



RNS

Half-year/Interim Report

Half-year Report

HIGHWAY CAPITAL PLC

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HIGHWAY CAPITAL PLC

INTERIM REPORT 2020

Chairman's Statement

Dear Fellow Shareholder

2020 has had a difficult start to the year but the Board has expended considerable time and effort on seeking to ensure the continuation of the business after lockdown. Based on discussions with potential acquisition targets over the summer, the Board is optimistic that the Company's shares will be relisted on a public market shortly and will keep shareholders informed on developments.

The results for the six months ended 31 August 2020 showed a loss before tax of £148,000 (six months ended 31 August 2019: £127,000 loss; year ended 29 February 2020: £293,000 loss).

No dividend has been declared.

L Sobolewski
Chairman

30 November 2020

Update on Capital Structure

The Board of Highway Capital Plc ("HWC" or "Company") announces the following update on its share capital and convertible loans.

Shares in issue:

There are currently 11,490,201 ordinary shares of 2p each in issue.

Convertible Loan Notes - As at 29 February 2020

The Company has received the request from the holder of the £70,000 loan issued on 18 December 2018 to alter the terms. The loan note holder has agreed to alter the terms of the loan, so that it is now convertible into ordinary shares of the Company at the conversion price of £0.05.

The Altered Loan Note issued on 23 February 2020 is unsecured, has a term of 5 years and pays interest at the rate of 5% per annum. The note holder may convert the Altered Loan Note at any time six months after the date of issue, or following the completion of an investment by the Company to a value in excess of 50% of the net asset value of the Company.

The Lender's conversion rights are limited to the extent that the Company has adequate shareholders' and other regulatory authority to issue shares in the Company.

As at the financial year ending 29 February 2020, the latest year end, the Company had outstanding Convertible Loan Notes as follows:

Convertible Loan Notes - Current Financial Year

Between 12 May 2020 and 14 July 2020 the Company completed a placing of £230,000 Convertible Loan Notes for working capital purposes. The notes have a term of 5 years, attract 5% interest per annum and are convertible into new shares in the company.

The convertible loan note issued 24 June 2020 for the amount of £80,000 to unconnected investor has a conversion price of 10p per new ordinary share.

The convertible loan notes issued between 10 July and 14 July 2020 for a total amount of £100,000 to two unconnected investors have a conversion price of 5p per new ordinary share.

The note holders may convert the Convertible Loan Note at any time six months after the date of issue or following the completion of an investment by the Company to a value in excess of 50% of the net asset value of the Company. The Lender's conversion rights are limited to the extent that the Company has adequate shareholders' and other regulatory authority to issue shares in the Company.

A separate Convertible Loan Note for the amount of £50,000 to an unconnected investor was issued on 12 May 2020 and repaid on 2 July 2020.

Directors Loans

The Company received the following loan from the Director of the Company:

Maciej Szytko, a director of the Company, provided loans of £3,900 and €10,000 on 19 March 2020 and 14 April 2020 respectively. These loans have now been repaid, as well as the 15 March 2019 loan of £5,000.

<i>Statement of comprehensive income</i>		<i>6 months ended 31 August 2020 (unaudited) £'000</i>	<i>6 months ended 31 August 2019 (unaudited) £'000</i>	<i>Year ended 29 February 2020 (audited) £'000</i>
	<i>Notes</i>			
Management fees		-	-	-
Administrative expenses		(148)	(127)	(293)
Operating loss	2	(148)	(127)	(293)
Interest receivable		-	-	-
Amounts written back/(off) investments and loans		-	-	-
Profit/(loss) on ordinary activities before taxation		(148)	(127)	(293)
Tax on profit or loss on ordinary activities		-	-	-
Profit/(loss) for financial period and total comprehensive income		(148)	(127)	(293)
Basic profit/(loss) per share	3	(1.29)p	(1.32)p	(2.54)p
Diluted profit/(loss) per share	3	(1.29)p	(1.32)p	(2.54)p
Basic profit/(loss) per share from continuing operations	3	(1.29)p	(1.32)p	(2.54)p
Diluted profit/(loss) per share from continuing operations	3	(1.29)p	(1.32)p	(2.54)p

Statement of financial

31 August 2020

31 August 2019

29 February 2020

<i>position</i>	<i>Notes</i>	<i>(unaudited)</i> <i>£'000</i>	<i>(unaudited)</i> <i>£'000</i>	<i>(audited)</i> <i>£'000</i>
Fixed assets		-	-	-
Investments		-	-	-
Current assets				
Debtors		11	210	7
Cash at bank and in hand		75	1	-
		86	211	7
Creditors: amounts falling due within one year		(759)	(416)	(783)
Net current assets/(liabilities)		(673)	(205)	(776)
Total assets less current liabilities		(673)	(205)	(776)
Creditors: amounts falling due after more than one year	5	(466)	(703)	(215)
Net assets/(liabilities)		(1,139)	(908)	(991)
Capital and reserves				
Share capital	6	230	192	230
Share premium		475	430	475
Profit and loss account		(1,844)	(1,530)	(1,696)
Total equity shareholders' funds/(deficit)		(1,139)	(908)	(991)
Statement of changes in equity				
	<i>6 months ended</i>	<i>6 months ended</i>	<i>Year ended</i>	
	<i>31 August 2020</i>	<i>31 August 2019</i>	<i>29 February 2020</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	
Profit/(loss) attributable to ordinary shareholders	(148)	(127)	(293)	
Issue of new ordinary shares less costs	-	-	83	
Net increase/(decrease) in shareholders' funds	(148)	(127)	(210)	
Opening Shareholders' funds/(deficit)	(991)	(781)	(781)	
Closing Shareholders' funds/(deficit)	(1,139)	(908)	(991)	

<i>Statement of cash flows</i>	<i>6 months ended</i>	<i>6 months ended</i>	<i>Year ended</i>
	<i>31 August 2020</i>	<i>31 August 2019</i>	<i>29 February 2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash flows from operating activities			
Profit/(loss) for the period	(148)	(127)	(293)
<i>Adjustments for:</i>			
Interest receivable	-	-	-
Amounts written back on investments and loans	-	-	-
Amounts written off investments and loans	-	-	-
<i>Changes in:</i>			
Trade and other debtors	(4)	(204)	-
Trade and other creditors	(4)	(35)	8
Net cash from operating activities	(156)	(366)	(285)
Cash flows from investing activities			
Interest received	-	-	-
Net cash used in investing activities	-	-	-
Cash flows from financing activities			
Issue of new equity (net of costs)	-	-	83
Proceeds from loans to company	294	132	136
Repayment and conversion of loans to company	(63)	(10)	(180)

Net cash from financing activities	231	122	39
Net increase/(decrease) in cash and cash equivalents	75	(244)	(246)
Cash and cash equivalents at beginning of period	(3)	243	243
Cash and cash equivalents at end of period	72	(1)	(3)

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 2020 has been prepared on a basis consistent with the financial statements for the year ended 29 February 2020.

The condensed set of financial statements for the six months ended 31 August 2020 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 2020 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 2020 (unaudited) £'000</i>	<i>6 months ended 31 August 2019 (unaudited) £'000</i>	<i>Year ended 29 February 2020 (audited) £'000</i>
Directors' remuneration			
- salaries and fees	48	48	96
Auditors' remuneration			
- audit services	6	6	13
- 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 £148,000 (August 2019: loss £127,000; February 2020: loss £293,000), divided by 11,490,201 (August 2019: 9,590,201; February 2020: 11,490,201) 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, as any adjustment would be anti-dilutive.

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. 2020 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 £466,000 (August 2019: £703,000; February 2020: £215,000), is

made up of the following: £31,000 from B Patnaik, a director, £70,000 from D Zych, a shareholder and former director, and £365,000 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 5 or 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 2020 (unaudited)</i>	<i>31 August 2019 (unaudited)</i>	<i>29 February 2020 (audited)</i>
Ordinary shares of 2p each Allotted, called-up, fully paid			
Number of shares	11,490,201	9,590,201	11,490,201
Nominal value	£229,804	£191,804	£229,804

7. Related party transactions

As at the balance sheet date, there are loans to the company of £31,000 from B Patnaik, a director of the company, and £255,000 from N Mayster, a director and shareholder of the company. The terms of the loans are interest at 5% and this is considered reasonable.

No other related party transactions were undertaken as such that are required to be disclosed under FRS 102.

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.

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