

HIGHWAY CAPITAL PLC

INTERIM REPORT 2018

Chairman's Statement

Dear Fellow Shareholder

The results for the six months ended 31 August 2018 showed a loss before tax of £70,000 (six months ended 31 August 2017: £126,000 profit; year ended 28 February 2018: £54,000 profit).

No dividend has been declared.

As set out in the announcement on 22 September 2016, the trading in the shares remained suspended. Although neither loan constituted an acquisition for the purposes of the Listing Rules under which the Company operates, the UK Listing Authority informed the directors in September 2016 that they considered that making the loans fundamentally changed the strategic direction of the business away from its stated aim to find an acquisition that would enhance shareholder value. As a result, the Ordinary Shares were suspended from trading on 22 September 2016.

Any lifting of the Suspension would require the reversal of the loan, and the Company has taken steps to complete this process.

Since the Annual Report, dated 8 March 2019, a number of actions have been taken by the company.

- On 30 April 2018, the Company received a loan repayment of £4,000
- On 15 May 2018, the Company received a loan repayment of £2,000
- From 6 June 2018 to 14 June 2018, the Company received a loan repayment of £163,914

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 an acquisition will be made.

I will keep you informed on further developments.

L Sobolewski
Chairman

13th of May 2019

Statement of comprehensive income	Notes	6 months ended 31 August 2018 (unaudited) £'000	6 months ended 31 August 2017 (unaudited) £'000	Year ended 28 February 2018 (audited) £'000
Management fees		-	-	-
Administrative expenses		(78)	(96)	(179)
Operating loss	2	(78)	(96)	(179)
Interest receivable		8	22	33
Amounts written back/(off) investments and loans		-	200	200
Profit/(loss) on ordinary activities before taxation		(70)	126	54
Tax on profit or loss on ordinary activities		-	-	-
Profit/(loss) for financial period and total comprehensive income		(70)	126	54
Basic profit/(loss) per share	3	(0.73)p	1.31p	0.57p
Diluted profit/(loss) per share	3	(0.73)p	1.16p	0.55p
Basic profit/(loss) per share from continuing operations	3	(0.73)p	1.31p	0.57p
Diluted profit/(loss) per share from continuing operations	3	(0.73)p	1.16p	0.55p
Statement of financial position				
	Notes	31 August 2018 (unaudited) £'000	31 August 2017 (unaudited) £'000	28 February 2018 (audited) £'000
Fixed assets				
Investments		-	-	-
Current assets				
Debtors		161	316	317
Cash at bank and in hand		-	-	1
		161	316	318
Creditors: amounts falling due within one year		(463)	(314)	(388)
Net current assets/(liabilities)		(302)	2	(70)
Total assets less current liabilities		(302)	2	(70)
Creditors: amounts falling due after more than one year	5	(312)	(474)	(474)
Net assets/(liabilities)		(614)	(472)	(544)
Capital and reserves				
Share capital	6	192	192	192
Share premium		430	430	430
Profit and loss account		(1,236)	(1,094)	(1,166)

Total equity shareholders' funds/(deficit)	(614)	(472)	(544)
Statement of changes in equity	6 months ended 31 August 2018 (unaudited) £'000	6 months ended 31 August 2017 (unaudited) £'000	Year ended 28 February 2018 (audited) £'000
Profit/(loss) attributable to ordinary shareholders	(70)	126	54
Issue of new ordinary shares less costs	-	-	-
Net increase/(decrease) in shareholders' funds	(70)	126	54
Opening Shareholders' funds/(deficit)	(544)	(598)	(598)
Closing Shareholders' funds/(deficit)	(614)	(472)	(544)

Statement of cash flows	6 months ended 31 August 2018 (unaudited) £'000	6 months ended 31 August 2017 (unaudited) £'000	Year ended 28 February 2018 (audited) £'000
Cash flows from operating activities			
Profit/(loss) for the period	(70)	126	54
<i>Adjustments for:</i>			
Interest receivable	(8)	(22)	(33)
Amounts written back on investments and loans	-	(210)	(210)
Amounts written off investments and loans	-	11	11
<i>Changes in:</i>			
Trade and other debtors	(5)	1	3
Trade and other creditors	74	48	123
Net cash from operating activities	(9)	(46)	(52)
Cash flows from investing activities			
Purchase of investments	-	-	-
Loans made	-	(79)	(79)
Loans redeemed by company	170	-	7
Interest received	-	-	-
Net cash used in investing activities	170	(79)	(72)
Cash flows from financing activities			
Proceeds from loans	1	125	125
Loan repayments	(163)	-	-
Net cash from financing activities	(162)	125	125
Net increase/(decrease) in cash and cash equivalents	(1)	-	1
Cash and cash equivalents at beginning of period	-	(1)	(1)

Cash and cash equivalents at end of period	(1)	(1)	-
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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 2018 has been prepared on a basis consistent with the financial statements for the year ended 28 February 2018.

The condensed set of financial statements for the six months ended 31 August 2018 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 2018 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 2018 (unaudited) £'000</i>	<i>6 months ended 31 August 2017 (unaudited) £'000</i>	<i>Year ended 28 February 2018 (audited) £'000</i>
Directors' remuneration			
- salaries and fees	48	60	120
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 loss attributable to ordinary shareholders of £70,000 (August 2017: profit £126,000; February 2018: profit £54,000), divided by 9,590,201 (August 2017: 9,590,201; February 2018: 9,590,201) being the weighted average number of ordinary shares in issue during the period. There is no difference between the basic and the diluted loss per ordinary share. 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 profit/(loss) per ordinary share from continuing operations are the same as the basic and the diluted profit/(loss) per ordinary share.

4. 2018 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 £312,000 (August 2017: £474,000; February 2018: £474,000), is made up of the following: (a) £30,000 from M Szytko, a director and shareholder, and £2,000 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 £126,000 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 2018</i> <i>(unaudited)</i>	<i>31 August 2017</i> <i>(unaudited)</i>	<i>28 February 2018</i> <i>(audited)</i>
Ordinary shares of 2p each Allotted, called-up, fully paid			
Number of shares	9,590,201	9,590,201	9,590,201
Nominal value	£191,804	£191,804	£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.