Company Number 5200315

STRONTIUM PLC

ANNUAL REPORT

30 June 2008

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STRONTIUM PLC

DIRECTORS AND ADVISERS

Directors
M W Metcalfe (Chairman)
P L Hogarth (Non-Executive Director)
D W Barker

Secretary
G Withey

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Chartered Accountants
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Company Registration Number
05200315

STRONTIUM PLC

CHAIRMAN'S STATEMENT

I am pleased to report on what has been a challenging year for Strontium because of the detrimental effects on all business sectors during the first stages of the Credit Crunch.

In the light of market conditions the Board reappraised its business model and began to implement organisational changes to retain cash and grow the business in what we expect to be very tough conditions

Overall Financial Highlights

The Group has adopted IFRS from 1 July 2007.

Revenues on continuing operations increased year on year by 21.5% to £952,000. (30 June 2007: £783,000). The impact of The Learning Eye Limited ("TLE") and MiAD Limited ("MiAD") post-acquisition can be seen in the Business Review below.

The Loss on ordinary activities before taxation and impairment charges increased to £417,000. (30 June 2007: £121,000).

Full provision has been made against the goodwill of Executive Development Consultants Limited ("EDC") and the linguistics business, resulting in a charge for the year for goodwill impairment of £329,000. The management coaching business carried on by EDC, which is currently loss making is to be merged with the MiAD training business to create a single non-clinical medical training division. The linguistics business now acts primarily as a supplier of services within the group. Future profit streams from these two businesses are no longer separable and the directors consider that it is no longer appropriate to recognise the goodwill that arose from these acquisitions.

Strontium has kept its costs within the budget set for the financial year.

The Group's balance sheet was strengthened during the year by the issue of 2,625,000 new ordinary shares for cash of £611,250 (net of costs). As part consideration for TLE 1,632,653 new ordinary shares were issued at a value of £351,000. Shareholders' funds at year end amounted to £1,314,000 (30 June 2007: £1,045,000).

The issue of ordinary shares for cash and for the acquisition of The Learning Eye combined with a rigorous policy of controlling cash has enabled Strontium to maintain cash balances at £587,000 (30 June 2007: £651,000).

Naturally, any loss is disappointing but I am pleased that the business continues to expand and this is a good result given the demands on and the other achievements of our small team.

Strategy

Strontium is a professional services group founded with the objective of growing by developing existing businesses and by acquiring small, professional services businesses with the potential for development.

CHAIRMAN'S STATEMENT (*continued*)

Our strategy until 2007 had been designed for an expanding market and organised in 4 divisions. However, by late 2007, it became increasingly clear to the Board that the outlook for the UK economy was bleak and a significant downturn was increasingly likely. Strontium had to prepare for an extended period of difficult trading conditions and:

- Conserve cash
- Reduce costs
- Retrench where necessary

The Board decided to adapt Strontium's strategy to achieve these aims. Implementation started in early 2008 with the negotiations to acquire The Learning Eye. The adapted strategy now aims to:

- Concentrate products and services into two divisions by merging the existing businesses
    - Non-clinical Medical Training and Development
        - MiAD
        - EDC
    - Business Communications
        - TLE
        - Aspect Information Management Limited
- Reduce costs
- Put The Alliance on hold until 2010

An updated report on the implementation of this strategy will be made in our next interim statement.

Acquisitions and Disposals

In March 2008, Strontium acquired The Learning Eye, an organisation specialising in Business Communications and Training. The consideration for The Learning Eye was a cash payment on completion of £568,000 together with the allotment of 1,632,653 ordinary shares at 21.5 pence per share (£351,000) for the entire issued share capital.

The Company also agreed a further earn out payment up to a maximum of £960,000 (to be satisfied equally in shares and cash) based on profits for the period to 7 March 2011; however, based on current operating budgets, the directors do not anticipate any payment being made in respect of deferred consideration. Again, this acquisition demonstrated the value of the Company's listing on AIM; it enabled the Company to issue its own shares for part of the consideration, thus saving cash resources.

Business Environment

The business environment for all enterprises will continue to be demanding until 2010.

Although the Board anticipates that the Government will be forced to cut expenditure in the public sector we expect growth for the medium term in NHS non-clinical training and development.

The challenges faced by the corporate clients of our Business Communications Division are formidable. Clients are retrenching and projects will be reduced in number. However, creative, cost effective and innovative approaches to implement and communicate change will be in demand in all commercial organisations.

In the current climate, cash shortages will plague smaller organisations. The Board believes this will lead to the closure of some of our competitors and afford the opportunity for new business growth and good value acquisitions.

Business Review

The Financial Statements for the year ending June 2008 show Strontium organised into 2 divisions:

- Non-clinical Medical Training & Development
- Business Communications.

The Non-clinical Medical Training & Development arm focuses on offering training and development to the NHS. Revenues in this division more than doubled to £538,000 (30 June 2007: £238,000). This increase is partly explained by the inclusion of full year's figures for MiAD as against only 3 months for 2007. However, the MiAD revenues grew significantly in the period following Strontium obtaining ownership on 10 April 2007 to £344,000 compared with £207,000 for the period 1 September 2006 to 30 June 2007, an increase in average monthly revenue of 38%. This growth has come from improved operational and revenues management. EDC revenues remained static at £194,000 (30 June 2007: £197,000) although there was a significant increase in NHS based work. Over 90% of this division's work is now within the NHS.

The Business Communication Division focuses on researching client issues, offering creative solutions and a seamless training, development and communications service. This division has been successful in winning orders from international businesses. Revenues in this division fell to £414,000 (30 June 2007: £546,000). The decrease was largely due to a reduction in revenues of £160,000 from our Research business, caused in part by a change in timings to the next financial year. There is no doubt that the market place has become more difficult. Meagre revenues of £14,000 were delivered by TLE whilst it was integrated into the Group and targeted new markets and opportunities.

Following the strategy review, the Alliance has been put on hold; this action reduces full year costs by at least £30,000 per annum.

Principal Risks and Uncertainties

Risks are formally reviewed by the Board and appropriate measures put in place to mitigate them.

The Group's performance depends largely on the organisation of and performance of its staff and is heavily dependent on the continued participation of David Barker, the Managing Director. Key roles are regularly reviewed to ensure that these positions are filled by personnel with appropriate skills.

Key Performance indicators

One of the Group's key objectives is to manage growth without significantly increasing fixed costs. It manages this through using a network of freelance consultants engaged to work on specific projects.

The profits on all significant contracts are reviewed on a project by project basis to ensure anticipated margins are achieved. Contributions from contracts are shown in the Income Statement as Gross Profit.

At this stage in the Group's growth it is not considered meaningful to provide further analysis.

CHAIRMAN'S STATEMENT (*continued*)

Personnel

In line with our revised strategy the Board will be looking to maintain a small but well focussed business management team. Expert resources will be employed on a short term basis as and when required.

I would like to thank David Barker, our Managing Director, his very able management team and all our staff for their contributions during this past challenging year.

Outlook

As we all know, business conditions in all sectors have significantly deteriorated, particularly in recent months. However, the Board has taken the necessary steps to reduce costs, refocus the business and conserve cash and as a consequence, I am confident that Strontium faces the downturn as a stronger operation than many other similar organisations.

M W Metcalfe
10 December 2008

DIRECTORS' REPORT

The directors present their report and the financial statements for the Group for the year ended 30 June 2008.

Results and dividends

The Group loss for the year amounted to £719,591 (2007: £112,324) and the directors are unable to recommend the payment of a dividend.

Principal activities and review of the business

The principal activity of the Group continues to be that of the provision of business services. A detailed review of the business and its future development can be found in the Chairman’s Statement.

Directors

The following directors have held office since 30 June 2007.

M W Metcalfe
D W Barker
P Hogarth

The directors retire by rotation. On 15 November 2007 at the Annual General Meeting, P Hogarth retired and, being eligible, was reappointed.

Financial instruments

Details of the Group’s financial instruments and financial risk management policies can be found in note 3 to the financial statements.

Creditor payment policy and practice

It is the Group’s policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with.

At 30 June 2008, the Group had an average of 61 (2007: 63) days’ purchases outstanding in trade creditors.

Charitable and political donations

No charitable or political donations were made in the year. The policy of the directors is to leave the decision to make such contributions at the discretion of the individual shareholders.

Going concern

After making enquiries, the directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Consequently, they have continued to adopt the going concern basis in preparing the financial statements.

DIRECTORS' REPORT (*continued*)

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that Hazlewoods LLP will be re-appointed will be put to the Annual General Meeting.

Statement of disclosure to auditor

So far as each of the directors at the time of this report are aware, there is no relevant audit information of which the Group's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

On behalf of the Board

M W Metcalfe
Chairman

10 December 2008

STRONTIUM PLC

AIM RULE COMPLIANCE REPORT

Strontium Plc is traded on AIM and, as such under AIM Rule 31 the Company is required to:

- Have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- Seek advice from its nominated adviser ("Nomad") regarding its compliance with the AIM Rules whenever appropriate and take that advice into account;
- Provide the Company's Nomad with any information it requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
- Ensure that each of the Company's Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and
- Ensure that each director discloses without delay all information which the Company needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the director.

In order to ensure that these obligations are being discharged the Board has established a committee of the board (the "AIM Committee"), chaired by M W Metcalfe, a non-executive director of the Company.

Having reviewed relevant Board papers, and met with the Company's Executive Board and the Nomad to ensure that such is the case, the AIM Committee is satisfied that the Company's obligations under AIM Rule 31 have been satisfied during the year under review.

STRONTIUM PLC

REPORT OF THE REMUNERATION COMMITTEE

The policy of the Group is to offer competitive remuneration packages that will attract, retain and motivate experienced and talented individuals who will enhance the value of the Group. The remuneration packages of the executive directors are reviewed and approved by the Remuneration Committee on an annual basis. The remuneration of other employees is the responsibility of the Chairman.

The part of this remuneration report set out below is included within the scope of the auditors' opinion on pages 12 and 13.

Remuneration of the directors

Executive directors are paid a basic salary. In addition, certain directors receive pension contributions.

The remuneration of non-executive directors is approved by the Board. Individual non-executives do not participate in decisions concerning their own remuneration.

	Salary £	Bonus £	Pension Contribution £	Total 2008 £	Total 2007 £
M W Metcalfe	-	-	-	-	-
P Hogarth	-	-	-	-	-
D W Barker	75,000	15,000	6,600	96,600	65,100
	75,000	15,000	6,600	96,600	65,100

Warrants

On 21 November 2007, as part of an issue of shares, warrants to subscribe for ordinary shares at 30p each were issued to M W Metcalfe (78,125 warrants) and D W Barker (5,208 warrants). These warrants were exercisable until 21 November 2008.

Options

Directors' interests in share options are set out below

Directors' names	Number of options	During the year			Exercise price	Date from which exercisable	Expiry date
	1 July 2007	Granted	Exercised	30 June 2008			
M W Metcalfe	-	200,000	-	200,000	27.5p	30.6.2009	24.07.2017
M W Metcalfe	-	100,000	-	100,000	27.5p	30.6.2010	24.07.2017
M W Metcalfe	-	100,000	-	100,000	27.5p	30.6.2011	24.07.2017
M W Metcalfe	-	100,000	-	100,000	27.5p	30.6.2012	24.07.2017
D W Barker	-	400,000	-	400,000	27.5p	30.6.2009	24.07.2017
D W Barker	-	200,000	-	200,000	27.5p	30.6.2010	24.07.2017
D W Barker	-	200,000	-	200,000	27.5p	30.6.2011	24.07.2017
D W Barker	-	200,000	-	200,000	27.5p	30.6.2012	24.07.2017
P Hogarth	100,000	-	-	100,000	30.0p	1.12.2007	30.11.2009
P Hogarth	-	100,000	-	100,000	24.5p	1.12.2008	30.11.2010

The amount charged to the Consolidated Income Statement of £26,000 in respect of share based awards is in respect of Directors' options set out above.

M W METCALFE
Chairman

10 December 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted in the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the Group at the end of the year and of the Group's profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRSs as adopted in the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985 and as regards the Group financial statements, article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the investor information contained on the website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF STRONTIUM PLC

We have audited the Group and Parent Company financial statements ("the financial statements") for the year ended 30 June 2008 which comprise the Group income statement, the Group and Parent Company balance sheets, the Group and Parent Company cash flow statements, the Group and Parent Company statement of changes in equity and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein. We have also audited the information regarding the directors' remuneration in the Remuneration Committee Report that is described as having been audited.

This report is made solely to the members, as a body, in accordance with the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 the directors and auditors

The directors' responsibilities for preparing the annual report and the Group financial statements in accordance with applicable law and International Financial Reporting Standard ("IFRS") as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Remuneration Committee Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements and the part of the Remuneration Committee Report to be audited give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the Directors' Report is consistent with the financial statements. In addition we report to you if in our opinion the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement, the Directors' Report, Corporate Governance Statement, AIM Rule Compliance Report and Report of the Remuneration Committee. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF STRONTIUM PLC (*continued*)

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 30 June 2008 and of its loss for the year then ended;

- the Parent Company financial statements give a true and fair view in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs at 30 June 2008.

- the financial statements and the part of the Remuneration Committee Report to be audited have been properly prepared in accordance with the Companies Act 1985 and as regards the Group financial statements, Article 4 of the IAS Regulation.

- the information given in the directors' report is consistent with the financial statements.

HAZLEWOODS LLP
Chartered Accountants
Registered Auditors

10 December 2008

Windsor House
Barnett Way
Barnwood
Gloucester
GL4 3RT

STRONTIUM PLC

CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2008

	Note	**2008**	**2007**
Continuing operations		**£**	**£**
Revenue		951,765	783,204
Cost of sales		(301,264)	(222,028)
Gross Profit		650,501	561,176
Administrative expenses		(1,083,886)	(689,407)
Goodwill impairment charge		(329,403)	-
Operating loss	*7*	(762,788)	(128,231)
Finance income	*8*	16,214	7,972
Finance costs	*8*	(97)	(733)
Finance income – net		16,117	7,239
Loss before tax		(746,671)	(120,992)
Tax expense	*10*	27,080	-
Loss for the period from continuing operations		(719,591)	(120,992)
Discontinued operations			
Profit for the period from discontinued operations	*11*	**-**	8,668
Loss for the period attributable to equity holders of the company		**(719,591)**	**(112,324)**
Loss per share			
Equity holders	*12*	(6.41)p	(1.38)p

STRONTIUM PLC

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2008

GROUP

	Share Capital £	Share Premium £	Retained Earnings £	Total £
Balance at 1 July 2006	155,077	784,550	(143,410)	796,217
Loss for the year ended 30 June 2007	-	-	(112,324)	(112,324)
Issue of shares for cash	22,800	278,160	-	300,960
Issue of shares on acquisition of subsidiary	4,364	55,636	-	60,000
Balance at 30 June 2007	182,241	1,118,346	(255,734)	1,044,853
Loss for the year ended 30 June 2008	-	-	(719,591)	(719,591)
Cost of share based awards	-	-	26,000	26,000
Issue of shares for cash	52,500	558,750	-	611,250
Issue of shares on acquisition of subsidiary	32,653	318,367	-	351,020
Balance at 30 June 2008	267,394	1,995,463	(949,325)	1,313,532

COMPANY

	Share Capital £	Share Premium £	Retained Earnings £	Total £
Balance at 1 July 2006	155,077	784,550	(166,956)	772,671
Loss for the year ended 30 June 2007	-	-	(162,916)	(162,916)
Issue of shares for cash	22,800	278,160	-	300,960
Issue of shares on acquisition of subsidiary	4,364	55,636	-	60,000
Balance at 30 June 2007	182,241	1,118,346	(329,872)	970,715
Loss for the year ended 30 June 2008	-	-	(465,892)	(465,892)
Cost of share based awards	-	-	26,000	26,000
Issue of shares for cash	52,500	558,750	-	611,250
Issue of shares on acquisition of subsidiary	32,653	318,367	-	351,020
Balance at 30 June 2008	267,394	1,995,463	(769,764)	1,493,093

STRONTIUM PLC

BALANCE SHEET
at 30 June 2008

		GROUP		COMPANY	
	Note	**2008**	**2007**	**2008**	**2007**
		£	**£**	**£**	**£**
Non-current assets					
Goodwill	*13*	1,148,893	615,197	-	-
Plant and equipment	*14*	44,912	25,835	9,608	13,047
Investments in subsidiaries	*15*	-	-	1,270,956	487,557
Total non-current assets		**1,193,805**	**641,032**	**1,280,564**	**500,604**
Current assets					
Trade and other receivables	*16*	320,064	170,324	318,862	332,271
Cash at bank		586,543	651,302	64,743	295,231
Total current assets		**906,607**	**821,626**	**383,605**	**627,502**
Total assets		**2,100,412**	**1,462,658**	**1,664,169**	**1,128,106**
Equity					
Issued share capital	*17*	267,394	182,241	267,394	182,241
Share premium	*18*	1,995,463	1,118,346	1,995,463	1,118,346
Retained earnings	*18*	(949,325)	(255,734)	(769,764)	(329,872)
Total equity		**1,313,532**	**1,044,853**	**1,493,093**	**970,715**
Liabilities					
Non-current liabilities					
Deferred tax	*19*	2,432	-	-	-
Other payables	*20*	102,000	72,000	102,000	72,000
Total non-current liabilities		**104,432**	**72,000**	**102,000**	**72,000**
Current liabilities					
Current tax liabilities		9,270	21,612	-	-
Trade and other payables	*20*	673,178	324,193	69,076	85,391
Total current liabilities		**682,448**	**345,805**	**69,076**	**85,391**
Total liabilities		**786,880**	**417,805**	**171,076**	**157,391**
Total equity and liabilities		**2,100,412**	**1,462,658**	**1,664,169**	**1,128,106**

These financial statements were approved and authorised for issue by the Board of Directors on 10 December 2008 and were signed on its behalf by:

M W Metcalfe
Director

D W Barker
Director

STRONTIUM PLC

CASH FLOW STATEMENT
for the year ended 30 June 2008

	Note	GROUP 2008 £	GROUP 2007 £	COMPANY 2008 £	COMPANY 2007 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	*21*	(17,644)	61,833	(268,863)	(224,722)
Net interest received		16,117	7,239	12,567	7,972
Taxation (paid)/received		(73,173)	21,612	19,637	-
Net cash (absorbed by)/generated from operating activities		**(74,700)**	**90,684**	**(236,659)**	**(216,750)**
Cash flows from investing activities					
Payments to acquire subsidiary		(605,079)	(185,594)	(605,079)	(185,594)
Cash acquired with subsidiary		10,836	(2,095)	-	-
		(594,243)	(187,689)	(605,079)	(185,594)
Payments to acquire tangible fixed assets		(7,066)	(19,098)	-	(12,798)
Proceeds from disposal of fixed assets		-	8,000	-	8,000
Net cash used in investing activities		**(601,309)**	**(198,787)**	**(605,079)**	**(190,392)**
Cash flows from financing activities					
Proceeds from issue of shares		611,250	300,960	611,250	300,960
Net cash from financing activities		**611,250**	**300,960**	**611,250**	**300,960**
Net (decrease)/increase in cash and bank balances		(64,759)	192,857	(230,488)	(106,182)
Cash and bank and bank overdrafts at beginning of year		651,302	458,445	295,231	401,413
Cash and bank and bank overdrafts at end of year		**586,543**	**651,302**	**64,743**	**295,231**

STRONTIUM PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

1 GENERAL INFORMATION

Strontium Plc (the company) and its subsidiaries (together "the group") are providers of business services.

The Company is a limited liability company incorporated and domiciled in England whose registered office address and principal place of business is 6 Porter Street, London.

These group financial statements are prepared in Pounds Sterling because that is the currency of the primary economic environment in which the group operates.

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

		Application date (periods commencing on or after)
IAS 1 Revised	Presentation of financial statements	1 January 2009
IAS 23 Revised	Borrowing costs	1 January 2009
IAS 27 Amendment	Consolidated and separate financial statements	1 July 2009
IAS 32 and IAS 1 Amendment	Puttable financial instruments and obligations arising on liquidation	1 January 2009
IAS 39 Financial Instruments	Recognition and measurement – Amendments for eligible hedged items	1 July 2009
IFRS 1 and IAS 27 Amendment	Cost of an investment on first-time adoption	1 January 2009
IFRS 2 Amendment	Vesting conditions and cancellations	1 January 2009
IFRS 3 Amendment	Business combinations and consequential amendments	1 July 2009
IFRS 8	Operating Segments	1 January 2009
IFRIC 12	Service concession arrangements	1 January 2008
IFRIC 13	Customer loyalty programmes	1 July 2008
IFRIC 14	IAS 19, The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008
IFRIC15	Agreements for the construction of real estate	1 January 2009
IFRIC 16	Hedges of a net investment in a foreign operation	1 October 2008

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for additional disclosures for segmental results when the relevant standards come into effect. In addition a further 15 Standards were amended in May 2008 with application dates on or after 1 January 2009.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group has adopted IFRS during the current year. The date of transition to IFRS is therefore 1 July 2006. The group financial statements to 30 June 2007 were presented under United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting standards and law). A reconciliation of profit and total equity under UK GAAP and IFRS and notes of the principal adjustments under IFRS are shown at note 27.

As permitted by section 230 of the Companies Act 1985 the company has elected not to present its own profit and loss account for the year. Strontium Plc reported a loss for the financial year of £465,892 (2007 : £162,916).

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 30 June 2008. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition.

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

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IRFS are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss.

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 that the unit maybe impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, 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. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

The company has elected not to take the exemption conferred by IFRS1 that allows a company not to apply IFRS3 retrospectively. As such IFRS3 has been applied to all business combinations made by the company.

Plant and equipment

Plant and equipment is measured at cost less provision for depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of tangible fixed assets over their expected useful lives at the following rates:-

Plant and equipment	Over three to four years

Income recognition

Turnover represents the fair value of services provided during the year on business service assignments. Turnover is recognised as the assignment activity progresses and the right to consideration is earned. Fair value reflects the amounts expected to be recoverable from customers and is based on time spent and costs incurred to date as a percentage of total anticipated contract costs. Unbilled turnover is included within receivables.

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Income recognition (*continued*)

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign currencies

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit and loss for the year.

Deferred taxation

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Share based awards

The Group has applied the requirements of IFRS 2 *Share based payment*.

The Group issues equity settled payments to certain employees. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Retirement benefit costs

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged as an expense as they fall due.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or 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 computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company and the Group after deducting all of its liabilities.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Equity instruments

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

3 FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash, liquid resources and various items, such as debtors and creditors, which arise directly from its operations. It is, and has been throughout the year of review, the Group's policy that financial derivatives shall not be used.

The main risk arising from the Group's financial instruments is interest rate risk. The Group seeks to maximise returns on surplus cash by placing this on money market term deposits.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may issue new shares or sell assets to reduce debts. At present the group is unable to pay dividends or return capital to shareholders.

The group currently has no debt.

Credit risk

The Group has a low credit risk, its principal customers being NHS departments and major organisations. The highest credit risk exposure to a single customer at 30 June 2008 was £140,909.

Liquidity risk

The Company has substantial cash resources available to it and has prepared forecasts for the forthcoming year which indicate that in the directors' opinion it will have sufficient resources to fund the continuation of trade.

Interest rate risk profile of financial assets and liabilities

The Group receives interest at a floating rate on its cash at bank. No other financial assets or liabilities of the Group are interest bearing.

Foreign currency risk

The Group has a limited number of customers who are invoiced in Euro. Cash and cash equivalents includes an amount of £66,426 denominated in Euro. The Group does not use hedging to mitigate the risk arising from changes in the exchange rate.

3 FINANCIAL RISK MANAGEMENT (*continued*)

Fair value of financial instruments

The Group's financial instruments, which comprise cash and short term deposits and bank overdrafts are carried at cost, which is also considered to be equivalent to their fair value.

Profile of financial instruments

GROUP

Financial assets (all of which are loans and receivables)	**2008**	**2007**
	£	£
Trade receivables	267,967	93,329
Other receivables	33,373	47,864
Cash and cash equivalents	586,543	651,302
	887,883	792,495

Financial liabilities (at amortised cost)	**2008**	**2007**
	£	£
Trade payables	168,074	47,512
Other payables	302,274	192,216
	470,348	239,728

COMPANY

Financial assets (all of which are loans and receivables)	**2008**	**2007**
	£	£
Trade receivables	470	-
Amounts owed by subsidiary undertakings	292,132	274,690
Other receivables	11,381	38,738
Cash and cash equivalents	64,743	295,231
	368,726	608,659

Financial liabilities (at amortised cost)	**2008**	**2007**
	£	£
Trade payables	11,224	24,088
Other payables	159,852	133,303
	171,076	157,391

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The areas where accounting estimates and judgements are considered critical in the reporting of financial performance are:

Income recognition

As set out in the accounting policy note turnover is recognised as contract activity progresses and the right to consideration is earned. In certain cases, judgement is required in assessing the level of work performed and therefore the amount of income to be recognised on contracts. Amounts recognised in excess of, or exceeded by, amounts billed are classified under receivables or payables respectively.

Goodwill impairment

Goodwill is tested annually for impairment. This test requires estimates and judgements to be made in respect of future revenues. Further details of the impairment reviews undertaken can be found in note 13.

Share based payments

The Group has made awards of options over its unissued share capital to certain directors and employees as part of their remuneration package.

The valuation of these options involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in note 24.

Deferred consideration

Acquisitions made by the Group set out additional consideration that may become payable if certain profit targets are met. Provision is made for such consideration to the extent that it is estimated that it will become payable. In order to quantify this provision, the directors are required to estimate the future results of the companies acquired. These estimates are based on budgeted results for the period to which the profit targets apply.

STRONTIUM PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

5 SEGMENTAL ANALYSIS

Segmental information with regards to activity of each segment is presented below.
All turnover and profits are generated in, and assets are located in, the UK.

	2008			2007		
	Business communications	Non-clinical medical training	Consolidated	Business communications	Non-clinical medical training	Consolidated
	£	£	£	£	£	£
RESULT						
Revenue	413,564	538,201	951,765	545,648	237,556	783,204
Segment operating (loss)/profit	(195,656)	(22,746)	(218,402)	55,706	(9,970)	45,736
Unallocated corporate costs			(214,983)			(173,967)
Operating loss			(433,385)			(128,231)
Goodwill impairment			(329,403)			-
Net finance income			16,117			7,239
Loss before tax			(746,671)			(120,992)
Tax expense			27,080			-
Loss for the year from continuing operations			**(719,591)**			**(120,992)**
Profit from discontinued operations			-			8,668
Loss for the period			**(719,591)**			**(112,324)**
BALANCE SHEET						
Goodwill	838,099	310,794	1,148,893	153,600	461,497	615,097
Other segment assets	238,259	87,735	325,994	58,684	66,950	125,634
Segment assets	1,125,338	398,529	1,474,887	212,284	528,447	740,731
Unallocated corporate assets			625,525			721,927
Consolidated assets			**2,100,412**			**1,462,658**
Segment liabilities	(395,869)	(210,660)	(606,529)	(163,016)	(97,395)	(260,411)
Unallocated corporate liabilities			(180,351)			(157,394)
Consolidated liabilities			**(786,880)**			**(417,805)**

Unallocated assets include group cash balances and tax balances, and plant and equipment and receivables attributable to the Parent Company. Goodwill is allocated to the appropriate segment.

Unallocated liabilities include tax balances, deferred consideration payable for acquisitions and trade and other payables attributable to the Parent Company.

STRONTIUM PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

6 AUDITORS' REMUNERATION

During the year the group obtained the following services from the group's auditor:

	2008	**2007**
	£	**£**
Audit services		
- statutory audit	23,750	13,500
Non-Audit services		
- taxation	3,750	3,000
- due diligence on potential acquisitions	18,250	7,500
- other	13,100	5,661

Other non-audit services above comprise financial reporting and IFRS compliance advice. The directors do not consider that the level of fees paid to the auditors for non-audit services threatens their independence. The auditors have confirmed they agree with this conclusion.

7 OPERATING LOSS

Loss for the year has been arrived at after charging:

	2008	**2007**
	£	**£**
Depreciation of plant and equipment	9,620	9,188
Lease payments under operating leases recognised as an expense in the year	45,404	30,976

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

8 FINANCE INCOME AND COSTS

	2008 £	2007 £
Bank interest receivable	16,214	7,972
Bank interest payable	(97)	(733)
	16,117	7,239

9 EMPLOYEE BENEFIT EXPENSE

	2008 £	2007 £
Wages and salaries	623,529	337,003
Social security costs	66,180	34,800
Pension costs - defined contribution schemes	8,600	5,600
Share based payments	26,000	-
	724,309	377,403

The average monthly number of persons employed by the Group, including directors, during the year was as follows:

	2008 No.	2007 No.
Administration and sales	12	6
Researchers	12	3
	24	9

Details of directors' emoluments, including details of share option schemes are given in the report of the Remuneration Committee. These disclosures form part of the audited financial statements of the Group. The directors of the parent company are considered to represent key management of the Group as defined by IFRS.

STRONTIUM PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

10 TAX EXPENSE

The taxation credit for the year comprises:

	2008 £	2007 £
Current tax		
Corporation tax	(22,963)	-
Adjustments to prior years	(2,716)	-
	(25,679)	-
Deferred tax		
Reversal of timing differences	(1,401)	-
	(27,080)	-

There is no charge to corporation tax due to the loss for the year. The Group has tax losses available to carry forward against future taxable income and profits of approximately £530,000 (2007: £100,000) in respect of which no deferred tax asset has been recognised.

Where it is anticipated that future taxable profits will be available against which these losses will be utilised a deferred tax asset is recognised.

	2008 £	2007 £
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(746,671)	(146,868)
Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 30% (2007: 30%)	(224,001)	(44,060)
Effects of:		
Expenses not deductible for tax purposes	10,782	9,923
Goodwill impairment not deductible for tax purposes	58,142	-
Unutilised tax losses arising in the year, not recognised as a deferred tax asset	135,569	35,429
Tax payable at UK small company rate	(4,856)	-
Adjustments to prior years	(2,716)	(1,292)
Tax credit	(27,080)	-

11 DISCONTINUED OPERATIONS

During the year ended 30 June 2007, the Group ceased the activities of a division known as Collectpoint. The results of the discontinued operations which have been included in the consolidated income statement were as follows:

	2008	**2007**
	£	£
Revenue	-	45,000
Expenses	-	(30,232)
Loss on termination of discontinued activity	-	(6,100)
	-	8,668

12 LOSS PER SHARE

The loss per share is based on a loss for the year of £719,591 (2007: £112,324) and the weighted average of ordinary shares in issue for the year of 11,227,481 (2007: 8,127,115).

The exercise of the outstanding options and warrants at 30 June 2008 would reduce the loss per share and hence have an anti-dilutive effect.

There are potentially 1,700,000 shares that could be issued under the terms of options and were also 656,250 warrants as described in notes 17 and 24 that will potentially reduce future earnings per share.

13 GOODWILL

Group	**£**
Cost	
At 1 July 2006	309,403
Recognised on acquisition of a subsidiary	310,794
Disposals	(5,000)
At 1 July 2007	615,197
Recognised on acquisition of subsidiaries	863,099
At 30 June 2008	1,478,296
Provision for impairment	
At 1 July 2007	-
Charge in the year	329,403
At 30 June 2008	329,403
Carrying amount	
At 30 June 2008	1,148,893
At 30 June 2007	615,197

Goodwill arises in respect of the acquisition of various companies and businesses. Details of the acquisition giving rise to goodwill in the year are set out in note 22.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the assets is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates during the period. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the business.

13 GOODWILL (*continued*)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next two years and extrapolates cash flows based on no assumed growth for the period of the forecast.

The post-tax rate used to discount the forecast post-tax cash flows is 16.5% per cent.

Goodwill arising on acquisition relates to items that do not meet the criteria for recognition as separate intangible fixed assets. This relates primarily to non-contractual customer relationships that are not capable of reliable measurement and the key employees of the acquired entities.

In assessing the future cash flows of certain income generating units, the directors have estimated the amount of new business to be secured in the coming year.

The cash flow forecasts, which the directors believe to have been prepared on a prudent basis, indicate that any reduction in the level of forecast cash flows or any increase in the forecast post-tax discount rate would have resulted in further provisions being necessary to reflect a further impairment in the carrying value of goodwill.

14 PLANT AND EQUIPMENT

Group	Plant and Equipment £
Cost	
At 1 July 2006	29,598
On acquisition of subsidiary company	19,098
Additions during the year	2,852
Disposals	(10,000)
At 1 July 2007	41,548
On acquisition of subsidiary company	21,631
Additions during the year	7,066
At 30 June 2008	70,245
Depreciation	
At 1 July 2006	7,425
Charge for the year	9,188
Disposals	(900)
At 1 July 2007	15,713
Charge for the year	9,620
At 30 June 2008	25,333
Carrying amount	
At 30 June 2008	44,912
At 30 June 2007	25,835

14 PLANT AND EQUIPMENT (*continued*)

Company	**Plant and Equipment £**
Cost	
At 1 July 2006	14,400
Additions	12,798
Disposals	(10,000)
At 1 July 2007 and at 30 June 2008	17,198
Depreciation	
At 1 July 2006	1,833
Charge for the year	3,218
Disposals	(900)
At 1 July 2007	4,151
Charge for the year	3,439
At 30 June 2008	7,590
Carrying amount	
At 30 June 2008	9,608
At 30 June 2007	13,047

15 INVESTMENTS IN SUBSIDIARIES

Company

	£
Cost	
At 1 July 2006	172,701
Additions	314,856
At 1 July 2007	487,557
Additions	981,099
At 30 July 2008	1,468,656
Provision for impairment	
At 1 July 2007	-
Charge in the year	197,700
At 30 June 2008	197,700
Carrying amount	
At 30 June 2008	1,270,956
At 30 June 2007	487,557

In the opinion of the directors, the aggregate value of the investment in subsidiary undertakings is not less than the amount at which it is stated in the balance sheet.

Subsidiary undertakings

The Company's subsidiary undertakings, all of which are wholly owned and incorporated in England and Wales, are as follows:

Company	Activity
Aspect Information Management Limited	Management and research consultants
Executive Development Consultants Limited	Non-clinical training
Miad UK Limited	Non-clinical training
The Learning Eye Holdings Limited	Non-trading holding company
The Learning Eye Limited	Business intelligence consultants

The results of all subsidiaries have been consolidated in the group financial statements.

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	**2007**	**2008**	**2007**
	£	**£**	**£**	**£**
Trade receivables	267,967	93,329	470	-
Amounts owed by Subsidiary undertakings	-	-	292,132	274,690
Prepayments and other receivables	49,449	57,426	26,260	42,912
Current tax asset	2,648	19,569	-	14,669
	320,064	170,324	318,862	332,271

The average credit period for trade receivables at the end of the year is 102 days (2007: 40 days). No provision against irrecoverable receivables is considered necessary (2007: £nil).

As at 30 June 2008 trade receivables of £216,697 were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

	Group	
	2008	**2007**
	£	**£**
Since date of invoice:		
Up to 3 months	37,728	27,366
3 to 6 months old	178,969	-
	216,697	27,366

Included in debts 3 to 6 months old is an amount of £154,817 relating to The Learning Eye Limited arising prior to acquisition by Strontium, of which £140,909 has subsequently been paid.

17 SHARE CAPITAL

	2008 £	**2007** £
Authorised		
25,000,000 ordinary shares of 2p each	500,000	500,000
Allotted and fully paid:		
13,369,688 (2007: 9,112,035) ordinary shares of 2p each	267,394	182,241

The company has issued the following shares during the year:

On 21 November 2007 2,625,000 ordinary shares of 2p each were issued for cash at a price of 24p per share.

On 10 March 2008 1,632,653 ordinary shares of 2p each were issued as part of the consideration for The Learning Eye Limited, the bid price immediately before this was 21.5p.

Warrants

The Company had outstanding the 656,250 warrants to subscribe for ordinary shares in the Company at a price of 30p per share which were exercisable until 21 November 2008.

Options

Details relating to options to subscribe for ordinary shares in the company are set out at note 24 below.

18 RESERVES

Movements in reserves are set out in the statement of changes in equity

19 DEFERRED TAX LIABILITY

The movement for the year in the Group's net deferred tax asset provided at the small company rate UK corporation tax of 20% (2007: 20%) was as follows:

	2008 £	**2007** £
At 1 July 2007	-	-
Acquired with subsidiary company	3,833	-
Credited to income statement in the year	(1,401)	-
At 30 June 2008	2,432	-

The deferred tax liability comprises accelerated capital allowances.

20 TRADE AND OTHER PAYABLES

	Group		Company	
	2008	**2007**	**2008**	**2007**
	£	**£**	**£**	**£**
Trade payables	168,074	47,512	11,224	24,088
Taxation and social security	85,049	60,019	3,137	10,049
Other payables	115,225	40,604	54,715	36,000
Accruals and deferred income	304,830	176,058	-	15,254
	673,178	324,193	69,076	85,391

The average credit period taken for trade payables at the end of the year is 83 days (2007: 63 days). Amounts shown as other payables within non-current liabilities comprise deferred consideration in respect of the acquisition of Miad UK Limited as explained in note 26.

21 CASH (ABSORBED BY)/GENERATED FROM OPERATIONS

	Group		Company	
	2008	**2007**	**2008**	**2007**
	£	**£**	**£**	**£**
Operating loss	(762,788)	(128,231)	(483,427)	(170,888)
Impairment charges	329,403	-	197,700	-
Depreciation of tangible fixed assets	9,620	9,188	3,439	3,218
Share based awards	26,000	-	26,000	-
Profit (loss) on disposals	-	-	-	5,600
Decrease/(increase) in debtors	169,392	52,549	(1,260)	(76,878)
Increase/(decrease) in creditors	210,729	113,559	(11,315)	14,226
Discontinued operations	-	14,768		
Cash (absorbed by)/generated from operations	(17,644)	61,833	(268,863)	(224,722)

22 ACQUISITION

The Group acquired 100% of The Learning Eye Limited on 10 March 2008. The book and fair values at date of acquisition were as follows:

	£
Plant and equipment	21,631
Trade and other receivables	336,053
Cash at bank	10,836
Trade and other payables	(143,256)
Current tax liability	(103,431)
Deferred tax liability	(3,833)
Net assets acquired	118,000
Goodwill	838,099
Consideration	956,099

Consideration satisfied by:

Cash consideration	568,000
Shares issued as consideration	351,020
Cash outflow in respect of professional fees attributable to the acquisition	37,079
	956,099

The Learning Eye Limited contributed revenues of £13,893 and a net loss of £71,603 to the Group in the year ended 30 June 2008. Had the acquisition been made on 1 July 2007 group revenue would have been £1,515,397 and the group loss would have been £588,317.

In addition to the above payments an additional payment of £25,000 was made in respect of the acquisition of Executive Development Consultants Limited, which was acquired prior to the commencement of the period and which represents additional deferred consideration and hence goodwill attributable to that acquisition.

23 RELATED PARTY TRANSACTIONS

Company

The following transactions with subsidiary companies occurred during the year

	2008 £	2007 £
Management charges receivable by Strontium plc from Executive Development Consultants Limited	-	55,108
Management charges receivable by Strontium plc from Aspect Information Management Limited	133,874	112,200
Management charges receivable by Strontium plc from The Learning Eye Limited	14,000	-

Management charges relate to services provided by the directors of Strontium Plc for management control and supervision of the subsidiary companies, and for the provision of office facilities.

The following directors subscribed for ordinary shares issued on 21 November 2007 at 24p per share:

M W Metcalfe	312,500 shares
D W Barker	20,834 shares

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

24 EQUITY SETTLED SHARE OPTION SCHEME

The Company has a share option scheme for all employees of the Group. Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period varies between 1 and 4 years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

Details of the share options outstanding during the year are as follows:

	2008 number of options	2008 exercise price £	2007 number of options	2007 exercise price £
Outstanding at the beginning of the year	100,000		-	
Granted 12 December 2006	-		100,000	0.30
Granted 24 July 2007	1,500,000	0.275	-	
Granted 13 February 2008	100,000	0.245	-	
Outstanding at the end of the period	1,700,000		100,000	

Options over 100,000 shares are exercisable at the end of the year at a price of 30p. None were exercised during the year. The options outstanding at 30 June 2008 had a weighted average exercise price of 27.5p (2007 30p) and range from 24.5p to 30p, with a weighted average remaining contractual life of 9 years. The aggregate of the estimated fair values of the options at date of grant valued by applying the Black Scholes model in respect of options granted is £74,900.

The key inputs to the Black Scholes model for options granted in the year and the previous year are as follows:

	Options granted 12 December 2006	Options granted 24 July 2007	Options granted 13 February 2008
Number of options granted	100,000	1,500,000	100,000
Share price at grant date	30p	27.5p	24.5p
Option exercise price	30p	27.5p	24.5p
Expected volatility	15%	16%	18%
Expected life	2 years	5 years	2 years
Risk free rate of return	4.5%	4.5%	4.5%
Expected dividend yield	0%	0%	0%
Fair value of option	4p	5p	2p
Sub-optimal coefficient	15%	15%	15%
Fair value of award	£ 2,500	£ 75,000	£ 2,400

24 EQUITY SETTLED SHARE OPTION SCHEME (*continued*)

Expected volatility of options granted in the year was determined by calculating the historical volatility of the Group's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The Group recognised total expenses of £26,000 and £Nil related to equity settled share based payment transactions in the year ended 30 June 2008 and the year ended 30 June 2007 respectively.

25 FINANCIAL COMMITMENTS

The Group is committed to making an annual payment of £28,000 until 19 July 2009, subject to it having given 6 months notice to quit, under an operating lease in respect of land and buildings. The total non-cancellable obligation at 30 June 2008 is therefore £29,457.

26 CONTINGENT LIABILITIES

The company has a contingent liability to pay additional consideration in respect of acquisitions of subsidiary companies as follows:

The total potential liability in respect of MiAD UK Limited amounts to 40% of pre-tax profits of which £108,000 is provided in these financial statements. The maximum payable is £150,000.

The total potential liability in respect of The Learning Eye Limited amounts to £960,000 for which no provision has been reflected in these financial statements. The additional consideration for the three years ended 7 March 2011 is to be calculated as two times the aggregate profits of the acquired business in excess of £480,000 up to a maximum deferred consideration of £960,000.

27 EXPLANATION OF TRANSITION TO IFRS

As stated in note 2, these are the Group's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies in note 2 have been applied in preparing the consolidated financial statements for the year ended 30 June 2008, comparative amounts for the year ended 30 June 2007 and the preparation of an opening IFRS balance sheet at 1 July 2006 (the Group's date of transition).

In preparing its opening IFRS balance sheet and comparative information for the year ended 30 June 2007, the Group has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP.

An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

These are also the Company's first financial statements prepared in accordance with IFRS. The conversion to IFRS from UK GAAP however had no impact on the loss reported or equity of the Company.

STRONTIUM PLC

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27 EXPLANATION OF TRANSITION TO IFRS (*continued*)

Reconciliation of income statement

	Year ended 30 June 2007		
	Previous GAAP	**Transition to IFRS**	**IFRS**
	£	£	£
Revenue	783,204	-	783,204
Cost of sales	(222,028)	-	(222,028)
Gross Profit	561,176	-	561,176
Administrative expenses	(724,451)	35,044	(689,407)
Operating loss	(163,275)	35,044	(128,231)
Finance income	7,972	-	7,972
Finance costs	(733)	-	(733)
Finance income – net	7,239	-	7,239
Loss before tax	(156,036)	35,044	(120,992)
Tax expense	-	-	-
Loss for the period from continuing operations	**(156,036)**	**35,044**	**(120,992)**
Profit from discontinued operations	8,668	-	8,668
Loss for the period attributable to equity holders of the company	**(147,368)**	**35,044**	**(112,324)**
Earnings per share			
Equity holders	(1.81)	0.43	(1.38)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

27 EXPLANATION OF TRANSITION TO IFRS (*continued*)

Reconciliation of Equity

	As at 1 July 2006			As at 30 June 2007		
	Previous GAAP unaudited	**Transition to IFRS**	**IFRS unaudited**	**Previous GAAP unaudited**	**Transition to IFRS**	**IFRS unaudited**
	£	**£**	**£**	**£**	**£**	**£**
Non-current assets						
Goodwill	291,830	17,573	309,403	563,080	52,117	615,197
Tangible fixed assets	22,173	-	22,173	25,835	-	25,835
Total non-current assets	**314,003**	**17,573**	**331,576**	**588,915**	**52,117**	**641,032**
Current assets						
Trade receivables	89,727	-	89,727	170,324	-	170,324
Cash at bank	462,028	-	462,028	651,302	-	651,302
Total current assets	**551,755**	**-**	**551,755**	**821,626**		**821,626**
Total assets	**865,758**	**17,573**	**883,331**	**1,410,541**	**52,117**	**1,462,658**
Equity						
Issued share capital	155,077	-	155,077	182,241	-	182,241
Share Premium	784,550	-	784,550	1,118,346	-	1,118,346
Retained Earnings	(160,983)	17,573	(143,410)	(307,851)	52,117	(255,734)
Total equity	**778,644**	**17,573**	**796,217**	**992,736**	**52,117**	**1,044,853**
Liabilities						
Non-current liabilities						
Other payables	-	-	-	72,000	-	72,000
Current liabilities						
Trade and other payables	87,114	-	87,114	345,805	-	345,805
Total liabilities	**87,114**	**-**	**87,114**	**417,805**	**-**	**417,805**
Total equity and liabilities	**865,758**	**17,573**	**883,331**	**1,410,541**	**52,117**	**1,462,658**

27 EXPLANATION OF TRANSITION TO IFRS (*continued*)

Note

Goodwill

In accordance with UK GAAP the Group previously made a charge to its profit and loss account to write off goodwill over its estimated useful economic life. This is not permitted or required by IFRS. Amortisation of goodwill charged to the income statement in 2007 and in prior years has therefore been reversed.