

HIGHWAY CAPITAL PLC

INTERIM REPORT 2010

Chairman's Statement

The results for the six months ended 31 August 2010 showed a loss before tax of £45,000 (six months ended 31 August 2009: £41,000 loss; year ended 28 February 2010: £85,000 loss).

No dividend has been declared.

Your directors have continued to seek potential acquisitions which will add shareholder value and are currently involved in the examination of a number of possible opportunities. We remain optimistic that a suitable opportunity can be identified. Until such time we will continue to minimise expenditure.

I will report to you as soon as there are positive developments.

A H Drummon

Chairman

29 October 2010

<i>Profit and loss account</i>		<i>6 months ended 31 August 2010 (unaudited) £'000</i>	<i>6 months ended 31 August 2009 (unaudited) £'000</i>	<i>Year ended 28 February 2010 (audited) £'000</i>
	<i>Notes</i>			
Management fees		-	-	-
Administrative expenses		(45)	(42)	(86)
Operating loss	2	(45)	(42)	(86)
Interest receivable		-	1	1
Loss on ordinary activities before taxation		(45)	(41)	(85)
Tax credit on loss on ordinary activities		-	-	-
Loss for the period		(45)	(41)	(85)
Basic and diluted loss per share	3	(0.57)p	(0.51)p	(1.07)p

<i>Balance Sheet</i>	<i>Notes</i>	<i>31 August 2010 (unaudited) £'000</i>	<i>31 August 2009 (unaudited) £'000</i>	<i>28 February 2010 (audited) £'000</i>
Fixed assets				
Investments		-	-	-
Current assets				
Debtors		12	10	3
Cash at bank and in hand		288	367	322
		300	377	325
Creditors: amounts falling due within one year		(42)	(30)	(22)
Net current assets		258	347	303
Net assets		258	347	303
Capital and reserves				
Share capital	5	159	159	159
Share premium		295	295	295
Profit and loss account		(196)	(107)	(151)
Total equity shareholders' funds		258	347	303

<i>Cash Flow Statement</i>	<i>Notes</i>	<i>6 months ended 31 August 2010 (unaudited) £'000</i>	<i>6 months ended 31 August 2009 (unaudited) £'000</i>	<i>Year ended 28 February 2010 (audited) £'000</i>
Net cash outflow from operating activities	6a	(34)	(41)	(86)
Returns on investments and servicing of finance				
Interest received		-	1	1
Net cash inflow from returns on investments and servicing of finance		-	1	1
Taxation				
Corporation tax		-	-	-
Equity dividends paid		-	-	-
Decrease in cash	6b	(34)	(40)	(85)

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 2010 has been prepared on a basis consistent with the financial statements for the year ended 28 February 2010.

The condensed set of financial statements for the six months ended 31 August 2010 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 2010 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, as permitted under EC Regulation 1606/2002.

2. Operating loss

This is stated after charging:

	<i>6 months ended 31 August 2010 (unaudited) £'000</i>	<i>6 months ended 31 August 2009 (unaudited) £'000</i>	<i>Year ended 28 February 2010 (audited) £'000</i>
Directors' remuneration			
- salaries and fees	16	14	28
Auditors' remuneration			
- audit services	4	4	8
- other services	7	7	14

3. Loss per share

The loss per ordinary share calculation has been based on the losses attributable to ordinary shareholders of £45,000 (August 2009: £41,000; February 2010: £85,000), divided by 7,945,638 (August 2009 and February 2010: 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. 2010 interim dividend

No interim dividend has been declared.

5. Share capital

	<i>31 August 2010</i> <i>(unaudited)</i>	<i>31 August 2009</i> <i>(unaudited)</i>	<i>28 February</i> <i>2010</i> <i>(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</i> <i>31 August 2010</i> <i>(unaudited)</i> <i>£'000</i>	<i>6 months ended</i> <i>31 August 2009</i> <i>(unaudited)</i> <i>£'000</i>	<i>Year ended</i> <i>28 February 2010</i> <i>(audited)</i> <i>£'000</i>
a) Net cash outflow from operating activities			
Operating loss	(45)	(42)	(86)
(Increase)/decrease in debtors	(9)	(7)	1
Increase/(decrease) in creditors	20	8	(1)
	(34)	(41)	(86)
b) Reconciliation of net cash flow to movement in net funds			
Decrease in cash in the period	(34)	(40)	(85)
Movement in net funds in the period	(34)	(40)	(85)
Opening net funds	322	407	407
Closing net funds	288	367	322

7. Related party transactions

A H Drummon is a consultant to Keith, Bayley, Rogers & Co. Limited, the financial adviser and stockbroker to Highway Capital plc. In the six months ended 31 August 2010, Keith, Bayley, Rogers & Co. Limited received retainer fees of £5,000 (August

2009: £5,000; February 2010: £10,000) and website setup and maintenance fees of £1,167 (August 2009: £nil; February 2010: £nil).

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 Statement: Half-yearly financial reports issued by the Accounting Standards Board;
- (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

A H Drummon
Chairman

E P Levey
Non-Executive Director

9. Publication

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