

HIGHWAY CAPITAL PLC

INTERIM REPORT 2017

Chairman's Statement

Dear Fellow Shareholder

The results for the six months ended 31 August 2017 showed a profit before tax of £126,000 (six months ended 31 August 2016: £102,000 loss; year ended 28 February 2017: £407,000 loss).

No dividend has been declared.

Highway has a long history on the London Stock Exchange and has for many years been an investing vehicle in search of a transaction, with the recent suspension occurring as the UKLA deemed that the loans extended to Mylux constituted a reverse transaction.

The company has a single class of ordinary share in issue and has constituted a class of convertible loan notes, of which a small number have been issued.

The Directors strongly believe the retention of the listing is key and would be in shareholders' best interests.

Since the Annual Report, dated 22nd February 2018, a number of actions have been taken by the company.

- In July 2017, the Company issued two convertible loan notes ("CLN") for the aggregate amount of £125,000 to unconnected investors. The CLN are repayable 5 years from the date of issue and carry an interest rate of 5% per annum.

Principle Risks and Uncertainties

The preservation of our cash balances remains a principal risk for the Group and we remain committed to maintaining minimal operational costs to ensure that maximum funds remain available to invest in projects.

Additionally, while we are seeking the restoration of trading in the Company's shares, there is uncertainty over the timeline and possibility of this restoration by the FCA.

The Company's business strategy is to identify, evaluate and complete suitable acquisition opportunities. No guarantee can be made by the Directors that such acquisition will be made.

I will keep you informed on further developments.

L Sobolewski
Chairman

13th of May 2019

Statement of comprehensive income		6 months ended 31 August 2017 (unaudited) £'000	6 months ended 31 August 2016 (unaudited) £'000	Year ended 28 February 2017 (audited) £'000
	<i>Notes</i>			
Management fees		-	-	-
Administrative expenses		(96)	(106)	(196)
Operating loss	2	(96)	(106)	(196)
Interest receivable		22	4	-
Amounts written back/(off) investments and loans		200		(211)
Profit/(loss) on ordinary activities before taxation		126	(102)	(407)
Tax on profit or loss on ordinary activities		-	-	-
Profit/(loss) for financial period and total comprehensive income		126	(102)	(407)
Basic profit/(loss) per share	3	1.31p	(1.17)p	(4.25)p
Diluted profit/(loss) per share	3	1.16p	(1.17)p	(4.25)p
Basic profit/(loss) per share from continuing operations	3	1.31p	(1.17)p	(4.25)p
Diluted profit/(loss) per share from continuing operations	3	1.16p	(1.17)p	(4.25)p

Statement of financial position		31 August 2017 (unaudited) £'000	31 August 2016 (unaudited) £'000	28 February 2017 (audited) £'000
	<i>Notes</i>			
Fixed assets				

Investments		-	221	11
Current assets				
Debtors		316	23	5
Cash at bank and in hand		-	12	-
		316	35	5
Creditors: amounts falling due within one year		(314)	(194)	(265)
Net current assets/(liabilities)		2	(159)	(260)
Total assets less current liabilities		2	62	(249)
Creditors: amounts falling due after more than one year	5	(474)	(434)	(349)
Net assets/(liabilities)		(472)	(372)	(598)

Capital and reserves				
Share capital	6	192	175	192
Share premium		430	368	430
Profit and loss account		(1,094)	(915)	(1,220)
Total equity shareholders' funds/(deficit)		(472)	(372)	(598)

<i>Statement of changes in equity</i>	<i>6 months ended 31 August 2017 (unaudited) £'000</i>	<i>6 months ended 31 August 2016 (unaudited) £'000</i>	<i>Year ended 28 February 2017 (audited) £'000</i>
Profit/(loss) attributable to ordinary shareholders	126	(102)	(407)
Issue of new ordinary shares less costs	-	-	79
Net increase/(decrease) in shareholders' funds	126	(102)	(328)
Opening Shareholders' funds/(deficit)	(598)	(270)	(270)
Closing Shareholders' funds/(deficit)	(472)	(372)	(598)

<i>Statement of cash flows</i>	<i>6 months ended 31 August 2017 (unaudited) £'000</i>	<i>6 months ended 31 August 2016 (unaudited) £'000</i>	<i>Year ended 28 February 2017 (audited) £'000</i>
Cash flows from operating activities			
Profit/(loss) for the period	126	(102)	(407)
<i>Adjustments for:</i>			
Interest receivable	(22)	(4)	-
Amounts written back on investments and loans	(210)	-	-
Amounts written off investments and loans	11	-	210
<i>Changes in:</i>			
Trade and other debtors	1	(15)	(2)
Trade and other creditors	48	69	140

Net cash from operating activities	(46)	(52)	(59)
Cash flows from investing activities			
Purchase of investments	-	(11)	(11)
Loans made	(79)	(210)	(210)
Interest received	-	-	-
Net cash used in investing activities	(79)	(221)	(221)
Cash flows from financing activities			
Proceeds from loans	125	284	284
Cost of loan conversion			(6)
Net cash from financing activities	125	284	278
Net increase/(decrease) in cash and cash equivalents	-	11	(2)
Cash and cash equivalents at beginning of period	(1)	1	1
Cash and cash equivalents at end of period	(1)	12	(1)

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 2017 has been prepared on a basis consistent with the financial statements for the year ended 28 February 2017.

The condensed set of financial statements for the six months ended 31 August 2017 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 28 February 2017 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.

2. Operating loss

This is stated after charging:

	<i>6 months ended 31 August 2017 (unaudited) £'000</i>	<i>6 months ended 31 August 2016 (unaudited) £'000</i>	<i>Year ended 28 February 2017 (audited) £'000</i>
Directors' remuneration			
- salaries and fees	60	32	62
Auditors' remuneration			
- audit services	5	5	10
- other services	-	-	-

3. Profit/(loss) per share

The profit/(loss) per ordinary share calculation has been based on the profit/(loss) attributable to ordinary shareholders of £126,000 (August 2016: loss £(102,000); February 2017: loss £(407,000)), divided by 9,590,201 (August 2016: 8,740,201; February 2017: 9,590,201) being the weighted average number of ordinary shares in issue during the period. The August 2017 diluted profit per ordinary share calculation has been based on an adjusted profit of £130,391 and an adjusted weighted average number of ordinary shares of 11,234,367.

There are no discontinued operations in the periods 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.

4. 2017 interim dividend

No interim dividend has been declared.

5. Creditors: due after more than one year

The creditor due after more than one year of £474,000 (August 2016: £434,000; February 2017: £349,000), is made up of the following: (a) £30,000 from M Szytko, a director and shareholder, and £165,000 from an institutional investor: these loans are unsecured, repayable after two years, and bearing interest at a rate of 5% per annum (if it so wishes, the company can repay the loan or part thereof at any time within the two year period); (b) £127,000 from M Szytko, £27,000 from D Zych, a director and shareholder, and £125,000 from outside investors: these loans are unsecured, repayable after five years, convertible at the holder's request into new ordinary shares in the company at a price of 10 pence per share; in the event that the loan is not repaid or converted prior to its maturity date then it will attract accrued interest at a rate of 5% per annum.

6. Share capital

	<i>31 August 2017 (unaudited)</i>	<i>31 August 2016 (unaudited)</i>	<i>28 February 2017 (audited)</i>
Ordinary shares of 2p each			
Allotted, called-up, fully paid			
Number of shares	9,590,201	8,740,201	9,590,201
Nominal value	£191,804	£174,804	£191,804

7. Related party transactions

As at the balance sheet date, there are loans of £157,000 to the company from M Szytko, a director and shareholder of the company; and loans of £27,000 to the company from Dariusz Zych, a director of the company. The terms of these loans are set out in note 5 above.

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 FRS 104 Interim Financial Reporting issued by the Financial Reporting Council;
- (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

L Sobolewski
Chairman

M Szytko
Non-Executive Director

9. Publication

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