

SKY HIGH PLC

PRELIMINARY RESULTS FOR THE PERIOD ENDED 31 MARCH 2010

HIGHLIGHTS

Sky High Plc ("Sky High" or the "Group"), the data collection and analysis group, today announces its results for the year ended 31 March 2010. The Group had an excellent year in difficult trading conditions to achieve the following results:

- Group turnover up 12% to £5.7 million (2009: £5.1 million).
- Group profit before tax up 22% to £267k (2009: £218k)
- Sky High Technology Limited contributed turnover of £4.2 million (2009: £3.9 million) and profit before tax of £408k (2009: £283k)
- Sky High Australia Pty contributed turnover of £1.5 million (2009: £1.1million) and £2k of profit before tax (2009: £19k) in a year were profit was impacted by adverse foreign exchange variances
- Group had net borrowings at 31 March 2010 of £294k (2009: £259k)

Unfortunately since the year end there has been a down turn in trading primarily caused by the uncertainty surrounding the outcome of the UK Governments comprehensive spending review and the consequent significant reduction in public sector spending since June. This has resulted in year to date trading losses for the Group.

- The spending review has resulted in significant reductions in public sector initiated transport survey spend with a consequent reduction in our UK traffic turnover.
- The Directors have responded to this down turn by implementing significant cost savings and continue to actively manage the cost base to match forecast revenues. Despite these actions the year to date results for the UK traffic business shows a loss.
- Sky High Australia and Sky High Data Capture are not impacted by these market issues and continue to trade profitably and represent good growth prospects.
- The poor market conditions have created uncertainty over the Group's short term profitability and the Group is currently reliant on continued bank support through the use of an overdraft facility. The Directors have no reason to believe that this facility will be withdrawn and are confident that the Group has sufficient working capital and cash headroom to continue to trade through this difficult period.
- The Directors are confident that once the results of the spending review are announced in late October the UK traffic market will begin to normalise with increased levels activity resulting in improved financial performance for the Group.

Mark Mattison, Sky High's Chief Executive, said:

"The Group had an excellent 2010 and it is disappointing that due to market conditions outside our control that we have not been able to build on this record year. Trading in the current year has been difficult but we believe that we are well positioned to respond when the market normalises post spending review".

For further information, please contact:

Sky High Plc

Mark Mattison, Chief Executive Officer

Tel: 01937 833 933

Astaire Securities Plc

Shane Gallwey

Tel: 020 7492 4750

CHAIRMAN'S STATEMENT

I am pleased to present the Chairman's Statement for Sky High Plc for the year to 31 March 2010.

Results

The group experienced an excellent year that surpassed the directors' expectations. In view of the difficult trading conditions during the financial year, the directors were expecting a significant challenge in growing the business. However, I'm pleased to report that the group managed to increase turnover by 12% and turnover for the year to 31 March 2010 is £5,720k (2009: £5,103k). Despite price pressure in a competitive market place the profit margins have also held and the group profit before tax for the year is £267k (2009: £218k).

The traffic data collection business in the UK performed extremely well during the year. Record sales were achieved in October 2009 and overall the turnover grew year on year to £3,710k (2009: £3,681k). Profit before tax from UK traffic data collection amounted to £330k (2009: £263k).

The traffic data collection business in Australia experienced a difficult year. Sales in the first six months of the year were very disappointing and resulted in the Board investing significant management time and expense in supporting the Australian management team. As a result, further investment was made in Sales and Marketing to ensure that the group made the most of the undoubted potential in the Australian market. I'm pleased to say that this resulted in record sales orders in the final quarter of the year and that this allowed the business to return an unexpected profit. Turnover for the year was £1,510k (2009: £1,127k) and profit before tax was £2k (2009: £19k) although it should be remembered that there has been a 25% fluctuation in the Australian Dollar to Sterling exchange rate during the year, which contributed £235k to turnover and £19k to profit before tax.

Sky High Data Capture ("SHDC") also experienced a pleasing year. This area of the business achieved turnover of £500k (2009: £295k) and profit before tax of £78k (2009: £35k) in its first full year of consolidation. The comparative figures for 2009 reflect only 7 months contribution following the acquisition of Halifax Computer Services Limited on 1 September 2008.

The running costs of the Plc were higher than anticipated during the year. The Plc costs were £143k (2009: £99k). The main reason for the increase in costs was management time, travel costs and professional costs associated with the assistance provided to the Australian subsidiary company. In addition, the accounts for the year ended 31 March 2010 include a full year's amortisation of the intangible assets acquired as part of the acquisition of Halifax Computer Services Limited on 1 September 2008.

Group Re-Organisation

On 31 March 2010, Sky High Plc undertook a re-organisation of the group structure. The company transferred the trade, employees, assets and liabilities of Sky High Technology Limited to Sky High Plc resulting in the group having only one trading company in the UK.

The re-organisation was undertaken to deliver improved tax efficiency in the UK and at the same time to promote the Sky High Plc brand in a more consistent manner.

Prospects

It is widely acknowledged that the UK continues to face economic uncertainty as the new government addresses the country's financial problems. The government has initiated a full review on public sector spending which will be completed by the end of October. This is expected to result in considerable cuts to public sector spending. There is little detail available at the moment on the specific areas to be impacted by the spending cuts but they are likely to have an impact on the budgets of the transport departments and agencies that make up the majority of Sky High Plc's customer base.

The uncertainty surrounding the outcome of the spending review has resulted in a significant reduction in public sector spending since June which has reduced the overall transport survey spend in the UK over this period.

Sky High Plc has assembled an excellent Sales and Marketing team that has already proved its ability to deliver growth in a difficult market, and who have consistently worked hard to maintain market share. Despite their efforts the overall reduction in the market has impacted our UK traffic turnover in the current financial year. The Board has implemented cost saving initiatives to mitigate the impact of the sales reduction but have been unable to totally compensate for the sales reduction with overhead cuts. This has resulted in year to date losses in the current financial year for the UK traffic business. SHDC and Sky High Australia have not been affected by the UK government's spending review and these businesses continue to trade profitably in the current financial year and have good growth prospects. The profitable trading of these two businesses has been insufficient to offset the losses in the larger UK traffic business and therefore the year to date performance of the group overall shows a loss position.

The Board are optimistic that after the results of the spending review are announced in late October the market will start to normalise with increased levels of activity and that this will lead to improved financial performance in the later part of the financial year. The Board remain committed to targeting market share growth and will continue to focus on effective sales and marketing.

Diversity will be important to Sky High Plc in the coming years both in terms of the services it offers and the geographic markets it operates in. As mentioned above, Sky High Australia Pty Limited is now experiencing growth and having successful business units operating outside of the UK help to balance the group's risk. The Australian traffic survey market has not had been impacted by the same issues as the UK market, such as the UK public spending review discussed above.

The group has been actively pursuing acquisitions that expand the service offerings and have good synergy benefits. The group views the data capture area of the business as an area of great potential based on the progress of the SHDC business and the more positive market for these services and we continue to review acquisitions in this area.

Overall, the Board believe that the investment in Sales and Marketing and the strategy of adding new services and/or geographical markets through acquisition will ensure that the group continues to grow and progress.

Dividend

Despite the positive results in the financial year to March 2010, due to the current uncertainty in the market, it is the Directors opinion that the business needs to retain cash at this time to provide a suitable level of working capital to manage the business through this uncertain period. Accordingly, the Directors do not recommend the payment of a final dividend.

The directors are hopeful that when the market stabilises they will be able to return to the historic dividend policy but this will be reviewed against the company's working capital needs and against the plans for future growth.

Directors and Employees

I would like to say thank you to all the directors and employees of Sky High Plc and its associated companies in what has been an excellent year for the group.

In addition, I would like to acknowledge the support of all the directors and the employees in our UK traffic business during the difficult start to this current financial year when it has been necessary to introduce reduced and flexible working hours.

Richard Jackson
Chairman
29 September 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2010

	<i>Note</i>	Year ended 31 March 2010	<i>Year ended 31 March 2009</i>
		£'000	£'000
Continuing operations			
Revenue	4	5,720	5,103
Cost of sales		<u>(3,495)</u>	<u>(3,235)</u>
Gross profit		2,225	1,868
Other administrative expenses		<u>(1,914)</u>	<u>(1,603)</u>
Profit from operating activities	5	311	265
Finance income		2	3
Finance expense		<u>(46)</u>	<u>(50)</u>
Profit before taxation		267	218
Income tax expense		<u>(95)</u>	<u>(85)</u>
Profit from continuing operations		172	133
Other comprehensive income			
Gain on translation of foreign operations		47	5
Total comprehensive income		<u>219</u>	<u>138</u>
Basic profit per ordinary share	6	<u>1.3p</u>	<u>1.0p</u>
Diluted profit per ordinary share	6	<u>1.3p</u>	<u>1.0p</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2010

	2010	2009
	£'000	£'000
Non current assets		
Property, plant and equipment	817	816
Goodwill	730	730
Other intangible assets	48	61
Total non current assets	<u>1,595</u>	<u>1,607</u>
Current assets		
Trade and other receivables	1,491	991
Cash and cash equivalents	101	205
Total current assets	<u>1,592</u>	<u>1,196</u>
Total assets	<u>3,187</u>	<u>2,803</u>
Current liabilities		
Bank borrowings	(67)	(52)
Hire purchase contracts	(110)	(112)
Trade and other payables	(923)	(537)
Current tax payable	(89)	(68)
Total current liabilities	<u>(1,189)</u>	<u>(770)</u>
Non current liabilities		
Bank borrowings	-	(27)
Hire purchase contracts	(218)	(272)
Other payables	-	(45)
Deferred tax provision	(61)	(62)
Total non current liabilities	<u>(279)</u>	<u>(406)</u>
Total liabilities	<u>(1,468)</u>	<u>(1,176)</u>
Net assets	<u>1,719</u>	<u>1,627</u>
Equity		
Called up share capital	1,275	1,275
Share premium account	1,657	1,657
Profit and loss account	495	450
Exchange gain reserve	66	19
Reverse acquisition reserve	(1,774)	(1,774)
Equity Attributable to Equity Holders of the Parent	<u>1,719</u>	<u>1,627</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2010

	<i>Called up share capital £'000</i>	<i>Share premium account £'000</i>	<i>Reverse acquisition reserve £'000</i>	<i>Exchange gain reserve £'000</i>	<i>Retained earnings £'000</i>	<i>Total equity £'000</i>
Balance 31 March 2008	1,275	1,657	(1,774)	14	381	1,533
Total comprehensive income for the period	-	-	-	5	133	138
Dividends paid	-	-	-	-	(64)	(64)
Balance 31 March 2009	1,275	1,657	(1,774)	19	450	1,627
Total comprehensive income for the period	-	-	-	47	172	219
Dividends paid	-	-	-	-	(127)	(127)
Balance 31 March 2010	1,275	1,657	(1,774)	66	495	1,719

CONSOLIDATED CASHFLOW STATEMENT
For the year ended 31 March 2010

	Year ended 31 March 2010 £'000	<i>Year ended 31 March 2009 £'000</i>
Net cash from operating activities	366	765
Taxation		
Income taxes paid	(68)	(46)
Cashflow from investing activities		
Acquisition of subsidiary undertakings (net of cash)	-	(155)
Purchases of property, plant and equipment	(158)	(174)
Proceeds from disposal of property, plant and equipment	16	25
Equity dividends paid	(127)	(64)
Interest paid	(46)	(50)
Interest received	2	3
Net cash (outflow) from investing activities	(313)	(415)
Financing		
Proceeds of new bank loans	-	100
Repayment of bank loans	(52)	(43)
Hire purchase repayments	(124)	(96)
Net cash from financing activities	(176)	(39)
Net increase in cash and cash equivalents	(191)	265
Effect of exchange fluctuations	47	(6)
Cash and cash equivalents at 1 April	205	(54)
Cash and cash equivalents at 31 March	61	205

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 2010

1. General Information

Sky High Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 10 High Street, Tadcaster, Leeds, LS24 9AT. The nature of the Group's operations and its principal activities is that of data collection and analysis.

2. Adoption of new and revised International Financial Reporting Standards

Standards and Interpretations effective in the current period

The following new standards and amendments to standards have become effective from 1 January 2009 and hence are reflected in these financial statements:

- IAS 1 (revised) *Presentation of Financial Statements*. The most significant change within IAS 1 (revised) is the requirement to produce a statement of comprehensive income setting out all items of income and expense relating to non-owner changes in equity. There is a choice between presenting comprehensive income in one statement or in two statements comprising an income statement and a separate statement of comprehensive income. The Group has elected to present the income statement and comprehensive income as a single statement. In addition, IAS1 (revised) requires the statement of changes in shareholders' equity to be presented as a primary statement; and
- IFRS 8 *Operating Segments* (effective for accounting periods beginning on or after 1 January 2009). The adoption of this standard has not resulted in a change of the groups reportable segments.

There have been no amendments to prior years comparatives as a result of the adoption of the above standards.

Standards and Interpretations in issue not yet adopted

At the date of approval of these financial statements the following Standards and Interpretations were in issue and endorsed by the EU but not yet effective:

- Revised IFRS 3 'Business Combinations' (mandatory for the year commencing on or after 1 July 2009)
- Amendment to IAS32 'Classification of Rights Issues' (effective 1 February 2010)
- IFRIC 17 'Distribution of Non Cash Assets to Owners' (effective 1 July 2009)
- IFRIC 18 'Transfer of Assets from Customers' (effective 1 July 2009)
- IFRIC 19 'Extinguishing Financial Liabilities with Equity' (effective 15 July 2010)

The adoption of these Standards and Interpretations is not expected to have a material impact on the financial statements of the Group.

3. Significant accounting policies

Going Concern

As discussed in the Chairman's Statement on page 4, despite recording record profits for the year to March 2010, the group has incurred losses following the year end and this has created uncertainty over the company's short term future profitability. The group is reliant on continued bank support, largely through an overdraft facility. This facility has no termination date but there is a requirement for an annual review. The next annual review is due in the new calendar year and the directors have no reason to believe that this facility will be withdrawn. The directors have prepared forecasts to 31 March 2012 using assumptions which incorporate all known factors regarding existing turnover sources, potential new sources of turnover based on past experience of business wins and the ability of the company to generate new work. Based on these forecasts the company is shown to be operating within its agreed borrowing facility limit throughout the period of the forecasts, enabling the company to meet its day to day commitments. In addition should the need arise the Directors believe alternative sources of finance will be available. However, there is an inherent risk within the forecasts prepared as there can be no guarantee that forecasted levels will be achieved. This indicates the existence of uncertainty which may cast some doubt upon the company's ability to continue as a going concern.

Nevertheless, after considering the uncertainties described above, and on the basis of current financial projections and facilities expected to be available, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

4. Segment analysis

The primary reporting format is by geographical area on the same basis that management reports are prepared for the chief operating decision maker.

The business comprises of one primary segment being that of the provision of data collection and analysis.

Primary analysis by geographical area

The Group is organised into two major geographical areas.

- UK: - based primarily in Tadcaster, Leeds and Scotland but also includes the data inputting facilities at Halifax that were acquired in September 2008. This is shown as a separate cash generating unit for the purpose of the goodwill impairment review.
- Australia: - Comprises the results of separate entity, Sky High Australia PTY Limited.

Central head office costs are apportioned to England.
There were no discontinued operations in the year.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

31 March 2010

	UK £'000	Australia £'000	Total for Group £'000
Continuing operations			
Revenue from sales			
Total sales by area	4,215	1,510	5,725
Inter-area sales	(5)	-	(5)
Total external sales	4,210	1,510	5,720

Capital additions	99	59	158
Depreciation, amortisation and write downs	117	109	226

Balance sheet

Total assets	2,393	794	3,187
Total liabilities	869	599	1,468

31 March 2009

	UK £'000	Australia £'000	Total for Group £'000
Continuing operations			
Revenue from sales			
Total sales by area	4,124	1,127	5,251
Inter-area sales	(148)	-	(148)
Total external sales	3,976	1,127	5,103

Capital additions	238	197	435
Depreciation, amortisation and write downs	104	87	191

Balance sheet

Total assets	2,234	569	2,803
Total liabilities	765	411	1,176

5. Operating Profit

Operating profit has been stated after charging the following:

	2010 £'000	<i>2009</i> £'000
(Profit)/loss on disposal of fixed assets	3	(6)
Depreciation of property, plant and equipment	213	183
Amortisation of intangible fixed assets	13	8

Auditors' remuneration

	2010 £'000	<i>2009</i> £'000
Auditors' remuneration – Audit services to the parent company	17	18
Auditors' remuneration – Audit services to the Group	20	7
Total audit fees	37	25

6. 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:

	2010	<i>2009</i>
	£'000	£'000
Numerators: earnings attributable to equity	172	133
	No. '000	<i>No. '000</i>
Denominators: weighted average number of equity shares:		
Basic	12,745	12,745
Effect of dilutive potential ordinary shares: Share options	261	145
Diluted	13,006	12,859

7. Equity capital

	<i>Ordinary shares 10p No. '000</i>	<i>Share capital £'000</i>	<i>Share Premium £'000</i>	<i>Total £'000</i>
At 31 March 2009 & 31 March 2010	12,745	1,275	1,657	2,932

	2010	<i>2009</i>
	£'000	£'000
Authorised		
17,336,353 (2008: 17,336,353) Ordinary Shares of 10p each	1,734	1,734
Allotted, called up and fully paid		
12,744,737 (2008: 12,744,737) Ordinary Shares of 10p each	1,275	1,275

The company has granted the following share warrant instruments:

Grant date	Subscription price per share	Periods within which options are exercisable	Number of shares for which rights are exercisable
2 November 2007	£0.205	Prior to November 2010	107,317
2 November 2007	£0.205	Prior to November 2010	134,146
12 October 2009	£0.125	October 2010 to October 2012	160,666
12 October 2009	£0.125	October 2011 to October 2012	160,666
12 October 2009	£0.125	On 12 October 2012	160,668
			723,463

Share warrant instruments granted on 12 October 2009 have a vesting period of 1 year, 2 years and 3 years as shown in the tranches above. The options are exercisable by the option holder at any point following the annual vesting date and prior to October 2012.

8. Events since the balance sheet date

No significant events have occurred since the balance sheet date.

9. Annual General Meeting

The Annual General Meeting of Sky High Plc will be held at 32 Bedford Row, London, WC1R 4HE on 30th November 2010 at 2.00pm.

The Annual Report and Accounts for the year ended 31 March 2010 have been sent by post to all shareholders on 30th September 2010. The Annual Report and Accounts may also be viewed on Sky High Plc's website at www.skyhighplc.co.uk .