

# **Sky High Plc** **(“Company”)**

## **Interim Report for the Six Months to 30 September 2007**

### **Chairman’s Statement**

I am pleased to present the Interim Report for Sky High Plc for the six month period to 30 September 2007.

The Company has, in accordance with the rules of the AIM, adopted International Financial Reporting Standards (“IFRS”) for this, and future, reports. Whilst the adoption of IFRS has not had a material impact on the results for the current period, it has had an impact on the financial numbers in the comparative periods.

Shareholders will be aware that on 25<sup>th</sup> January 2007 the Company acquired Sky High Traffic Data Ltd and subsidiaries (“Sky High”) through a transaction that is classified as a reverse acquisition under AIM and IFRS rules. As a consequence, IFRS requires the comparative figures in this report to relate to the Sky High business and not the Company for periods prior to 25<sup>th</sup> January 2007. The comparative figures for the 6 months to 30 September 2006 relate to the Sky High business as it was when a privately owned company. The comparative figures for the 12 months to 30 March 2007 include a full year of trading for the Sky High business together with the trading and costs of the Company since 25 January 2007.

The results show a profit after tax of £87,000 (2006: £179,000) for the six month period. There were no costs for being a quoted public company in the comparative six month period. Underlying turnover of £2.04 million represents a satisfactory increase over a comparable turnover of £1.59 million in the six months to September 2006. Trading in the first two months of the second half has been robust.

During the six months, the Company acquired the 50% of the ordinary share capital in Sky High Australia PTY Limited that it did not already own, thereby bringing the expanding Australian operation under full ownership of the Company.

The Directors have not declared an interim dividend. Your Board continues to search for suitable acquisitions in order to grow the business, whilst also looking to organically grow the traffic data collection business into related areas.

Richard Jackson  
Chairman

Date 20 December 2007

Enquiries

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# SKY HIGH PLC

## UNAUDITED CONSOLIDATED INCOME STATEMENT (IFRS)

For the six month period to 30 September 2007

		<b>6 months ended 30 September 2007</b>	6 months ended 30 September 2006	12 months ended 3 April 2007
	Note	Unaudited £'000	Unaudited £'000	Unaudited £'000
<b>Continuing operations</b>				
<b>Revenue</b>		<b>2,039</b>	1,594	3,097
Cost of sales		<u>(1,325)</u>	<u>(955)</u>	<u>(1,951)</u>
<b>Gross profit</b>		<b>714</b>	639	1,146
Other administrative expenses		<u>(616)</u>	<u>(436)</u>	<u>(892)</u>
<b>Results from operating activities</b>		<b>98</b>	203	254
Finance income		<b>5</b>	-	2
Finance expenses		<u>(16)</u>	<u>(7)</u>	<u>(18)</u>
<b>Net Finance Costs</b>		<b>(11)</b>	(7)	(16)
<b>Profit/(Loss) before taxation</b>		<b>87</b>	196	238
Income tax expense		-	-	(41)
<b>Profit/(Loss) from continuing operations</b>		<b>87</b>	196	197
<b>Minority interests</b>		-	(17)	(35)
<b>Profit/(Loss) for the financial period</b>		<b>87</b>	179	162
Profit/(Loss) per ordinary share – Undiluted	4	<u><b>0.7p</b></u>	<u>2.8p</u>	<u>2.0p</u>
Profit/(Loss) per ordinary share – Diluted	4	<u><b>0.7p</b></u>	<u>2.3p</u>	<u>1.8p</u>

There were no recognised gains or losses other than the profit for the financial period.

# SKY HIGH PLC

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

For the six month period to 30 September 2007

### For the six months ended 30 September 2007

	Called up Share Capital	Share Premium Account	Other Reserves	Minority Interest	Profit and Loss Account	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At start of period	1,233	1,577	(1,644)	35	111	1,312
Issue of shares	41	62	-	-	-	103
Profit for the period	-	-	-	-	87	87
Acquisition of minority	-	-	-	(35)	-	(35)
At end of period	<b>1,274</b>	<b>1,639</b>	<b>(1,644)</b>	<b>-</b>	<b>198</b>	<b>1,467</b>

### For the 12 months ended 3 April 2007

	Called up Share Capital	Share Premium Account	Other Reserves	Minority Interest	Profit and Loss Account	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At start of period	1	154	-	-	196	351
Reverse acquisition – introduction of balances of Sky High PLC	1,232	6,594	(6,815)	-	-	1,011
Profit for the year	-	-	-	35	162	197
Capital reorganisation – 3 April 2007	-	(5,171)	5,171	-	-	-
Equity dividends paid	-	-	-	-	(247)	(247)
At end of period	<b>1,233</b>	<b>1,577</b>	<b>(1,644)</b>	<b>35</b>	<b>111</b>	<b>1,312</b>

### For the six months ended 30 September 2006

	Called up Share Capital	Share Premium Account	Other Reserves	Minority Interest	Profit and Loss Account	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At start of period	1	154	-	-	196	351
Profit for the period	-	-	-	17	179	196
At end of period	<b>1</b>	<b>154</b>	<b>-</b>	<b>17</b>	<b>375</b>	<b>547</b>

# SKY HIGH PLC

## CONSOLIDATED BALANCE SHEET (IFRS)

At 30 September 2007

	At 30 September 2007	At 30 September 2006	At 3 April 2007
	Unaudited £'000	Unaudited £'000	Unaudited £'000
<b>Non current assets</b>			
Goodwill	633	-	500
Property, plant and equipment	386	257	341
<b>Total non current assets</b>	<b>1019</b>	<b>257</b>	<b>841</b>
<b>Current assets</b>			
Trade and other receivables	1,190	908	946
Cash and cash equivalents	187	8	293
<b>Total current assets</b>	<b>1,377</b>	<b>916</b>	<b>1,239</b>
<b>Total assets</b>	<b>2,396</b>	<b>1,173</b>	<b>2,080</b>
<b>Current liabilities</b>			
Bank overdraft	(185)	(143)	(145)
Trade and other payables	(630)	(376)	(478)
<b>Total current liabilities</b>	<b>(815)</b>	<b>(519)</b>	<b>(623)</b>
<b>Non current liabilities</b>	<b>(114)</b>	<b>(107)</b>	<b>(145)</b>
Total Liabilities	<b>(929)</b>	<b>(626)</b>	<b>(768)</b>
<b>Net assets</b>	<b>1,467</b>	<b>547</b>	<b>1,312</b>
<b>Capital and reserves</b>			
Called up share capital	1,274	1	1,233
Share premium account	1,639	154	1,577
Profit and loss account	198	375	111
Other reserve	(1,644)	-	(1,644)
Minority interests	-	17	35
<b>Shareholders' funds</b>	<b>1,467</b>	<b>547</b>	<b>1,312</b>

# SKY HIGH PLC

## UNAUDITED CONSOLIDATED CASHFLOW STATEMENT (IFRS)

For the six month period to 30 September 2007

	Note	<b>6 months ended 30 September 2007</b>	6 months ended 30 September 2006	12 months ended 3 April 2007
		<b>Unaudited £'000</b>	Unaudited £'000	Unaudited £'000
<b>Cash used in operations</b>	5	<b>(12)</b>	45	200
Interest paid		<b>(16)</b>	(7)	(18)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(28)</b>	38	182
<b>Cashflow from investing activities</b>				
Purchases of property, plant and equipment		<b>(88)</b>	(99)	(206)
Interest received		<b>5</b>	-	2
Purchase of subsidiary undertaking		<b>(138)</b>	-	-
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(221)</b>	(99)	(204)
<b>Financing</b>				
Issue of ordinary share capital		<b>103</b>	-	-
Proceeds of new bank loan		<b>40</b>	23	25
<b>Net cash inflow from financing</b>		<b>143</b>	23	25
<b>(Decrease)/Increase in cash and cash equivalents</b>		<b>(106)</b>	(38)	3
Cash and cash equivalents at beginning of period		<b>293</b>	46	46
Amount arising on reverse acquisition		<b>-</b>	-	244
Cash and cash equivalents at end of period		<b>187</b>	8	293

# SKY HIGH PLC

## INTERIM STATEMENT - NOTES TO THE ACCOUNTS

For the six month period to 30 September 2007

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### 1 BASIS OF PREPARATION OF INTERIM REPORT

#### Reverse acquisition accounting and IFRS

The Interim financial report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) for the first time. As a result, the comparative figures present the trading results, assets and liabilities of the entities that were acquired by Sky High PLC on 25 January 2007. The accounting for this is explained more fully in note 2.

The information for the period ended 30 September 2007 is not audited and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The interim accounts for the six month period to 30 September 2006 were also unaudited.

The information for the year ended 3 April 2007, even though unaudited, is taken from the unqualified statutory accounts for the year then ended, modified for the transition to IFRS, in particular the application of reverse acquisition accounting, as explained in note 2 and the reconciliation table in note 6.

### 2 ACCOUNTING POLICIES

#### Basis of Accounting

The Interim financial report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) for the first time. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in note 6. The financial statements 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.

#### **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.

#### **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 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. Goodwill arising on acquisition before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

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.

**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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 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.

**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.

# SKY HIGH PLC

## INTERIM STATEMENT - NOTES TO THE ACCOUNTS

For the six month period to 30 September 2007

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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.

In 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.

### **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.

### **Trade receivables**

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.

### **Trade payables**

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

### **Equity Instruments**

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

## **3 DIVIDENDS**

The Company will not be declaring an interim dividend.

# SKY HIGH PLC

## INTERIM STATEMENT - NOTES TO THE ACCOUNTS

For the six month period to 30 September 2007

### 4 PROFIT PER SHARE

The calculation is based on the profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares as defined by IAS 33 and IFRS 3 (in relation to the period up to the reverse acquisition) as follows:

	<b>6 months ended 30 September 2007</b>	6 months ended 30 September 2006	12 months ended 3 April 2007
Profit/(Loss) for the period	<u><b>£87,000</b></u>	<u>£179,000</u>	<u>£162,000</u>
Weighted average number of shares undiluted	<u><b>12,434,552</b></u>	<u>6,321,379</u>	<u>7,973,245</u>
Weighted average number of shares diluted	<u><b>12,669,552</b></u>	<u>7,858,779</u>	<u>8,785,900</u>

### 5 CASH USED IN OPERATIONS

	<b>6 months ended 30 September 2007</b>	6 months ended 30 September 2006	12 months ended 3 April 2007
	<b>£'000</b>	£'000	£'000
Results from operating activities	<b>98</b>	203	254
Depreciation of property, plant and equipment	<b>43</b>	23	73
Decrease/(Increase) in receivables	<b>(244)</b>	(35)	(73)
Increase/(Decrease) in payables	<b>91</b>	(146)	(54)
<b>Cash used in operations</b>	<u><b>(12)</b></u>	<u>45</u>	<u>200</u>

### 6 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 31 March 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. Note 2 fully explains the impact of IFRS 3.

IFRS 1 required 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 31 March 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

# SKY HIGH PLC

## INTERIM STATEMENT - NOTES TO THE ACCOUNTS

For the six month period to 30 September 2007

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The reconciliations of equity at 3 April 2007 and the reconciliation of profit, as required by IFRS 1, are set out below.

As IFRS requires a different basis of preparation of the accounts as explained in note 1 and 2, it is not possible to publish full reconciliation tables as required by IFRS 1. However the tables below show the reconciliation of key published amounts:

### RECONCILIATION OF PROFIT FROM UK GAAP TO IFRS

	12 months ended 3 April 2007 £'000	9 months Ended 3 April 2007 Sky High PLC £'000
UK GAAP loss for the financial period as previously reported (for Sky High PLC only)		(48)
UK GAAP profit – full 12 months of trading subsidiaries	192	
Amortisation of goodwill	5	17
<b>(Loss) from continuing operations – IFRS – Sky High PLC only</b>		<b>(31)</b>
Profit from continuing operations – IFRS as disclosed including a full 12 months of the trading subsidiaries as required by IFRS 3	<u>197</u>	

### RECONCILIATION OF NET ASSETS FROM UK GAAP TO IFRS

	3 April 2007 £'000
Net Assets per UK GAAP	2,835
Revision of goodwill figure due to adoption of reverse acquisition accounting as required by IFRS 3	(1,523)
<b>Net Assets – IFRS</b>	<b><u>1,312</u></b>

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Copies of this report will be available from the Company's website at [www.skyhighplc.co.uk](http://www.skyhighplc.co.uk) and the Company's registered office at 32 Bedford Row, London WC1R 4HR.