

ANNUAL REPORT 2009



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Education: More Than Ever, A Global Priority

At Serebra, our aim is to inspire people all over the world, through e-learning, to help dissolve boundaries, fulfill their potential and develop 21st century employability skills.

Dear Fellow Shareholders:

The latter half of 2008 certainly brought extraordinary challenges to world financial markets. The incredible financial turmoil dominated people's attention, so the traditional concern about global education was temporarily pushed out of the spotlight. Nevertheless, the long-term need to increase education initiatives remains a critical issue, and we are just now seeing education projects returning to focus.

Yet even with long-term education advancement trends that are more promising with each passing quarter, the e-learning industry was affected by the widespread loss of confidence in the global economy. We heard it, with varying degrees, in the voices of almost all of our prospects and customers. They were caught up in the freefall, and they reacted by holding on to their capital and deferring the e-learning initiatives.

Our task is to turn these challenges into more opportunities for Serebra to grow.

MORE POTENTIAL

Fortunately for Serebra, diverting focus and resources away from education – even in the short term – tends to result in even greater needs in the long-term. When attention returns to the education sector, Serebra will be ready with our new technologies.

Serebra's e-learning solutions – Serebra Campus, easyLearning and Serebra Connect – are integral to advancing global education standards at the post-secondary level.

Internet usage continues to rise around the world, with developing nations showing the largest increase.

Over the past five years, we have benefited from growing demand for our international easyLearning program. During each year, the easyLearning technologies became more and more robust, and we have now been able to apply those same technologies to our learning management system – Serebra Campus – and the customer reaction is most encouraging.

Throughout this turbulent time in the global markets, Serebra has not wavered from the long-term strategies that we believe allowed us to celebrate our 22nd anniversary this past February and now provide us with more potential for the future.

MORE IMPACT

As one who has traveled to all corners of the globe, I can tell you from first-hand experience that the education world looks very different in the developing nations than it does here in the western world.

Simply put, the developing world is on the brink of becoming much more developed, and that fulcrum can best be crossed with improved education and employability skills.

This has raised interest in and awareness of the essential role of e-learning in education initiatives. While the financial crisis meant demand for our e-learning products was deferred through the final quarters of fiscal 2009, we expect the need for them will continue to grow.

MORE USERS

E-learning remains the best way to deliver high-quality education to people in developing nations – especially as more and more people are logging on to the Internet in these countries. Internet usage continues to rise around the world, with developing nations showing the largest increase (Source: InternetWorldStats.com).

For example, from 2000 to 2008 the number of Internet users rose by 1,100% in Africa, 1,296% in the Middle East and 860% in Latin America/Caribbean. Contrast that with a rise of 132% in North America over the same period.

As we continue to develop Serebra Connect and easyLearning, we can be confident that more people in our target markets - who we know need and want what we have to offer – will be able to access our e-learning and job creation initiatives.

What better fiscal stimulus package is there than employability-based education? Since most emerging economies lack broad unemployment insurance, the best way they could help the jobless is through offering skills training through e-learning.

MORE DEMAND

With Internet penetration now approaching saturation levels in North America, the rise in web usage is also good news for Serebra Campus. Online applications such as Serebra Campus continue to grow in popularity, which means that an increasing number of people are used to logging in to access services online.

Increasingly powerful smartphones and a rise in the use of small notebook computers mean more people than ever now take the Internet with them wherever they go.

As a company offering services through the Internet, we are in an excellent position to capitalize on these trends.

Couple that with the potential increase in demand from people who want to retrain in the current job market, and the need for employers to ensure the staff they retain have as many skills as possible, and I am confident we can grow.

We are in an interdependent world and we cannot escape each other's problems, but we can respect that intelligence and energy are evenly distributed.

With an eye to long-term demand for our technologies, Serebra is positioned to handle significant growth, and we have been primarily funding the expansion capabilities from our cash flow. We are in this business for the long term.

To prepare for this growth, we continue to enhance our applications to get the most out of our existing operations. We expect a new surge to begin during the second half of our fiscal year ending March 31, 2010, and we will be ready to capitalize on the opportunity.

MORE EDUCATION

As pleased as we are with our growing pipeline of opportunities, we believe it only hints at what we can achieve. The world will need more employability skills training, especially via e-learning given the rise in Internet usage I have outlined above.

Due to the recent financial turmoil, millions of people in North America and around the world will need to find wholly different lines of work, and taking a select group of e-learning courses can help people ready themselves for a wider array of job opportunities.

In emerging economies, where Serebra's easyLearning program lies, estimates from the International Labour Organization suggest the number of unemployed rose by 8 million in 2008 to now stand at 158 million, which means an overall jobless rate of around 5.9%. High unemployment is not just an economic problem; it is also a political nightmare.



"E-learning, even in the most remote parts of the world, is available, accessible and cost-effective. E-learning eliminates barriers associated with traditional classroom training, such as cost, time, distance and socioeconomic status, and empowers people to take charge of their own lifelong learning. It's simply the best way to deliver training to people in developing nations."

– Ted Moorhouse, Chairman & CEO

That is one reason why Serebra and our resellers are trying to convince governments and organizations around the world that our easyLearning courses, jam-packed with employability skills, can really help minimize social unrest that results from rising joblessness.

MORE HEART

For the third straight year, Serebra is involved with former U.S. President Bill Clinton's Clinton Global Initiative (CGI). When I attend meetings with President Clinton, I get to see first-hand the President's extraordinary leadership and charisma, and the countless ways that people in the CGI are helping others.

What is particularly rewarding, especially when I travel to developing nations, is how often I see examples of how almost anyone, regardless of their age, skills or available time, can do useful things for others.

President Clinton knows that there's so much to accomplish through his CGI and his Foundation. Being associated with him has taught me a great deal. Most important, we

are in an interdependent world and we cannot escape each other's problems, but we can respect that intelligence and energy are evenly distributed. Everyone at Serebra understands that; it makes our work that much more enjoyable and rewarding.

Our strategy and history of doing what we say we will do will ultimately set Serebra apart. While we have world-class e-learning technologies, our emphasis on helping people improve their employability skills is the heart of our success.


SEREBRA'S COMMITMENT

As a company, we remain unfailingly focused on the long-term demand for our e-learning products and the potential they hold. Accordingly, we base our business decisions on maximizing value – not quarter by quarter, but over an extended period of time. This includes building strong and lasting relationships with all of our stakeholders.

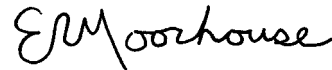
Our Board of Directors has both supported and challenged our vision and plans, and the strong leadership we receive from them is important to our continued success.

We look forward to helping more people being educated, more countries endorsing e-learning based employability skills and more income being earned in developing nations.

The world needs more education. Serebra sees more growth ahead – growth that will have more impact and greater returns for our shareholders.

We wish to thank our customers, partners, employees, and shareholders for their ongoing trust, confidence, and support as we become positioned to execute on the next wave of e-learning. 

Sincerely,



Ted Moorhouse
Chairman & CEO

Management's Discussion & Analysis

Overview

Serebra Learning Corporation (the "Corporation" or "Serebra") is an innovative global e-learning service provider with more than 22 years of experience. The Corporation has built up a network of resellers and partners offering its courses on the Internet through its proprietary learning management system, Serebra Campus, the easyLearning program and through Serebra Connect. Serebra's aggregated course catalogue currently makes more than 5,000 course titles available to the consumer and corporate markets. The Corporation also provides online skills testing through its proprietary examination portal, Quest.

Serebra's newest product is Serebra Connect, an online outsourcing platform that links training to income on a global scale. Serebra Connect lets people and businesses worldwide outsource tasks to a global pool of skilled service providers. Service providers are encouraged to improve their skills by taking a course through easyLearning or Serebra, or by sitting an online exam through Quest. Service providers who successfully pass courses and exams receive a Serebra Connect Pro Level that reflects their training. This helps them find more work through the marketplace and gives them the ability to earn income. The Pro Level system also reassures buyers that Serebra Connect provides access to sellers who are capable of completing their tasks.

Serebra's corporate head office is in Vancouver, British Columbia, Canada. Serebra's ticker symbol on the TSX Venture Exchange is "SLC".

The following information should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2009 and the related notes therein that are prepared in accordance with Canadian generally accepted accounting principles.

This MD&A contains forward-looking statements about Serebra's businesses and operations, and statements of cash flow including financing and liquidity. Forward-looking statements address future events and conditions and, as such, involve risks and uncertainties, which may cause actual results to differ materially from the statements made. Forward-looking statements may include the words "expects", "anticipates", "estimates", "projects", "plans", "goals", "objectives" and "outlook".

Highlights

During the year ended March 31, 2009, the Corporation made significant enhancements to its main product lines. As a result, the Corporation unveiled the fully featured version of Serebra Connect, which includes new and innovative features and a completely updated learning management system, Serebra Campus. During the period, the Corporation also completely updated and implemented a new marketing campaign. The Corporation expects this plan to generate growth and sales in the coming quarters.

For the North American business, the Corporation expanded the type and number of courses by finalizing an agreement with MindLeaders, a highly regarded e-learning content provider. This agreement provides our customers with a variety of content and services, while increasing North American revenue for the Corporation with the potential to expand to a broader international offering. The agreement also provides a broader range of e-learning courses to our easyLearning customers.

In April 2008, the Corporation completed a Rights Offering financing for gross proceeds of \$1,060,038 through Bolder Investment Partners, Ltd. ("Bolder"). The net proceeds were used to continue the marketing of Serebra Connect and for general working capital.

During the year, the Corporation released a new learning management system (LMS), Serebra Campus 3.0. This new version of the LMS was well-received by our customers. The Corporation aims to bolster revenues in the coming quarters through Serebra Campus and the significant enhancements to the course catalogue.

For the second year in a row, Serebra's Chairman & CEO, Ted Moorhouse, attended the invitation-only annual meeting of the Clinton Global Initiative (CGI), a non-partisan project of the William J. Clinton Foundation, held each September in New York City. Serebra received a recognition certificate from former US President Bill Clinton for its commitment to bridging the digital divide between developing and developed nations through Serebra's information technology e-courses and exams, which allow students to not only gain new skills, but also to access income opportunities through projects posted on the Serebra Connect platform.

The Corporation still believes that its strategy of pursuing the outsourcing market is sound, and continues to pursue other such opportunities in North America and around the world. The Corporation expects that Serebra Connect will continue to attract more buyers and sellers and will benefit other Serebra product lines.

During the year, the Corporation received further easyLearning orders from a growing number of international customers, reinforcing the Corporation's confidence in the program and its ongoing potential. The Corporation is continuing to market easyLearning programs in the Middle East, Africa and other parts of the world.

In the coming quarters, the Corporation's priority will be to increase its focus on Serebra Connect marketing, improving North American sales through Serebra Campus and promoting easyLearning in a wider cross-section of geographic locations. The Corporation is considering different ways of diversifying its revenue streams to lessen the impact of any slower sales in order to improve its financial situation. The Corporation is expecting this plan to translate into more sales during the next fiscal year.

Results of Operations

The Corporation incurred a net loss from operations for the year ended March 31, 2009 of \$506,207 compared to a net income of \$436,862 for the year ended March 31, 2008, primarily due to a decrease in easyLearning sales from international customers. Net loss per share for the period was \$0.03 per share compared to a net income \$0.03 per share in fiscal 2008.

The Corporation maintained its current level of operations while reducing the costs of development for Serebra Connect and instead focusing on the marketing of Serebra Connect, Serebra Campus and easyLearning. Non-direct costs were higher mainly as the result of expenses incurred during the year for the development of the Serebra Connect product line and complementary products.

Selected Annual Information

	2009	2008	2007
Revenue	\$ 3,113,001	\$ 5,306,773	\$ 1,975,635
Direct costs	1,710,223	2,891,531	1,661,131
Non-direct costs	1,402,778	2,415,242	314,504
Net income (loss) of the year	\$ (506,207)	\$ 436,862	\$ (828,538)
Net income (loss) per share, basic and diluted	\$ (0.03)	\$ 0.03	\$ (0.07)
Total assets	\$ 2,107,436	\$ 2,774,878	\$ 1,206,222

The above financial information was extracted from the Corporation's annual audited consolidated financial statements, which were prepared in accordance with Canadian generally accepted accounting principles. Certain comparative figures have been adjusted to conform to the financial statement presentation adopted in the current year.

Revenue

Revenue for the year ended March 31, 2009 was \$3,113,001 compared to \$5,306,773 for the previous year. The primary cause for the decline of \$2,193,772 can be attributed to the drop in easyLearning sales from international customers as a result of the global economic environment, which continues to negatively affect general business conditions. North American revenues were down by 10% compared with the previous year due to lower revenue per customer. The Corporation expects revenues to continue to fluctuate in the coming quarters until the Serebra Campus and Serebra Connect applications gain more momentum.

The Corporation remains focused on its strategic business initiatives that management believes will establish long-term profitable operations. Serebra is now actively marketing both easyLearning and Serebra Connect on a global scale, and Serebra Campus is being marketed across North America. The Corporation's objective for the balance of fiscal 2010 is to drive further business to both Serebra Campus and Serebra Connect, and to reach agreement on several large easyLearning opportunities. This will require further investment in:

- Marketing Serebra Campus across North America through the Corporation's direct sales team and through business partners
- Marketing Serebra Connect to buyers of outsourced microtasks
- Further integration of easyLearning into Serebra Connect to create one seamless offering
- Increased search engine marketing and search engine optimization
- Developing marketing programs to attract new business partners

Direct Costs

Direct costs include partner commissions, the cost of materials (i.e. compact discs, packaging and documentation), royalties to third parties and support. Unlike license revenues, the costs of revenues are not deferred over the period of the license.

Direct costs for the year ended March 31, 2009 were \$1,710,223 (55% of revenue) compared to \$2,891,531 for the year ended March 31, 2008 (54% of revenue). Royalties and commissions can fluctuate depending on the nature of the type of product sold and royalties that might apply to that product.

Non-direct Costs

Non-direct costs including amortization for the year ended March 31, 2009 were \$1,908,985 compared to \$1,978,380 for the same period last year, a decrease of \$69,395. This slight decrease in non-direct costs is primarily attributable to the change in resources necessary to manage the operation as well as adjustments to the ongoing development costs related to Serebra Connect and the Serebra Campus LMS. The decrease is also attributable to account

Summary of Quarterly Results

	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$ 803,568	\$ 1,858,400	\$ 214,476	\$ 236,557	\$ 2,398,193	\$ 1,270,028	\$ 221,340	\$ 1,417,212
Net income (loss)	\$ 150,762	\$ 114,509	\$ (462,244)	\$ (309,234)	\$ 555,883	\$ 28,253	\$ (325,834)	\$ 178,560
Net income (loss) for the year	\$ (506,207)	\$ -	\$ -	\$ -	\$ 436,862	\$ -	\$ -	\$ -
Net loss per share, basic and diluted	\$ 0.009	\$ 0.006	\$ (0.026)	\$ (0.018)	\$ 0.039	\$ 0.002	\$ (0.023)	\$ 0.013

The above financial information was extracted from the Corporation's interim financial statements, which were prepared in accordance with Canadian generally accepted accounting principles. Certain comparative figures have been adjusted to conform to the financial statement presentation adopted in the current year. The Corporation's quarterly financial statements are not reviewed or audited by the Corporation's auditors. The quarterly financial statements are the responsibility of management and are reviewed by the Corporation's audit committee.

reclassifications that conform to the improved financial statement presentation adopted during the year. Included in non-direct costs were stock compensation expenses arising from stock options granted and vested, mainly to directors, of \$73,006 compared to \$50,244 for the previous year.

During the year, in addition to product development which increased personnel costs and professional fees, the Corporation incurred marketing and public relations costs for Serebra Connect. In March 2009, the Corporation restructured its work force to more effectively run the operation. The savings resulting from this decision will be seen in the coming quarters. The Corporation has a detailed plan to control non-direct costs and anticipates that non-direct costs will remain stable or decrease slightly as we continue to grow our revenue.

Based on the Corporation's detailed development plan and release schedule, it is expected that the development costs for Serebra Campus and Serebra Connect will continue in a cost effective way for several more quarters. The Corporation is shifting its focus from the development of Serebra Connect to more marketing of the application using aggressive marketing campaigns.

Amortization

Amortization costs for the year ended March 31, 2009 were \$86,926 compared to \$67,259 for the same period last year.

Liquidity

The Corporation had working capital of \$1,364,394 as at March 31, 2009 compared to working capital of \$758,291 in the previous year. The high level of working capital is largely due to both the April 2008 Rights Offering financing and the easyLearning sales completed during the year. The Corporation may be dependent on further financing to take advantage of future growth activities.

Accounts receivable as at March 31, 2009 was \$769,716 compared to \$2,317,835 in the previous year. Accounts payable and accrued liabilities as at March 31, 2009 were \$274,851 compared to \$1,430,234 last year. This decrease of \$1,155,383 resulted primarily from the timing of payments due to easyLearning agents and content partners under easyLearning arrangements in the previous year.

Obligations under capital leases as at March 31, 2009 were \$51,278 compared to \$82,943 last year. The decrease was due to payments made under capital lease arrangements. The future minimum lease payments, including interest for the next fiscal year, will be \$33,787.

Deferred Revenue

Deferred revenue as at March 31, 2009 was \$384,495 compared to \$430,355 as at March 31, 2008. The decrease of \$45,860 is consistent with the Corporation's revenue recognition policy. The policy states that revenues from a quarter are to be deferred and amortized over time due to the nature of course licensing types. This deferral system has created revenues to be recognized over multiple periods while related costs are being expensed in the same period and, as a consequence, the matching principle does not apply.

The current portion of deferred revenue of \$321,995 is primarily made up of the North American content license sales, and will be recognized as revenue over the next 12 months.

Share Capital

During the year, the Corporation raised \$1,060,038 under the aforementioned Rights Offering by issuing 3,533,457 units at \$0.30 per unit. Each unit comprised one share and one share purchase warrant. As at March 31, 2009, the Corporation had 17,667,285 common shares issued and outstanding.

Share Purchase Warrants

As at March 31, 2009, a director owned 200,000 share purchase warrants with exercise prices of \$0.35 per share for the first year and \$0.50 per share for the second year from July 16, 2007, the closing date of the associated private placement.

During the year, the Corporation completed a Rights Offering financing at a price of \$0.30 per unit for proceeds of \$1,060,038, resulting in the issuance of 3,533,457 common shares and 3,533,457 warrants. Each warrant entitled the holder to purchase an additional common share at an exercise price of \$0.50 per share for a period of 24 months following the issuance of the warrants, provided however that the warrants cannot be exercised within the first 12 months of this 24 month term. In addition, the Corporation issued 875,000 non-transferable agent's warrants exercisable at \$0.30 per common share, which expired on March 6, 2009.

Stock Options

The Corporation had reserved 1,195,495 common shares under its Stock Option Plan (2001). During the year, the Corporation granted 337,500 stock options to directors and employees with an exercise price of \$0.30 per share. As at March 31, 2009, the Corporation had outstanding 901,250 stock options with a weighted average remaining contractual life of 1.70 years and with a weighted average exercise price of \$0.34 per share.

Commitments

The Corporation is committed over the next five years to lease payments on office space and office equipment as follows:

Year	Amount
2010	\$ 209,340
2011	\$ 207,682
2012	\$ 200,559
2013	\$ 204,659
2014	\$ 204,659

Fourth Quarter

The Corporation earned a net income of \$150,762 in the fourth quarter ended March 31 2009, compared to \$555,883 of net income in the same quarter a year earlier. The decrease of \$405,121 in net income was mainly attributable to the decreased easyLearning sales in the quarter.

Significant Accounting Estimate

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the valuation of accounts receivable, the determination of estimated useful lives of property and equipment and other assets for the purpose of calculating amortization, stock-based compensation, royalties, fair value of undelivered services, service obligation periods under revenue contracts and valuation allowances over future income tax assets. Actual results could differ from these estimates.

Adoption of New Accounting Standards and Recent Pronouncements

Adoption of New Accounting Standards:

- (a) CICA 3862, "Financial Instruments – Disclosures" and CICA 3863, "Financial Instruments Presentation"

These standards relate to the disclosures and presentation of financial instruments. They apply to interim and annual financial statements for fiscal years beginning on or after October 1, 2007, and must be adopted at the same time, replacing CICA 3861, "Financial Instruments – Disclosure and Presentation". The Corporation adopted these standards for its interim and annual financial statements for its fiscal year commencing April 1, 2008. The adoption of these standards did not have a material effect on the Corporation's financial statements and the required disclosures are outlined in Note 10.

- (b) CICA 1535, "Capital Disclosures"

This standard relates to the disclosure of capital management strategies. It applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2007. The Corporation adopted this standard for its interim and annual financial statements for its fiscal year commencing April 1, 2008. The adoption of this standard did not have a material effect on the Corporation's financial statements and the required disclosures are outlined in Note 14.

- (c) CICA 1400, "General Standards of Financial Statement Presentation"

In May 2007, the CICA issued amended Handbook Section 1400, "General Standards of Financial Statement Presentation". The section provides revised guidance related to management's responsibility to assess and disclose the ability of an entity to continue as a going concern. This amended standard applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2008. The Corporation adopted this standard for its interim and annual financial statements for its fiscal year commencing April 1, 2008. The adoption of this standard did not have a material effect on the Corporation's financial statements.

Recent Accounting Pronouncements:

Recent accounting pronouncements that have been announced but are not yet effective are as follows:

- (i) CICA 1582, "Business Combinations", CICA 1601, "Consolidated Financial Statements" and CICA 1602, "Non-Controlling Interests"

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests," which replace Section 1600 "Consolidated Financial Statements."

Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The Corporation is currently assessing the impact of adopting these standards and has not yet determined its effect on its financial statements.

- (ii) CICA 3064, "Goodwill and Intangible Assets"

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets," which replaces Section 3062, "Goodwill and Other Intangible Assets." This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets and is effective for fiscal years beginning on or after January 1, 2009. Concurrent with the adoption of this standard, EIC-27, "Revenues and Expenditures in the Pre-operating Period," will be withdrawn. The adoption of this standard is not expected to have a material effect on the Corporation's financial statements.

- (iii) International Financial Reporting Standards

In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under IFRS for fiscal years beginning on or after January 1, 2011. The Corporation is currently assessing the impact of adopting IFRS and has not yet determined its effect on its financial statements.

Employees

As at March 31, 2009, the Corporation had 16 full time employees, all based in Vancouver, British Columbia, Canada. As at March 31, 2009, the Corporation's senior management team included President and CEO Ted Moorhouse, VP Development Brian Taylor, Director of Sales and Marketing Mary-Ann Pedersen and Controller Abdul Mohamed. Ted Moorhouse is also the Chairman of the Corporation.

Risk Factors

The Corporation has continued to achieve significant sales outside of North America, but remains primarily dependent on a single distribution and sales channel. Until the Corporation develops a broader international network of sales agents and customers, ongoing revenues remain unpredictable.

Despite the significant reliance on a single distribution and sales channel, the Corporation has developed a new, all-encompassing marketing plan. The Corporation believes that this plan will help generate growth and sales through easyLearning, Serebra Connect and Serebra Campus. The Corporation expects that these product lines will provide more predictability to its revenue streams for the next several quarters.

The Corporation has also experienced a significant decline in sales in North America, as potential customers of the Corporation's products are facing an uncertain economic outlook for their own products and services. The Corporation nevertheless anticipates revenue growth within its North American and growing international business bases despite these negative forces. Deterioration in the economic prospects of the Corporation's customers would have negative

implications for the Corporation.

The Corporation has competitors in its North American market that at any time could impact its anticipated growth and / or profit margin. Future profitability depends upon the Corporation's ability to continually develop and market its software products and solutions using leading edge technology. Finally, adverse fluctuation in foreign exchange rates could also impact the Corporation's profitability.

The Corporation is now focused on more widespread marketing of all its product lines and further cost control of product development. The failure to generate sales in all the Corporation main products could have a significant and adverse affect on the Corporation.

The Corporation has incurred a net loss from operations for the year ended March 31, 2009 of \$506,207 and has a deficit of \$9,828,901 as at March 31, 2009. Management is continuing efforts to attract additional equity investors and implement cost control measures to maintain adequate levels of working capital. Nevertheless, there can be no assurance provided with respect to the successful outcome of these ongoing actions. If the Corporation is unable to obtain additional financing on reasonable terms, the Corporation may be required to curtail or reduce its operations to continue as a going concern.

In addition, the Corporation's limited working capital could affect the Corporation's ability to seize upon opportunities requiring investment, or to reinvest in its products in a timely manner.


Management Responsibility for Financial Statements

The management of Serebra Learning Corporation is responsible for the preparation of the accompanying consolidated financial statements and the preparation and presentation of all information in the Annual Report. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and are considered by management to present fairly the financial position and operating results of the Corporation.

The Corporation maintains various systems of internal control to provide reasonable assurance that transactions are appropriately authorized and recorded, that assets are safeguarded, and that financial records are properly maintained to provide accurate and reliable financial statements.

The Corporation's audit committee is composed of two non-management directors and one member of management who are appointed by the Board of Directors annually. The committee meets periodically with the Corporation's management and independent auditors to review financial reporting matters and internal controls and to review the consolidated financial statements and the independent auditors' report. The audit committee reported its findings to the Board of Directors who have approved the consolidated financial statements.

The Corporation's independent auditors, Manning Elliott LLP, have audited the consolidated financial statements and their report follows.



Ted Moorhouse
Chairman & CEO
July 29, 2009

Auditors' Report to the Shareholders

To the Shareholders of
Serebra Learning Corporation:

We have audited the consolidated balance sheets of Serebra Learning Corporation as at March 31, 2009 and 2008, and the consolidated statements of operations and comprehensive loss and deficit, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Manning Elliott LLP

Chartered Accountants
Vancouver, British Columbia
July 13, 2009


Consolidated Balance Sheets

March 31, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,194,700	\$ 240,459
Restricted short-term investments	10,000	10,000
Accounts receivable	769,716	2,317,835
Prepaid expenses	20,611	19,674
	1,995,027	2,587,968
Property and equipment (note 4)	82,270	111,323
Deferred financing costs	-	54,530
Other assets (note 5)	30,139	21,057
	\$ 2,107,436	\$ 2,774,878
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 274,851	\$ 1,430,234
Current portion of deferred revenue	321,995	367,778
Current portion of obligations under capital leases (note 6)	33,787	31,665
	630,633	1,829,677
Long-term deferred revenue	62,500	62,577
Long-term obligations under capital leases (note 6)	17,491	51,278
	710,624	1,943,532
Shareholders' equity:		
Share capital (note 7)	\$ 10,456,598	\$ 9,552,861
Contributed surplus (note 8)	769,115	601,179
Deficit	(9,828,901)	(9,322,694)
	1,396,812	831,346
	\$ 2,107,436	\$ 2,774,878

See accompanying notes to consolidated financial statements
 Nature of Operations and Continuance of Business (note 1), Commitments (note 11)

Approved on Behalf of the Board



Ted Moorhouse, Director



Ian M. Adam, Director

Consolidated Statements of Operations & Deficit

Years Ended March 31, 2009 and 2008

	2009	2008
Revenue	\$ 3,113,001	\$ 5,306,773
Direct costs	1,710,223	2,891,531
	1,402,778	2,415,242
Personnel	1,361,112	1,411,243
Corporate and professional services	333,189	235,403
Office and general	127,758	264,475
Amortization	86,926	67,259
	1,908,985	1,978,380
Net income (loss) and comprehensive income (loss) for the year	(506,207)	436,862
Deficit, beginning of year	(9,322,694)	(9,759,556)
Deficit, end of year	\$ (9,828,901)	\$ (9,322,694)
Earnings per share:		
Income (loss) per share, basic and diluted	\$ (0.03)	\$ 0.03
Weighted average number of shares outstanding	17,531,755	14,075,746

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

Years Ended March 31, 2009 and 2008

	2009	2008
Cash provided by (used in):		
Operating activities:		
Net income (loss) for the year	\$ (506,207)	\$ 436,862
Items not affecting cash:		
Amortization	86,926	67,259
Stock-based compensation	73,006	50,244
	(346,275)	554,365
Changes in non-cash working capital items:		
Accounts receivable	1,548,119	(2,107,451)
Prepaid expenses	(937)	(14,851)
Accounts payable and accrued liabilities	(1,155,459)	968,483
Deferred revenue	(45,783)	11,418
	(335)	(588,036)
Investing activities:		
Short-term investments	-	803,068
Deferred financing costs	-	(54,530)
Other assets	(10,376)	-
Purchase of property and equipment, net of disposition proceeds	(56,580)	(30,364)
Acquisition of other assets	-	(2,791)
	(66,956)	715,383
Financing activities:		
Repayments of obligations under capital leases	(31,665)	(17,925)
Issue of common shares, net of issuance costs	1,053,197	48,950
	1,021,532	31,025
Increase (decrease) in cash and cash equivalents	954,241	158,372
Cash and cash equivalents, beginning of year	240,459	82,087
Cash and cash equivalents, end of year	\$ 1,194,700	\$ 240,459
Supplementary cash flow information:		
Interest paid	\$ 8,403	\$ 6,961
Income taxes paid	-	-
Non-cash financing transaction	-	-
Capital leases obtained to finance equipment purchases	-	70,624

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

Years Ended March 31, 2009 and 2008

1. Nature of Operations and Continuance of Business

Serebra Learning Corporation (the "Corporation" or "Serebra") is an innovative global e-learning service provider with more than 22 years of experience. The Corporation has built up a network of resellers and partners offering its courses on the Internet through its proprietary learning management system, Serebra Campus, the easyLearning program and through Serebra Connect, an online outsourcing platform that links training to income on a global scale. Serebra's aggregated course catalogue currently makes more than 5,000 course titles available to the consumer and corporate markets. The Corporation also provides online skills testing through its proprietary examination portal, Quest.

These consolidated financial statements have been prepared on the going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of operations. The application of the going concern basis is dependent upon the Corporation achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future.

The Corporation has incurred recurring losses from operations and has an accumulated deficit of \$9,828,901 as at March 31, 2009. The Corporation has sales to developing countries, but there can be no assurance with respect to the ongoing success of these initiatives. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. Significant Accounting Policies

(a) Basis of presentation:

These consolidated financial statements include the accounts of the Corporation including its two inactive wholly owned subsidiaries. All material inter-company balances and transactions have been eliminated. These consolidated financial statements have been prepared in conformity with Canadian generally accepted accounting principles. Certain figures presented for comparative purposes have been reclassified to conform to the presentation adopted for the current year.

(b) Cash and cash equivalents:

Cash and cash equivalents consist of bank deposits and short-term investments with original terms to maturity of three months or less when acquired.

(c) Stock-based compensation:

Stock options granted to employees or directors are measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. Upon the exercise of the stock options, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

(d) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the valuation of accounts receivable, the determination of estimated useful lives of

property and equipment and other assets for the purpose of calculating amortization, stock-based compensation, royalties, fair value of undelivered services, service obligation periods under revenue contracts and valuation allowances over future income tax assets. Actual results could differ from these estimates.

(e) Property and equipment:

Property and equipment is stated at cost less accumulated amortization and is amortized on a straight-line basis over the estimated useful life of the asset as follows:

Computer hardware	3 years
Furniture and fixtures	5 years
Leasehold improvements	5 years
Computer software	1 year

(f) Trademarks:

Trademarks acquired are capitalized and amortized on a straight-line basis over a 15-year period, being the legal life of the Trademarks, as they have a definite useful life.

(g) Research and development:

Research and development costs are expensed as incurred, except in cases where development costs meet certain identifiable criteria for deferral. Deferred development costs are amortized over the expected useful life, not exceeding 3 years. During the years ended March 31, 2009 and 2008, all research and development costs were expensed as incurred.

(h) Revenue recognition:

The Corporation derives a significant portion of its revenue pursuant to the easyLearning program, which is a rental model whereby customers who have paid for a Personal Identification Number (PIN) can access a course from the easyLearning course library, on-line, for a limited period of time or the customer can download a specific course directly to a computer. The courseware is considered delivered when the customer is provided with an access PIN that provides such a download right. The easyLearning wholesale arrangements include multiple elements such as courseware, hosting, post-contract support, website setup, documentation and training.

For multiple element sales arrangements, revenue is allocated to each element based on the relative fair values using the residual method, and using vendor specific objective evidence of fair values, at the inception of the sales arrangement. Fair values of the undelivered elements are determined based on objective evidence derived from other arrangements. When fair value cannot be determined, revenue is deferred and recognized only as the final elements are delivered or over the term of the agreement for the entire arrangement fee. Elements included in multiple element arrangements could consist of licenses, post-contract support including telephone, email support, hosting services and unspecified upgrade rights. Revenue from product maintenance arrangements is deferred and recognized on a straight-line basis over the term of the contract. Customer payments that do not yet qualify for recognition under the Corporation's revenue recognition policies are recorded as deferred revenue.

In situations where there is objective and reliable evidence of fair value for all undelivered elements, but not for delivered elements, the residual method is used to allocate the contract consideration. Under the residual

method, the amount of the revenue allocated to delivered elements equals the total arrangement consideration less the aggregate fair value of any undelivered elements. Each unit of accounting is then accounted for under the applicable revenue recognition guidance. Fair values of undelivered elements deferred are determined using vendor specific objective evidence where available or third party evidence. The Corporation defers revenue related to the undelivered elements over the expected service delivery period, which is generally less than two years.

For sales completed by physical delivery of the course content via a medium such as a CD, revenue is recognized upon physical delivery of the course content because after-sales support is considered insignificant. For sales completed by allowing online access to course content for a fixed period of time, revenue is recognized rateably over the course access period.

Revenue derived from the sale of Pay Per Use ("PPU") credits is recognized over a one-year period since the PPU credits are available to the Corporation's customers for one year.

Revenue derived from Serebra Connect is recognized upon delivery of services or products by the seller.

All of the Corporation's revenue recognition policies outlined above are subject to the existence of completed contracts or other persuasive evidence of arrangements, fees or prices being fixed or otherwise determinable, and the ultimate collection of the amounts being probable.

(i) Direct cost of revenue:

Direct cost of revenue includes materials (such as CDs, packaging and documentation), royalties paid to third parties, commissions paid to e-commerce partners, and fulfillment costs.

(j) Deferred financing costs:

Professional, consulting and regulatory fees and other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Debt issue costs are recorded against the proceeds received and comprise a component of the instrument's amortized cost. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

(k) Income (loss) per share:

Basic income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted income (loss) per share. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income (loss) per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period. Stock options and warrants are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

(l) Foreign currency translation:

The reporting and functional currency of the Corporation and its subsidiaries is the Canadian Dollar. Foreign currency translations entered into directly by the Corporation or its integrated subsidiaries are translated using the temporal method. Under this method, monetary assets and liabilities are translated at year-end exchange rates and other balance sheet items are translated at historical exchange rates. Income statement items are translated at the rate in effect at the time of the translation. Translation gains and losses are included in income.

(m) Income taxes:

The Corporation follows the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the substantive enactment date. Where it is not considered to be more likely than not that the future income tax assets will be realized, a valuation allowance is provided for the difference.

(n) Long-lived assets:

The Corporation evaluates, on an ongoing basis, the carrying value of property and equipment and other assets, including acquired licenses or trademarks, for potential impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In order to determine if such impairment exists, the carrying value of these assets is compared to the financial condition and the estimated undiscounted future cash flows expected to result from its eventual use and disposal. A permanent impairment in these assets is measured as the amount by which the long-lived asset's carrying amount exceeds its fair value and is recognized in earnings in the year such impairment becomes evident.

(o) Short-term investments:

Short-term investments consist of liquid investments in interest bearing money market instruments with original maturities of three months or more at the time of acquisition. These investments are recorded at cost, which approximates fair values.

(p) Financial instruments:

The Corporation classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount in accordance with the Canadian Institute of Chartered Accountant ("CICA") Handbook Section 3840, "Related Party Transactions".

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at

amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income.

(q) Comprehensive loss:

Comprehensive loss reflects net loss and other comprehensive income (loss) for the period. Other comprehensive income (loss) includes changes in unrealized foreign currency translation amounts arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale assets and changes in the fair value of derivatives designated as cash flow hedges to the extent they are effective.

3. Adoption of New Accounting Standards and Recent Pronouncements

Adoption of New Accounting Standards

(a) CICA 3862, "Financial Instruments – Disclosures" and CICA 3863, "Financial Instruments Presentation"

These standards relate to the disclosures and presentation of financial instruments. They apply to interim and annual financial statements for fiscal years beginning on or after October 1, 2007, and must be adopted at the same time, replacing CICA 3861, "Financial Instruments – Disclosure and Presentation". The Corporation adopted these standards for its interim and annual financial statements for its fiscal year commencing April 1, 2008. The adoption of these standards did not have a material effect on the Corporation's financial statements and the required disclosures are outlined in Note 10.

(b) CICA 1535, "Capital Disclosures"

This standard relates to the disclosure of capital management strategies. It applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2007. The Corporation adopted this standard for its interim and annual financial statements for its fiscal year commencing April 1, 2008. The adoption of this standard did not have a material effect on the Corporation's financial statements and the required disclosures are outlined in Note 14.

(c) CICA 1400, "General Standards of Financial Statement Presentation"

In May 2007, the CICA issued amended Handbook Section 1400, "General Standards of Financial Statement Presentation". The section provides revised guidance related to management's responsibility to assess and disclose the ability of an entity to continue as a going concern. This amended standard applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2008. The Corporation adopted this standard for its interim and annual financial statements for its fiscal year commencing April 1, 2008. The adoption of this standard did not have a material effect on the Corporation's financial statements.

Change in Accounting Policy

During the year, management determined that a revision to the presentation format and classification of the consolidated statement of operations and comprehensive income (loss) and deficit would more appropriately reflect the nature of the Corporation's operations. Accordingly, for 2008, direct costs of \$434,494 comprised primarily of salaries, wages and contractor fees for development projects previously charged to direct costs was reclassified to personnel. This resulted in an increase in gross margin of \$434,494 for 2008 and an increase

in other operating expenses of \$434,494. In addition, project costs and certain salary and wages costs were reclassified to personnel, and various other reclassifications were made within operating expenses as outlined in Note 15.

Recent Accounting Pronouncements

Recent accounting pronouncements that have been announced but are not yet effective are as follows:

(i) CICA 1582, "Business Combinations", CICA 1601, "Consolidated Financial Statements" and CICA 1602, "Non-Controlling Interests"

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests," which replace Section 1600 "Consolidated Financial Statements."

Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The Corporation is currently assessing the impact of adopting these standards and has not yet determined its effect on its financial statements.

(ii) CICA 3064, "Goodwill and Intangible Assets"

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets," which replaces Section 3062, "Goodwill and Other Intangible Assets." This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets and is effective for fiscal years beginning on or after January 1, 2009. Concurrent with the adoption of this standard, EIC-27, "Revenues and Expenditures in the Pre-operating Period," will be withdrawn. The adoption of this standard is not expected to have a material effect on the Corporation's financial statements.

(iii) International Financial Reporting Standards

In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under IFRS for fiscal years beginning on or after January 1, 2011. The Corporation is currently assessing the impact of adopting IFRS and has not yet determined its effect on its financial statements.

4. Property and Equipment

Property and equipment consists of the following:

	2009	2008
Cost:		
Computer hardware	1,207,742	1,181,312
Furniture and fixtures	47,223	47,223
Leasehold improvements	15,286	15,286
Computer software	285,792	255,643
	1,556,043	1,499,464
Accumulated amortization:		
Computer hardware	1,138,204	1,082,238
Furniture and fixtures	43,823	39,126
Leasehold improvements	15,286	12,649
Computer software	276,460	254,128
	1,473,773	1,388,141
	\$ 82,270	\$ 111,323

Included in computer hardware are assets under capital lease with an original cost of \$102,191 (2008 - \$102,191) and related accumulated amortization of \$55,141 (2008 - \$22,009). Amortization of assets under capital leases of \$33,130 (2008 - \$20,410) was included in amortization expense in 2009.

5. Other Assets

	2009	2008
Long-term rental deposit	\$ 9,682	\$ 9,682
Long-term security deposit	10,376	-
Trademarks	14,631	14,631
	34,689	24,313
Accumulated amortization	(4,550)	(3,256)
	\$ 30,139	\$ 21,057

6. Obligations Under Capital Leases

	2009	2008
Obligations under capital leases, secured by the assets under capital leases and repayable in monthly instalments	\$ 51,278	\$ 82,943
Less: current portion	33,787	31,665
Long-term portion	\$ 17,491	\$ 51,278

Future minimum lease payments under capital leases are as follows:

2010	\$ 33,787
2011	17,491
	\$ 51,278

7. Share Capital

(a) Authorized:

Unlimited common shares without par value
Unlimited senior preferred shares without par value (none issued and outstanding)
Unlimited junior preferred shares without par value (none issued and outstanding)

(b) Common shares issued and outstanding:

	Shares	Amount
Issued as at March 31, 2007	13,933,828	\$ 9,503,911
Issued for cash under private placement	200,000	50,000
Share issue costs	-	(1,050)
Issued as at March 31, 2008	14,133,828	9,552,861
Issued for cash under Rights Offering	3,533,457	1,060,038
Share issue costs	-	(156,301)
Issued as at March 31, 2009	17,667,285	\$ 10,456,598

During the year, the Corporation completed a Rights Offering financing at a price of \$0.30 per unit for proceeds of \$1,060,038, resulting in the issuance of 3,533,457 common shares and 3,533,457 warrants. Each warrant will entitle the holder to purchase an additional common share at an exercise price of \$0.50 per share for a period of 24 months following the issuance of the warrants, provided however that the warrants cannot be exercised within the first 12 months of this 24 month term.

In addition, the Corporation issued 875,000 non-transferable agent's warrants exercisable at \$0.30 per common share which expired on March 6, 2009 to Bolder Investment Partners, Ltd. under the Rights Offering. The value of the warrants was estimated at \$94,930 using the Black Scholes option pricing model and this amount was treated as share issue costs and netted against the proceeds raised.

The Corporation created an Employee Share Ownership Plan ("ESOP") on January 28, 1994. No transactions occurred under the plan during the years ended March 31, 2009 and 2008.

(c) Stock options:

The Corporation has reserved 1,195,495 common shares under its Stock Option Plan (2001). The plan provides for the granting of options to directors, employees and consultants. The Board of Directors determines the features of the awards, including the exercise price, the term and vesting provisions, provided no stock options will have a term exceeding five years.

	Number of shares	Weighted average exercise price
Outstanding, March 31, 2007	1,022,500	\$ 0.42
Granted	200,000	0.25
Expired	(441,250)	0.40
Outstanding, March 31, 2008	781,250	0.38
Granted	337,500	0.30
Expired	(117,500)	0.44 - 0.56
Cancelled	(100,000)	0.30 - 0.44
Outstanding, March 31, 2009	901,250	\$ 0.34

The following table summarizes stock options outstanding and exercisable at March 31, 2009:

Options Outstanding

Exercise Price in \$	Number of Shares	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price in \$
0.25	200,000	3.30	0.25
0.30	262,500	4.42	0.30
0.40	391,250	2.55	0.40
0.44	37,500	1.67	0.44
0.56	10,000	0.42	0.56
0.25 - 0.56	901,250	1.70	0.34

Options Exercisable

Number Exercisable	Weighted Average Exercise Price in \$
200,000	0.25
212,500	0.30
383,750	0.40
37,500	0.44
10,000	0.56
843,750	0.34

Stock options outstanding at March 31, 2009 will expire between August 30, 2009 and February 11, 2014.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions and resulting values for grants as follows:

	2009	2008
Assumptions:		
Weighted average risk free interest rate (%)	3.08	4.56
Expected life (years)	5.0	5.0
Weighted average expected volatility (%)	111.0	96.0
Expected dividend	Nil	Nil

Weighted average fair value of options granted is \$0.30 in 2009 (2008 - \$0.21).

(d) Share purchase warrants:

	Number of warrants	Exercise price in \$ per share
Outstanding, March 31, 2007	1,583,333	0.45
Issued	200,000	0.35 - 0.50
Expired	(1,583,333)	0.45
Outstanding, March 31, 2008	200,000	0.35 - 0.50
Issued	4,408,457	0.50
Expired	(875,000)	0.50
Outstanding, March 31, 2009	3,733,457	0.35 - 0.50

8. Contributed Surplus

During the year ended March 31, 2009, the Corporation granted 337,500 (2008 - 200,000) stock options to employees, officers and directors and an amount of \$73,006 (2008 - \$50,244) was charged to operations as salaries and wages expense in recognition of share-based compensation expense, based on the vesting schedule for the options granted.

	2009	2008
Balance, beginning of year	\$ 601,179	\$ 550,935
Share-based compensation - directors and employees	73,006	50,244
Share-based compensation - agent	\$ 94,930	\$ -
	769,115	601,179

9. Income Taxes

In assessing the realization of the Corporation's future income tax assets, management considers whether it is more likely than not that some portion of all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of future tax assets considered realizable could change materially in the near term based on future taxable income during the carry-forward period.

- (a) The significant components of the Corporation's future income tax assets are as follows:

	2009	2008
Future income tax assets:		
Non-capital tax losses carried forward	\$ 503,266	\$ 610,809
Property and equipment	340,539	366,362
Eligible capital expenditures	192,198	243,627
Share issue costs	717	1,247
Research and development	17,217	19,765
Total gross future income tax assets	1,053,937	1,241,810
Valuation allowance	(1,053,937)	(1,241,810)
Net future income tax assets	\$ -	\$ -

- (b) As at March 31, 2009, the Corporation has non-capital losses carried forward for income tax purposes available to reduce taxable income in future years of \$2,013,064 expiring as follows:

2010	\$ 286,735
2014	346,841
2015	206,627
2026	156,776
2027	582,899
2028	-
2029	433,186

- (c) The Corporation is subject to federal and provincial taxes at an approximate rate of 30.6% (2008 - 33.0%). The reconciliation of the provision for income taxes at the statutory rate compared to the Corporation's income taxes as reported is as follows:

	2009	2008
Expected income tax recovery	\$ (155,034)	\$ (167,287)
Permanent differences	14,149	51,839
Change in tax rates	154,280	-
Change in estimates	6,530	-
Expiry of losses	167,949	-
Other	-	548,406
Change in valuation allowance	(187,874)	(432,958)
Income tax recovery	\$ -	\$ -

10. Financial Instruments and Risk

Financial Instruments:

As at March 31, 2009, the Corporation's financial instruments consist of cash and equivalents, short-term investments, accounts receivable, accounts payable, and obligations under capital lease. The fair values of the short-term financial instruments approximate their carrying values because of their current nature, and the fair value of the long-term obligation under capital lease approximates its carrying value as the capital lease terms represent the amount due to the lessor. The Corporation's short term investments are carried at fair value as determined by the Corporation's accounting policy.

Credit Risk:

Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash and equivalents held with financial institutions and accounts receivable. To minimize the credit risk on cash and cash equivalents the Corporation uses a high credit quality financial institution. The Corporation's accounts receivable are subject to normal industry credit risks, and the receivables are with clients in many diverse industries. Credit risk from accounts receivable encompasses the default risk of the clients. The Corporation manages its exposure to credit risk by reviewing the outstanding balances on an ongoing basis, management monitors the level attributable to each client and the length of time taken for amounts to be settled and where necessary, takes appropriate action to follow up on those considered overdue. As at December 31, 2009 and 2008 the Corporation has no allowance for uncollectable receivables.

Liquidity Risk:

The Corporation ensures its holding of cash and cash equivalents is sufficient to meet its operational requirements and its long-term debt repayments. All of the Corporation's financial liabilities, other than obligations under capital leases, have contractual maturities of approximately 30 days or are due on demand and are subject to normal trade terms. The Corporation does not have investments in any asset-backed commercial paper or similar instruments.

Foreign Exchange Risk:

The Corporation is exposed to a currency exchange rate risk since the majority of its revenue is denominated in US dollars. The Corporation also has significant balances of cash and accounts receivable that are denominated in US dollars. The fair value of US dollar denominated cash and accounts receivable will fluctuate according to changes in the spot exchange rate until they are settled in Canadian dollars. Fluctuations in the exchange rate by 5% can result in a foreign exchange gains or losses of approximately \$6,500 in the cash balance and \$36,000 in the accounts receivable balance.

During the year, the Company recognized foreign exchange gains of \$118,773 (2008 - foreign exchange losses of \$22,013).

Interest Rate Risk:

The Corporation's long-term debt has a floating rate of interest which is the cause of cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in the lender's prime rate. Fluctuations in the prime interest rate by 5% will result in additional cash in or outflow of approximately \$50,000 annually for interest.

11. Commitments

- (a) The Corporation is committed to operating lease payments related to office space and office equipment until July 2014. Annual payments are as follows:

2010	\$	209,340
2011		207,682
2012		200,559
2013		204,659
2014		204,659

- (b) The Corporation is committed pursuant to various supply agreements to pay royalties to third parties upon the sale or license of third party courses to its customers.

12. Segmented Information and Credit Concentration

The Corporation operates in only one industry segment relating to the sale of e-learning courseware. Geographic information for this segment, by location of customer or by physical asset, is as follows:

	2009		2008	
	Revenue	Property & equipment	Revenue	Property & equipment
North America	\$ 789,565	\$ 82,270	\$ 793,584	\$111,323
International	2,323,436	-	4,513,189	-
	\$ 3,113,001	\$ 82,270	\$ 5,306,773	\$111,323

For the year ended March 31, 2009, the Corporation had significant revenue from a customer which accounted for 75% (2008 – 85%) of its annual revenue.

13. Related Party Transactions

During the year ended March 31, 2009, the Company entered into the following transactions with related parties:

- (a) Director fees of \$3,250 (2008 - \$2,775) were paid to directors of the Company. The amount has been included in corporate and professional services in the statement of operations.

The above transactions were in the normal course of operations and were recorded at their exchange amounts, which is the consideration agreed upon by the related parties.

14. Capital Management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to maintain its e-learning business including easyLearning and Serebra Connect and to pursue the development of similar programs and products. The Corporation does not have any externally imposed capital requirements to which it is subject.

As at March 31, 2009, the Corporation had capital resources consisting mainly of cash. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and risks.

To maintain or adjust the capital structure, the Corporation may attempt to issue common shares, options, warrants or other instruments, or adjust the amount of cash it holds. The Corporation does not currently have significant debt financing.

15. Comparative Figures

Certain of the 2008 comparative figures in the consolidated statements of operations and comprehensive income (loss) have been reclassified to conform with the presentation adopted in the current year because management has determined that the 2009 presentation better reflects the classification and description of the operating items. This reclassification did not result in any changes to net income (loss) and comprehensive income (loss), income or loss per share, or closing deficit.

Details of the reclassification are as follows:

	2008 as Presented	Reclassification	2008 as Reclassified
Revenue	\$ 5,306,773	\$ -	\$ 5,306,773
Direct costs	3,326,025	(434,494)	2,891,531
	1,980,748	434,494	2,415,242
Project costs	842,135	(842,135)	-
Personnel	-	1,411,243	1,411,243
Corporate and professional services	-	235,403	235,403
Office and other	373,527	(109,052)	264,475
Salaries and wages	260,965	(260,965)	-
Amortization	67,259	-	67,259
	1,543,886	434,494	1,978,380
Net income (loss) and comprehensive income (loss)	436,862	-	436,862

COMPANY INFORMATION

Board of Directors

Ted Moorhouse
Chairman & CEO

As the leader of Serebra Learning Corporation, Ted's impressive 30-year career covers a wide range of roles in enterprise software, venture capital, and e-learning. He was elected to the Serebra board of directors in September 2002, appointed president in October 2002, and chairman in 2007.

Under his leadership at Serebra, Ted has transformed the traditional e-learning model into a unique, integrated online platform. He regularly travels around the world to share the message about Serebra and also to promote corporate social responsibility.

Ted is a member of former U.S. President Bill Clinton's Clinton Global Initiative. This organization brings together global leaders from a variety of backgrounds to realize change and to find solutions to the world's most pressing challenges.

Recognized as one of the world's leading experts in e-learning, Ted often appears in media coverage. He has been interviewed by numerous media outlets in the Middle East (Al Khaleej, Al Bayan, Al Wahda, Akhbar Al Arab, Al Watan Oman and others) and in North America (including Business in Vancouver, The New York Times, and NBC News).

Before joining Serebra, Ted was president of Cordova Pacific Capital Inc., a venture capital company. Prior to that, he held senior management positions at Oracle and Northern Telecom.

Ted has received numerous awards for his sales and marketing efforts. His achievements have earned him a national gold medal in sales performance at Northern Telecom and the British Columbia Technology Industry Association "Marketer of the Year."

Ted received his bachelor's degree in commerce from the University of Manitoba, where he graduated with honors and was president of the students' association.

Ian M. Adam, FCA
Independent Director

Ian was elected to the Serebra Board in August 2003 as an Independent Director.

Ian's career spans over forty-five years of public accounting experience, and twenty-five years as a partner, with Ernst & Young LLP (formerly Clarkson Gordon), Chartered Accountants. Ian, a Fellow of the Institute of Chartered Accountants of British Columbia, has extensive management and board member experience with public and private companies across many industry sections. With particular expertise in a vast array of industries, from manufacturing to IT, Ian has assisted many clients in reorganizations, acquisitions, divestitures, and sourcing capital and in going public.

In addition to serving as a Board member of several public and private companies, Ian is an active member of the community and is currently a Director of the BC Sports Hall of Fame Foundation and The Pacific Alzheimer Research Foundation.

Michael Meyers
Independent Director

Michael was elected to the Serebra Board in July 2007 as an Independent Director.

Michael is a corporate and securities lawyer who has been involved with and counsel to numerous private and public issuers in Canada. He has been actively involved with the resource markets for many years, and has experience with Internet and information technology companies.

Michael has a Bachelor of Arts degree and a Bachelor of Laws degree from the University of British Columbia. He also holds two diplomas from the British Columbia Institute of Technology.

COMPANY INFORMATION

Corporate Facts

BOARD OF DIRECTORS

Ted Moorhouse
Chairman & CEO (1)

Ian M. Adam, FCA
Independent Director (1) (2)

Michael Meyers
Independent Director (1) (2)

SENIOR MANAGEMENT

Ted Moorhouse
Chairman & CEO

Brian Taylor
Vice President, Development

Mary-Ann Pedersen
Director, Sales & Marketing

Abdul Mohamed
Controller

(1) Audit Committee

(2) Compensation Committee

LEGAL

Legal Name
Serebra Learning Corporation

Form of Business
Registered in Alberta, extra-provincially registered in BC

Industry Sector
Software - Multimedia - Internet

Percent of Sales Exports
96%

Incorporated
February 1987

Fiscal Year-End
March 31

SEREBRA WEBSITE

Serebra's website contains a variety of corporate and investor information including, among other information, the following:

- Current Stock Price
- Annual and Quarterly Reports
- Press Releases
- Investor Information
- Disclosure Policies
- Board of Directors
- Senior Management

www.serebra.com

TRANSFER AGENT & REGISTRAR

Computershare Investor Services Inc.
3rd Floor – 510 Burrard Street
Vancouver, BC Canada V6C 3B9

INDEPENDENT AUDITORS

Manning Elliott LLP,
Chartered Accountants
11th Floor – 1050 West Pender Street
Vancouver, BC Canada V6E 3S7

LEGAL COUNSEL

Miller Thomson LLP
1000 – 840 Howe Street
Vancouver, BC Canada V6Z 2M1

PRINCIPAL BANKERS

Bank of Montreal
595 Burrard Street
Vancouver, BC Canada V7X 1L7

STOCK LISTING

The Company's common shares are traded on the TSX Venture Exchange under the symbol "SLC".



ANNUAL GENERAL MEETING

Date

Friday, September 18, 2009

Time

10:00 a.m.

Location

Serebra Learning Corporation
Suite 1660 – 999 West Hastings Street
Vancouver, BC Canada



Serebra Learning Corporation

Suite 1660 – 999 West Hastings Street
Vancouver, BC Canada V6C 2W2

T +1 604 676.5480

F +1 604 676.5490

Toll Free 800 567.7766

www.serebra.com

