

HIGHWAY CAPITAL PLC

INTERIM REPORT 2008

Chairman's Statement

The results for the six months ended 31 August 2008 showed a loss before tax of £30,000 (six months ended 31 August 2007: £26,000 loss; year ended 29 February 2008: £54,000 loss).

No dividend has been declared.

During the period under review, your directors have continued to search for an acquisition or other solution which would add shareholder value, regrettably without success. We will continue our efforts in this direction. Until such time as we are able to put suitable proposals to shareholders, we will continue to minimise expenditure.

A H Drummon

Chairman

31 October 2008

<i>Profit and loss account</i>		<i>6 months ended 31 August 2008 (unaudited) £'000</i>	<i>6 months ended 31 August 2007 (unaudited) £'000</i>	<i>Year ended 29 February 2008 (audited) £'000</i>
	<i>Notes</i>			
Management fees		-	-	-
Administrative expenses		(40)	(38)	(78)
Operating loss	2	(40)	(38)	(78)
Interest receivable		10	12	24
Loss on ordinary activities before taxation		(30)	(26)	(54)
Tax credit on loss on ordinary activities		-	-	-
Loss for the period		(30)	(26)	(54)
Basic and diluted loss per share	3	(0.38)p	(0.33)p	(0.67)p

<i>Balance Sheet</i>		<i>31 August 2008 (unaudited) £'000</i>	<i>31 August 2007 (unaudited) £'000</i>	<i>29 February 2008 (audited) £'000</i>
	<i>Notes</i>			
Fixed assets				
Investments		-	-	-
Current assets				
Debtors		11	12	4
Cash at bank and in hand		453	508	480

		464	520	484
Creditors: amounts falling due within one year		(38)	(36)	(28)
Net current assets		426	484	456
Net assets		426	484	456
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Capital and reserves				
Share capital	5	159	159	159
Share premium		295	295	295
Profit and loss account		(28)	30	2
Total equity shareholders' funds		426	484	456

<i>Cash Flow Statement</i>	<i>Notes</i>	<i>6 months ended 31 August 2008 (unaudited) £'000</i>	<i>6 months ended 31 August 2007 (unaudited) £'000</i>	<i>Year ended 29 February 2008 (audited) £'000</i>
Net cash outflow from operating activities	6a	(37)	(32)	(72)
Returns on investments and servicing of finance				
Interest received		10	12	24
Net cash inflow from returns on investments and servicing of finance		10	12	24
Taxation				
Corporation tax		-	-	-
Equity dividends paid		-	-	-
Decrease in cash	6b	(27)	(20)	(48)

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 2008 has been prepared on a basis consistent with the financial statements for the year ended 29 February 2008.

The condensed set of financial statements for the six months ended 31 August 2008 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 2008 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 240 of the Companies Act 1985.

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 2008 (unaudited) £'000</i>	<i>6 months ended 31 August 2007 (unaudited) £'000</i>	<i>Year ended 29 February 2008 (audited) £'000</i>
Directors' remuneration			
- salaries and fees	14	14	28
Auditors' remuneration			
- audit services	6	6	13
- other services	4	4	8

3. Loss per share

The loss per ordinary share calculation has been based on the losses attributable to ordinary shareholders of £30,000 (August 2007: £26,000; February 2008: £54,000), divided by 7,945,638 (August 2007 and February 2008: 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. 2008 interim dividend

No interim dividend has been declared.

5. Share capital

	<i>31 August 2008 (unaudited)</i>	<i>31 August 2007 (unaudited)</i>	<i>29 February 2008 (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 2008 (unaudited) £'000</i>	<i>6 months ended 31 August 2007 (unaudited) £'000</i>	<i>Year ended 29 February 2008 (audited) £'000</i>
(a) Net cash outflow from operating activities			
Operating loss	(40)	(38)	(78)
(Increase)/decrease in debtors	(7)	(7)	1
Increase/(decrease) in creditors	10	13	5
	(37)	(32)	(72)
(b) Reconciliation of net cash flow to movement in net funds/(debt)			
Decrease in cash in the period	(27)	(20)	(48)
Movement in net funds/(debt) in the period	(27)	(20)	(48)
Opening net funds/(debt)	480	528	528
Closing net funds/(debt)	453	508	480

7. Related party transactions

A H Drummon, Chairman, is a consultant to and, until 11 June 2008 was a director of, Keith, Bayley, Rogers & Co. Limited, the financial adviser and stockbroker to Highway Capital plc. In the six months ended 31 August 2008, Keith, Bayley, Rogers & Co. Limited received retainer fees of £5,000 (August 2007: £5,000; February 2008: £10,000).

8. Responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with Statement: Half-yearly financial reports issued by the Accounting Standards Board;
- 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
- 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

A H Drummon
Chairman

E P Levey
Non-Executive Director

9. Publication

Copies of this statement will be circulated to all shareholders and will also be available from the registered office of Highway Capital plc at 73 Wimpole Street, London W1G 8AZ.