**STRONTIUM PLC**
**("Strontium" or the "Company")**

**Half yearly report for the six months ended 31 December 2009**

Strontium the AIM quoted, professional services group specializing in developing and acquiring small, professional services businesses with the potential for development, announces its interim results for six months to 31 December 2009 (the "Period").

**Key Points:**

- Profit after tax and exceptional items is up 13-fold to £97,895 (six months to 31 December 2008: £7,510);
- Revenue from continuing activities has increased by 23% to £1,228,777 (six months to 31 December 2008: £996,260);
- Profit on continuing activities before taxation and impairment charges up 95% to £145,270 (six months to 31 December 2008: £74,484);
- Cash at bank up 33% to £358,777 (31 December 2008: £269,265);
- Total assets up 17% to £2,251,447 (31 December 2008: £1,922,209); and

Michael Metcalfe, Chairman, commented:

**"Strontium has continued to focus on the growth of its existing businesses by expanding its client base during difficult market conditions. As a result of this focus, I am pleased to report on six months during which the Company made a satisfactory profit in the current difficult climate.**

**Market conditions in 2010 will remain challenging but, because of the steps that the Company has taken to contain its costs and to maintain its focus, I am cautiously optimistic that growth will continue through 2010. I congratulate everyone in Strontium on an excellent performance given the tough conditions we have faced."**

***Enquiries:***


| | | |
|---|---|---|
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***Chairman's Statement***

During the Period, the Company concentrated on increasing revenue and profits in its existing operations. The increase in sales and profit for the Period confirms the wisdom of the cautious approach adopted by the Board since early 2008.

The Company is in a good position to take advantage of gradually improving market conditions and is well poised for further growth given that it remains debt free and is generating cash.

***Financial Overview***

The Company disposed of the business of Executive Development Consultants Limited ("EDC") during the last financial year. In the six months to 31st December 2008, EDC generated revenues of £101,235 and a loss of £67,214. In the Financial Overview, the impact of EDC has been excluded from the numbers shown for the six months to December 2008, in order to provide a meaningful comparison of the performance of the continuing activities.

Revenue during the Period increased by 23% to £1,228,777 (six months to 31 December 2008: £996,260).

Gross profit for the Period increased by 49% to £1,043,306 (six months to 31 December 2008: £701,244).

The increase in administration expenses for the Period was restricted to 43% at £898,036 (six months to 31 December 2008: £627,610).

Profit before tax for the Period increased by 95% to £145,270 (six months to 31 December 2008: £74,484).

Cash at bank increased 33% to £358,777 (31 December 2008: £269,265) and total assets grew by 17% to £2,251,447 (31 December 2008: £1,922,209).

***Trading***

The Company is organised into two units:

- Miad UK Ltd ("Miad"), a leading NHS-dedicated non-clinical training, development and education consultancy; and
- The Learning Eye Holdings Ltd ("The Learning Eye"), a research, education and communications agency.

The revenue for Miad has continued to increase and there are tentative signs of the return of automotive business particularly in non-European markets.

The Learning Eye International PTY Limited, established in Sydney in February 2009 is approaching breakeven and its revenues and expenses are included in the results.

Projects have continued to be won overseas with over 20% of revenues during the Period being for work delivered to non-UK markets.

***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.

The strategy until 2007 had been designed for an expanding market. 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.

This change in strategy was set out in the Annual Report for the year ended 30 June 2008. From early 2008, the Company directed its efforts at maximising returns from its two main subsidiaries Miad and The Learning Eye. Other than opening an Australian operation in Sydney in February 2009, the Board has eschewed making any acquisitions or expanding the Company's operations outside the core business. This was done to retain cash and to ensure that, post-recession, Strontium would be in a strong position to return to its original strategy.

The Board believes that, given the state of its existing businesses, the range of its client base across the public and private sectors and the improving market conditions (albeit in a rather feeble recovery), Strontium will, with caution, revert to its original strategy during 2010.

***Outlook***

The Board believes that Strontium has weathered the worst of the recession and is well placed to expand.

The focus for the next 6 months will be on:

- increasing revenue in the existing businesses;
- introducing new products (particularly e-learning);
- strengthening our financial and administrative processes; and
- seeking new opportunities for investment.

Despite the current market conditions, the Board remains cautiously optimistic.

I would like to thank our Managing Director David Barker, the management team and all of our staff for their contributions.

**M W Metcalfe**

## Consolidated interim statement of comprehensive income

| | Note | 6 months to 31 December 2009 (unaudited) £ | 6 months to 31 December 2008 (unaudited) £ | Year to 30 June 2009 (audited) £ |
|---|---|---|---|---|
| Revenue from continuing operations | | 1,228,777 | 996,260 | 1,801,165 |
| Cost of sales | | (185,471) | (295,016) | (475,168) |
| Gross profit | | 1,043,306 | 701,244 | 1,325,997 |
| Administrative expenses | | (898,036) | (627,610) | (1,305,087) |
| Other operating income | | | | 596 |
| Operating profit | | 145,270 | 73,634 | 21,506 |
| Financial income | | - | 850 | 1,186 |
| Financial costs | | - | - | - |
| Finance costs - net | | - | 850 | 1,186 |
| Profit before tax | | 145,270 | 74,484 | 22,692 |
| Tax (expense) / credit | | (47,375) | 240 | 18,574 |
| **Profit for the Period attributable to continuing operations** | | **97,895** | **74,724** | **41,266** |
| **Discontinued operations** | | | | |
| Loss attributable to discontinued operations | | - | (67,214) | (78,364) |
| Profit for the Period and comprehensive income attributable to equity holders of the company | | 97,895 | 7,510 | (37,098) |
| Earnings per share from continuing operations - basic and diluted | 3 | 0.73p | 0.56p | 0.31p |
| Loss per share from discontinued operations - basic and diluted | 3 | - | (0.50)p | (0.59)p |
| Earnings / (loss) per share from continuing and discontinued operations - basic and diluted | 3 | 0.73p | 0.06p | (0.28)p |

## Consolidated statement of changes in equity

| | Share capital (unaudited) | Share premium (unaudited) | Retained earnings (unaudited) | Total (unaudited) |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Balance at 1 July 2008 | 267,394 | 1,995,463 | (949,325) | 1,313,532 |
| Total comprehensive income | - | - | 7,510 | 7,510 |
| Cost of share based awards | - | - | 13,725 | 13,725 |
| Balance at 31 December 2008 | 267,394 | 1,995,463 | (928,090) | 1,334,767 |
| Total comprehensive income | - | - | (44,608) | (44,608) |
| Cost of share based awards | - | - | 23,275 | 23,275 |
| Balance at 30 June 2009 | 267,394 | 1,995,463 | (949,423) | 1,313,434 |
| Total comprehensive income | - | - | 97,895 | 97,895 |
| Cost of share based awards | - | - | 18,000 | 18,000 |
| Shares issued in the Period in respect of acquisitions | 308 | 2,233 | - | 2,541 |
| | 267,702 | 1,997,696 | (833,528) | 1,431,870 |

## Consolidated interim statement of financial position

| | 31 December 2009 (unaudited) £ | 31 December 2008 (unaudited) £ | 30 June 2009 (audited) £ |
|---|---|---|---|
| Non-current assets | | | |
| Goodwill | 1,195,974 | 1,174,893 | 1,195,974 |
| Tangible fixed assets | 59,144 | 40,292 | 41,455 |
| **Total non-current assets** | **1,255,118** | **1,215,185** | **1,237,429** |
| Current assets | | | |
| Trade and other receivables | 637,552 | 437,759 | 435,032 |
| Cash at bank | 358,777 | 269,265 | 291,025 |
| **Total current assets** | **996,329** | **707,024** | **726,057** |
| **Total assets** | **2,251,447** | **1,922,209** | **1,963,486** |
| **Equity** | | | |
| Issued share capital | 267,702 | 267,394 | 267,394 |
| Share premium | 1,997,696 | 1,995,463 | 1,995,463 |
| Retained earnings | (833,528) | (928,090) | (949,423) |
| **Total equity** | **1,431,870** | **1,334,767** | **1,313,434** |
| **Liabilities** | | | |
| Non-current liabilities | | | |
| Deferred tax | 13,042 | 2,192 | 3,688 |
| Other payables | - | 128,000 | 100,000 |
| | 13,042 | 130,192 | 103,688 |
| Current liabilities | | | |
| Current tax liabilities | 40,113 | 9,270 | 1,848 |
| Trade and other payables | 766,422 | 447,980 | 544,516 |
| | 806,535 | 457,250 | 546,364 |
| **Total liabilities** | **819,577** | **587,442** | **650,052** |
| **Total equity and liabilities** | **2,251,447** | **1,922,209** | **1,963,486** |

## Consolidated interim statement of cash flows

| | Note | 6 months to 31 December 2009 (unaudited) £ | 6 months to 31 December 2008 (unaudited) £ | Year to 30 June 2009 (audited) £ |
|---|---|---|---|---|
| Cash flows from operating activities | | | | |
| Cash generated from / (absorbed by) continuing operations | 4 | 129,219 | (221,786) | (169,059) |
| Cash absorbed by discontinued operations | 4 | - | (94,236) | (108,452) |
| Net interest received | | - | 850 | 1,186 |
| Tax paid net of refund | | (7,834) | - | - |
| **Net cash generated from / (absorbed by) operating activities** | | **121,385** | **(315,172)** | **(276,325)** |
| Cash flows from investing activities | | | | |
| Payments to acquire tangible fixed assets | | (26,092) | (2,106) | (28,193) |
| Proceeds from disposals of fixed assets | | - | - | 9,000 |
| Acquisitions-settlement of contingent consideration | | (27,541) | - | - |
| **Net cash used in investing activities** | | **(53,633)** | **(2,106)** | **(19,193)** |
| Net increase / (decrease) in cash and bank balances | | 67,752 | (317,278) | (295,518) |
| Cash at bank at beginning of Period | | 291,025 | 586,543 | 586,543 |
| **Cash at bank at end of Period** | | **358,777** | **269,265** | **291,025** |

## NOTES TO THE FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

Strontium Plc is a company domiciled in England whose registered office is at Estate House, Pembroke Road, Sevenoaks, Kent TN13 1XR. The condensed consolidated interim financial statements of the Company for the six months ended 31 December 2009 comprise the Company and its subsidiaries.

The condensed consolidated interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The financial information for the year ended 30 June 2009 has been extracted from the statutory accounts. The auditors' report on the statutory accounts was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. A copy of those financial statements has been filed with the Registrar of Companies.

The condensed consolidated interim financial statements were authorised for issue on 2 March 2010.

### 2 SIGNIFICANT ACCOUNTING POLICIES

**Basis of accounting**

The condensed consolidated financial statements are unaudited and have been prepared on the historical cost basis in accordance with IFRS adopted by the EU using the same accounting policies and methods of computation as were used in the annual financial statements for the year ended 30 June 2009. As permitted, the interim report has been prepared in accordance with the AIM Rules for Companies and is not compliant in all respects with IAS34 'Interim Financial Statements'. The condensed interim financial statements do not include all the information required for full annual financial statements and hence cannot be construed as in full compliance with IFRS.

### 3 EARNINGS / (LOSS) PER SHARE

The earnings / (loss) per share is based on a profit/ (loss) for the Period from continuing and discontinued activities as disclosed in the income statement and the weighted average of ordinary shares in issue for the Period of 13,374,316 (2008: 13,369,688, year ended 30 June 2009: 13,369,688).

The average market price of issued share capital during the Period ended 30 December 2009 and the year ended 30 June 2009 exceeded the exercise price of all but 100,000 share options issued on 2 November 2009. Calculations show that the dilutive effect was so small that the diluted earnings per share were the same as the disclosed basic earnings per share to the level of rounding applied. There are potentially 2,190,000 shares that could be issued under the terms of options issued that will potentially reduce future earnings per share.

## 4 CASH GENERATED FROM / (ABSORBED BY) OPERATIONS

| | 6 months to 31 December 2009 (unaudited) £ | 6 months to 31 December 2008 (unaudited) £ | Year to 30 June 2009 (audited) £ |
|---|---|---|---|
| **Continuing activities** | | | |
| **Operating profit** | 145,270 | 73,634 | 21,506 |
| Depreciation of tangible fixed assets | 8,403 | 5,700 | 18,600 |
| Share based awards | 18,000 | 13,725 | 37,000 |
| Profit on disposals | - | - | 1,267 |
| Increase in receivables | (194,686) | (72,605) | (111,906) |
| Increase / (decrease) in payables | 152,232 | (242,240) | (135,526) |
| Cash generated from / (absorbed by) continuing operations | 129,219 | (221,786) | (169,059) |
| **Discontinuing activities** | | | |
| **Operating loss** | - | (67,214) | (78,364) |
| Depreciation of tangible fixed assets | - | 1,026 | 2,782 |
| (Increase) / decrease in receivables | - | (45,090) | 9,068 |
| Increase / (decrease) in payables | - | 17,042 | (41,938) |
| Cash absorbed by discontinued operations | - | (94,236) | (108,452) |