

SKY HIGH PLC

PRELIMINARY RESULTS FOR THE PERIOD ENDED 31 MARCH 2008

Sky High plc ("Sky High" or the "Group"), a holding company focusing on investments in the traffic survey data collection sector today announces its statement of results for the year ended 31 March 2008.

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.

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 believes 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

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Directors' Report for the Period Ended 31 March 2008

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)

Mark Mattison
Director

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

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

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

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

CONSOLIDATED CASHFLOW STATEMENT

For the year ended 31 March 2008

	Year ended 31 March 2008	Year ended 3 April 2007
	£'000	£'000
Net cash from operating activities	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.

NOTES TO THE 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. 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.

31 March 2008

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

4. Operating Profit

Operating profit has been stated after charging the following:

	2008	2007
	£'000	£'000
(Profit)/loss on disposal of fixed assets	1	16
Depreciation of property, plant and equipment	97	57
Auditors' remuneration		
	2008	2007
	£'000	£'000
Auditors' remuneration - Audit services to the parent company	20	10
Auditors' remuneration - Audit services to the Group	5	6
Total audit fees	25	16

5. 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	2007
	£'000	£'000
Numerators: earnings attributable to equity	143	162
	No. '000	No.'000
Denominators: weighted average number of equity shares:		
Basic	12,588	7,973
Effect of dilutive potential ordinary shares: Share options	-	813
Diluted	12,588	8,786

6. 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:

	£'000
Sky High Australia PTY Limited	35
Consideration paid:	
	Cash Shares Expenses Total
	£'000 £'000 £'000 £'000
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.

7. Equity capital

	Ordinary	Share	Share	Total
	Shares 10p	capital	Premium	
	No. '000	£'000	£'000	£'000
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

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

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
			2,619,736

8. 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.

9. Annual General Meeting

The Annual General Meeting of Sky High plc will be held at 32 Bedford Row, London, EC2N 1HT on 10th November 2008 at 2p.m.

The Annual Report and Accounts for the year ended 31 March 2008 will be sent by post to all shareholders on 26th September 2008. The Annual Report and Accounts may also be viewed on Sky High plc's website at www.skyhighplc.co.uk