

SKY HIGH PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008
COMPANY NUMBER: 3896384

SKY HIGH PLC
COMPANY INFORMATION

DIRECTORS	Richard Jackson (Chairman) Michael Jackson David Lowe Mark Mattison Grant Wilson
SECRETARY	Mark Powell
COMPANY NUMBER	3896384
REGISTERED OFFICE	32 Bedford Row London WC1R 4HR
AUDITORS	RSM Bentley Jennison Chartered Accountants & Registered Auditors 2 Wellington Place Leeds BS1 4BW
BANKERS	HSBC PLC 69 Pall Mall London SW1Y 5EY
SOLICITORS	Osbourne Clark 2 Temple Back East Temple Quay Bristol, BS1 6EG
REGISTRARS	Capita Registrars Proxy Department PO Box 25 Beckenham Kent, BR3 4TU
NOMINATED ADVISORS	Blue Oar Securities Plc 30 Old Broad Street London EC2R 6DN
BROKERS	Blue Oar Securities Plc 30 Old Broad Street London EC2N 1HT

SKY HIGH PLC
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SKY HIGH PLC
CHAIRMAN'S STATEMENT

I am pleased to announce a year of growth for Sky High during its first full 12 months as an AIM listed company.

Results

Group turnover increased significantly compared with the prior year. Group turnover has increased by 35% to £4.2m (2007- £3.1m) due to organic growth in both the UK and Australian businesses. Gross margin has remained consistent at 37% for the year.

Turnover at the Group's main trading company, Sky High Technology Limited ("SHT") has increased to £3.3 million from £2.1 million (an increase of 57%). Gross profit has increased to £1.34 million from £798,000 (an increase of 68%). Net operating profit is now £324,000 from £181,000 (an increase of 79%).

During the year, the Company completed the acquisition of the remaining shares in Sky High Traffic Data Australia PTY Limited ("SHA"). For the last financial year Australia's turnover was £893,000, gross profit was £210,000 and the net operating profit was £69,000.

Group overheads have increased significantly on the prior year to £1,3m (2007- £892,000) due in large part to some abortive investment costs within the plc holding company and an increase in employment and establishment costs.

Overall Group profit before tax has therefore fallen slightly on the previous year to £209,000 (2007- £238,000) which the directors feel represents an improvement in real terms due to the exceptional nature of some of the admin costs.

Dividend

The Directors do not recommend a dividend.

Directors and Employees

The Company's Board has remained as before with the exception of Vinodka Murria as non executive director and Ewen Wigley as company secretary. Ewen and Vinodka have now resigned and the Company thank both of them for their help and support and wish them all the best in the future.

The Board welcomes Mark Powell as its new company secretary. Mark has also been appointed accountant for Sky High Technology.

Prospects

Halifax Computer Services Limited (HCS) was acquired by SHT on 1st September 2008. HCS is a data capture company and primarily processes and analyses data. Its turnover in its last financial year was £270,000 with a gross profit of £132,000 and an operating profit of £51,000. Sky High hopes to use its expertise, contacts and marketing to substantially increase turnover and profit in the next 12 months. Sky High also hopes to diversify through HCS to different fields of data collection and data capture. Sky High is confident of successfully tendering Data Capture work within Local Authorities, Housing Associations and Public Bodies such as the police and NHS Trusts. Since acquisition, HCS has successfully concluded negotiations with a major regional police force resulting in an order placed of £250,000.

Kevin Stewart has agreed to remain as managing director.

SKY HIGH PLC
CHAIRMAN'S STATEMENT

The Board are confident of further growth in both SHT and SHA's in the next 12 months. Orders placed for the first 5 months have been strong and stand at 2.178 million (as opposed to 1.532 million last year) an increase of some 43%.

SHT has been able to increase growth both in Scotland, Ireland and England and especially in London. The Board believe the strong growth has been achieved by the company placing greater emphasis and resources into its marketing over the last 12 months and the reorganisation and expansion of its London operation. This growth is expected to continue despite the gloomy economic climate. SHT's turnover has increased by 30%.

SHA has experienced strong growth under its managing director Marty Prowse. SHA is now an established presence in the Australian market with offices in Sydney, Melbourne and Brisbane and is the second largest traffic survey company in Australia. A further strong performance is expected for the year 2008/2009 particularly as turnover for the first 5 months is up by 110%.

Finally, I would like to thank the Board, the employees and our advisers for their hard work and dedication over the past twelve months without whom our success would not have been achieved.

Richard Jackson
Chairman
22 September 2008

SKY HIGH PLC
DIRECTORS' REPORT
For the year ended 31 March 2008

The Directors present their Report and the annual Financial Statements for the year ended 31 March 2008.

Principal activities

The principal activity of the Company is that of a holding company.

The principal activity of the Group is that of the capture of traffic data.

Business review and future developments

Group Result

The results in these report and accounts cover a full twelve months of trading. The comparative figures for the year to 3 April 2007 include the full year of trading for Sky High Traffic Data Limited as the business was combined under the IFRS 3 reverse acquisition method.

Total group turnover for the year was £4,227k (2007: £3,097k). The group profit before tax was £209k (2007: £238k).

Sky High Technology Limited

Sky High Technology Limited has continued to grow during the year. Turnover from Sky High Technology Limited was £3,334k (£2,811k in the previous 12 month trading period) and the company contributed £324k of profit before interest and tax (£248k in the previous 12 month trading period)

The business continues to perform in line with the management's expectations.

Sky High Australia Pty

On 15th August 2007, Sky High Australia Pty became wholly owned by the group. In the year to 31 March 2008 Sky High Australia contributed £893,000 of turnover and £69,000 of profit before interest and tax.

The Sky High Australia business has performed well and the management expect the business to grow in line with expectations.

Head Office costs

As noted above the Head Office costs amounted to £147,000 (2007: £38,000). The Directors consider that these costs have been inflated as a result of legal fees associated with an abortive acquisition attempt.

The Directors do not receive any remuneration for their services to the Sky High Plc Board and the Directors consider that the costs associated with Head Office are now well controlled.

Working capital and Debt Profile

The Group continues to be funded through a bank overdraft facility and a short term loan without any medium or long term debt. The short term loan is due to be fully repaid during the current financial year.

The Group had net borrowings at 31 March 2008 of £328,000 (2007: £3,000)

A review of the Group's activities and performance together with an indication of future developments is contained in the Chairman's Statement on page 4.

SKY HIGH PLC
DIRECTORS' REPORT
For the year ended 31 March 2008

Principal risks and uncertainties facing the Company

A significant proportion of Sky High's business is derived from local government or transport consultants who are ultimately working for local government. As such Sky High's business could be vulnerable to a change in the budgets of Local Government, or to a significant change in the transport or planning policies or procedures.

Transactional currency exposures arise in Sky High Technology where contracts are won in Euros and the costs are predominately in sterling. Turnover in Euros was £165,000 in the last financial year. The impact of exchange rate changes is minimised by the Group's policy that requires forward exchange contracts to be used where a product is purchased in a currency other than in Euros.

Credit risk in Sky High Technology is primarily attributable to its trade debtors, where the business's principal clients are either local government or transport consultants who themselves may ultimately be working for local government. Where it is felt necessary, credit risk on new customers is managed by credit checks. The incidence of bad debts in the Sky High business has historically been very low.

As Sky High Technology has grown, steps have been taken to increase the numbers of people involved in management to lessen reliance on key personnel.

Financial risk management

The Group's financial risk management policies are disclosed in the accounting policies within this document.

Dividends

The Directors do not recommend a dividend.

SKY HIGH PLC
DIRECTORS' REPORT
For the year ended 31 March 2008

Directors

The following Directors held office during the financial year ended 31 March 2008:

Richard Jackson (Non-Executive Chairman)

Age 58. Richard Jackson joined the Board on 25 January 2007 following the acquisition of Sky High Traffic Data Limited. Richard was Chairman of Sky High Traffic Data Ltd for the preceding five years. A lawyer with over 30 years' experience he is currently senior partner of Jackson Heath Solicitors, based in Leeds. Richard is a member of the Audit and Remuneration Committees.

Mark Mattison (Executive Director)

Age 46. Mark Mattison joined the Board on 25 January 2007 following the acquisition of Sky High Traffic Data Limited. Mark has worked in the Sky High business since its original establishment in 1989 initially as a surveyor and analyst, and later as a contract manager. He is currently responsible for the day to day running of the operation within England and the overall strategy of the Sky High traffic survey business.

Grant Wilson (Executive Director)

Age 35. Grant Wilson joined the Board on 25 January 2007 following the acquisition of Sky High Traffic Data Limited. Grant had joined the Sky High business in March 2001 and is responsible for the running of the operation in Scotland and Ireland. Prior to joining Sky High he obtained relevant experience working for Count on Us Limited and a local authority.

Michael Jackson (Non-Executive Director)

Age 58. Michael Jackson MA FCA joined the Board on 13 August 2004. Michael founded Elderstreet Investments Limited in 1990 and is its executive chairman. For the past 20 years, he has specialised in raising finance and investing in the smaller companies sector. Michael is chairman of PartyGaming plc and until August 2006 was chairman of FTSE 100 company, The Sage Group plc. He is also a director and investor in many other quoted and unquoted companies, including Netstore PLC and Computer Software Group Plc. Michael studied law at Cambridge University, and qualified as a chartered accountant with Coopers and Lybrand before spending five years in marketing for various US multinational technology companies. Michael is the chairman of the Audit and Remuneration Committees.

David Lowe (Non-Executive Director)

Age 53. David Lowe joined the Board on 13 August 2004. David has been a director of many small and medium sized companies for 25 years. He is a director of APT Controls Limited, and is a majority shareholder and the chairman of Garran Lockers Limited. He is an independent non-executive director and represents Elderstreet on the Board of Halifax Industrial Limited (chairman) and Snacktime Limited. David was previously a majority shareholder and director of several businesses in the gravel, transport, engineering and print sectors. David qualified as an FCA in 1977.

SKY HIGH PLC
DIRECTORS' REPORT
For the year ended 31 March 2008

Directors' interests in shares and warrants

The Directors who held office at 31 March 2008 had the following interests in the shares of the Company, including family interests:

	Ordinary shares of 0.10p each	
		<i>At 3 April 2007</i>
	<i>At 31 March 2008</i>	<i>(or date of appointment, if later)</i>
Richard Jackson	2,016,756	1,971,756
Michael Jackson	3,543,512	3,543,512
David Lowe	400,000	400,000
Mark Mattison	3,929,389	3,929,389
Vinodka Murria	-	-
Grant Wilson	414,249	392,939

Donations

Charitable and political donations made by the Group during the year amounted to £nil (2007: £nil).

Creditor payment policy and practice

It is Group policy to agree the terms of payment with suppliers when agreeing each transaction and to abide by the terms of payment. At 31 March 2008, the amount of trade creditors shown in the Company balance sheet represents nil days (2007: nil days).

Post balance sheet events

There have been no significant post balance sheet events as of the date of this report.

Going concern

Having made appropriate enquiries and having examined the major areas which could affect the Group's financial position, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they consider it appropriate to adopt the going concern basis in preparing the financial statements.

Corporate governance

The Company's shares are listed on the Alternative Investment Market. As such, the Company is not bound by the Combined Code on Corporate Governance. The Company does, however, seek to comply with those provisions of the Code that it considers appropriate to its current strategy and size.

An audit committee and a remuneration committee have been formally constituted as sub-committees of the main Board, both with written terms of reference. These committees are both chaired by Michael Jackson and have Richard Jackson as a member. The Committees meet as often as required in order to carry out their remit in a satisfactory manner.

SKY HIGH PLC
DIRECTORS' REPORT
For the year ended 31 March 2008

Internal control

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and so can be dealt with appropriately.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange the Directors are required to prepare the Group Financial Statements in accordance with IFRS's as adopted by the EU and applicable laws and have elected to prepare the Parent Company Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group Financial Statements are required by law and IFRS's as adopted by the EU to present fairly the financial position and the performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Parent Company. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS's as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Directors Report and other information contained in the annual report is prepared in accordance with company law in the United Kingdom.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

SKY HIGH PLC
DIRECTORS' REPORT
For the year ended 31 March 2008

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report each confirm the following:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution will be proposed at the forthcoming Annual General Meeting for the re-appointment of RSM Bentley Jennison as auditors of the Company in accordance with Section 385 of the Companies Act 1985 and that the Directors be authorised to fix their remuneration.

This report was approved by the Board on 22 September 2008 and signed on its behalf.

M Mattison
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SKY HIGH PLC**

RSM Bentley Jennison

We have audited the Group and Parent Company Financial Statements (the "Financial Statements") of Sky High plc for the year ended 31 March 2008 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. These Financial Statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Directors' Report and the Group Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRS's) as adopted by the EU, and for preparing the Parent Company Financial Statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 19. Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements. In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions with the Group is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SKY HIGH PLC

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion:

- the Group Financial Statements give a true and fair view, in accordance with IFRS's as adopted by the European Union, of the state of affairs of the Group as at 31 March 2008 and of its profit and cash flows for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the Parent Company Financial Statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Parent Company's affairs as at 31 March 2008; and
- the Parent Company Financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.

RSM Bentley Jennison

Chartered Accountants and Registered Auditors
2 Wellington Place
Leeds
LS1 4AP

SKY HIGH PLC
CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2008

	<i>Note</i>	Year ended 31 March 2008	<i>Year ended 3 April 2007</i>
		£'000	<i>£'000</i>
Continuing operations			
Revenue	3,5	4,227	<i>3,097</i>
Cost of sales		<u>(2,675)</u>	<i><u>(1,951)</u></i>
Gross profit		1,552	<i>1,146</i>
Other administrative expenses		(1,314)	<i>(892)</i>
Profit from operating activities	5,6	<u>237</u>	<i><u>254</u></i>
Net finance expense	8	<u>(28)</u>	<i><u>(16)</u></i>
Profit before taxation		209	<i>238</i>
Income tax expense	9	<u>(66)</u>	<i><u>(41)</u></i>
Profit from continuing operations		143	<i>197</i>
Minority interests		-	<i>(35)</i>
Profit from continuing operations		<u>143</u>	<i><u>162</u></i>
Basic profit per ordinary share	10	<u>1.1p</u>	<i><u>2.0p</u></i>
Diluted profit per ordinary share	10	<u>1.1p</u>	<i><u>1.8p</u></i>

SKY HIGH PLC
CONSOLIDATED BALANCE SHEET
As at 31 March 2008

	<i>Note</i>	2008	<i>2007</i>
		£'000	<i>£'000</i>
Non current assets			
Property, plant and equipment	12	574	340
Goodwill	13	631	500
Total non current assets		1,205	<i>840</i>
Current assets			
Trade and other receivables	16	1,411	946
Cash and cash equivalents	16	145	293
Total current assets		1,556	<i>1,239</i>
Total assets		2,761	<i>2,079</i>
Current liabilities			
Trade and other payables	18	(650)	(398)
Current tax payable		(40)	(46)
Finance leases and hire purchase contracts	17	(51)	(34)
Bank borrowings	17	(221)	(145)
Total current liabilities		(962)	<i>(623)</i>
Non current liabilities			
Bank borrowings	17	-	(22)
Finance leases and hire purchase contracts	17	(200)	(96)
Deferred tax provision	20	(46)	(28)
Total non current liabilities		(246)	<i>(146)</i>
Total liabilities		(1,208)	<i>(768)</i>
Net assets		1,553	<i>1,310</i>
Equity			
Called up share capital	21	1,275	1,233
Share premium account	21	1,657	1,578
Profit and loss account		381	238
Exchange gain reserve		14	-
Reverse acquisition reserve	22	(1,774)	(1,774)
Minority interest		-	35
Equity Attributable to Equity Holders of the Parent		1,553	<i>1,310</i>

The financial statements were approved by the Board of Directors and authorised for issue on 22 September 2008. They were signed on its behalf by:

M Mattison
Director

SKY HIGH PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2008

	<i>Called up share capital £'000</i>	<i>Share premium account £'000</i>	<i>Reverse acquisition reserve £'000</i>	<i>Minority interest £'000</i>	<i>Exchange gain reserve £'000</i>	<i>Retained earnings £'000</i>	<i>Total equity £'000</i>
Balance 31 March 2006	1	154	-	-	-	338	493
Reverse acquisition	1,232	6,594	(6,944)	-	-	-	882
Capital reorganisation – 3 April 2007	-	(5,170)	5,170	-	-	-	-
Profit for the year	-	-	-	35	-	162	197
Dividends paid	-	-	-	-	-	(262)	(262)
Balance 31 March 2007	1,233	1,578	(1,774)	35	-	238	1,310
Acquisition of remaining share capital of associate	42	79	-	(35)	-	-	86
Profit for the year	-	-	-	-	-	143	143
Gain on translation of subsidiary	-	-	-	-	14	-	14
Balance 31 March 2008	1,275	1,657	(1,774)	-	14	381	1,553

SKY HIGH PLC
CONSOLIDATED CASHFLOW STATEMENT
For the year ended 31 March 2008

	<i>Note</i>	Year ended 31 March 2008 £'000	<i>Year ended 3 April 2007 £'000</i>
Net cash from operating activities	23	115	409
Interest paid		(36)	(16)
Income taxes paid		(46)	(60)
Net cash from operating activities		33	333
Cashflow from investing activities			
Acquisition of subsidiary undertakings (net of cash)		(45)	-
Purchases of property, plant and equipment		(184)	(118)
Proceeds from disposal of property, plant and equipment		27	-
Equity dividends paid		-	(262)
Interest received		10	-
Net cash (outflow) from investing activities		(192)	(380)
Financing			
Proceeds of new bank loans		-	-
Repayment of bank loans		(34)	(33)
Hire purchase repayments		(43)	-
Net cash from financing activities		(77)	(33)
Net increase in cash and cash equivalents		(236)	(80)
Cash and cash equivalents at 4 April		182	18
Amount arising on reverse acquisition		-	244
Cash and cash equivalents at 31 March		(54)	182

As described in the accounting policies, bank overdrafts repayable on demand fluctuate from being positive to overdrawn and are considered an integral part of the Group's cash management for cash flow statement purposes.

There is no material difference between the fair value and the book value of cash and equivalents.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

1. General Information

Sky High plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is 32 Bedford Row, London, EC2N 1HT. The nature of the Group's operations and its principal activities is that of the capture of traffic data.

2. Adoption of new and revised International Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2007. The adoption of the following IFRSs has not impacted the audited financial statements.

IFRIC 10 – Interim Financial Reporting and Impairment

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 8 – Operating Segments

IAS 23 – Borrowing Costs

IFRIC 11- Group and Treasury Share Transactions

IFRIC 12 – Service Concession Arrangements

These Standards and Interpretations are not expected to have any significant impact on the Group's Financial Statements, in their periods of initial application, except for the additional disclosures on operating segments when the relevant standard comes into effect for periods commencing on or after 1 January 2009.

3. Significant accounting policies

Basis of Accounting

The Financial Statements, upon which this financial information is based, have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS). The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in notes 29 and 30.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

continued

The financial information has been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") at 31 March 2008 as well as all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") at 31 March 2008. The Group has not availed itself of early adoption options in such standards and interpretations.

The Financial Statements, upon which this financial information is based, have been prepared under the historical cost basis. The principal accounting policies adopted are set out below:

Basis of consolidation

The acquisition of Sky High Traffic Data Limited and its subsidiaries by Sky High Plc meets the definition of a reverse acquisition as defined by IFRS 3. As a result, although the accounts are issued under the name of the legal parent (Sky High Plc), the accounts presented are a continuation of the accounts of Sky High Traffic Data Limited and its subsidiaries ("the SHTD sub group").

The assets and liabilities of the SHTD sub group have been recognised and measured at their pre-combination carrying amounts. As consolidated accounts had not been previously prepared for this sub-group (because Sky High Traffic Data Limited was exempt from the requirement to prepare consolidated accounts), no goodwill has been included in respect of the acquisition of Sky High Technology Limited by Sky High Traffic Data Limited due to the time expired since the acquisition and the amortisation that would have been charged since the acquisition had consolidated accounts been prepared.

The retained earnings and other equity balances for the period ended 30 September 2006 represent the balances in respect of the SHTD sub group. The results for the period to 25 January 2007, the date of the reverse acquisition, include solely the results of the SHTD sub group. On this date the assets and liabilities of the Sky High Plc entity are, for the purposes of these consolidated financial statements, recorded as being acquired at their fair value. In this case, as the entity comprised principally cash, fair value equates to book value.

The cost of the combination has been calculated using the methodology set out in IFRS 3, being the notional cost to the existing shareholders of Sky High Traffic Data Limited of issuing shares that would result in these shareholders obtaining the same shareholding that they have in Sky High Plc. The excess of this cost over the net assets of Sky High Plc has been reflected in goodwill.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September and 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the indefinable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets (i.e. discount on acquisition) is credited to the income statement in the period of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. The minority interest in the net assets and net results are shown separately in the consolidated balance sheet and consolidated income statement.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

continued

Translation of financial statements of foreign entities

The assets and liabilities of foreign operations are translated using exchange rates at the balance sheet date. The components of shareholders' equity are stated at historical value. An average exchange rate for the period is used to translate the results and cashflows of foreign operations.

Exchange differences arising on translating the results and net assets of foreign operations are taken to the translation reserve in equity until the disposal of the investment. The gain or loss in the income statement on the disposal of foreign operations includes the release of the translation reserve relating to the operation that is being sold.

Business combinations

The purchase method of accounting is used for all acquired businesses as defined by IFRS 3 – Business Combinations.

As a result of the application of the purchase method of accounting, goodwill is initially recognised as an asset being the excess at the date of acquisition of the fair value of the purchase consideration plus directly attributable costs of acquisition over the net fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries acquired.

Where fair values are estimated on a provisional basis they are finalised within 12 months of acquisition with consequent changes to the amount of goodwill.

Goodwill

Goodwill arising on consolidation represents the excess cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication of impairment. The amount of the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profits for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all, or part, of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives using the straight-line method, on the following bases:

Fixtures and fittings	15% per annum reducing balance basis
Motor vehicles	25% per annum reducing balance basis
Computer equipment	33% per annum straight line basis

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

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Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials. Cost is calculated using the first in first out (FIFO) basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits and are subject to an insignificant risk of changes in value.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate compound at initial recognition.

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction. To the extent that those proceeds exceed the par value of the shares issued they are credited to a share premium account.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss using effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are not interest-bearing and are stated at their nominal value.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Pensions

The Group operates a number of defined contribution pension schemes. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

SKY HIGH PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

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Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. Critical accounting judgements and key sources of estimation uncertainty

In application of the Group's accounting policies above, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities. These estimates and assumptions are based on historical experience and other factors considered relevant. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period or in the period of the revision and future payments if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. There was no impairment of goodwill during the year.

Valuation of intangibles

Determining the value of contracts and customer relationships requires an estimation of the value of such intangibles upon acquisition. The future profit generation of such contracts and relationships is estimated based on known information and anticipated profit generation.

SKY HIGH PLC
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5. Segment analysis

The primary reporting format is by geographical area.

Primary analysis by geographical area

The Group is organised into three major geographical areas.

England: - based primarily in, Tadcaster, North Yorkshire. Includes central head office costs.

Scotland: - included within the results of Sky High Technology Limited.

Australia: - Comprises the results of separate entity, Sky High Australia PTY.

There were no discontinued operations in the year.

SKY HIGH PLC
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31 March 2008

Continuing operations	England	Scotland	Australia	Total for group
	£'000	£'000	£'000	£'000
Revenue from sales				
Total sales by area	2,494	839	894	4,227
Inter-area sales	-	-	-	-
Total external sales	2,494	839	894	4,227

Continuing operations	England	Scotland	Australia	Total for Group
	£'000	£'000	£'000	£'000
Area result – operating profit/(loss)	86	83	68	237
Other interest income and similar profit/loss items	8	-	-	8
Interest expense	(23)	(2)	(11)	(36)
Profit before tax	71	81	57	209
Tax charge	(35)	-	(31)	(66)
Profit/(loss) for the year	36	81	26	143

Other information

Capital additions	173	-	174	347
Depreciation	48	7	40	96
Balance sheet				
Total assets	2,134	158	469	2,761
Total liabilities	777	115	343	1,235

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 April 2007

Continuing operations	England	Scotland	Australia	Total for Group
	£'000	£'000	£'000	£'000
Revenue from sales				
Sales by area:	2,103	672	346	3,121
Inter area sale	(24)	-	-	(24)
Total external sales	2,079	672	346	3,097

Continuing operations	England	Scotland	Australia	Total for Group
	£'000	£'000	£'000	£'000
Segment result – operating profit	149	33	72	254
Other interest income and similar profit/loss items	2	-	-	2
Interest expense for group companies	(15)	(1)	(2)	(18)
Profit before tax	136	32	70	238
Tax	(37)	(4)	-	(41)
Profit for the year	99	28	70	197

Other information

Capital additions	103	33	6	143
Depreciation, amortisation and write downs	38	3	16	57
Balance sheet				
Total assets	1,576	309	194	2,079
Total liabilities	406	281	81	768

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

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6. Operating Profit

Operating profit has been stated after charging the following:

	2008	<i>2007</i>
	£'000	<i>£'000</i>
(Profit)/loss on disposal of fixed assets	1	16
Depreciation of property, plant and equipment	97	57

Auditors' remuneration

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Auditors' remuneration – Audit services to the parent company	20	10
Auditors' remuneration – Audit services to the Group	5	6
Auditors' remuneration – Non-audit services to the Group	-	5
Total audit fees	25	<i>21</i>

7. Personnel costs

	2008	<i>2007</i>
	No.	<i>No.</i>
The average monthly number of full time and part time employees (including executive Directors) was	238	<i>186</i>

The split of employees by function within the Group is as follows:

	No.	<i>No.</i>
Production	222	173
Administration	6	4
Management	10	9
Total	238	<i>186</i>

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	2008	<i>2007</i>
	£'000	<i>£'000</i>
Their aggregate remuneration comprised		
Wages and salaries	2,371	<i>1,406</i>
Social security costs	95	<i>103</i>
Pension costs	9	<i>8</i>
	2,475	<i>1,517</i>
	2,475	<i>1,517</i>
	2008	<i>2007</i>
	£'000	<i>£'000</i>
Directors' emoluments		
Emoluments	225	<i>155</i>
Company pension contributions	9	<i>8</i>
	234	<i>163</i>
	234	<i>163</i>
	No.	<i>No.</i>
Number of Directors accruing benefits under money purchase schemes	1	<i>1</i>
	1	<i>1</i>

8. Net finance expense

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Finance income	8	<i>2</i>
Finance expenses		
Interest on bank overdraft and loans	13	<i>12</i>
Interest on obligations under hire purchase	16	<i>4</i>
Other interest	7	<i>2</i>
	36	<i>18</i>
Net finance expense	28	<i>16</i>

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. Income taxes

	2008 £'000	<i>2007</i> <i>£'000</i>
Current taxes	63	32
Over provision in previous year	(16)	-
Total income taxes	47	32
Deferred tax charge	19	9
Total income taxes on continuing operations	66	41

There were no discontinued operations during the year ended 31 March 2008 (2007: none).

Tax rate reconciliation

	2008 £000	<i>2007</i> <i>£000</i>
Profit for the year	209	238
Corporation tax charge thereon at 30% (2007: 30%)	63	71
Adjusted for the effects of:		
Expenses not deductible for tax purposes	1	8
Other adjustments	(1)	(10)
Adjustments relating to prior years	(16)	(37)
Income tax expense for the year	47	32
Effective tax rate	22.5%	13.4%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. Earnings per share

The calculation is based on the earnings attributable to ordinary shareholders divided by the weighted average number of Ordinary Shares in issue during the period as follows:

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Numerators: earnings attributable to equity	143	<i>162</i>
	<i>No. '000</i>	<i>No. '000</i>
Denominators: weighted average number of equity shares:		
Basic	12,588	<i>7,973</i>
Effect of dilutive potential ordinary shares: Share options	-	<i>813</i>
Diluted	12,588	<i>8,786</i>

11. Dividend

The Directors do not recommend a dividend (2007: £nil).

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12. Property, plant and equipment

	<i>Motor vehicles £'000</i>	<i>Computer equipment £'000</i>	<i>Fixtures & Fittings £'000</i>	<i>Total £'000</i>
Cost				
At 31 March 2006	124	39	240	403
Additions	101	24	57	182
At 31 March 2007	225	63	297	585
Additions	176	38	133	347
Disposals	(56)	-	-	(56)
Exchange rate adjustment	5	2	3	10
At 31 March 2008	350	103	433	886
Depreciation				
At 31 March 2006	46	36	105	187
Charge for the year	26	2	29	57
At 31 March 2007	72	38	134	244
Charge for the year	46	13	37	96
Eliminated on disposal	(28)	-	-	(28)
At 31 March 2008	90	51	171	312
Net Book Value				
At 31 March 2008	260	52	262	574
At 31 March 2007	153	25	163	341

Hire purchase and finance lease agreements

Included within net book value is £134k (2007: £66) relating to assets held under hire purchase and finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £23k (2007: £12k).

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

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13. Goodwill

Cost	<i>Goodwill £'000</i>
At 1 April 2007	500
Acquisitions	131
	631
At 31 March 2008	631

The Group carried out an impairment test of goodwill for the period that ended on 31 March 2008 as required by IFRS. The impairment test did not result in the recognition of any loss and the carrying amount of all cash-generating units was considered lower than their recoverable amount.

For the purpose of impairment testing, the carrying amount of goodwill and other assets has been allocated to cash generating units as follows:

	31 March 2008		<i>31 March 2007</i>	
	£'000 Sky High Traffic Data Group	£'000 Sky High Australia	<i>£'000 Sky High Traffic Data Group</i>	<i>£'000 Sky High Australia</i>
Assets allocations				
Goodwill	470	161	<i>470</i>	<i>30</i>
Property, plant and equipment	349	225	<i>244</i>	<i>96</i>
	819	386	<i>714</i>	<i>126</i>

The principal assumptions made in determining the value in use of each cash-generating unit throughout the Group were as follows:

- 1) The impairment test has been carried out using cash flow and profit projections covering a one year period. Projections are based on the years' budgets and plans approved by the management; cash flows projections beyond that period have been extrapolated on the basis of a nil% growth and discount rates.
- 2) Management believes that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. Acquisitions

During the year the 50% shareholding in Sky High Australia PTY Limited, owned by group company Sky High Technology Limited, was transferred at book value of £30k to Sky High plc.

On 15 August 2007, Sky High plc purchased the remaining 50% of the ordinary share capital in Sky High Australia PTY Limited. As consideration the company paid £25k in cash and issued 416,666 ordinary shares at a market value of 29p per share. As part of the acquisition the company also incurred a further £20k of professional costs. The total deemed consideration for this transaction was £165,833.

Net assets acquired by the Group:

	<i>£'000</i>
Sky High Australia PTY Limited	35

Consideration paid:

	<i>Cash</i>	<i>Shares</i>	<i>Expenses</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Sky High Australia PTY Limited	25	121	20	166

The expenses relating to Sky High Australia PTY Limited were all cash payments in respect of professional costs.

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15. Subsidiaries

Details of the Company's subsidiaries at 31 March 2008 are as follows:

<u>Name of subsidiary</u>	<u>Company number</u>	<u>Place of incorporation (or registration) and operation</u>	<u>Proportion of ownership interest & of voting power held</u>	<u>Holding</u>	<u>Principal activity</u>
Sky High Technology Limited	02383178	UK	100%	Ordinary shares	Traffic surveys
Sky High Traffic Data Limited	04258332	UK	100%	Ordinary shares	Dormant holding company of Sky High Technology Limited
Sky High Traffic Data Australia PTY Limited	56112563201	Australia	100%	Ordinary shares	Traffic surveys
Burra Burra Distribution Limited	01616437	UK	100%	Ordinary shares	Dormant
The Web Factory Birmingham Limited	03211201	UK	100%	Ordinary shares	Dormant
Forsyth Whitehead & Associates Limited	02631557	UK	100%	Ordinary shares	Dormant
Sky High Technology (Scotland) Limited	05064418	UK	100%	Ordinary shares	Dormant
Count On Us Traffic Limited	05066587	UK	100%	Ordinary shares	Dormant
Sky High NCS Limited	05121297	UK	100%	Ordinary shares	Dormant
Brandrevelation Limited	06221883	UK	100%	Ordinary shares	Dormant
Skyhightraffic Limited	05055712	UK	100%	Ordinary shares	Dormant
The Traffic Survey Company Limited	05574532	UK	100%	Ordinary shares	Dormant
The People Counting Company Limited	05877333	UK	100%	Ordinary shares	Dormant
Myratech.net Limited	06023527	UK	100%	Ordinary shares	Dormant

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16. Other financial assets

Trade and other receivables

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Amounts receivable for sale of goods	1,115	<i>815</i>
Unbilled debtors	250	<i>85</i>
Allowance for doubtful debts	(4)	<i>(5)</i>
	<hr/>	<hr/>
Trade receivables	1,361	<i>895</i>
Other receivables	-	<i>1</i>
Prepayments and accrued income	50	<i>50</i>
	<hr/>	<hr/>
	1,411	<i>946</i>
	<hr/>	<hr/>

The average credit period taken on sales is 82 days (2007: 90 days). No interest is charged on overdue receivables. There is no material difference between the fair value of receivables and their book value.

The Group has provided fully for all receivables which are not considered recoverable. Trade receivables over 90 days due are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Ageing of past due but not impaired receivables:

	2008	<i>2007</i>
	£'000	<i>£'000</i>
61 – 90 days	79	<i>53</i>
91+ days	74	<i>103</i>
	153	<i>156</i>

Movement in the allowance for doubtful debts:

	2008	<i>2007</i>
	£'000	<i>£ 000</i>
Balance as at 1 April 2007	5	<i>3</i>
Uplift provision	-	<i>2</i>
Amounts written off as uncollectible	(1)	<i>-</i>
Balance at 31 March 2008	4	<i>5</i>

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of £nil (2007: £nil) which have been placed under liquidation.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Cash and cash equivalents

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Cash and cash equivalents	145	<i>293</i>

Cash and cash equivalents comprises cash held by the Group and short-term bank deposits with and original maturity of 6 months or less. The carrying amount of these assets approximates their fair value.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17. Borrowings

Borrowings comprise bank overdrafts and loans and finance lease arrangements.

Unsecured borrowing at amortised cost

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Bank overdrafts	199	<i>111</i>

The bank overdrafts are unsecured and repayable on demand.

Secured borrowing at amortised cost

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Bank loans	22	<i>56</i>
Finance lease arrangements	251	<i>130</i>
	273	<i>186</i>

Total borrowings

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Amount due for settlement within 12 months	272	<i>179</i>
Amount due for settlement after 12 months	200	<i>118</i>

Borrowing facilities not drawn

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Bank overdraft	1	<i>89</i>

All borrowings are in Pounds Sterling.

Bank borrowings

The bank loan is repayable in eight fixed monthly instalments of £2,777.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Other financial liabilities

Trade and other payables

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Trade payables	194	<i>106</i>
Other payables	223	<i>174</i>
Accrued liabilities and deferred income	233	<i>118</i>
	650	<i>398</i>

Other payables comprise:

	£'000	<i>£ 000</i>
Social security and other taxes	194	<i>77</i>
Other	-	<i>19</i>
Directors' current accounts	29	<i>78</i>
	223	<i>174</i>

Presented as:

- Current	650	<i>398</i>
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Accrued liabilities and deferred income represents miscellaneous contractual liabilities that relate to expenses that were incurred, but not paid for at the year-end and income received during the period, for which the Group had not supplied the goods or services at the end of the year.

The Directors consider that the book value of trade payables, accrued liabilities and deferred income approximates to their fair value at the balance sheet date.

The average credit period taken for trade purchases is 72 days (2007: 43 days).

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. Financial instruments: information on financial risks

Financial risks are discussed in the Directors' Report.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 21 to 22.

Gearing ratio

The gearing ratio at the year end is as follows:

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Debt	472	<i>297</i>
Cash and cash equivalents	145	<i>293</i>
Net Debt	327	<i>4</i>
Equity	2,929	<i>2,811</i>
Net debt to equity ratio	11.2%	<i>0.1%</i>

Debt is defined as long and short – term borrowings, as detailed in note 19.

Equity includes all capital and reserves of the Group attributable to equity holders of the parent.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Categories of financial instruments

	2008	2007
	£'000	£'000
<i>Financial assets</i>		
Loans and Receivables: Trade and other receivables	1,411	946
Cash and cash equivalents	145	293
	1,556	1,239
	2008	2007
	£'000	£'000
<i>Financial liabilities</i>		
Measured at amortised costs:		
- Borrowings	472	297
- Trade and other payables	650	398
	1,122	695
	2008	2007
	£'000	£'000

Financial risk management objectives

The main market risks to which the Group is exposed are interest rates. There is also exposure to credit risk and liquidity risk. The Group monitors these risks and will take appropriate action to minimize any exposure.

Credit risk

The Group controls its exposure to credit risk by setting limits on its exposure to individual customers. As part of the process of setting customer credit limits, different external credit reference agencies are used, according to the country of the customer.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

continued

Financial liabilities maturity analysis

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	<i>Borrowings</i>	<i>Trade and other payables</i>
	<i>£'000</i>	<i>£'000</i>
Less than 1 year	272	650
1 – 2 years	<u>200</u>	<u>-</u>
	<u>472</u>	<u>650</u>

At present the Group does expect to pay all liabilities at their contractual maturity. In order to meet such cash commitments the Group expects the operating activity to generate sufficient cash inflows. In addition, the Group holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

The Group maintains substantial borrowing facilities to ensure that it can manage to fund its budgeted operations and take advantage of expansion opportunities as they arise.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

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Market risks

Interest rate risk

The Group's exposure to interest rate risk mainly concerns financial liabilities. Liabilities are both fixed rate and floating rate. At presents the Group does not hold loans and receivables that are short-term in nature. The following table analyses the breakdown of liabilities (excluding derivatives) by type of interest rate:

	2008	<i>2007</i>
	£'000	<i>£'000</i>
<i>Financial liabilities</i>		
Fixed rate	273	<i>186</i>
Floating rate	199	<i>111</i>
Non-interest bearing	650	<i>398</i>
	1,122	<i>695</i>

Sensitivity analysis

A hypothetical increase in interest rates by 50 basis points on a parallel yield curve would cut profits after tax by £1,000 (2007: £1,000).

A hypothetical increase in interest rates by 100 basis points on a parallel yield curve would cut profit after tax by £2,000 (2007: £2,000).

A hypothetical increase in interest rates by 150 basis points on a parallel yield curve would cut profits after tax by £3,000 (2007: £3,000).

A hypothetical increase in interest rates by 200 basis points on a parallel yield curve would cut profits after tax by £4,000 (2006: £3,000).

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

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20. Deferred taxation

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Deferred tax on continuing operations		
Deferred tax liabilities	46	<i>27</i>

The temporary difference in respect of the movement of deferred tax liabilities on continuing operations in the period as follows:

	<i>Accelerated tax depreciation £'000</i>	<i>Total £'000</i>
At start of year	27	27
Income statement	19	19
	46	46
At 31 March 2008	46	46

21. Equity capital

	<i>Ordinary shares 10p No. '000</i>	<i>Share capital £'000</i>	<i>Share Premium £'000</i>	<i>Total £'000</i>
At 1 April 2007	12,328	1,233	1,578	2,811
Shares issued	417	42	79	121
At 31 March 2008	12,745	1,275	1,657	2,932

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

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	2008	<i>2007</i>
	£'000	<i>£'000</i>
Authorised		
17,336,353 (2006 – 17,336,353) Ordinary Shares of 10p each	<u>1,734</u>	<u><i>1,734</i></u>
Allotted, called up and fully paid		
12,744,737 (<i>2007: 12,328,071</i>) Ordinary Shares of 10p each	<u>1,275</u>	<u><i>1,233</i></u>

On 15 August 2007, the company issued 416,666 Ordinary shares of 10p each as consideration for the acquisition of 50% of the ordinary share capital of Sky High Australia PTY Limited.

The company has granted the following warrant instruments:

Grant date	Subscription price per share	Periods within which options are exercisable	Number of shares for which rights are exercisable
5 December 2002	£2.50	June 2003 to June 2008	759,868
5 December 2002	£2.50	June 2005 to June 2009	759,868
18 July 2003	£2.38	Prior to January 2009	1,000,000
21 October 2003	£2.50	Prior to October 2008	100,000
			<u><u>2,619,736</u></u>

22. Other reserves

	<i>Reverse acquisition reserve</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>
At 1 April 2007	(1,774)	(1,774)
At 31 March 2008	<u>(1,774)</u>	<u>(1,774)</u>

All reserves classified on the face of the balance sheet as retained earnings represents past accumulated earnings and are distributable.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

continued

23. Net cash from operations

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Results from operating activities	237	<i>252</i>
Depreciation of property, plant and equipment	97	<i>57</i>
Loss on disposal of property, plant and equipment	1	<i>16</i>
Non cash exchange adjustment	36	<i>-</i>
Decrease/(increase) in receivables	(504)	<i>(85)</i>
Increase/(decrease) in payables	248	<i>169</i>
	<hr/>	<hr/>
Net cash from operations	115	409
	<hr/>	<hr/>

24. Analysis of net debt

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Cash and cash equivalent per balance sheet	144	<i>293</i>
Bank overdraft	(199)	<i>(111)</i>
	<hr/>	<hr/>
Cash and cash equivalent per cash flow statement	(55)	<i>182</i>
Bank loan due within one year	(22)	<i>(33)</i>
Bank loan due after one year	-	<i>(22)</i>
Hire purchase obligations within one year	(51)	<i>(34)</i>
Hire purchase obligations over one year	(200)	<i>(96)</i>
	<hr/>	<hr/>
Net debt	(328)	(3)
	<hr/>	<hr/>

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

continued

25. Post balance sheet events

On 2nd September 2008, Sky High plc announced the acquisition of the entire issued share capital of Halifax Computer Services Limited (“HCS”) for the maximum consideration of £194,000

HCS specialises in manual data processing. The business is complementary to the existing Sky High business and meets the group acquisition strategy of expanding into complementary data collection and analysis businesses.

26. Transactions with related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and related parties who are not members of the group are disclosed below.

Included within administrative expenses is £17,271 paid by Sky High plc to Fb Limited, a company in which David Lowe is a director.

Also included within administrative expenses is £1,982 (2007- £5,000) paid by Sky High Technology Limited to Jackson Heath Solicitors, a law firm in which Richard Jackson is a partner.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosure*.

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Short-term employee benefits	225	<i>155</i>
Post employment benefits	9	<i>8</i>
	<hr/> 234 <hr/>	<hr/> <i>163</i> <hr/>

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

continued

27. Operating lease commitments

	2008 £'000	<i>2007</i> <i>£'000</i>
Minimum lease payments under operating leases recognised as an expense in the year	55	<i>66</i>

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2008 £'000	<i>2007</i> <i>£'000</i>
Within one year	13	<i>11</i>
In the second to fifth years inclusive	38	<i>53</i>
	51	<i>64</i>

Operating lease payments represent rentals payable by the Group for certain of its office properties and equipment. Leases are negotiated over the term considered most relevant to the individual subsidiary and rentals are fixed where possible for that term.

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

continued

28. Events after the balance sheet date

No significant events have occurred since the balance sheet date.

29. Explanation of transition to IFRS

The Group has applied IFRS 1 "First Time Adoption of International Financial Reporting Standards" as a starting point for reporting under IFRS. The Group's date of transition is 1 April 2006 and comparative information has been restated to reflect in the Group's adoption of IFRS except where otherwise required or permitted by IFRS 1.

IFRS 1 requires an entity to comply with each IFRS and IAS effective at the reporting date for its first financial statements prepared under IFRS. As a general rule, IFRS 1 requires such standards to be applied retrospectively. However, the standard allows several optional exemptions from full retrospective application.

The Group has elected to take advantage of the following exemption. Business combinations made prior to 1 April 2006 will not be accounted for under IFRS 3 "Business Combinations" and as such the value of goodwill in the balance sheet at that date will be the same amount under IFRS as that recorded in the UK GAAP financial statements, subject to the completion of an annual impairment review

The reconciliations of equity at 1 April 2006 (date of transition to IFRS) and at 4 April 2007 (date of last UK GAAP financial statements) and the reconciliation of profit for 2006 and 2007, as required by IFRS 1, are set out below.

30. Reconciliation of profit from UK GAAP to IFRS

	<i>2007</i> <i>£'000</i>
UK GAAP profit for the financial period - full twelve months of trading subsidiaries	192
Amortisation of goodwill	5
Profit from continuing operations – IFRS	<hr/> 197 <hr/> <hr/>

SKY HIGH PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

continued

Reconciliation of net assets from UK GAAP to IFRS

	<i>£'000</i>
Net assets per UK GAAP	2,835
Revision of goodwill figure due to adoption of reverse acquisition accounting as required by IFRS 3	(1,525)
	<hr/>
Net assets per IFRS at 31 March 2007	1,310
	<hr/>

Goodwill

International Financial Reporting Standards require goodwill to be subject to review for impairment rather than regular amortisation. Previously amortised amounts in the UK GAAP accounts the year ended 31 March 2007 of £5,000 have been reversed in the IFRS income statement. The effect of the transition on the balance sheet is shown above.

SKY HIGH PLC
PARENT COMPANY BALANCE SHEET
As at 31 March 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Investments in subsidiaries	III	<u>2,616</u>	<u>2,420</u>
Current assets			
Debtors	IV	114	154
Cash at bank and in hand		<u>101</u>	<u>275</u>
		215	429
Creditors: Amounts falling due within one year	V	<u>(84)</u>	<u>(78)</u>
Net current assets		131	351
		<u> </u>	<u> </u>
Net assets		<u><u>2,747</u></u>	<u><u>2,771</u></u>
Capital and Reserves			
Share capital	VI	1,274	1,232
Share premium	VI	1,655	1,577
Profit and loss account	VII	<u>(182)</u>	<u>(38)</u>
Equity shareholders' funds		<u><u>2,747</u></u>	<u><u>2,771</u></u>

The Financial Statements were approved by the Board of Directors and authorised for issue on 22 September 2008. They were signed on its behalf by:

M Mattison
Director

SKY HIGH PLC
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2008

I. Accounting Policies

The Financial Statements have been prepared on the historical cost basis. The principal accounting policies are noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

The Company has taken advantage of section 230 of the Companies Act 1985 and has not included an income statement in these financial statements. The loss attributable to members of the parent Company for the period ended 31 March 2008 was £144,000 (2007: loss of £38,000).

The separate Financial Statements of the Company are presented as required by the Companies Act 1985. As permitted by that Act, the separate Financial Statements have been prepared in accordance with United Kingdom accounting standards.

The Company's financial risk management policies are disclosed in the consolidated financial statements.

II. Operating loss

The auditors' remuneration for audit and other services is disclosed in note 6 of the consolidated financial statements.

The Company has no employees other than the Directors and the related Directors' emolument disclosures can be found in note 7 to the consolidated financial statements.

III. Subsidiaries

Details of the Company's subsidiaries at 31 March 2008 can be found in Note 16 of the attached consolidated Financial Statements.

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Cost and net book value of Shares in subsidiary undertakings		
Cost		
As at 4 April	3,287	<i>867</i>
Additions	196	<i>2,420</i>
As at 31 March 2008	3,483	<i>3,287</i>
Provision as at 4 April 2007 and 31 March 2008	(867)	<i>(867)</i>
Net book value at 31 March 2008	2,616	<i>2,420</i>

SKY HIGH PLC
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2008

IV. Debtors

	2008	2007
	£'000	£'000
Amounts owed by Group undertakings	112	139
Prepayments and accrued income	2	15
	114	154

V. Creditors: amounts falling due within one year

	2008	2007
	£'000	£'000
Trade creditors	25	-
Amounts owed to group undertakings	31	31
Social security and other taxes	13	-
Accruals and deferred income	15	47
	84	78

VI. Share capital, share premium account and other reserve

The movements on these items are disclosed in notes 25 and 26 to the consolidated financial statements.

VII. Profit and loss reserves

	2008	<i>2007</i>
	£'000	£'000
Balance at 1 April	(38)	(5,438)
Capital reorganisation		5,438
(Loss) for the year	(144)	(38)
	(182)	(38)

VIII. Controlling party

The shareholdings are such that the Directors are unable to establish whether there is a controlling party.