade creditors	22,603	4,480
Accruals	34,833	18,250
	£57,436	£22,730

12. Borrowings

The company had no bank loans or overdrafts existing at the beginning or end of the year.

13. Deferred taxation

The estimated deferred tax asset not recognised in the accounts, based on a 23% rate of tax, amounts to £568,000 (2012: based on a 24% rate of tax £565,000). Of this amount, £335,000 may be recoverable by the company against future chargeable gains, and £233,000 may be recoverable against future profits.

14. Share capital

	Number of Shares 2013	Nominal Value 2013	Number of Shares 2012	Nominal Value 2012
Authorised —				
Ordinary shares of 2p each	50,000,000	£1,000,000	50,000,000	£1,000,000
Allotted, called-up and fully paid —				
Ordinary shares of 2p each	7,945,638	£158,913	7,945,638	£158,913

15. Related party transactions

There were no related party transactions in the year.

Notes to the accounts *continued*
Year ended 28 February 2013

16. Post balance sheet events

Since the year end date the shareholders have passed the following resolutions:

(a) to change the company's status from a premium to a standard listed company, which will take effect from 11 July 2013, and

(b) to permit the company to borrow up to £150,000.

The company has agreed with Mr M Szytko, a director and shareholder, that he will make a loan of £150,000 to the company on normal commercial terms, to ensure that the company has adequate resources prior to seeking shareholder approval for additional equity capital to be injected into the company.

17. Reconciliation of movements on reserves

	Share Premium Account	**Profit and Loss Account**
At 1 March 2012	295,437	(336,832)
Retained loss for the year	—	(116,493)
At 28 February 2013	£295,437	£(453,325)

18. Other financial commitments

At 28 February 2013 the company had no commitments for the year ending 28 February 2014 under non-cancellable operating leases.

19. Financial instruments

The Company's financial instruments comprise cash, trade debtors and trade creditors that arise directly from its operations. The Company's policy has been, and continues to be, that no speculative trading in financial derivatives shall be undertaken.

20. Financial assets

The cash is held in bank current and premium accounts and on treasury deposit, which receive varying rates of interest that is recognised on a receivable basis. All financial assets and liabilities are denominated in Sterling.

Fair value of financial assets and liabilities

The fair value of financial assets and liabilities, calculated by discounting expected future cash flows at prevailing interest rates, is not materially different from their book value, and is as follows:

	2013	**2012**
Financial assets		
Receivables	3,740	4,049
Cash at bank	54,721	136,199
	£58,461	£140,248
Financial liabilities		
Payables: current liabilities	£57,436	£22,730

Hedging

The Company makes no use of forward currency contracts, other financial derivatives or hedging.

Notes to the accounts *continued*
Year ended 28 February 2013

Interest rate risk

The Company does not have an interest rate policy in isolation but regularly reviews the interest rates being received on deposits.

Liquidity risk

The principal policy of the Company in managing liquidity risk is to align the anticipated timing of expenditure with the availability of its cash balances.

21. Cash flow statement

		2013	2012
(a)	**Net cash outflow from operating activities**		
	Operating loss	(116,772)	(93,802)
	Decrease/(increase) in debtors	309	(418)
	Increase in creditors	34,706	875
	Net cash outflow from operating activities	£(81,757)	£(93,345)

		1 March 2012	Cashflow	28 February 2013
(b)	**Analysis of net funds/(debt)**			
	Net cash: cash at bank and in hand	136,199	(81,478)	54,721
	Net funds/(debt)	£136,199	£(81,478)	£54,721

		2013	2012
(c)	**Reconciliation of net cash flow to movement in net funds/(debt)**		
	Decrease in cash in the year	(81,478)	(92,648)
	Movement in net funds/(debt) in the year	(81,478)	(92,648)
	Opening net funds/(debt)	136,199	228,847
	Closing net funds/(debt)	£54,721	£136,199

Company information

Directors	Dominic Wheatley (non-executive Chairman)* Edward Patrick Levey BA(Hons) FCCA (non-executive director)* Maciej Szytko (non-executive director) * member of the remuneration & audit committees
Secretary and registered office	Edward Patrick Levey BA(Hons) FCCA Eden House, Reynolds Road Beaconsfield HP9 2FL
Registrars and share transfer office	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Share price information	Information about the day-to-day movement of the Company's share price can be obtained from the London Stock Exchange: Code HWC
Auditors	Littlestone Golding Chartered Accountants 17 Cavendish Square London W1G 0PH
Bankers	Barclays Bank Plc The Lea Valley Group 78 Turners Hill Cheshunt Herts EN8 9BW
Solicitors	Goodman Derrick 10 St Bride Street London EC4A 4AD
Stockbrokers	Keith, Bayley, Rogers & Co Limited Finsbury Tower 103-105 Bunhill Row London EC1Y 8LZ

Financial review

	Year to 28.2.2013	Year to 29.2.2012	Year to 28.2.2011	Year to 28.2.2010	Year to 28.2.2009
Management fees	—	—	—	—	—
Other income	—	—	—	75	250
Administrative expenses	(116,772)	(93,802)	(93,371)	(85,838)	(83,962)
Operating profit/(loss)	(116,772)	(93,802)	(93,371)	(85,763)	(83,712)
Profit on disposal of subsidiaries	—	—	—	—	—
Income from fixed asset investments	—	—	—	—	—
Interest receivable	279	697	438	838	16,043
Profit/(loss) on ordinary activities before taxation	(116,493)	(93,105)	(92,933)	(84,925)	(67,669)
Taxation	—	—	—	—	—
Profit/(loss) on ordinary activities after taxation	£(116,493)	£(93,105)	£(92,933)	£(84,925)	£(67,669)
Earnings/(loss) per share	(1.47)p	(1.17)p	(1.17)p	(1.07)p	(0.85)p
Dividend per share	nil	nil	nil	nil	nil

The basic and the diluted earnings/(loss) per share figures are the same.