

HIGHWAY CAPITAL PLC

INTERIM REPORT 2014

Chairman's Statement

Dear Fellow Shareholder

The results for the six months ended 31 August 2014 showed a loss before tax of £53,000 (six months ended 31 August 2013: £49,000 loss; year ended 28 February 2014: £104,000 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. 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 £18,000 at 31 August 2014. The largest shareholder has confirmed their continued support for the company and we are discussing the funding of continuing working capital by way of a further loan.

We have been notified by our accountants and auditors Littlestone Golding that they are able to continue to perform accountancy work for the company, but due to regulatory requirements now have insufficient resources to perform the role of auditor. The company will appoint another auditor in due course.

Shells have been rather out of favour in recent years, but with the resumption of positive economic activity we have started to receive serious enquiries. We continue to believe there is value in a clean shell on the LSE and will report any news in due course.

D Wheatley
Chairman

31 October 2014

<i>Profit and loss account</i>		<i>6 months ended 31 August 2014 (unaudited) £'000</i>	<i>6 months ended 31 August 2013 (unaudited) £'000</i>	<i>Year ended 28 February 2014 (audited) £'000</i>
	<i>Notes</i>			
Management fees		-	-	-
Administrative expenses		(53)	(49)	(104)
Operating loss	2	(53)	(49)	(104)
Interest receivable		-	-	-
Loss on ordinary activities before taxation		(53)	(49)	(104)
Tax credit on loss on ordinary activities		-	-	-
Loss for the period		(53)	(49)	(104)
Basic and diluted loss per share	3	(0.61)p	(0.62)p	(1.25)p

<i>Balance Sheet</i>	<i>Notes</i>	<i>31 August 2014 (unaudited) £'000</i>	<i>31 August 2013 (unaudited) £'000</i>	<i>28 February 2014 (audited) £'000</i>
Fixed assets				
Investments		-	-	-
Current assets				
Debtors		13	36	4
Cash at bank and in hand		18	126	44
		31	162	48
Creditors: amounts falling due within one year		(68)	(60)	(32)
Net current assets/(liabilities)		(37)	102	16
Total assets less current liabilities		(37)	102	16
Creditors: amounts falling due after more than one year	5	(30)	(150)	(30)
Net assets/(liabilities)		(67)	(48)	(14)
Capital and reserves				
Share capital	6	175	159	175
Share premium		368	295	368
Profit and loss account		(610)	(502)	(557)
Total equity shareholders' funds/(deficit)		(67)	(48)	(14)

<i>Cash Flow Statement</i>	<i>Notes</i>	<i>6 months ended 31 August 2014 (unaudited) £'000</i>	<i>6 months ended 31 August 2013 (unaudited) £'000</i>	<i>Year ended 28 February 2014 (audited) £'000</i>
Net cash outflow from operating activities	7a	(26)	(79)	(130)
Returns on investments and servicing of finance				
Interest received		-	-	-
Net cash inflow from returns on investments and servicing of finance		-	-	-
Taxation				
Corporation tax		-	-	-
Equity dividends paid		-	-	-
Financing				
Issue of ordinary shares		-	-	89
Loans		-	150	30
Increase/(decrease) in cash	7b	(26)	71	(11)

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 2014 has been prepared on a basis consistent with the financial statements for the year ended 28 February 2014.

The condensed set of financial statements for the six months ended 31 August 2014 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 2014 has been extracted from the audited financial statements, on which the auditors issued an unqualified audit report with an emphasis of matter, 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 2014 (unaudited) £'000</i>	<i>6 months ended 31 August 2013 (unaudited) £'000</i>	<i>Year ended 28 February 2014 (audited) £'000</i>
Directors' remuneration			
- salaries and fees	22	28	52
Auditors' remuneration			
- audit services	5	5	9
- other services	5	5	11

3. Loss per share

The loss per ordinary share calculation has been based on the losses attributable to ordinary shareholders of £53,000 (August 2013: £49,000; February 2014: £104,000), divided by 8,740,201 (August 2013: 7,945,638; February 2014: 8,313,530) being the average of the issued share capital during the period.

There is no difference between the basic and diluted loss per share.

4. 2014 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 £30,000 (August 2013: £150,000; February 2014: £30,000), 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.

6. Share capital

	<i>31 August 2014 (unaudited)</i>	<i>31 August 2013 (unaudited)</i>	<i>28 February 2014 (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	8,740,201	7,945,638	8,740,201
Nominal value	£174,804	£158,913	£174,804

7. Cash flow statement

	<i>6 months ended 31 August 2014 (unaudited) £'000</i>	<i>6 months ended 31 August 2013 (unaudited) £'000</i>	<i>Year ended 28 February 2014 (audited) £'000</i>
a) Net cash outflow from operating activities			
Operating loss	(53)	(49)	(104)
(Increase)/decrease in debtors	(9)	(32)	-
Increase/(decrease) in creditors	36	2	(26)
	(26)	(79)	(130)
b) Reconciliation of net cash flow to movement in net funds/(debt)			
Increase/(decrease) in cash in the period	(26)	71	(11)
Debt due after 1 year	-	-	(30)
Movement in net funds/(debt) in the period	(26)	71	(41)
Opening net funds	14	55	55
Closing net funds/(debt)	(12)	126	14

8. Related party transactions

As at the balance sheet date, there is a loan of £30,000 to the company from M Szytko, a director and shareholder of 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.

9. 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

M Szytko
Non-Executive Director

10. Publication

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