

HIGHWAY CAPITAL PLC

INTERIM REPORT 2013

Chairman's Statement

Dear Fellow Shareholder

The results for the six months ended 31 August 2013 showed a loss before tax of £49,000 (six months ended 31 August 2012: £54,000 loss; year ended 28 February 2013: £116,000 loss).

No dividend has been declared.

Highway is a “cash shell” and the board continues to identify and evaluate target companies as it seeks opportunities to maximize the value of the company, but there remains the need for the two largest shareholders to agree on any deal put forward. In the meantime, the company continues to keep expenditure to a minimum in order to preserve its cash resources. The company had cash at bank and in hand of £126,000 at 31 August 2013.

Since the Annual Report, dated 28 June 2013, a number of actions have been taken by the company.

- In May 2013, the company issued a circular containing proposals to transfer the listing of the ordinary shares from the premium segment to the standard segment of the Official List and these proposals became effective on 11 July 2013. As a result, the company will have greater flexibility to raise new capital and effect transactions with lower attendant costs.
- In June 2013, following the approval of shareholders to increase the company's borrowing powers, one of the directors, Maciej Szytko, indicated that he would make a loan facility of £150,000 available to the company to provide short term liquidity. The company is now able to draw on that facility.
- In August 2013, the board announced it was proposing to issue 794,563 ordinary shares at a price of 14p per share and raise up to £111,000 (before expenses) by means of an Open Offer. At a General Meeting held on 12 September 2013 the Open Offer was approved by shareholders. The Open Offer was fully subscribed and following a board meeting, the new shares were allotted and have subsequently been admitted to the Official List.

I will keep you informed of further developments.

D Wheatley
Chairman

30 October 2013

<i>Profit and loss account</i>		<i>6 months ended 31 August 2013 (unaudited) £'000</i>	<i>6 months ended 31 August 2012 (unaudited) £'000</i>	<i>Year ended 28 February 2013 (audited) £'000</i>
	<i>Notes</i>			
Management fees		-	-	-
Administrative expenses		(49)	(54)	(117)
Operating loss	2	(49)	(54)	(117)
Interest receivable		-	-	1
Loss on ordinary activities before taxation		(49)	(54)	(116)
Tax credit on loss on ordinary activities		-	-	-
Loss for the period		(49)	(54)	(116)
Basic and diluted loss per share	3	(0.62)p	(0.68)p	(1.47)p

<i>Balance Sheet</i>	<i>Notes</i>	<i>31 August 2013 (unaudited) £'000</i>	<i>31 August 2012 (unaudited) £'000</i>	<i>28 February 2013 (audited) £'000</i>
Fixed assets				
Investments		-	-	-
Current assets				
Debtors	5	36	11	4
Cash at bank and in hand		126	81	55
		162	92	59
Creditors: amounts falling due within one year		(60)	(28)	(58)
Net current assets		102	64	1
Total assets less current liabilities		102	64	1
Creditors: amounts falling due after more than one year	6	(150)	-	-
Net assets/(liabilities)		(48)	64	1
Capital and reserves				
Share capital	7	159	159	159
Share premium		295	295	295
Profit and loss account		(502)	(390)	(453)
Total equity shareholders' funds/(deficit)		(48)	64	1

<i>Cash Flow Statement</i>	<i>Notes</i>	<i>6 months ended 31 August 2013 (unaudited) £'000</i>	<i>6 months ended 31 August 2012 (unaudited) £'000</i>	<i>Year ended 28 February 2013 (audited) £'000</i>
Net cash outflow from operating activities	8a	(79)	(55)	(82)
Returns on investments and servicing of finance				
Interest received		-	-	1
Net cash inflow from returns on investments and servicing of finance		-	-	1
Taxation				
Corporation tax		-	-	-
Equity dividends paid		-	-	-
Financing				
Loans		150	-	-
Increase/(decrease) in cash	8b	71	(55)	(81)

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 2013 has been prepared on a basis consistent with the financial statements for the year ended 28 February 2013.

The condensed set of financial statements for the six months ended 31 August 2013 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 2013 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 2013 (unaudited) £'000</i>	<i>6 months ended 31 August 2012 (unaudited) £'000</i>	<i>Year ended 28 February 2013 (audited) £'000</i>
Directors' remuneration			
- salaries and fees	28	29	58
Auditors' remuneration			
- audit services	5	4	9
- other services	5	4	7

3. Loss per share

The loss per ordinary share calculation has been based on the losses attributable to ordinary shareholders of £49,000 (August 2012: £54,000; February 2013: £116,000), divided by 7,945,638 (August 2012 and February 2013: 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. 2013 interim dividend

No interim dividend has been declared.

5. Debtors

Prepayments at 31 August 2013 include £22,000 of expenses related to the Open Offer announced on 12 August 2013. The new ordinary shares resulting from the Open Offer were admitted to the Official List on 19 September 2013, and these expenses were then transferred to the share premium account.

6. Creditors: due after more than one year

The creditor due after more than one year of £150,000 is an unsecured loan from M Szytko, a director and shareholder, repayable after 2 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 2 year period.

7. Share capital

	<i>31 August 2013 (unaudited)</i>	<i>31 August 2012 (unaudited)</i>	<i>28 February 2013 (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

Alotted, called-up, fully paid			
Number of shares	7,945,638	7,945,638	7,945,638
Nominal value	£158,913	£158,913	£158,913

8. Cash flow statement

	<i>6 months ended 31 August 2013 (unaudited) £'000</i>	<i>6 months ended 31 August 2012 (unaudited) £'000</i>	<i>Year ended 28 February 2013 (audited) £'000</i>
a) Net cash outflow from operating activities			
Operating loss	(49)	(54)	(117)
(Increase)/decrease in debtors	(32)	(7)	-
Increase/(decrease) in creditors	2	6	35
	(79)	(55)	(82)
b) Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the period	71	(55)	(81)
Movement in net funds in the period	71	(55)	(81)
Opening net funds	55	136	136
Closing net funds	126	81	55

9. Related party transactions

During the period, M Szytko, a director and shareholder, made a loan of £150,000 to the company. It is an unsecured loan repayable after 2 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 2 year period.

10. Post balance sheet events

At a General Meeting of the company on 12 September 2013, shareholders passed a resolution to effect the Open Offer announced on 12 August 2013. The Open Offer was oversubscribed and raised £111,000 of new capital before expenses. The 794,563 new ordinary shares were admitted to the Official List on 19 September 2013.

11. 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

D Wheatley
Chairman

E P Levey
Non-Executive Director

12. Publication

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