SKY HIGH PLC

DIRECTORS’ REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

COMPANY NUMBER: 3896384

SKY HIGH PLC

COMPANY INFORMATION

DIRECTORS	Richard Jackson (Chairman) Michael Jackson David Lowe Mark Mattison Grant Wilson
SECRETARY	Alex Johnson (appointed 6 August 2010) Mark Powell (resigned 6 August 2010)
COMPANY NUMBER	3896384
REGISTERED OFFICE	12-14 Westgate Tadcaster Leeds LS24 9AB
AUDITORS	RSM Tenon Audit Limited Statutory Auditors 2 Wellington Place Leeds LS1 4AP
BANKERS	National Westminster Bank Plc 32 Bridge Street Tadcaster Leeds LS24 9AH
SOLICITORS	Shulmans LLP 120 Wellington Street Leeds LS1 4LT
REGISTRARS	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA
NOMINATED ADVISORS	WH Ireland Limited Third Floor Royal House 28 Sovereign Street Leeds LS1 4BJ
BROKERS	WH Ireland Limited Third Floor Royal House 28 Sovereign Street Leeds LS1 4BJ

SKY HIGH PLC

CONTENTS

SKY HIGH PLC

CHAIRMAN'S STATEMENT

I am pleased to present the Chairman's Statement for Sky High Plc (the "Company" and together with its subsidiaries, the "Group") for the year to 31 March 2011.

Introduction

Despite the impact of restrictions on Government spending relating to the Comprehensive Spending Review ('CSR') on the UK market for traffic related data collection, more details of which were set out in our interim results released on 7 December 2010, the Group was able to recover from a substantial loss position in the first six months of the year to trade profitably in the second half of the year.

In addition there were a number of other positive developments in the second half of the year including the award of a significant contract, the biggest single contract the Group has ever won, which directors believe has resulted in the Group now being in a good position to move forward. Further detail regarding the director's consideration of the Group's future prospects including a review of 'going concern' are included in the Directors Report on pages 12 to 13 of the accounts and Note 4 of the accounts on pages 32 to 33.

Results

Revenues for the year were £4,757k (2010: £5,720k) from which the Group made a loss before tax of £250k (2010: £267k profit).

Trading for the second half of the year was substantially better than that of the first half. The Group recorded a loss before tax for the first six months of £299k but in the second half of the year the Group traded profitably producing a profit before tax of £49k. A more detailed commentary by segment is covered in the Chief Executive Officer's Report.

Sky High Australia traded profitably for the year and showed a small year on year growth in profit before tax to £46k from £2k in the previous year.

Gross margins for the Group for the period under review were 37.1% compared to 38.9% in the previous year but the margins in the second half of this financial year were 41% compared to 33% in the first six months. This improvement was largely achieved through cost saving measures relating to direct labour costs that were implemented by management.

Cash generated from operations reduced to £190k in 2011 from £366k in 2010 which the directors believe is a direct impact of the losses caused by the market downturn. The losses in the first six months' eroded the Company's working capital position and the Directors made a decision to move to a confidential invoice discounting facility as its primary source of funding for the business. This change of financing from overdraft to an invoice discounting facility increases the amount that can be borrowed which should provide greater headroom than was available to the business previously.

In addition Sky High Australia have their own banking arrangements which include an overdraft facility of AUS$125,000.

SKY HIGH PLC

CHAIRMAN'S STATEMENT

Dividend

Despite the improved performance in the second half of the year 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. Accordingly, the Directors do not recommend the payment of a final dividend.

The Directors remain hopeful that in the future if the market continues to stabilise that 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.

Additional Events

As announced on 17 February 2011, Sky High was awarded a significant contract from the Department for Transport ("DfT"). The annual revenue of this contract will be circa £900,000. This was a significant win for Sky High and provides a good basis for stability and some insulation against any general market weakness.

People

Our staff remain key to our business and I would like to take this opportunity to thank them for their continued loyalty, hard work and co-operation in what has been a challenging year. I would particularly like to acknowledge the support of all the directors and the employees in UK Traffic business where it has been necessary to introduce reduced and flexible working hours to allow us to reduce our cost base to maintain our competiveness.

Events Post the Balance Sheet Date: Appointment of Directors

As will be announced on 29 July 2011, two new directors have been appointed to the board of Sky High, which the directors believe strengthens the existing management of the Group.

Martin Prowse the Managing Director of Sky High Australia has been appointed as an executive director. Martin has been with Sky High since 2004 and established Sky High Australia in 2005. Since this time he has grown the business to its current position in the Australian market. The directors believe that Martin will assist with the international development of the group.

Secondly, Alex Johnson has been appointed as Finance Director. Alex joined Sky High in July 2010 as Finance Director (an initial non-board position) and has contributed to the stable operation of the business over this challenging period. He has past experience as a Finance Director but also has a Corporate Finance background which the directors believe will be important as the Group looks to develop its future strategy.

Strategy and Future Prospects

Sky High's strategy has three main objectives;-

- to further grow market share in the UK traffic market through both organic growth and acquisitions leveraging off our strong market position;
- to expand the Group through acquisition in areas complementary to Sky High's core skills of data collection; and
- achieve low risk international expansion through developing existing contacts.

In previous reports I have said that the Group has been actively pursuing acquisitions that expand the service offerings and have good synergy benefits. Acquisitions remain a key part of our strategy going forward but have, in reality, been on hold during the last 12 months due to the need to focus on the core business and the difficult market for finance.

We now believe that as the Group has stabilised the time is now right to restart the acquisitions strategy and we will be proactively looking at targets over future months.

The Board remains cautious in its outlook and sensitive to the conditions in the general economy. However, the new financial year has started profitably and is significantly ahead of the equivalent period last year. The Board is confident that the improved trading trend in the second half of the previous year will continue in 2011 and that the Group is well positioned to take advantage of opportunities as the market improves further.

Richard Jackson
Chairman
28 July 2011

SKY HIGH PLC

CHIEF EXECUTIVE OFFICER'S REPORT

I am delighted to provide an update on Sky High's business and trading during the year ended 31 March 2011.

Business Review

UK Traffic

As previously mentioned this was a challenging year for UK Traffic and revenues saw a significant downturn from previous years which the Directors believe was due to the impact of public sector spending cuts as a result of the CSR process. As a response to the difficult market conditions the management of Sky High reduced costs through redundancies and through implementing more flexible working arrangements for employees, which had a positive impact on the second half year trading. Furthermore, as a consequence of these changes the results for the year include a number of non-recurring trading items (including office relocation and redundancy costs) which impacted on profit.

Revenue for the year was £2,751k (2010: £3,710k) showing a reduction of 27% year on year. The net loss before tax was £37k (2010: £330k profit).

Whilst the performance for the whole year was a loss, the second half year performance showed a significant turnaround due to cost saving measures implemented. The losses in UK Traffic for the first half year were £192k. Sales in the second half of the year were 13% up on the first half year which the Directors believe was a sign that the markets were opening up slightly after the CSR process was completed in October 2010.

Despite the reduced costs Sky High maintained its investment in business development and continued to work on developing customer relationships and working on tender opportunities. This approach led to the successful tender and award for the DfT contract. The contract is a significant development for the UK Traffic business as it is worth approximately £900k per year for a minimum of 2 years and as it is based on a predetermined schedule of work, the revenue can therefore be more accurately forecast by month and is largely guaranteed.

This contract was awarded in February 2011 but operationally did not start until late March 2011 therefore approximately £84k of the £900k per annum is included in the results to March 2011.

The general market in the UK remains challenging post CSR as budgets for public sector spending have been cut. However the Directors are confident that the market is slowly improving. Furthermore, in some cases the directors believe the budget reductions have actually created opportunities for Sky High as contracting out services can be a more cost effective solution for public sector organisations than performing the services in-house.

The combination of the new DfT contract, a reduced operating cost base and a slowly improving market ensures the directors are confident for the prospects of the UK Traffic business over the next twelve months.

Australia Traffic

The market in Australia was not subject to the same type of spending review process in the UK. However there were a number of specific market issues that impacted the business and slowed the growth of the business. One issue related to the general election and subsequent hung parliament which the directors believe impacted sales in August and September as companies delayed spending until they had certainty as to the government and the subsequent impact on budgets. In addition the directors understand that the floods in Queensland in late December 2010 resulted in government budgets being reallocated to rebuild projects which impacted the budgets available for traffic surveys. The directors believed this impacted the revenue in the last quarter for our Queensland office.

Reported revenue in the year increased by 6% to £1,605k (2010: £1,510k) but this was affected by currency fluctuations between the UK pound and the Australian dollar, and in fact the underlying sales in Australia were unchanged from the previous year. However, the profit before tax increased to £46k (2010: £2k). Again this business delivered a stronger second half performance with profits of £65k compared to a loss of £19k in the first half year. The results incorporate a number of non recurring trading items which impacted profit in the year relating to redundancies and termination payments.

Other significant events in the year saw the strengthening of the management team in Australia through the recruitment of a financial controller who improved the internal controls and management information flow in the business. Direct costs were reduced during the year through making a small number of redundancies and outsourcing the data analysis to a company in South Korea. Both these actions contributed to the increase in the gross margin in the year to 44% (2010: 40%).

The Directors remain confident about the prospects for Australia Traffic and expect this business to continue to grow and contribute more to the Group. In addition, the relationship with South Korea opens up interesting opportunities to potentially begin surveys in this market.

Data Capture

Sky High Data Capture ("SHDC") is generally less focussed on public sector markets than the UK Traffic business as it has a mix of public and private sector customers. However in this financial year the SHDC business was impacted by the public sector cuts, as one of SHDC's major clients from the public sector had its budgets reduced. The SHDC business has struggled to win new work to compensate for this. The revenue in this financial year was £401k compared to £500k in 2010 and this division produced a loss of £52k for the year (2010: £78k profit).

As this business offers the opportunity for diversification from the public sector market the directors are keen to grow the business and have invested in a business development manager which increased the costs in the year and thus contributed to the loss. In the current economic climate it has proved to be more difficult to grow this business than we had hoped. We have reduced the cost base in other areas in response to the reduction in turnover and we continue to be confident that we can grow SHDC in the medium term despite the difficulties in achieving that this year.

Head Office

Head office costs for the year were £207k (2010: £143k). The increase in costs primarily relates to a non recurring cost to resolve a historic commercial dispute.

Outlook

Despite a challenging last year and the continuing general economic uncertainly I am increasingly confident about the prospects for the Group moving forward.

Whilst the directors believe the UK market remains difficult we believe there are also signs of a slow improvement evidenced by a rise in the volumes of enquiries and a gradual improvement in the quality of the enquiries. The directors consider that this trend will continue, especially as there is no reason to believe there will be a repeat of last years CSR process.

Sky High (UK) is now in a good position to move forward with a lower cost base and a more flexible labour resource. We believe our commitment to continue to invest in the business development team through the challenging trading period was instrumental in securing the DfT contract and we believe that through continued investment we will continue to grow market share.

Sky High Australia continues to develop and we believe that this business will deliver good growth over the next few years.

In addition we believe the new funding arrangement is better suited to the business and should allow more flexibility to enable the business to grow.

Mark Mattison
Chief Executive Officer
28 July 2011

DIRECTORS' REPORT
For the year ended 31 March 2011

The Directors present their Report and the annual Financial Statements for the year ended 31 March 2011.

Principal activities

From 1 April 2010 the principal activity of the Company is that of data collection and analysis.

During the previous year the principal activity of the Company was that of a holding company.

Sky High Technology Limited ceased trading on 31 March 2010 and the trade, assets and liabilities of the company were hived up to its ultimate parent company, Sky High Plc.

The principal activity of the Group is that of data collection and analysis.

Business review and future developments

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 3 to 5 and in the Chief Executive Officer's Report on page 6 to 8.

Key performance indicators (KPI's)

The KPI's of the business are the monitoring of the performance of each business unit in order to make better use of resources, sales orders, sales enquiries and the comparison of actual financial results against budgets, with significant variances being investigated and acted upon.

Further details can be seen in note 5 to the financial statements and within the Chairman's Statement on page 3 to 5 and in the Chief Executive Officer's Report on page 6 to 8.

Group Result

The results for the group are set out in the financial statements.

Total group turnover for the year was £4,757k (2010: £5,720k). The group loss before tax was £250k (2010: £267k profit).

Sky High Plc

On 31 March 2010 the trade, assets and liabilities of the Sky High Technology Limited were hived up to its ultimate parent company, Sky High Plc. All UK trading from 1 April 2010 is now being carried out by this company. The trade continues to perform in line with the management's expectations.

Turnover from Sky High Plc was £3,152k (2010: £nil) and the company contributed loss before tax of £296k (2010: £143k).

Included within the company loss before tax is a loss from UK Traffic of £37k (2010: £nil), a loss of £52k (2010: £nil) from Data Capture and Head Office costs which amounted to £207k (2010: £143k). The Directors consider that the costs associated with Head Office are well controlled.

Sky High Technology Limited

The company ceased trading on 31 March 2010 and the assets and liabilities of the company were hived up to its ultimate parent company, Sky High Plc. All future UK trading from 1 April 2010 will be carried out by Sky High Plc.

Turnover from Sky High Technology Limited was £nil (2010: £4,210k) and the company contributed profit before tax of £nil (2010: £408k).

Included within the company profit before tax are profits from UK Traffic of £nil (2010: £330k) and profits of £nil (2010: £78k) from Data Capture.

Sky High Australia Pty

Sky High Australia (Australia Traffic) contributed £1,605k of turnover (2010: £1,510k) and £46k of profit before tax (2010: £2k).

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

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. On 28 April 2011 additional funding in the form of Invoice Discounting was agreed with the bank that gave the UK business a potential borrowing limit of £750k.

The Group had net borrowings at 31 March 2011 of £291k (2010: £294k) principally related to asset finance.

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, as detailed further in the Chairman's Statement on page 3 to 5 and in the Chief Executive Officer's Report on page 6 to 8.

The risk management objectives and policies of the company in relation to the use of financial instruments can be found in note 18 to the financial statements.

Dividends

No Ordinary dividends were paid during the year (2010: £127k).

The Directors do not recommend the payment of a final dividend.

Directors

The following Directors held office during the financial year ended 31 March 2011:

Richard Jackson (Non-Executive Chairman)

Age 61. 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 49. 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 38. 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 61. 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. He is a director and investor in many other quoted and unquoted companies and was the Chairman of FTSE 100 company Sage Plc until August 2006. Michael is the chairman of the Audit and remuneration Committees.

David Lowe (Non-Executive Director)

Age 56. David Lowe FCA 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 Fords Packaging Systems Limited 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 a chartered accountant in 1977.

Directors' interests in shares and warrants

The Directors who held office at 31 March 2011 had the following interests in the shares of the Company, including family interests:

	Ordinary shares of 10p each	
	At 31 March 2011	*At 31 March 2010*
Richard Jackson	**3,588,512**	*3,588,512*
Michael Jackson	**2,056,949**	*2,056,949*
David Lowe	**485,193**	*485,193*
Mark Mattison	**3,929,389**	*3,929,389*
Grant Wilson	**415,993**	*415,993*

The amounts noted above for Richard Jackson and Michael Jackson includes 1,571,756 ordinary shares that are held jointly as trustees of W & E Jackson Settlement Trust.

The Directors have interests in the following share warrants as further described in note 20:

	Ordinary shares of 10p each	
	At 31 March 2011	*At 31 March 2010*
David Lowe	**255,000**	*255,000*
Grant Wilson	**127,000**	*127,000*

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 2011, the amount of trade creditors shown in the group balance sheet represents 62 days (2010: 59 days).

Post balance sheet events

On 28 April 2011 additional funding in the form of Invoice Discounting was agreed with the bank that gave the UK business a potential borrowing limit of £750k.

Going concern

As discussed in the Chairman's Statement on page 3 to 5 and in the Chief Executive Officer's Report on page 6 to 8, trading in the financial year ending 31 March 2011 has been challenging and the results show a loss of before tax of £250k. The primary reason for the loss making position in the year was due to a decline in the UK traffic survey market that resulted from the Governments Comprehensive Spending Review ('CSR') process. As also detailed in the Chairman's Statement and Chief Executive Officer's Report, the directors of the business took actions to respond to this market change by reducing the cost base of the business and the impact of these actions saw the business return to profitability in the second half of the year.

The Directors have prepared detailed cash forecasts to September 2012 taking account of reasonably possible changes in trading performance including downside cases which the directors do not expect to occur but have prepared to be prudent. The assumptions in the forecast incorporate all known factors regarding existing turnover sources, potential new sources of turnover based on a close dialogue with our clients, 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 limits throughout the period of the forecasts enabling the company to meet its day to day commitments. Whilst there is an inherent risk within the forecasts prepared as there can be no guarantee that the forecast levels will be achieved the Directors believe the following points mitigate any material uncertainties that may exist relating to the company's ability to continue as a going concern due to the current economic conditions.

- The new contract with the DfT which commenced in late March 2011 generates approximately £900k per year for a minimum of 2 years and is based on a predetermined schedule of work and thus the revenue can be accurately forecast by month and is largely guaranteed. This contract has been operating profitably and to budget for the first few months of operation and the directors see no reason why this will not continue. The impact of this contract is that the predictability of the revenue gives the business a solid base and reduces the impact of any shortfalls in revenue in the general market.

- Since the year end the company has entered into an invoice discounting facility with its existing bank as its primary source of funding for the business. The invoice discounting facility is an ongoing facility with a maximum drawdown of £750,000 with an ongoing funding limit of 85% of debtors. This change of financing from overdraft to an invoice discounting facility increases the amount that can be borrowed thus providing greater headroom than was available to the business previously.

- The company has an excellent relationship with its bank evidenced by the fact that they were willing to concurrently leave the existing overdraft in place for the short term to enable the invoice discount facility to bed in and to fund the initial working capital requirements of the DfT contract. This overdraft facility is not required after the end of July.

- Whilst the general traffic survey market remains difficult with pressure on margins the market has improved slowly since the Comprehensive Spending Review last September and in the Directors opinion this trend will continue, not least as there is no CSR process in this financial year, which will negatively impact the second half of the year.

- Trading since the year end has been profitable.

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.

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 European Union 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).

Under company law the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent company and of the profit or loss of the Group and Parent company for that period.

In preparing the financial statements of the Group and Parent Company, 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 European Union;
- 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 adequate accounting records that are sufficient to show and explain the Group and Parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

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 Tenon Audit Limited as auditors of the Company in accordance with Section 489 of the Companies Act 2006 and that the Directors be authorised to fix their remuneration.

This report was approved by the Board on 28 July 2011 and signed on its behalf.

M Mattison
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

SKY HIGH PLC

We have audited the Group Financial Statements (the "Financial Statements") of Sky High Plc for the year ended 31 March 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 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

As explained more fully in the Directors' Responsibilities Statement set out on pages 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 31 March 2011 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

P Coleman
Senior Statutory Auditor
28 July 2011

For and on behalf of:

RSM Tenon Audit Limited
Statutory Auditor
2 Wellington Place
Leeds
LS1 4AP

SKY HIGH PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the *year* ended 31 March 2011

	Note	Year ended 31 March 2011 £'000	*Year ended 31 March 2010 £'000*
Continuing operations			
Revenue	*3,5*	**4,757**	*5,720*
Cost of sales		**(2,992)**	*(3,495)*
Gross profit		**1,765**	*2,225*
Other administrative expenses		**(1,977)**	*(1,914)*
(Loss)/profit from operating activities	*5,6*	**(212)**	*311*
Finance income	*8*	**1**	*2*
Finance expense	*8*	**(39)**	*(46)*
(Loss)/profit before taxation		**(250)**	*267*
Taxation	*9*	**52**	*(95)*
(Loss)/profit from continuing operations		**(198)**	*172*
Other comprehensive income			
Gain on translation of foreign operations		**32**	*47*
Total comprehensive (loss)/income		**(166)**	*219*
Basic profit per ordinary share	*10*	**(1.6)p**	*1.3p*
Diluted profit per ordinary share	*10*	**(1.6)p**	*1.3p*

SKY HIGH PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2011
Company Number: 3896384

	Note	2011	2010
		£'000	*£'000*
Non-current assets			
Property, plant and equipment	*12*	**693**	*817*
Goodwill	*13*	**730**	*730*
Other intangible assets	*14*	**34**	*48*
Total non-current assets		**1,457**	*1,595*
Current assets			
Trade and other receivables	*15*	**1,281**	*1,491*
Cash and cash equivalents	*15*	**22**	*101*
Total current assets		**1,303**	*1,592*
Total assets		**2,760**	*3,187*
Current liabilities			
Bank borrowings	*16*	**(68)**	*(67)*
Hire purchase contracts	*16*	**(100)**	*(110)*
Trade and other payables	*17*	**(894)**	*(923)*
Current tax payable		**-**	*(89)*
Total current liabilities		**(1,062)**	*(1,189)*
Non-current liabilities			
Bank borrowings	*16*	**-**	-
Hire purchase contracts	*16*	**(145)**	*(218)*
Other payables	*17*	**-**	-
Deferred tax provision	*19*	**-**	*(61)*
Total non-current liabilities		**(145)**	*(279)*
Total liabilities		**(1,207)**	*(1,468)*
Net assets		**1,553**	*1,719*
Equity			
Called up share capital	*20*	**1,275**	*1,275*
Share premium account	*20*	**1,655**	*1,655*
Profit and loss account		**299**	*497*
Exchange reserve		**98**	*66*
Reverse acquisition reserve	*21*	**(1,774)**	*(1,774)*
Equity Attributable to Equity Holders of Parent		**1,553**	*1,719*

The financial statements were approved by the Board of Directors and authorised for issue on 28 July 2011. 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 2011

	Called up share capital £'000	*Share premium account £'000*	*Reverse acquisition reserve £'000*	*Exchange reserve £'000*	*Retained earnings £'000*	*Total equity £'000*
For the year ended 31 March 2011						
At start of period	**1,275**	**1,655**	**(1,774)**	**66**	**497**	**1,719**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**32**	**(198)**	**(166)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**
At end of period	**1,275**	**1,655**	**(1,774)**	**98**	**299**	**1,553**

	Called up share capital £'000	*Share premium account £'000*	*Reverse acquisition reserve £'000*	*Exchange reserve £'000*	*Retained earnings £'000*	*Total equity £'000*
For the year ended 31 March 2010						
At start of period	*1,275*	*1,655*	*(1,774)*	*19*	*452*	*1,627*
Total comprehensive income for the period	-	-	-	*47*	*172*	*219*
Dividends paid	-	-	-	-	*(127)*	*(127)*
At end of period	*1,275*	*1,655*	*(1,774)*	*66*	*497*	*1,719*

SKY HIGH PLC

CONSOLIDATED CASHFLOW STATEMENT
For the year ended 31 March 2011

	Note	**Year ended 31 March 2011 £'000**	*Year ended 31 March 2010 £'000*
Net cash from operating activities	*22*	**190**	*366*
Taxation			
Income taxes paid		**(86)**	*(68)*
Cashflow from investing activities			
Purchases of property, plant and equipment		**(82)**	*(158)*
Proceeds from disposal of property, plant and equipment		**20**	*16*
Equity dividends paid		**-**	*(127)*
Interest paid		**(39)**	*(46)*
Interest received		**1**	*2*
Net cash outflow from investing activities		**(100)**	*(313)*
Financing			
Repayment of bank loans		**(27)**	*(52)*
Hire purchase repayments		**(116)**	*(124)*
Net cash outflow from financing activities		**(143)**	*(176)*
Net decrease in cash and cash equivalents		**(139)**	*(191)*
Effect of exchange fluctuations		**32**	*47*
Cash and cash equivalents at 1 April		**61**	*205*
Cash and cash equivalents at 31 March	*23*	**(46)**	*61*

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.

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 12-14 Westgate, Tadcaster, Leeds, LS24 9AB. The nature of the Group's operations and its principal activities is that of data collection and analysis.

Transactional currency exposures arise in Sky High Plc where contracts are won in Euros and the costs are predominately in Sterling. Turnover in Euros was £76k (2010: £108k) in the last financial year.

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

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 2010 and hence are reflected in these financial statements when applicable:

- IAS 1 *Presentation of Financial Statements.* Current/non-current classification of the liability element of convertible instruments is not affected by settlement of the instrument in equity.
- IAS 7 *Statement of Cash Flows*. Only an expenditure that results in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.
- IAS 17 *Leases.* Brings classification requirements for leases of land and buildings under general lease classification rules. Potentially impacts long leases of land and buildings which have been classified as operating leases. The group has no long leases and therefore there has been no impact from adopting this improvement.
- IAS 18 *Revenue*. Determining whether an entity is acting as a principal or as an agent. Provides examples of features which indicate the entity is acting as a principal.
- IAS 27 *Consolidated and Separate Financial Statements.* Increases or decreases in a parent's ownership interest that do not result in a loss of control are accounted for as equity transactions of the consolidated entity. Losses are allocated to a non-controlling interest even if they exceed that interest's share of equity in the subsidiary. Any retained non-controlling investment at the date control is lost is remeasured to fair value.
- IAS 28 *Investments in Associates.* Disclosure required when investments in associates are accounted for at fair value through profit or loss. Clarifies requirements for impairment of investments in associates.
- IAS 32 *Financial Instruments: Disclosures.* Clarifies which rights issues will be classified as issues of equity instruments.
- IAS 36 *Impairment of assets.* Unit of accounting for goodwill impairment test is capped at the operating segment level as defined by IFRS 8 before permitted aggregation.

continued ….

- IAS 38 *Intangible assets*. Additional consequential amendments from IFRS 3 to measure the fair value of an intangible asset acquired in a business combination.
- IFRS 3 *Business Combinations.* Costs incurred in an acquisition (except debt costs) and most changes to contingent consideration are period costs. A business combination leading to acquisition accounting applies only at the point where control is achieved. Option to measure non-controlling interests in the entity acquired either at fair value or at the non-controlling interest's proportionate share of the net identifiable assets of the entity acquired. Leases and insurance costs acquired are not reassessed on acquisition.
- IFRS 5 *Non-current assets held for sale and discontinued operations.* Clarifies requirements for non-current assets (or disposal groups) classified as held for sale or discontinued operations in accordance with IFRS 5. Confirms disclosures on these assets/groups may be required by other standards.
- IFRS 8 *Operating Segments.* Measure of segment assets disclosure should only be disclosed if that amount is regularly provided to the chief operating decision maker.
- IFRIC 16 *Hedges of a Net Investment in Foreign Operation.* Amendment to the restriction on the entity that can hold hedging instruments.
- IFRIC 17 *Distributions of Non-cash Assets to Owners.* Dividends payable should be measured at fair value of the net assets distributed. The difference between the dividend paid and the carrying amount of the net assets distributed is recognised in profit or loss.
- IFRIC 18 *Transfers of Assets from Customers.* Clarifies the requirements for IFRSs when an entity receives items of property, plant or equipment from a customer that the entity must then use to connect the customer to a network or to provide the customer with access to goods or services.

There have been no amendments to prior year's 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:

- Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for first time adopters.
- IFRS 7 Disclosures – Transfers of Financial Assets
- IFRS 9 (as amended in 2010) Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- Amendment to IFRIC 12 Service Concession Arrangements
- IAS 24 (revised in 2009) Related Party Disclosures
- Amendments to IAS 32 Classification of Rights Issues
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

continued ….

3. Significant accounting policies

Statement of compliance

The Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") and interpretations as adopted by the European Union ("Adopted IFRS").

Basis of preparation

The Financial Statements are presented in sterling, rounded to the nearest thousand. They are prepared on a going concern basis (further details are noted below and on the Chairman's Statement) and historical cost basis, as modified for fair value rules. The principal accounting policies adopted are set out below.

Going concern

The Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future as disclosed in the Directors Report on page 12 to 13 and in note 4 on page 32 to 33. For this reason, they consider it appropriate to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 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. 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.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Pounds Sterling, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

continued ….

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

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

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively*;*

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the

continued ….

identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

On 25 January 2007, the Company became the legal parent of Sky High Traffic Data Limited in a share for share transaction. Due to the relative value of the companies, the former Sky

continued ….

High Traffic Data Limited shareholders became the shareholders of Sky High Plc. Further, the Company's continuing operations and Executive management were those of Sky High Traffic Data Limited. Accordingly, the substance of the combination was that Sky High Traffic Data Limited acquired Sky High Plc in a reverse acquisition.

Under the requirements of the Companies Act 2006, it would normally be necessary for the Company's consolidated accounts to follow the legal form of the business combination. In that case the pre-combination results would be those of Sky High Plc and its subsidiary undertakings, which would exclude Sky High Traffic Data Limited. Sky High Traffic Data Limited would then be brought into the Group from 25 January 2007. However, this would portray the combination as an acquisition of Sky High Traffic Data Limited by Sky High Plc and would, in the opinion of the Directors, fail to give a true and fair view of the substance of the business combination. Accordingly, the Directors have adopted reverse acquisition accounting as the basis of consolidation in order to give a true and fair view.

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.

Revenue is recognised on services not yet billed at the fair value of consideration expected to be receivable to the extent that the work has already been carried out at the year end.

Where the outcome of a contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on work performed and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, contract revenue is only recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

continued ….

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Share-based payments

The group issues cash-settled share-based payments to certain employees. Cash-settled share-based payments are measured at open market value at the date of grant. The open market value determined at the grant date is expensed on a straight-line basis over the vesting period, based upon estimates of the number of options that are expected to vest.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

continued ….

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, is reassessed annually 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.

Other intangible assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is included within other administrative expenses within the Statement of Comprehensive Income. The rate of amortisation attempts to write-off the cost of the intangible asset over its estimated useful life using the following rates:

Customer related intangibles	5 years

continued ….

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.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and are net of bank overdrafts where the group has a right of set off. These are subject to an insignificant risk of changes in value.

Financial instruments

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

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.

continued ….

Financial liability and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

- *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 recognised in the Statement of Comprehensive Income as it accrues 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. Bank borrowings are not held at amortised cost where the effect of discounting is deemed to be immaterial.

- *Equity Instruments*

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 issued by the Group are recognised at the proceeds received, net of direct issue costs.

Trade payables

Trade payables are not interest-bearing and are stated at cost. They are not held at amortised cost where the effect of discounting is deemed to be immaterial.

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.

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.

continued ….

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 periods if the revision affects both current and future periods.

Going concern

As discussed in the Chairman's Statement on page 3 to 5 and in the Chief Executive Officer's Report on page 6 to 8, trading in the financial year ending 31 March 2011 has been challenging and the results show a loss of before tax of £250k. The primary reason for the loss making position in the year was due to a decline in the UK traffic survey market that resulted from the Governments Comprehensive Spending Review ('CSR') process. As also detailed in the Chairman's Statement the directors of the business took actions to respond to this market change by reducing the cost base of the business and the impact of these actions saw the business return to profitability in the second half of the year.

The Directors have prepared detailed cash forecasts to September 2012 taking account of reasonably possible changes in trading performance including downside cases which the directors do not expect to occur but have prepared to be prudent. The assumptions in the forecast incorporate all known factors regarding existing turnover sources, potential new sources of turnover based on a close dialogue with our clients, 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 limits throughout the period of the forecasts enabling the company to meet its day to day commitments. Whilst there is an inherent risk within the forecasts prepared as there can be no guarantee that the forecast levels will be achieved the Directors believe the following points mitigate any material uncertainties that may exist relating to the company's ability to continue as a going concern due to the current economic conditions.

- The new contract with the DfT which commenced in late March 2011 generates approximately £900k per year for a minimum of 2 years and is based on a predetermined schedule of work and thus the revenue can be accurately forecast by month and is largely guaranteed. This contract has been operating profitably and to budget for the first few months of operation and the directors see no reason why this will not continue. The impact of this contract is that the predictability of the revenue gives the business a solid base and reduces the impact of any shortfalls in revenue in the general market.

- Since the year end the company has entered into an invoice discounting facility with its existing bank as its primary source of funding for the business. The invoice discounting facility is an ongoing facility with a maximum drawdown of £750k with an ongoing funding limit of 85% of debtors. This change of financing from overdraft to an invoice discounting facility increases the amount that can be borrowed thus providing greater headroom than was available to the business previously.

- The company has an excellent relationship with its bank evidenced by the fact that they were willing to concurrently leave the existing overdraft in place for the short term to enable the invoice discount facility to bed in and to fund the initial working capital requirements of the DfT contract. This overdraft facility is not required after the end of July.

continued ….

- Whilst the general traffic survey market remains difficult with pressure on margins the market has improved slowly since the Comprehensive Spending Review last September and in the Directors opinion this trend will continue, not least as there is no CSR process in this financial year, which will negatively impact the second half of the year.
- Trading since the year end has been profitable.

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

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.

5. Segment analysis

The primary reporting format is by business operations and then split by geographical area on the same basis that management reports are prepared for the chief operating decision maker. All operations are UK based with the exception of Australia Traffic. Since last year's annual report, management have reviewed the relevant business segments for their own internal reporting purposes and have amended the segmental reporting to reflect these changes.

The relevant segments are presented below. Previously Australia Traffic was described as Australia and what was previously described as UK has now been split into UK Traffic, Data Capture and Head Office.

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.

continued ….

31 March 2011	*UK Traffic £'000*	*Australia Traffic £'000*	*Data Capture £'000*	*Head Office £'000*	*Total for group £'000*
Revenue	**2,751**	**1,605**	**401**	**-**	**4,757**
Operating profit/(loss)	**(26)**	**73**	**(52)**	**(207)**	**(212)**
Finance income	**1**	**-**	**-**	**-**	**1**
Finance expenses	**(12)**	**(27)**	**-**	**-**	**(39)**
Profit/(loss) before taxation	**(37)**	**46**	**(52)**	**(207)**	**(250)**
Taxation	**61**	**(9)**	**-**	**-**	**52**
Profit/(loss) from continuing operations	**24**	**37**	**(52)**	**(207)**	**(198)**
Balance sheet					
Total assets	**1,155**	**724**	**117**	**764**	**2,760**
Total liabilities	**(657)**	**(409)**	**(62)**	**(79)**	**(1,207)**

31 March 2010	*UK Traffic £'000*	*Australia Traffic £'000*	*Data Capture £'000*	*Head Office £'000*	*Total for group £'000*
Revenue	*3,710*	*1,510*	*500*	*-*	*5,720*
Operating profit/(loss)	*346*	*29*	*79*	*(143)*	*311*
Finance income	*2*	*-*	*-*	*-*	*2*
Finance expenses	*(18)*	*(27)*	*(1)*	*-*	*(46)*
Profit/(loss) before taxation	*330*	*2*	*78*	*(143)*	*267*
Taxation	*(63)*	*(24)*	*(8)*	*-*	*(95)*
Profit/(loss) from continuing operations	*267*	*(22)*	*70*	*(143)*	*172*
Balance sheet					
Total assets	*1,244*	*939*	*223*	*781*	*3,187*
Total liabilities	*(696)*	*(599)*	*(86)*	*(87)*	*(1,468)*

continued ….

6. (Loss)/profit from operating activities

(Loss)/profit from operating activities has been stated after charging the following:

	2011	2010
	£'000	£'000
Loss on disposal of fixed assets	1	3
Depreciation of property, plant and equipment	210	213
Amortisation of intangible fixed assets	14	13

Auditors' remuneration

	2011	2010
	£'000	£'000
Auditors' remuneration – Audit services to the parent company	18	17
Auditors' remuneration – Audit services to the Group	12	20
Auditors' remuneration – Non-audit services to the Group	1	-
Total audit fees	31	37

7. Personnel costs

	2011	2010
	No.	No.
The average monthly number of full time and part time employees (including executive Directors)	322	405

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

	No.	No.
Production	292	377
Administration	12	11
Management	18	17
Total	322	405

continued ….

	2011	*2010*
Their aggregate remuneration comprised	**£'000**	*£'000*
Wages and salaries	**2,674**	*3,080*
Social security costs	**250**	*205*
Pension costs	**5**	*10*
	2,929	*3,295*

	2011	*2010*
Directors' emoluments for the group	**£'000**	*£'000*
Emoluments (including benefits in kind)	**376**	*451*
Company pension contributions	**4**	*10*
	380	*461*

Number of Directors accruing benefits	**No.**	*No.*
under money purchase schemes	**1**	*1*

continued ….

Directors' remuneration and transactions
The aggregate emoluments of the Directors of the Company who served during the year were:

	Salary and fees £'000	*Benefits £'000*	*Bonuses £'000*	*Total emoluments £'000*	*Company pension contributions £'000*	**2011 £'000**	*2010 £'000*
Board of Directors:							
Richard Jackson	14	-	-	14	-	**14**	*30*
Michael Jackson	5	-	-	5	-	**5**	*10*
David Lowe	5	-	-	5	-	**5**	*10*
Mark Mattison	71	13	-	84	4	**88**	*179*
Grant Wilson	52	-	-	52	-	**52**	*72*
Other Group Directors:							
Paul Jackson	47	7	-	54	-	**54**	*34*
Martin Prowse	93	-	23	116	-	**116**	*86*
Kevin Stewart	46	-	-	46	-	**46**	*40*
Total	333	20	23	376	4	**380**	*461*

Paul Jackson, Martin Prowse and Kevin Stewart are not directors of Sky High Plc.

The pension contributions disclosed above were all in respect of a money purchase scheme.

The aggregate of emoluments of the highest paid director was £84k (2010: £169k) and the company pension contributions of £4k (2010: £10k) were made to a money purchase scheme on their behalf.

continued ….

8. Finance income and expenses

	2011	*2010*
	£'000	*£'000*
Finance income		
Bank interest	**1**	*2*
Finance expenses		
Interest on bank overdraft and loans	**1**	*11*
Interest on obligations under hire purchase	**30**	*31*
Other interest	**8**	*4*
	39	*46*

9. Taxation

	2011	*2010*
	£000	*£000*
Current taxes	**9**	*96*
Under/(over) provision in previous year	**-**	*-*
Total income taxes	**9**	*96*
Deferred tax charge – current year	**(61)**	*5*
Adjustment to previous year	**-**	*(6)*
Total deferred tax	**(61)**	*(1)*
Total taxes on continuing operations	**(52)**	*95*

continued ….

Tax rate reconciliation

	2011 £000	*2010 £000*
Profit/(loss) for the year	**(250)**	*267*
Corporation tax charge thereon at 28% (2010: 28%)	**(70)**	*75*
Adjusted for the effects of:		
Expenses not deductible for tax purposes	**-**	*62*
Accelerated capital allowances	**(61)**	*5*
Other adjustments	**6**	*(41)*
Adjustments relating to prior years	**-**	*(6)*
Losses carried forward	**73**	*-*
Tax expense/(credit) for the year	**(52)**	*95*
Effective tax rate	**20.8%**	*35.9%*

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:

	2011 £'000	*2010 £'000*
Numerators: earnings attributable to equity	**(198)**	*172*
	No. '000	*No. '000*
Denominators: weighted average number of equity shares:		
Basic	**12,745**	*12,745*
Effect of dilutive potential ordinary shares: Share options	**-**	*261*
Diluted	**12,745**	*13,006*

11. Dividend

No Ordinary dividends were paid during the year (2010: £127k).

The Directors do not recommend the payment of a final dividend.

continued ….

12. Property, plant and equipment

	Motor vehicles £'000	*Computer equipment £'000*	*Fixtures & Fittings £'000*	*Total £'000*
Cost				
At 31 March 2009	*550*	*167*	*589*	*1,306*
Additions	*14*	*78*	*66*	*158*
Disposals	*(49)*	*-*	*-*	*(49)*
Exchange rate adjustment	*62*	*42*	*21*	*125*
At 31 March 2010	*577*	*287*	*676*	*1,540*
Additions	24	40	22	86
Disposals	(63)	-	-	(63)
Exchange rate adjustment	22	19	7	48
At 31 March 2011	**560**	**346**	**705**	**1,611**
Depreciation				
At 31 March 2009	*179*	*90*	*221*	*490*
Charge for the year	*90*	*60*	*63*	*213*
Eliminated on disposal	*(30)*	*-*	*-*	*(30)*
Exchange rate adjustment	*21*	*18*	*11*	*50*
At 31 March 2010	*260*	*168*	*295*	*723*
Charge for the year	77	73	60	210
Eliminated on disposal	(43)	-	-	(43)
Exchange rate adjustment	13	10	5	28
At 31 March 2011	**307**	**251**	**360**	**918**
Net Book Value				
At 31 March 2011	**253**	**95**	**345**	**693**
At 31 March 2010	*317*	*119*	*381*	*817*

Hire purchase and finance lease agreements

Included within net book value is £206k (2010: £287k) 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 £64k (2010: £81k).

continued ….

13. Goodwill

Cost	*Goodwill* *£'000*
At 31 March 2009, 31 March 2010 & 31 March 2011	**730**

To ensure that goodwill is not carried above its recoverable amount an impairment review is performed comparing the net carrying value with the recoverable amount using value in use calculations. These calculations are performed annually at the group's year end. For the purposes of the impairment review the group has been allocated into separate cash generating units (or groups of cash generating units) that reflect the separately identifiable elements of the group's goodwill. These cash generating units are shown below. The value in use of each cash generating unit has been calculated using the group's own budget information and appropriate discount rates. Values have been estimated using cash flow projections over a period of up to 5 years derived from the approved budget for the coming year. The core assumptions (turnover, margins and overheads) used to prepare the budgets are based on past experience. The discount rate applied was 9.93% being the group's estimated weighted average cost of capital. A growth rate factor was not applied to the projections as value in use exceeded the carrying amounts before any such assumption was applied.

Based on this testing the Directors do not consider any of the goodwill to be impaired even allowing for a reasonable degree of sensitivity to the underlying assumptions. Sky High Traffic Data comprises of the cash generating units of UK Traffic but excludes the operating segment of Data Capture which is treated as a separate cash generating unit for the purposes of the goodwill impairment review.

The carrying amount of goodwill and other assets has been allocated to cash generating units (or groups of cash generating units) as follows:

	2011 **£'000**	*2010* *£'000*
Sky High Traffic Data	**470**	*470*
Australia	**161**	*161*
Data Capture	**99**	*99*
	730	*730*

continued ….

14. Other intangible assets

	Customer Relationship £'000
Cost	
At 31 March 2010 & 31 March 2011	69
Amortisation	
At 31 March 2009	*8*
Charge for the year	*13*
At 31 March 2010	*21*
Charge for the year	14
At 31 March 2011	35
Net Book Value	
At 31 March 2011	**34**
At 31 March 2010	*48*

Customer relationships have estimated useful lives of 5 years for the use in the calculation of amortisation. The remaining amortisation will take 29 months.

continued ….

15. Other financial assets

Trade and other receivables

	2011 £'000	*2010* *£'000*
Amounts receivable for sale of services	**720**	*1,122*
Unbilled debtors	**418**	*252*
Allowance for doubtful debts	**-**	*-*
Trade receivables	**1,138**	*1,374*
Other receivables	**61**	*22*
Prepayments and accrued income	**82**	*95*
	1,281	*1,491*

The average credit period taken on sales is 55 days (2010: 72 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 based on estimated irrecoverable amounts from the sale of services, determined by reference to past default experience.

There is no concentration of credit risk. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Ageing of past due but not impaired receivables:

	2011 £'000	*2010* *£'000*
61 – 90 days	**36**	*40*
91+ days	**2**	*43*
	38	*83*

continued ….

Movement in the allowance for doubtful debts:

	2011 **£'000**	*2010* *£ 000*
Balance as at 1 April	**-**	*13*
Uplift provision	**-**	-
Provision release	**-**	*(7)*
Amounts written off as uncollectible	**-**	*(6)*
Balance at 31 March	**-**	-

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 (2010: £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

	2011 **£'000**	*2010* *£'000*
Cash and cash equivalents	**22**	*101*

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

continued ….

16. Borrowings

Borrowings comprise bank overdrafts and loans and hire purchase contracts.

Unsecured borrowing at amortised cost

	2011 £'000	*2010 £'000*
Bank overdrafts	**68**	*40*

The bank overdrafts are unsecured and repayable on demand.

Secured borrowing at amortised cost

	2011 £'000	*2010 £'000*
Bank loans - current	**-**	*27*
Bank loans - non-current	**-**	*-*
	-	*27*

Total bank borrowings

	2011 £'000	*2010 £'000*
Current	**68**	*67*
Non-current	**-**	*-*
	68	*67*

Other secured borrowings

	2011 £'000	*2010 £'000*
Due within 1 year		
Hire purchase contracts - current	**100**	*110*
Due between 1 and 2 years	**82**	*115*
Due between 2 and 3 years	**63**	*88*
Due between 3 and 4 years	**-**	*15*
Hire purchase contracts - non-current	**145**	*218*
	245	*328*

continued ….

	2011 £'000	2010 £'000
Total unsecured and secured borrowings	**313**	*395*

Total borrowings

	2011 £'000	2010 £'000
Amount due for settlement within 12 months	**168**	*177*
Amount due for settlement after 12 months	**145**	*218*
	313	*395*

Borrowing facilities not drawn

	2011 £'000	2010 £'000
Bank overdraft	**209**	*160*

All borrowings are in Pounds Sterling.

Bank borrowings

The bank loan was repaid in full during the year (2010: £5k monthly instalments), with interest charged at 2% above the bank base rate. The average interest rate charged during the year was 2.50% (2010: 2.5%).

Hire purchase liabilities

Hire purchase liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default

	2011 £'000	2010 £'000
Gross hire purchase liabilities – minimum lease payments		
No later than 1 year	**116**	*138*
Later than 1 year and no later than 5 years	**153**	*235*
	269	*373*
Future finance charges on hire purchase liabilities	**(24)**	*(45)*
Present value of hire purchase liabilities	**245**	*328*

continued ….

The present value of hire purchase liabilities is as follows:

	2011 **£'000**	*2010* *£'000*
No later than 1 year	**100**	*110*
Later than 1 year and no later than 5 years	**145**	*218*
Present value of hire purchase liabilities	**245**	*328*

Liquidity Risk

The following are cash flows relating to the Group's financial liabilities, including estimated interest payments, but excluding the impact of netting agreements, based on the assumption that the year end loans are repaid at the end of the committed period and interest rates remain constant.

	Carrying amount £'000	*Contractual cashflows £'000*	*Less than 1 year £'000*	*1-2 years £'000*	*2-5 years £'000*
31 March 2011					
Secured bank loans	**-**	**-**	**-**	**-**	**-**
Hire purchase	**245**	**269**	**116**	**87**	**66**
Trade and other payables	**557**	**557**	**557**	**-**	**-**
Total	**802**	**826**	**673**	**87**	**66**

	Carrying amount £'000	*Contractual cashflows £'000*	*Less than 1 year £'000*	*1-2 years £'000*	*2-5 years £'000*
31 March 2010					
Secured bank loans	27	27	27	-	-
Hire purchase	328	373	138	220	15
Trade and other payables	602	602	602	-	-
Total	957	1,002	767	220	15

continued ….

17. Other financial liabilities

Trade and other payables

	2011 £'000	*2010 £'000*
Trade payables – current	**307**	*204*
Other payables	**242**	*398*
Accrued liabilities and deferred income – current	**345**	*321*
	894	*923*

Other payables comprise:

	2011 £'000	*2010 £ 000*
Social security and other taxes – current	**194**	*353*
Other – current	**12**	*45*
Directors' current accounts – current	**36**	*-*
	242	*398*

Presented as:

	2011 £'000	*2010 £ 000*
Current liabilities	**894**	*923*
Non-current liabilities	**-**	*-*
	894	*923*

Accrued liabilities and deferred income represent 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 62 days (2010: 59 days).

continued ….

18. Financial instruments: information on financial risks

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern 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 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 20 to 21.

Gearing ratio

The gearing ratio at the year end is as follows:

	2011	*2010*
	£'000	*£'000*
Debt	**313**	*395*
Cash and cash equivalents	**(22)**	*(101)*
Net Debt	**291**	*294*
Equity	**1,553**	*1,719*
Net debt to equity ratio	**18.7%**	*17.1%*

Debt is defined as long and short-term borrowings, as detailed in note 16.

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

continued ….

Categories of financial instruments

	2011 £'000	*2010 £'000*
Financial assets		
Loans and Receivables: Trade and other receivables	**1,281**	*1,491*
Cash and cash equivalents	**22**	*101*
	1,303	*1,592*

	2011 £'000	*2010 £'000*
Financial liabilities		
Measured at amortised cost:		
- Borrowings	**313**	*395*
- Trade and other payables (current)	**894**	*923*
- Other payables (non current)	**-**	*-*
	1,207	*1,318*

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 minimise any exposure.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

continued ….

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 3% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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.

Financial liabilities maturity analysis

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

	Borrowings	*Trade and other payables*
	£'000	*£'000*
Less than 1 year	168	902
1 – 2 years	145	-
	313	902

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.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The group has no specific policy to mitigate foreign exchange fluctuations other than by matching costs and revenues denominated in Australian Dollars.

continued ….

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 present 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:

	2011	*2010*
	£'000	*£'000*
Financial liabilities		
Fixed rate (in relation to hire purchase contracts)	**245**	*328*
Floating rate (in relation to bank borrowings)	**68**	*67*
Non-interest bearing	**894**	*923*
	1,207	*1,318*

There is no material difference between the fair value and amortised cost.

Sensitivity analysis

A hypothetical increase in interest rates by 50 basis points on a parallel yield curve would cut profits after tax by £nil (2010: £nil).

A hypothetical increase in interest rates by 100 basis points on a parallel yield curve would cut profit after tax by £1k (2010: £1k).

A hypothetical increase in interest rates by 150 basis points on a parallel yield curve would cut profits after tax by £1k (2010: £1k).

A hypothetical increase in interest rates by 200 basis points on a parallel yield curve would cut profits after tax by £2k (2010: £2k).

A hypothetical increase in foreign exchange rates by 5% on a parallel yield curve would increase the loss after tax £1k (2010: £1k).

A hypothetical increase in foreign exchange rates by 10% on a parallel yield curve would increase the loss after tax by £2k (2010: £2k).

A hypothetical increase in foreign exchange rates by 15% on a parallel yield curve would increase the loss after tax by £3k (2010: £3k).

A hypothetical increase in foreign exchange rates by 20% on a parallel yield curve would increase the loss after tax by £4k (2010: £4k).

continued ….

19. Deferred taxation assets and liabilities

	2011 **£'000**	*2010* *£'000*
Deferred tax on continuing operations		
Deferred tax liabilities	**-**	*61*

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

	Accelerated tax depreciation *£'000*	*Total* *£'000*
At start of year	61	61
Income statement	(61)	(61)
At 31 March 2011	-	-

At 31 March 2011 the Group had an unprovided deferred tax asset.

The following are the temporary differences for which the Group has not recognised deferred tax due to the unpredictability of future profit streams, based on the expected future tax rate for the Group of 28% (2010: 28%):

	2011 **£'000**	*2010* *£'000*
Accelerated capital allowances	**57**	-
Tax value of UK tax losses carried forward	**(73)**	-
Deferred tax liability/(asset)	**(16)**	-

As at 31 March 2011 the Group has available for offset against future profits UK tax losses amounting to £261k (2010: £nil).

continued ….

20. Equity capital

	Ordinary shares 10p No. '000	*Share capital £'000*	*Share Premium £'000*	*Total £'000*
At 31 March 2010 & 31 March 2011	12,745	1,275	1,655	2,932

	2011 £'000	*2010 £'000*
Authorised		
17,336,353 (2010: 17,336,353) Ordinary Shares of 10p each	**1,734**	*1,734*
Allotted, called up and fully paid		
12,744,737 (*2010: 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*
12 October 2009	£0.125	On 12 October 2010 to 12 October 2012	160,666
12 October 2009	£0.125	On 12 October 2011 to 12 October 2012	160,666
12 October 2009	£0.125	On 12 October 2012	160,668
			482,000

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.

continued ….

21. Other reserves

	Reverse acquisition reserve £'000	*Total £'000*
At 31 March 2010 & 31 March 2011	**(1,774)**	**(1,774)**

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

22. Net cash from operations

	2011 £'000	*2010 £'000*
Results from operating activities	**(212)**	*311*
Depreciation of property, plant and equipment	**210**	*213*
Amortisation of intangible fixed assets	**14**	*13*
Loss on disposal of property, plant and equipment	**1**	*3*
Decrease/(increase) in receivables	**190**	*(500)*
(Decrease)/increase in payables	**(13)**	*326*
Net cash from operations	**190**	*366*

23. Analysis of net debt

	2011 £'000	*2010 £'000*
Cash and cash equivalent per balance sheet	**22**	*101*
Bank overdraft	**(68)**	*(40)*
Cash and cash equivalent per cash flow statement	**(46)**	*61*
Bank loan due within one year	**-**	*(27)*
Hire purchase obligations within one year	**(100)**	*(110)*
Hire purchase obligations over one year	**(145)**	*(218)*
Net debt	**(291)**	*(294)*

continued ….

24. 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.

Legal fees included within administrative expenses is £3k (2010: £nil) paid by Sky High to Bromets Jackson Heath Solicitors, a law firm in which Richard Jackson is a partner.

Directors fees included within administrative expenses is £5k (2010: £10k) paid by Sky High to Fb Limited, a company in which David Lowe is a director.

Directors fees included within administrative expenses is £14k (2010: £30k) paid by Sky High to G J S Properties (West Yorkshire) Limited, a company in which Richard Jackson is a director.

Rent within administrative expenses includes £17k (2010: £17k) paid by Sky High to Kevin Stewart, a director of Sky High Technology Limited.

Rent within administrative expenses includes £44k (2010: £23k) paid by Sky High Australia PTY Limited to the partnership trust of The Hopes Investment Trust & Prowse Family Proprietary Limited, of which Martin Prowse is a 50% partner.

Included in other receivables within current assets is an amount of £10k (2010: £8k) due from Martin Prowse, a director of Sky High Australia PTY Limited.

Included in other payables within current liabilities is an amount of £27k (2010: £nil) due to Mark Mattison.

Included in other payables within current liabilities is an amount of £9k (2010: £nil) due to Grant Wilson.

Included in other payables within current liabilities is an amount of £1k (2010: £nil) due to Kevin Stewart, a director of Sky High Technology Limited.

continued ….

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*.

	2011	*2010*
	£'000	*£'000*
Short-term employee benefits	**376**	*451*
Post employment benefits	**4**	*10*
	380	*461*

25. Operating lease commitments

	2011	*2010*
	£'000	*£'000*
Minimum lease payments under operating leases recognised as an expense in the year	**143**	*110*

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:

	2011	*2010*
	£'000	*£'000*
Within one year	**114**	*99*
In the second to fifth years inclusive	**114**	*84*
	228	*183*

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.

26. Events after the balance sheet date

On 28 April 2011 additional funding in the form of Invoice Discounting was agreed with the bank that gave the UK business a potential borrowing limit of £750k.

No other significant events have occurred since the balance sheet date other than those discussed elsewhere.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

SKY HIGH PLC

We have audited the parent company financial statements of Sky High Plc for the year ended 31 March 2011 which comprise the Parent Company Balance Sheet and the related notes. The financial framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 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

As explained more fully in the Directors' Responsibilities Statement set out on pages 13, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

SKY HIGH PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of Sky High Plc for the year ended 31 March 2011. The opinion in that report is unqualified.

P Coleman
Senior Statutory Auditor
28 July 2011

For and on behalf of:

RSM Tenon Audit Limited
Statutory Auditor
2 Wellington Place
Leeds
LS1 4AP

SKY HIGH PLC

PARENT COMPANY BALANCE SHEET
As at 31 March 2011
Company Number: 3896384

	Note	2011	2010
		£'000	*£'000*
Fixed assets			
Intangible assets	III	**1,919**	*2,020*
Tangible assets	IV	**378**	*446*
Investments in subsidiaries	V	**196**	*507*
		2,493	*2,973*
Current assets			
Debtors: Amounts falling due within one year	VI	**949**	*1,078*
Cash at bank and in hand		**1**	*94*
		950	*1,172*
Creditors: Amounts falling due within one year	VII	**(799)**	*(2,734)*
Net current assets/(liabilities)		**151**	*(1,562)*
Total assets less current liabilities		**2,644**	*1,411*
Creditors: Amounts falling due after more than one year	VIII	**(29)**	*(62)*
Provisions for liabilities	X	**-**	*(61)*
Net assets		**2,615**	*1,288*
Capital and Reserves			
Share capital	XI	**1,275**	*1,275*
Share premium	XI	**1,655**	*1,655*
Profit and loss account	XII	**(315)**	*(1,642)*
Equity shareholders' funds		**2,615**	*1,288*

The Financial Statements were approved by the Board of Directors and authorised for issue on 28 July 2011. They were signed on its behalf by:

M Mattison

Director

I. Accounting Policies

Basis of preparation

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

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included an income statement in these financial statements.

The profit attributable to members of the parent Company for the year ended 31 March 2011 was £1,327k (2010: £2,366k loss).

The separate Financial Statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate Financial Statements have been prepared in accordance with United Kingdom accounting standards.

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

Going concern

These financial statements have been prepared on a going concern basis (see further details in the Directors report on page 12 and 13).

Turnover

Turnover 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.

Turnover is recognised on services not yet billed at the fair value of consideration expected to be receivable to the extent that the work has already been carried out at the year end.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Goodwill	5% straight line

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Fixtures and fittings	15% reducing balance basis
Motor vehicles	25% reducing balance basis
Computer equipment	33.33% straight line basis

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

Hire purchase and finance lease contracts

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

II. Operating loss

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

The Company's employees and the related Directors' emolument disclosures can be found in note 7 to the consolidated financial statements.

III. Intangible fixed assets

	Goodwill
	£'000
Cost	
At 31 March 2010 & 31 March 2011	2,020
Provision	
At 31 March 2010	-
Charge for the year	101
At 31 March 2011	101
Net book value	
At 31 March 2011	**1,919**
At 31 March 2010	*2,020*

IV. Tangible fixed assets

	Motor vehicles £'000	*Computer equipment £'000*	*Fixtures & Fittings £'000*	*Total £'000*
Cost				
At 31 March 2010	137	30	279	446
Additions	24	4	13	41
Disposals	(34)	(1)	-	(35)
At 31 March 2011	**127**	**33**	**292**	**452**
Depreciation				
At 31 March 2010	-	-	-	-
Charge for the year	39	17	43	99
Eliminated on disposal	(25)	-	-	(25)
At 31 March 2011	**14**	**17**	**43**	**74**
Net Book Value				
At 31 March 2011	**113**	**16**	**249**	**378**
At 31 March 2010	*137*	*30*	*279*	*446*

V. Investments held as fixed assets

	Group shares
	£'000
Cost	
At 31 March 2010 & 31 March 2011	3,483
Provision	
At 31 March 2010	2,976
Charge for the year	311
At 31 March 2011	3,287
Net book value	
At 31 March 2011	**196**
At 31 March 2010	*507*

Details of the Company's subsidiaries at 31 March 2011 are as follows:

Name of subsidiary	Company number	Place of incorporation (or registration) and operation	Proportion of ownership interest & of voting power held	Holding	Principal activity
Sky High Traffic Data Australia PTY Limited	56112563201	Australia	100%	Ordinary shares	Data collection and analysis
Sky High Technology Limited	02383178	UK	100%	Ordinary shares	Dormant
Sky High Traffic Data Limited	04258332	UK	100%	Ordinary shares	Dormant
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
Halifax Computer Services Limited	04935845	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
Footfall Verification Limited	07086920	UK	100%	Ordinary shares	Dormant

SKY HIGH PLC

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
For the year ended 31 March 2011

VI. Debtors: Amounts falling due within one year

	2011	*2010*
	£'000	*£'000*
Trade debtors	**464**	*612*
Unbilled debtors	**361**	*222*
Amounts owed by Group undertakings	**56**	*144*
Other debtors	**19**	*22*
Prepayments and accrued income	**49**	*78*
	949	*1,078*

VII. Creditors: Amounts falling due within one year

	2011	*2010*
	£'000	*£'000*
Bank loans and overdrafts	**68**	*27*
Obligations under finance leases and hire purchase contracts	**49**	*48*
Trade creditors	**171**	*137*
Amounts owed to group undertakings	**31**	*1,989*
Corporation tax	**-**	*72*
Social security and other taxes	**158**	*186*
Other creditors	**48**	*45*
Accruals and deferred income	**274**	*230*
	799	*2,734*

VIII. Creditors: Amounts falling after more than one year

	2011	*2010*
	£'000	*£'000*
Obligations under finance leases and hire purchase contracts	**29**	*62*
	29	*62*

IX. Security of borrowings

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company.

X. Provisions for liabilities

	Deferred tax provision
	£'000
As at 1 April 2009	-
Transfer from group company	61
As at 31 March 2010	61
Charged to the profit and loss account	(61)
As at 31 March 2011	**-**

At 31 March 2011 the Company had an unprovided deferred tax asset.

The following are the temporary differences for which the Company has not recognised deferred tax due to the unpredictability of future profit streams, based on the expected future tax rate for the Company of 28% (2010: 28%):

	2011	*2010*
	£'000	*£'000*
Accelerated capital allowances	**57**	-
Tax value of UK tax losses carried forward	**(73)**	-
Deferred tax liability/(asset)	**(16)**	-

As at 31 March 2011 the Company has available for offset against future profits UK tax losses amounting to £261k (2010: £nil).

XI. Share capital, share premium account and other reserve

The movements on these items are disclosed in notes 20 and 21 to the consolidated financial statements.

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*
12 October 2009	£0.125	On 12 October 2010 to 12 October 2012	160,666
12 October 2009	£0.125	On 12 October 2011 to 12 October 2012	160,666
12 October 2009	£0.125	On 12 October 2012	160,668
			482,000

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.

XII. Profit and loss reserves

	2011	*2010*
	£'000	*£'000*
Balance at 1 April	**(1,642)**	*724*
Profit/(loss) for the year	**1,327**	*(2,366)*
Balance at 31 March	**(315)**	*(1,642)*

XIII. Transactions with related parties

These items are disclosed in note 24 to the consolidated financial statements.

XIV. Controlling party

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

SKY HIGH PLC

NOTICE OF ANNUAL GENERAL MEETING

The tenth Annual General Meeting of the Company will be held at 32 Bedford Row, London, WC1R 4HE on 7 September 2011 at 2.00pm for the following purposes:

Ordinary business

To consider, and if thought fit, pass the following resolutions which will be proposed as an ordinary resolution:

1. To receive the report of the directors, the financial statements for the year ended 31 March 2011 and the report of the auditors thereon.

2. To re-appoint RSM Tenon Audit Limited as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting at which the financial statements are laid before the Company and to authorise directors to fix their remuneration.

3. To re-appoint Mr Mark Mattison who, retiring by rotation as an executive director under the articles of association and being eligible, is offering himself for re-election as an executive director.

4. To re-appoint Mr Grant Wilson who, retiring by rotation as an executive director under the articles of association and being eligible, is offering himself for re-election as an executive director.

5. To re-appoint as an executive director Mr Alex Johnson, who has been appointed since the last Annual General Meeting.

6. To re-appoint as an executive director Mr Martin Prowse, who has been appointed since the last Annual General Meeting.

Special business

To consider, and if thought fit, pass the following resolutions of which resolution 7 will be proposed as an ordinary resolution and resolution 8 will be proposed as a special resolution:

7. That the Directors be and hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (“the Act”) to exercise all the powers of the Company to allot relevant securities on and subject to such terms as the Directors may determine. The maximum aggregate nominal amount of relevant securities which may be allotted pursuant to this authority shall be £410,000. The authority hereby conferred shall expire at the conclusion of the Annual General Meeting to be held in 2012 unless renewed, varied or revoked by the Company in general meeting. The Directors shall be entitled under this authority, to make at any time prior to the expiry of this authority any offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority. This authority shall be in substitution for and supersede and revoke any earlier such authority conferred on the Directors.

8. The Directors be and are hereby empowered, pursuant to section 570 of the Companies Act 2006 (“the Act”), to allot equity securities pursuant to the general authority conferred by resolution 7 above as if 561 of the Act did not apply to such allotment, save that such power shall be limited to:

a. The allotment of equity securities in connection with a rights issue or other issue in favour of holders of ordinary shares where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of the ordinary shares held or deemed to be held by them, subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory or by virtue of shares being represented by depositary receipts, the requirements of any regulatory body or stock exchange, or any matter whatsoever; and

b. To the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities wholly for cash up to an aggregate nominal value of £61,000 (representing approximately 5% of the nominal value of the issued share capital of the Company at the date of this notice) and shall expire on the date which is 15 months after the date on which this resolution is passed or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2012, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

12-14 Westgate
Tadcaster
Leeds
LS24 9AB

By Order of the Board

Alex Johnson
Company Secretary
28 July 2011

1. A member entitled to attend and vote may appoint a proxy to attend and to vote in his or her stead. A proxy need not be a member of the Company. A form of proxy is included with this document. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder. The proxy holder’s name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorized to act.

2. To be valid, the form of proxy and any power of attorney or the authority under which it is signed (or a materially certified or office copy of it) must be completed and lodged at the Registrars of the Company, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, not later than 2 days before the time of the meeting or the adjourned meeting.

3. Completion and return of a form of proxy does not preclude a member from subsequently attending and voting at the meeting.

4. Copies of the Directors’ service contracts will be available for inspection at the registered office of the Company during normal business hours until the date of the Annual General Meeting and on that day, at the place of meeting from at least 15 minutes prior to the meeting until its conclusion.

5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered in the register of members of the Company at 6.00pm on 6 September 2011 as holders of ordinary shares of 10p each in the capital of the Company shall be entitled to vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members of the Company after 6 September 2011 shall be disregarded in determining the rights of any person to attend and vote at the meeting.