



www.stmgrouppl.com

STM GROUP PLC IS A GROWING FORCE IN THE INTERNATIONAL CORPORATE AND TRUSTEE SERVICE PROVIDER (CTSP) SECTOR

OVERVIEW

STM Group’s purpose is to provide innovative and unbiased financial solutions to high net worth individuals who are investing or moving cross-border, or establishing a business overseas, in a language they understand.

STRATEGY

The financial sophistication and cross-border involvement of our clients is growing day-by-day. STM Group will continue its strategy of acquiring quality CTSPs in those jurisdictions needed to service our clients, with the aim of achieving global spread. We will also develop new financial products and services to keep pace with fast changing financial and fiscal environment.

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ABOUT STM



**Isle of Man
STM Group plc**

Commenced trading

2007

Services:

strategic investment; to build a leading financial services group operating in the international corporate and trustee service provider (CTSPs) sector

www.stmgrouplc.com



**Jersey
STM Fiduciaire
Trustees Ltd**

Acquired

2007

Services:

corporate and trustee service providers

www.stmfiduciaire.je



**Spain
STM Nummos SL**

Acquired

2007

Services:

legal and tax services

www.stmnummos.es



**Gibraltar
STM Fidecs**

Acquired

2007

Services:

corporate and trustee service providers

www.stmfidecs.gi



**Switzerland
STM Swiss AG**

Commenced trading

2009

Services:

financial planning; cross border investments; trust and company structuring

www.stmswiss.com



**British Virgin
Islands**

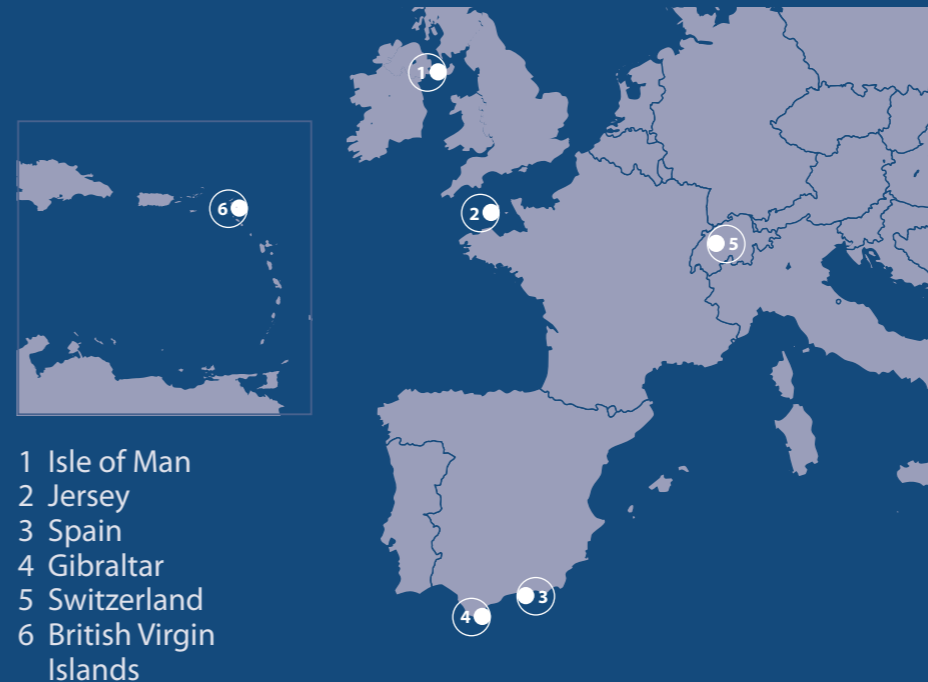
Licenced

2009

“STM’s purpose is to provide innovative and unbiased financial solutions to High Net Worth Individuals who are investing or moving cross-border or opening a business overseas.”

TIMOTHY J REVILL, Chief Executive

Our locations



March 2007
Admitted to AIM raising
£7.5 million

March 2007
Acquisition of STM Fidecs
Group Gibraltar

June 2007
Acquisition of Atlas Trust
Company Gibraltar

August 2007
Acquisition of Parliament
Corporate Services Gibraltar

December 2007
Acquisition of Compagnie
Fiduciaire Trustees Jersey

March 2008
Launch of STM Life
Assurance PCC PLC

June 2008
Acquisition of St George
Financial Services Limited Jersey

January 2009
British Virgin Islands
licenced

March 2009
STM Swiss AG
established

HIGHLIGHTS

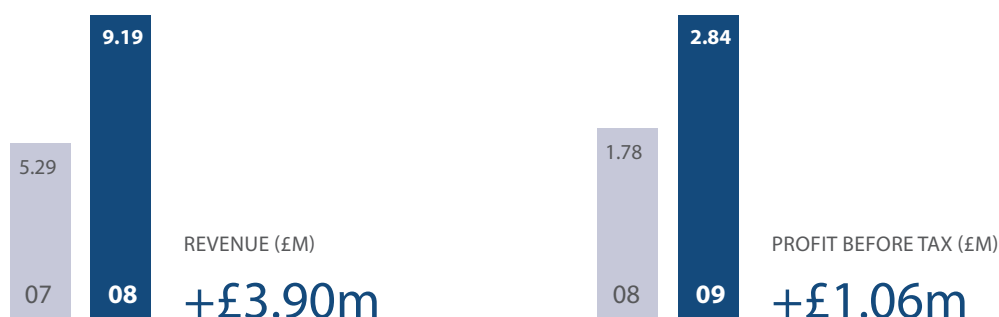
YEAR END HIGHLIGHTS

- Revenue of £9.19 million (2007: £5.29 million*)
- Like for like organic revenue growth of 12%
- Profit before tax of £2.84 million (2007: £1.78 million*)
- EPS of 6.48 pence (2007: 5.29 pence*)
- Raised £2.8 million (gross) through the issue of 4.7 million new ordinary shares at 60 pence in March 2008
- As part of ongoing acquisition strategy, successfully acquired and integrated:
 - St George Financial Services Limited, Jersey (renamed STM Fiduciaire Ltd)
 - Portfolio of 200 Gibraltar companies from Jordans (Gibraltar) Limited
 - Portfolio of 604 BUPA clients, resident in Spain
- Obtained financial services licences for:
 - STM Nummos Life SL as insurance intermediary in Spain
 - STM Life Assurance PCC Plc, Gibraltar, to write Class III, linked long term life business (insurance wrappers)

POST YEAR END HIGHLIGHTS

- Company management licence granted in BVI, subject to (standard) conditions
- STM Swiss AG office opened in Zurich for Ultra High Net Worth Individual clients

*11 months to 31 December 2007



CHAIRMAN'S STATEMENT

BERNARD GALLAGHER

“I am particularly pleased that STM has continued to deliver strong organic growth and met market expectations, during an extraordinarily turbulent year, especially for the global financial sector.”



KEY STRENGTHS

THE DIRECTORS BELIEVE THE GROUP'S KEY STRENGTHS TO BE THE FOLLOWING:

Experienced management, who understand their client's needs

A leading CTSP consolidator within a very fragmented sector

A clear strategy, building by acquisitions on a core business which is growing organically

Visible income stream, not unduly affected by market fluctuations

Strong cash generation

OVERVIEW

I am delighted to present STM Group Plc's ("STM", "the Company", or "the Group") results for the year ended 31 December 2008.

I am particularly pleased that STM has continued to deliver strong organic growth and met market expectations, during an extraordinarily turbulent year, especially for the global financial sector. This is due to the defensive nature of the Group's income stream, comprising fixed and time-based fees from each entity which we administer and not linked directly to the value of the assets under our custody.

STRATEGY

STM's strategy is to build an international group of Corporate and Trustee Service Providers ("CTSPs") operating from a number of complementary tax efficient jurisdictions, with each offering its clients high quality products and services. With a focus on the quality of the client portfolio, client service levels and risk management, each acquisition is required to adhere to STM group-wide standards. Integration planning starts early in the acquisition process and begins, in practice, immediately following completion.

Our M&A team are constantly seeking potential earnings enhancing acquisitions. Experience shows that STM acquires approximately one in every three of those with whom the Group enters detailed discussions. Reasons for not proceeding include client quality and risk issues, vendors' pricing expectations and differences in management culture or business model.



STM GROUP'S OFFICES

Jersey (1 & 4)
Gibraltar (2 & 3)
Spain (5)

GROWTH

The Group's business started in 2007 with the acquisition of three CTSP's based in Gibraltar. During 2008, STM has established a physical presence in Jersey with the acquisition of St. George Financial Services Limited (now renamed STM Fiduciaire Limited) and reinforced by the move, in December 2008, to attractive new offices in Windward House, in the business district of St. Helier, with room to house further earnings enhancing, bolt-on acquisitions.

During the second half of 2008, both the Gibraltar and Jersey offices have undergone an operational upgrade, involving staff, internal systems and development of a group-wide IT platform. This has resulted in greater scalability and the Group will be able to handle considerably more business during 2009, without a major increase in employment costs.

STM's 2008 consolidated results are for the full year, whereas the 2007 comparatives are for an eleven month period, with trading during the nine month period from 28 March 2007 (the date of acquisition of the Fidecs Group) to 31 December 2007 only.

The "buy and build" strategy would not be possible without the continued financial support of our shareholders, which was well demonstrated in March 2008 by the subscription for 4.7 million new ordinary shares providing £2.8 million gross proceeds for further acquisitions and associated working capital. The Group ended the year with cash of £4.94 million.

MANAGEMENT AND STAFF

STM is a people and relationship business and its strength is in the quality of its management and staff. On behalf of the whole Board, I would like to express thanks for their continued dedication, professionalism and hard work over the last year.

OUTLOOK

2009 has started well for the Group, having been granted a company management licence in the BVI and having opened an office in Zurich under the name STM Swiss AG, both new jurisdictions. With our strong balance sheet, scalable capacity within the business and robust international marketplace, we have an excellent platform for further growth in the coming year.

BERNARD GALLAGHER
Non-Executive Chairman
27 March 2009

CHIEF EXECUTIVE OFFICER'S REVIEW

TIMOTHY J REVILL

“The CTSP sector remains buoyant, with significant opportunities for consolidation activity. During 2008, the Group continued with its stated objective of growing both organically and via acquisition.”



SIGNIFICANT STEPS IN 2008

THE DIRECTORS BELIEVE THE GROUP'S KEY STRENGTHS TO BE THE FOLLOWING:

Visible income stream, comprising fixed and time-based fees for each entity

Products and services available from a number of complementary tax efficient jurisdictions

A rapidly expanding market for cross-border advisory services and solutions

Opportunities for innovation in all markets

“I had a truly complicated financial structure and I'm more than happy with the way STM have been able and continue to handle it for me. I've taken advantage of STM's full range of services, in their various jurisdictions. STM staff's availability means that I am never left wondering what to do next. They are able to find points others miss and their solid tax advice has helped me and continues to help me considerably. Any problems or doubts I have are analysed and when the solution is found, it is explained to me in a concise and clear manner. I have nothing but words of praise and enormous gratitude for this professional, friendly and approachable team.”

Dr. Yolanda Yunta
Medical Director of Albir Medical
Valencia, Spain

SUMMARY OF THE YEAR 2008

I am delighted that management and staff have once again delivered results in line with market expectations. STM has achieved this whilst undertaking considerable organisational restructuring to enhance future performance and in a highly turbulent global economic climate, thereby demonstrating the robust nature of the Group.

STABILITY OF OUR BUSINESS MODEL

Our business is the custodianship and administration of clients' assets within a variety of “wrappers”: including companies and trusts in various jurisdictions; pension schemes; unit-linked life assurance policies; and foundations.

The income of the Group is mainly derived from fixed and time-based administration fees from each entity and is not linked directly to the value of the assets under our custody.

Importantly, a high proportion is repeat income. Our earnings are therefore largely predictable and a function of the number of entities under administration, the fees per entity and the productivity of our staff.

ACQUISITIONS DURING 2008

The CTSP sector remains buoyant, with significant opportunities for consolidation activity. Opportunities are emerging to acquire the CTSP subsidiaries of banks, which are selling non-core business to raise cash. During 2008, the Group continued with its stated objective of growing both organically and via acquisition.

In January, STM completed the purchase of a portfolio of over 200 Gibraltar companies from Jordans (Gibraltar) Limited.

In June 2008, STM acquired St. George Financial Services Limited (now re-named STM Fiduciaire Limited), which provided us with a physical presence in Jersey.



OUR PEOPLE

Spain (1 & 5)
Gibraltar (2, 3 & 4)

Since the year-end, this has enabled us to bring the managed trust company, Compagnie Fiduciaire Trustees Limited (now re-named STM Fiduciaire Trustees Limited), which we acquired in December 2007, under our own control and it is now fully integrated. This will result in consolidation savings in 2009.

In December 2008, the STM Fiduciaire Group was moved into our impressive new offices, in the financial services district of St. Helier, which has capacity for approximately 30 more staff. The Group is currently negotiating a number of potential "bolt-on" acquisitions in Jersey to take advantage of this excellent platform.

STM Nummos Life S.L., our Spanish subsidiary completed the purchase of a portfolio of 604 BUPA private medical insurance clients in September. All these clients are expatriates, mostly resident in Spain, and we have already had success in cross-selling other STM financial services to them.

EXTENDING OUR PRODUCT/ SERVICE OFFERING IN 2008

Virtually all of STM's activities are subject to licensing and regulation. Compliance with the relevant legislation and codes of practice is a major feature of the Group's business.

During 2008, the Group widened its service offering by securing the following licences/approvals:

- In March, the Gibraltar FSC granted a licence to STM Life Assurance PCC Plc to write Class III, linked, long-term life assurance policies (insurance wrappers). Being able to offer our own insurance based products makes STM virtually unique in the CTSP sector.
- In August, UK HMRC approved STM's Gibraltar pension scheme for Qualifying Recognised Overseas Pension Schemes ("QROPS") purposes, allowing the transfer of pension assets from UK schemes to Gibraltar for beneficiaries who have moved to live or work overseas.

- In September, STM Nummos Life SL was granted an insurance intermediary licence by the Dirección General de Seguros y Fondos de Pensiones ("DGSFP") in Madrid.

TAX RULING BY THE EUROPEAN COURT OF JUSTICE ("ECJ") IN FAVOUR OF GIBRALTAR

In December 2008, the European Court of Justice (Court of First Instance) finally confirmed that Gibraltar is entitled to its own tax regime. The EU Commission had previously claimed that if Gibraltar, as part of the UK Member State, imposed a different tax system or tax rates from the UK, it would constitute "Regional Selectivity" and would be in breach of EU State Aid Rules.

The Government of Gibraltar immediately announced that it will introduce a new tax code, with corporation tax at a rate of between 10% and 12% by 2010. This will make Gibraltar an attractive jurisdiction with the benefit of being within the EU, competing with Ireland, Cyprus and Malta.

CHIEF EXECUTIVE OFFICER'S REVIEW

CONTINUED



OUR OFFICES

Gibraltar (1 & 4)
Jersey (2)
Spain (3)
Zurich (5)

STRATEGY

STM's purpose is to provide innovative and unbiased financial solutions to High Net Worth Individuals ("HNWI"), who are investing or moving cross-border or opening a business overseas, explained in a language they understand. The Group's objective is to ensure that its clients' assets are secure, their wealth is preserved and the transfer to the next generation and/or to philanthropic causes is planned for and executed efficiently. Although tax planning is an important element in wealth preservation, it is by no means the only driver.

With the European Union now comprising 27 member states, in which European Citizens have the right of establishment and freedom to purchase real estate and other assets, there is a rapidly expanding market for STM's cross-border advisory services and financial products. In particular, Gibraltar is part of the UK Member State for EU purposes (unlike the Channel Islands and the Isle of Man) which means that STM's Gibraltar subsidiaries benefit from the

fundamental freedom to provide financial products and services directly to 456 million EU citizens.

The Group's corporate structure is designed to allow the management of each of its operating divisions a high degree of autonomy, but within a single group-wide code of governance and a high level of client service, common to all divisions. STM shares best practice and experience throughout the Group, but avoids duplication of overheads by sharing such matters as treasury, risk management and our single IT platform. Our Group management agrees clear objectives with each divisional board and they are then allowed to get on with meeting their targets, reporting on a monthly basis.

STM looks to develop a long-term professional relationship with clients and their families, based on mutual trust. Satisfied clients generate high levels of repeat business and new business referrals.

The sophistication and international involvement of our HNWI clients is growing day-by-day and the Group's products, services and processes have to keep pace. For this reason STM will continue its "buy and build" strategy, acquiring CTSPs in those jurisdictions needed to service its clients, with the aim of achieving a global spread. STM will also develop new financial products and services to satisfy market demand.

OPERATIONAL REVIEW

For the purposes of reporting the Group's progress during 2008, the principal trading divisions were Corporate and Trustee Services ("CTS") and Insurance Management ("STM FIM"), as well as a number of "Other Divisions": smaller, but growing, divisions offering complementary services. So that meaningful like-for-like comparisons can be made, the 2007 comparatives in the Operational Review and the Financial Review are shown on a pro-forma full twelve month basis, which includes Fidecs Group results for the period 1 January 2007 to 28 March 2007, prior to being acquired by STM.



OUR LOCATIONS

Isle of Man (1)
Spain (2)
Gibraltar (3)
Jersey (4)
Zurich (5)

I am pleased to report that despite the difficult financial climate and focus on operational improvements, particularly in the second half of 2008, the Group's core business, excluding acquisitions made in 2008, recorded almost 12% organic growth in turnover.

APPOINTMENT OF GIBRALTAR AND JERSEY CHIEF EXECUTIVE

To oversee this growth and review where efficiencies could be made, without compromising the quality of client service, in July 2008, STM was pleased to welcome Colin Porter, who joined the Group as CEO of our Gibraltar and Jersey offices. Colin is a lawyer by profession and has many years of management experience in the CTSP sector. During the second half of 2008, Colin has undertaken a reorganisation of the Group's CTS business in both Gibraltar and Jersey, which has resulted in increased productivity and focus, the full benefits of which will be seen in 2009.

Corporate and Trustee Services ("CTS")

During the twelve months to December 2008, the turnover of STM Fidecs' CTS division increased by 50.7% to £5.23 million, compared to £3.47 million in 2007. Due to the fact that STM's CTS fees comprise a fixed annual fee per entity plus time charges for ongoing administration and are not based on the value of assets under management, the Group has not been unduly affected by the instability experienced in the wider financial markets during 2008.

The acquisitions, in Gibraltar (the Jordan's client portfolio) and in Jersey (St. George Financial Services), added a further £0.1 million and £0.3 million of fee income respectively, between the date of their acquisition and the year-end, bringing with them a combined total of 197 trusts, 163 companies and 400 basic registered office/company secretarial clients.

The number of entities administered at 31 December 2008 is set out below:

	Trusts	Companies	R.O. and Co. Sec.
Gibraltar	501	926	205
Jersey	191	163	135
	692	1,089	340

The number of new companies administered during the year (excluding the effect of acquisitions) was 145, although STM did witness a reduction in the number of employee benefit trusts, related to the fall in private company share values in the current economic climate. A number of dormant trusts were also wound up.

The standard attrition rate for CTSP client portfolios throughout the sector, which also applies to STM, is approximately 10% per annum.

A key indicator of how successfully the acquisitions during 2008 have been integrated, is the retention of almost 100% of their clients.

CHIEF EXECUTIVE OFFICER'S REVIEW

CONTINUED



OUR PEOPLE

Spain (1 & 2)
Gibraltar (3, 4 & 5)

Insurance Management ("STM FIM")

STM FIM's outcome in 2008 was comparable to that of 2007, both as regards numbers of companies under active management, 12, and fee income, circa £1.4 million, disregarding one-off application fees in 2007. The general market conditions for insurance companies in Europe has remained challenging during 2008 and this has resulted in anticipated new clients being slower to progress their applications for an insurance licence than was expected; preferring in some instances to wait for more favourable market conditions. In addition, solvency capital for new ventures has remained scarce.

The investment market conditions in the latter part of 2008, has meant that insurance companies cannot rely on investment income to generate their business profits. The general consensus is that this will force the premium rates to harden generally, driving up underlying underwriting profitability and making

investment in the insurance sector attractive. In addition, the ECJ's ruling, confirming that Gibraltar can maintain its own tax regime, has removed much of the uncertainty about Gibraltar's future status as a low tax jurisdiction within the EU.

In March 2008 STM FIM successfully obtained the life assurance licence for STM Life Assurance PCC Plc. This company will underwrite niche "life wrappers", a favoured product in the asset administration industry. It is anticipated that this will further differentiate STM from its competitors and exemplifies the Company's continued focus on innovation of financial products.

During the latter part of 2008, the Board of STM FIM have re-organised the management structure, resulting in more resources being dedicated to the development of new clients and new markets.

Based on the above, STM anticipates that new entrants will be drawn to the sector, with Gibraltar and STM FIM well poised to take advantage of this new business during 2009.

OTHER DIVISIONS

STM NUMMOS

STM Nummos' business is the provision of legal services, including conveyancing, tax planning, tax and accounting compliance to expatriates resident in Spain and to non residents investing in Spain. In 2008, fee and commission income for STM Nummos almost doubled to £0.8 million (2007: £0.4 million).

In September 2008, STM Nummos Life was licensed by the Spanish regulator, the DGSFP, to undertake insurance intermediary business, particularly private medical insurance, throughout Spain. The Group subsequently completed the purchase of a portfolio of over 600 BUPA clients mainly resident in Spain. The strategy behind securing

“The Group’s objective is to ensure that its clients’ assets are secure, their wealth is preserved and the transfer to the next generation is planned efficiently.”

“STM’s Pensions Division guided us through the complicated process of designing our company pension scheme, including the need to accommodate transfers from the UK, for staff moving to Gibraltar. They now provide ongoing professional trustee and administration services. David and his team have listened to us and interpreted our needs and have been clear in their explanation of a topic, which is important to us in attracting and keeping key staff.”

Peter Fisher
CEO and

Tim Cook
General Counsel and Company Secretary
Stan James Plc

the BUPA agency is that it should lead to considerably increased ‘footfall’ of HNWI expatriates to STM’s offices, to whom the Group will cross-sell the full range of STM services.

Given the depressed state of the Spanish property market, during 2008 STM Nummos concentrated on developing business with overseas industrial, commercial and healthcare providers, doing business in Spain. As the results show, this has proven to be the right decision at a time when many other legal and financial advisers in Spain, who relied too heavily on the residential property market, are shutting their doors. We expect to see further growth in 2009.

PENSIONS

This division was launched during 2007 and has rapidly established a reputation as the pension specialists in Gibraltar. STM Fidecs Life, Health and Pensions

provides advice on structuring pensions, acts as a registered Pensioner Trustee (professional trustee) and provides administration services both in the local market and for international pension schemes.

Based on our familiarity with the UK SIPP market, STM has created a personal pension structure for Gibraltar, giving access to a previously untapped market of approximately 20,000 individuals employed in Gibraltar. Occupational schemes under administration have grown nine-fold from 50 members in 2007 to 450 members in 2008.

Overseas Pension Transfers are a rapidly expanding market and STM has promoted itself and Gibraltar as a preferred jurisdiction. Successful product development and networking with specialist advisers has created distribution channels with over 300 salesmen currently marketing our product in the UK.

The increasing momentum during the last quarter of 2008 suggests that turnover will increase substantially in 2009 with margins similar to those achieved by UK pension administrators.

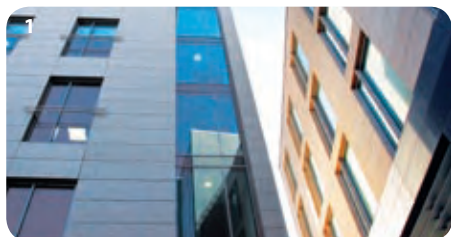
TAX AND FINANCIAL ADVISORY

The Tax and Financial Advisory division had a difficult year, not helped by the continuing uncertainty over Gibraltar’s tax status (favourably resolved in December 2008, as reported above).

Annual income decreased to £0.4 million from £0.6 million the previous year. During the year, the management was replaced, with greater emphasis on business development. The Tax and Financial Advisory division is a centre of excellence for the benefit of the whole Group. With our new STM subsidiary in Switzerland (see Outlook below) and possibly Luxembourg coming on stream in 2009, the division will have both a wider market and a more comprehensive portfolio of products.

CHIEF EXECUTIVE OFFICER'S REVIEW

CONTINUED



OUR LOCATIONS

Jersey (1)
Gibraltar (2 & 5)
Spain (3)
British Virgin Islands (4)

FINANCIAL REVIEW

For the year to 31 December 2008, the Group recorded turnover of £9.19 million (2007: £6.83 million) and a profit after tax of £2.68 million (2007: £2.09 million). Turnover was slightly ahead of our expectations, but the margin at PBT level was 30.9% (2007: 32.6%), mainly due to reorganisation costs in the second half of 2008, the benefit of which should be seen in 2009. STM's taxation charge for the year was on budget at £0.16 million (2007: £0.14 million). Basic EPS for the year was 6.48 pence (2007: 5.29 pence for 11 months).

In line with all CTSP businesses, the Group had accrued income, in the form of work performed for clients but not yet billed at the balance sheet date, of £1.59 million (up from £1.56 million at 31 December 2007). Given the over 50% increase in CTS revenue over the year, this demonstrates that improvements during the second half of 2008 in the Group's systems for ensuring time-based fees are billed more frequently, are producing results.

It also provides some immediate visibility of billable fees in the early part of 2009.

Trade receivables at the year end of £3.53 million was up from £2.0 million at 31 December 2007. The increase is partially due to bringing forward the billing of work-in-progress, referred to above, and the 2009 fixed fees. The latter is mirrored in an increase in deferred income from £0.4 million at 31 December 2007 to £1.0 million at 31 December 2008.

The Group ended the year with cash of £4.94 million (2007: £0.97 million), having spent approximately £1.63 million of cash during the year on acquisitions and deferred cash consideration for acquisitions in 2007. Deferred cash consideration relating to acquisitions made in 2008 of approximately £0.19 million is expected to be paid out of operating cash flow in 2009.

Since year end, cash collected from operations amounts to approximately £1.2 million.

GROUP FINANCING

In March 2008, following the presentation of our 2007 results, we raised £2.8 million gross proceeds, through the issue of 4.7 million new ordinary shares at 60 pence, to fund further acquisitions and associated working capital.

At 31 December 2008, the Group had total bank borrowings of £1.73 million, comprising a loan from NatWest Offshore Limited to provide part of the solvency capital required for STM Life Assurance PCC Plc. The term of the loan is for five years from March 2008. The loan is effectively secured on a blocked deposit of £2.45 million.

At 31 December 2008, net debt (excluding finance leases) amounted to £Nil. Bank gearing as a percentage of shareholder funds at the year end was 7.5%. Bank interest cover from continuing activities before amortisation was approximately 31 times.

“STM is a people business and its strength is in the quality of its management and staff.”

“I was looking for a Corporate and Trustee Service Provider that applies public market standards to the conduct of business, integrates a comprehensive range of services and provides consistency in the depth and quality of its professionals. In STM I found all of this.”

Bijan Khezri
Corporate Financier and Author of
‘Generation Dubai’

The loan from shareholders of £1.37 million (including accrued interest), which existed at listing in March 2007, remained outstanding on 31 December 2008.

Since the year end, RBSI has agreed in principle to provide STM with a £4.0 million facility to fund future acquisitions, with a three year term, amortised over five years, with a bullet payment of the balance owing after three years.

DIVIDENDS

Your Board is pleased to propose a final dividend of 0.4 pence per share, which, when added to the interim dividend already paid, totals 0.6 pence per share for 2008 (2007: no dividend was paid). Subject to shareholder approval, the final dividend will be paid on 22 May 2009 to shareholders on the Register on 15 May 2009. It is our intention to continue with a progressive dividend policy.

OUR PEOPLE

STM is a people business and its strength is in the quality of its management and staff. The Group seeks to attract, retain and develop the very best people. During 2008, STM recruited a number of high calibre divisional directors and has in place attractive incentive and reward schemes, which encourage both personal performance and contribution to team success, within a low risk culture.

Today the team numbers over 120 people. I would like to thank each one of them for the contribution they have made, to the success of STM Group in 2008.

CURRENT TRADING AND OUTLOOK

Trading in 2009 has started well and is in line with market expectations.

The first two months of the new year have seen several important steps forward in our “Buy and Build” programme. Subject to meeting certain (standard) conditions, STM has been granted a licence to undertake company management and act as registered

agent in the British Virgin Islands. STM BVI should be fully operational next month. In February 2009, we incorporated STM Swiss AG and established a small office in Zurich to service the Group’s ultra high net worth clients. STM is also in advanced negotiations for the acquisition of several CTSPs in new jurisdictions.

STM will continue to focus on both operational excellence, accelerating organic growth and seeking out high quality earnings enhancing acquisitions in both existing and complementary jurisdictions. The Group has a strong balance sheet, access to further capital if needed, and a clear strategy to take advantage of a marketplace with considerable opportunities. As a result STM remains confident of its prospects for 2009.

TIMOTHY J REVILL
Chief Executive Officer
27 March 2009

DIRECTORS



Bernard Gallagher FCMA, aged 56
Non-Executive Chairman

Bernard is currently Company Secretary of Premier Research Group plc ("PRG"), and was its Finance Director on its admission to AIM in December 2004. PRG provides outsourced clinical testing services and has grown organically and by acquisition. Since it joined AIM, PRG has undertaken major acquisitions all of which have been successfully integrated, and its market capitalisation has grown from £16 million to more than £58 million.



Timothy John Revill FCA TEP, aged 58
Chief Executive Officer

Tim is the founder of what became STM Fidecs ("Fidecs"). He qualified as a Chartered Accountant in 1975 with PKF in London and then moved to their Isle of Man office. In 1978, he established his own professional practice in the Isle of Man and subsequently merged it with another firm. In 1982, he moved to Gibraltar to open the Gibraltar and Spanish offices of this partnership, which he ran until 1989, when he participated in a management buy-out of the Spanish office and established Fidecs.



Alan Roy Kentish ACA ACII AIRM, aged 43
Chief Financial Officer

Alan qualified as a Chartered Accountant in 1989 with Ernst & Whinney, specialising in the financial services industry. In 1993 he moved to Ernst & Young, Gibraltar and shortly afterwards qualified as an Associate of the Chartered Insurance Institute. In 1997, Alan joined Fidecs and set up its insurance management division, FIM. Alan acts as Managing and Technical Director of FIM, which has experienced considerable growth over the last three years and is recognised as the largest insurance manager in Gibraltar.



Mark William Denton, aged 48
Non-Executive Director

Mark is the Managing Director of SMP Partners Limited a company where he has worked for over 20 years and in this time has been responsible for a number of key areas including client services, compliance, operations and human resources. Mark took over the role of Managing Director on 1 January 2007.



Martin James Derbyshire, aged 41
Non-Executive Director

Martin is the Director of Client Services of SMP Partners Limited which he joined in 1994, initially working as an Accountant, providing book keeping, accounting and taxation services to the international client base of the trust and company administration teams. In 1998 he moved to a role as a direct client relationship manager, providing structuring, company administration, advisory, management and directorship services to entities established for corporate and private clients.



Matthew Graham Wood ACA, aged 35
Non-Executive Director

Matt graduated with a First Class honours degree in Economics in 1996 from the University of Wales and qualified as a Chartered Accountant in 1999. He subsequently joined the corporate finance department of Beeson Gregory Limited (now Evolution Securities) in 2000, where he advised growing companies on transactions including IPOs, secondary fundraisings, mergers and acquisitions and corporate restructuring.

CORPORATE INFORMATION

Directors

Bernard Gallagher, FCMA (Non-Executive Chairman)
Timothy John Revill, FCA TEP (Chief Executive Officer)
Alan Roy Kentish, ACA ACII AIRM (Chief Financial Officer)
Mark William Denton (Non-Executive Director)
Martin James Derbyshire (Non-Executive Director)
Matthew Graham Wood, ACA (Non-Executive Director)

all of:

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Company Number 114064C

Company Secretary Elizabeth Anne Plummer,
FCA TEP CTA

Advisers

Administrator

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Douglas, Isle of Man
IM99 1RZ

Nominated Adviser and Broker

Evolution Securities Ltd
100 Wood Street
London EC2V 7AN

Solicitors to the Company as to English law

Memery Crystal LLP
44 Southampton Buildings
London WC2A 1AP

Solicitors to the Company as to Isle of Man law

Dickinson Cruickshank
– Advocates & Notaries
33 Athol Street,
Douglas, Isle of Man
IM1 1LB

Auditors

KPMG Audit LLC
Heritage Court,
41 Athol Street
Douglas, Isle of Man
IM99 1HN

Registrars

SMP Partners Limited
Clinch's House, Lord Street
Douglas, Isle of Man
IM99 1RZ

CREST Service Provider

Computershare Investor
Services (Channel Islands)
Limited
31 Pier Road, St. Helier
Jersey JF4 8PW

DIRECTORS' REPORT

The Directors of STM Group Plc present their Report for the year to 31 December 2008 together with the accounts of the Group and the independent auditors' report for the period. These will be laid before the shareholders at the Annual General Meeting to be held on 27 April 2009.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group during the year was the provision of corporate and trustee services.

RESULT AND DIVIDENDS

The retained profit for the year of £2,593,000 (31 December 2007: £1,647,000) has been transferred to reserves.

The Board recommends the payment of a dividend of 0.6 pence per share for the year ended 31 December 2008 of which 0.2 pence was paid as an interim dividend in October 2008 (31 December 2007: £Nil).

DIRECTORS

Details of the Directors of the Company who served during the period and to date, and their interests in the shares of the Company were:

- Mark William Denton
- Martin James Derbyshire
- Timothy John Revill
- Alan Roy Kentish
- Bernard Gallagher
- Matthew Graham Wood

Timothy Revill has an interest in 7,739,200 ordinary shares – these shares are held by Hearth Investments Limited, the trustee of the Revill Family Settlement, a discretionary settlement of which Timothy Revill is a potential beneficiary.

Alan Kentish has an interest in 2,918,400 ordinary shares – these shares are held in the name of Clifton Participations Inc and form part of the assets of the Perros Trust of which Alan Kentish is a potential beneficiary.

Bernard Gallagher has an interest in 404,541 ordinary shares – these shares are held in the name of STM Fidecs Nominees Limited as nominee for Bernard Gallagher.

In accordance with the Articles of Association Timothy John Revill and Alan Roy Kentish retire as Directors of the Company at the Annual General Meeting and, being eligible, offer themselves for re-election.

POLITICAL AND CHARITABLE DONATIONS

The Group's charitable donations for the period amounted to £7,887 (31 December 2007: £8,647). There were no political contributions in either period.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

These financial statements were prepared under IFRS and interpretations adopted by the International Accounting Standards Board ("IASB").

DIRECTORS' REPORT

CONTINUED

SUBSTANTIAL INTERESTS

Save as disclosed in the table below, the Directors are not aware of any person who directly or indirectly is interested in 3% or more of the issued ordinary share capital of the Company as at 17 March 2009 or any persons who, directly or indirectly, jointly or separately, exercise or could exercise control over the Company.

ISSUED ORDINARY SHARE CAPITAL OF THE COMPANY

	At 17 March 2009 %
Hearth Investments Limited	18.12
Southern Rock Insurance Company Limited, Rock Holdings Limited, Arron Banks and Paul Chase-Gardener	12.25
Clifton Participation Inc	6.83
Nightingale Equities Inc	6.77
KAS Bank NV	6.08
Quest Traders Limited	3.30

INDEPENDENT AUDITORS

KPMG Audit LLC, are auditors to the Company and being eligible, have expressed their willingness to continue in office in accordance with Section 12(2) Isle of Man Companies Act 1982. A resolution to re-appoint KPMG Audit LLC as independent auditors of the Company and to authorise the Directors to agree their remuneration will be proposed at the Annual General Meeting.

ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting to be held on 27 April 2009 is set out on page 40 and includes the following special business:

- Directors' powers to disapply pre-emption rights;
- authority for Company to purchase own shares; and
- to clarify the Articles of Association regarding pre-emption rights.

By order of the Board

ELIZABETH A PLUMMER

Company Secretary
Clinch's House
Lord Street
Douglas
Isle of Man IM99 1RZ
27 March 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards.

The Group and Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

DIRECTORS' REMUNERATION REPORT

	Remuneration	Notes
Executive Directors		
Timothy Revill	£130,000	a,b
Alan Kentish	£130,000	a,b
Non-Executive Directors		
Bernard Gallagher	£30,000	c
Matthew Wood	£35,000	b,d
Mark Denton	£5,000	b,e
Martin Derbyshire	£5,000	b,e

NOTES

- a. The Executive Directors are also each entitled to a bonus of £Nil as at 31 December 2008.
- b. No Directors receive any benefits in the form of either pension contributions or share based incentives.
- c. Bernard Gallagher has opted to take his remuneration in the form of new shares in STM.
- d. ABT Associates Limited invoices the Company for the Director services provided by Matthew Wood.
- e. SMP Partners Limited invoices the Company for the Director services provided by Mark Denton and Martin Derbyshire.

CORPORATE GOVERNANCE

The Board is responsible for establishing the strategic direction of the Company, monitoring the Group's trading performance and appraising and executing development and acquisition opportunities. During the year the Company held regular Board meetings in the Isle of Man at which financial and other reports, including reports on acquisition opportunities, were considered and, where appropriate, voted on.

Details of the Directors' beneficial interests in Ordinary Shares is set out in the Directors' Report. The Directors intend to comply with Rule 21 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by any employees of the Company to whom Rule 21 applies. The Company has, in addition, adopted the Share Dealing Code for dealings in its Ordinary Shares by Directors and senior employees.

The Directors recognise the importance of sound corporate governance. The Company intends to comply with the QCA Guidelines so far as is practicable and appropriate for a public company of its size and nature.

The Board has established an Audit Committee and a Remuneration Committee, both with formally delegated duties and responsibilities. The Audit Committee comprises Bernard Gallagher, as the Chairman, and Matthew Wood, and the Remuneration Committee comprises Matthew Wood, as the Chairman, and Bernard Gallagher.

The terms of reference for the Audit Committee provide that it will receive and review reports from the Company's management and the Company's auditors relating to the annual and interim accounts and the accounting and internal control systems in use throughout the Group.

The terms of reference for the Remuneration Committee provide that it will review the scale and structure of the Executive Directors' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the Non-Executive Directors will be set by the Board. No Director may participate in any meeting at which discussion or decision regarding his own remuneration takes place. The Remuneration Committee will also administer the long term incentive plan ("LTIP") awards and set any performance criteria thereunder.

The Directors have set up a Risk Management Committee comprising the CEO, CFO and the STM Fidecs Group Risk Management Officer ("RMO"). The Committee has delegated the review of the risks applicable to the business and the actions required to reduce those risks to the RMO and his team. Regular reports of the status of this review have been provided to the Board.

The Directors do not consider that, given the size of the Board, it is appropriate at this stage to have a Nomination Committee.

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF STM GROUP PLC

We have audited the Group and Parent Company financial statements of STM Group Plc for the year ended 31 December 2008 which comprise the Group Income Statement, the Group and Company Balance Sheet, the Group Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Group's members, as a body, in accordance with section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the financial statements in accordance with applicable company law and International Financial Reporting Standards are set out in the Statement of Directors' Responsibilities on page 15.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Isle of Man Companies Act 1931 to 2004. We also report to you if, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' transactions with the Group is not disclosed.

We read the Directors' Report and any other information accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements or inconsistencies within it.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing issued by the UK Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

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

OPINION

In our opinion the financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Group and Company's affairs as at 31 December 2008 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Isle of Man Companies Act 1931 to 2004; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG AUDIT LLC

Chartered Accountants

Heritage Court, 41 Athol Street, Douglas, Isle of Man IM99 1HN

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

	Notes	Year from 1 January 2008 to 31 December 2008 £000	Period from 1 February 2007 to 31 December 2007 £000
Revenue	7	9,190	5,292
Administrative expenses	8	(6,182)	(3,520)
Operating profit	9	3,008	1,772
Finance costs		(172)	—
Share of profit of associate		—	12
Profit on ordinary activities before taxation		2,836	1,784
Income tax expense	10	(158)	(137)
Profit on ordinary activities after taxation		2,678	1,647
Dividends		(85)	—
Retained profit for the year/period attributable to equity shareholders		2,593	1,647
Earnings per share basic (pence)	16	6.48	5.30
Earnings per share diluted (pence)	16	6.40	5.20

There has been no discontinued activities in the year. Accordingly, the above results relate solely to continuing activities.

There were no gains or losses for any period other than those recognised in the income statement.

The notes on pages 23 to 39 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	31 December 2008 £000	31 December 2007 £000
ASSETS			
Non-current assets			
Property, plant and equipment	11	504	503
Intangible assets	12	16,562	15,184
Investments in associates		—	40
Other investments		45	34
Total non-current assets		17,111	15,761
Current assets			
Accrued income		1,594	1,558
Trade and other receivables	13	5,380	3,219
Cash and cash equivalents	14	4,942	971
Total current assets		11,916	5,748
Total assets		29,027	21,509
EQUITY			
Called up share capital	15	43	38
Share premium account		18,896	15,898
Reserves		4,096	1,579
Total equity attributable to equity shareholders		23,035	17,515
LIABILITIES			
Current liabilities			
Liabilities for current tax		304	134
Trade and other payables	17	4,393	3,860
Total current liabilities		4,697	3,994
Non current liabilities			
Borrowings	18	1,295	—
Total non-current liabilities		1,295	—
Total liabilities and equity		29,027	21,509

The financial statements on pages 18 to 39 have been approved by the Board of Directors and signed on its behalf by:

TJ REVILL
Chief Executive Officer
27 March 2009

AR KENTISH
Chief Financial Officer

The notes on pages 23 to 39 are an integral part of these consolidated financial statements.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	31 December 2008 £000	31 December 2007 £000
ASSETS			
Non-current assets			
Property, plant and equipment	11	3	—
Investments in subsidiaries and associates	6	14,907	14,267
Total non-current assets		14,910	14,267
Current assets			
Accrued income		25	—
Trade and other receivables	13	4,132	1,578
Cash and cash equivalents	14	1,125	91
Total current assets		5,282	1,669
Total assets		20,192	15,936
EQUITY			
Called up share capital	15	43	38
Share premium account		18,896	15,898
Reserves		390	(198)
Total equity attributable to equity shareholders		19,329	15,738
LIABILITIES			
Current liabilities			
Trade and other payables	17	863	198
Total liabilities and equity		20,192	15,936

The financial statements on pages 18 to 39 have been approved by the Board of Directors and signed on its behalf by:

TJ REVILL
Chief Executive Officer
27 March 2009

AR KENTISH
Chief Financial Officer

The notes on pages 23 to 39 are integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

Year from 1 January 2008 to 31 December 2008 £000	Period from 1 February 2007 to 31 December 2007 £000
---	--

Reconciliation of operating profit to net cash flow from operating activities		
Profit for the year before tax	2,836	1,784
Adjustments for:		
Loss/(Profit) on sale of investments	7	(9)
Depreciation	138	67
Foreign exchange gain	(74)	—
Share of associate profits	—	(12)
Shares issued for services performed	82	22
Taxation paid	12	(3)
Increase in trade and other receivables	(1,851)	(2,919)
Decrease/(increase) in accrued income	18	(1,558)
(Decrease)/increase in trade and other payables	(798)	3,860
Net cash from operating activities	370	1,232
Investing activities		
Acquisition of property, plant and equipment	(139)	(570)
Acquisition of treasury shares	(129)	(68)
Acquisition of investments – cash consideration	(1,628)	(7,747)
Cash acquired as part of acquisitions	1,161	1,182
Net cash used in investing activities	(735)	(7,203)
Cash flows from financing activities		
New Loan drawn down	1,729	—
Cash consideration from shares issued net of issuance costs	2,692	6,942
Dividend paid	(85)	—
Net cash from financing activities	4,336	6,942
Increase in cash and cash equivalents	3,971	971
Reconciliation of net cash flow to movement in net funds		
Analysis of cash and cash equivalents during the year/period		
Balance at start of year/period	971	—
Increase in cash and cash equivalents	3,971	971
Balance at end of year/period	4,942	971

The notes on pages 23 to 39 are integral part of these consolidated financial statements.

STATEMENT OF COMPANY CHANGES IN EQUITY

FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
At 1 February 2007	6	294	—	300
Loss for the period	—	—	(198)	(198)
Shares issued in the period	32	15,604	—	15,636
31 December 2007	38	15,898	(198)	15,738
Profit for the year	—	—	673	673
Shares issued in year	5	2,998	—	3,003
Dividend paid	—	—	(85)	(85)
31 December 2008	43	18,896	390	19,329

During the year the Company paid a dividend of 0.2 pence per share and of a further 0.4 pence per share has been proposed by the Directors and will be put to the shareholders at the Annual General meeting.

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

	Share capital £000	Share premium £000	Retained earnings £000	Treasury shares £000	Total £000
At 1 February 2007	6	294	—	—	300
Profit for the period	—	—	1,647	—	1,647
Shares issued in the period	32	15,604	—	—	15,636
Treasury shares purchased	—	—	—	(68)	(68)
At 31 December 2007	38	15,898	1,647	(68)	17,515
Profit for the year	—	—	2,678	—	2,678
Shares issued in the year	5	2,998	—	—	3,003
Treasury shares purchased	—	—	—	(76)	(76)
Dividend paid	—	—	(85)	—	(85)
At 31 December 2008	43	18,896	4,240	(144)	23,035

The notes on pages 23 to 39 are integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED RESULTS

FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

1. REPORTING ENTITY

STM Group Plc (the "Company") is a company incorporated and domiciled in the Isle of Man and was admitted to trading on the London Stock Exchange's AIM Market on 28 March 2007. The address of the Company's registered office is PO Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ. The consolidated financial statements of the Group as at, and for the year ended, 31 December 2008 comprise the Company and its subsidiaries (see note 24) (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities. The Group is primarily involved in financial services.

2. BASIS OF PREPARATION

The financial information has been prepared on the basis of the accounting policies set out in note 3.

The financial statements were approved by the Board of Directors on 27 March 2009.

A) STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB") and in accordance with Isle of Man law.

(i) Standards, amendments and interpretations to existing standards that are effective in 2008

- IFRS 7 "Financial Instruments: Disclosures", and consequential amendments to IAS 1 "Presentation of Financial Statements" – Capital Disclosures have introduced new disclosures relating to financial instruments. This standard does not have any impact on current or prior year's profit.
- IFRIC 8 "Scope of IFRS 2" requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2. This interpretation does not impact on the Group's financial statements.
- IFRIC 10 "Interim Financial Reporting and impairment" prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. As the Group does not have any impairment losses reversed this interpretation does not have any impact on the financial statements.
- IFRIC 11 "Group and Treasury Share Transactions" addresses IFRS 2 "Share-based payment" in clarifying the guidance for applying share-based payment arrangements to the separate financial statements of each group company. The interpretation is not expected to have any impact on the Group's financial statements.

(ii) Standards, amendments and interpretations to existing standards that are effective in 2008 but not relevant

- IFRIC 4 "Insurance Contracts" have introduced new disclosure. This standard is not relevant to the Group and therefore will not have any impact on the financial statements.
- IFRIC 9 "Reassessment of Embedded Derivatives" requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes party to the contract. Reassessment is only allowable if there is a change to the contract that significantly modifies the cash flows. As the Company has no embedded contract requiring separation from the host the interpretation has no impact on either the Group's financial position or performance.
- IFRIC 12 "Service concession arrangements" applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services, for example, under PFI contracts. This interpretation is not relevant to the Company and therefore will not have any impact on the Group's financial statements.
- IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". This interpretation provides guidance on the amount of pension scheme that companies can include as a defined benefit asset in their balance sheets and also situations when a funding requirement, including UK scheme specific funding, may give rise to additional liabilities. The interpretation is not expected to have any impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED RESULTS

FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

CONTINUED

2. BASIS OF PREPARATION continued

A) STATEMENT OF COMPLIANCE continued

(iii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published but are not effective for the periods presented and the Group has chosen not to early adopt:

- IFRS 8 "Operating Segments" (effective from 1 January 2009). This standard replaces IAS 14 "Segment reporting" and requires that the financial performance of its operating segments is reported on the same basis as that used for internal reporting basis.
- IAS 1 (Revised) "Presentation of Financial Statements" (effective from 1 January 2009). The revised standard requires "non-owner changes in equity" to be presented separately from owner changes in equity. In addition, entities making restatements or reclassifications of comparative information will be required to present a restated balance sheet as at the beginning of the comparative period. The revised presentation and disclosure requirements are not expected to have an impact on the Company's and Group's reported results.
- IFRS 3 (Revised), "Business Combinations" (effective from 1 January 2009). This standard addresses the guidance for applying the acquisition method of accounting. Management does not anticipate any impact on the results of the Group.
- IAS 27 (Amended), "Consolidated and separate financial statements" (effective from 1 January 2009). The amendments relate primarily to accounting for non-controlling interests and the loss of control of a subsidiary. Management does not anticipate any impact on the results of the Group.
- IAS 23 (Amended) "Borrowing Costs" (effective from 1 January 2009). The amendment to this standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The option of immediately expensing those borrowing costs will be removed.

(iv) Interpretations to existing standards that are not effective and not relevant for the Group's operations

- IAS 32 (Amended), "Financial instruments: Presentation" (effective 1 January 2009). The amendment to the standard relates to amendments for puttable instruments and obligations arising on liquidation.
- IFRIC 13 "Customer loyalty programmes" applies to annual periods beginning on or after 1 July 2008. This interpretation provides guidance on how entities providing grant loyalty awards to customers should account for such programmes.

B) FUNCTIONAL AND PRESENTATIONAL CURRENCY

These consolidated financial statements are presented in Pounds Sterling (£) which is the Company's functional currency.

C) USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

D) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis, except where investments are held at fair value.

E) EMPLOYEE BENEFIT TRUSTS

The Company contributes to two employee benefit trusts. It is deemed that these trusts are controlled by the Company and are therefore included within the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements.

A) BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

ii) Associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of profit from equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or control commences until the date that significant influence or control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

iii) Transactions eliminated on consolidation

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

B) FOREIGN CURRENCY

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rate at that date. The resulting gain or loss is recognised in the income statement.

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to sterling at exchange rates at the reporting date.

C) REVENUE

Revenue is derived from the provision of services and is recognised in the income statement in proportion to the stage of completion of the services at the reporting date on an accruals basis.

D) ACCRUED INCOME

Accrued income represents billable time spent on the provision of services to clients which has not been invoiced at the reporting date. Accrued income is recorded at the staff charge-out rates in force at the reporting date, less any specific provisions against the value of accrued income where recovery will not be made in full.

E) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of property and office equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and bringing it into use.

(ii) Depreciation

Depreciation is recognised in the income statement on a reducing balance basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or the estimated useful life.

The rates in use on a reducing balance basis are as follows:

Office equipment	25%
Motor vehicles	25%
Leasehold improvements	10%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

NOTES TO THE CONSOLIDATED RESULTS

FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES continued

F) INVESTMENTS

Investments are carried at fair value, subject to provisions for impairment where the current value of the investment is considered to be less than cost. Impairment losses are recognised in the income statement. Investments are reviewed for impairment at each year end. Investments in associates are accounted for on an equity accounting basis.

G) OPERATING LEASES

Payments under operating leases are charged directly to the income statement on a straight line basis over the term of the lease.

H) EMPLOYEE BENEFITS

The Group operates a defined contribution pension plan. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due.

Certain executives, on achieving their performance and services criteria, will be awarded with shares in STM Group Plc which are held within an employee benefit trust. The expense is released to the income statement over a period of three years on a straight line basis.

I) FINANCE INCOME

Finance income comprises interest income on funds invested, dividend income and foreign currency gains. Interest income is recognised as it accrues using the effective interest method.

The Company also earns interest on pooled client monies, which under the client agreements is shared by the Company and its clients.

Finance expense comprises interest in borrowings and foreign currency losses. Interest expense is charged to the income statement using the effective interest method.

J) INCOME TAX EXPENSE

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement.

Current tax is the expected tax payable on the taxable income for the period using enacted tax rates, updated for previous period adjustments.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and for tax purposes. Deferred tax is not provided in respect of goodwill. Deferred tax is measured at the tax rates expected to be enacted when they reverse.

K) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand with an original maturity of three months or less.

L) INTANGIBLE ASSETS – GOODWILL

Goodwill arises on the acquisitions of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree. Goodwill is measured at cost. An annual impairment review is undertaken.

M) IMPAIRMENT

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Any impairment losses would be recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

3. SIGNIFICANT ACCOUNTING POLICIES continued

M) IMPAIRMENT continued

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

N) EARNINGS PER SHARE

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise shares relating to deferred consideration, and the effect of outstanding options.

O) SHARE CAPITAL

Ordinary shares are classified as equity. Costs directly attributable to the issue of the shares are recognised as a deduction from share premium.

Treasury shares are those shares purchased by the STM Group Employee Benefit Trust ("EBT") for distribution to executives under the Long Term Incentive plan arrangements, which have yet to be allotted to specific employees.

P) DEFERRED INCOME

Deferred income relates to the element of fixed fee income that has been billed in advance which has not been earned as at the balance sheet date and is released over the period to which it relates.

Q) SEGMENTAL INFORMATION

No analysis relating to the segmented income statement is provided, as the Directors are of the opinion that all the Group's activities arise from the provision of advisory and asset administration services to individuals and entities that have a cross-border theme and that this activity is singular and subject to similar risks and returns. All turnover originates from one geographic segment, that of Europe.

R) BORROWING COSTS

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net transactions costs and the redemption value is recognised in the income statement over the period of the borrowing using effective interest method.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

A) INTANGIBLE ASSETS – GOODWILL

The fair value of Goodwill acquired in a business combination is based on the excess of the fair value of the consideration over the fair value of the underlying assets and liabilities acquired less any impairment considered necessary.

B) INVESTMENTS

The fair value of investments is based on the carrying value of those investments less any impairment considered necessary.

C) PROPERTY, PLANT AND EQUIPMENT

The fair value of plant and office equipment recognised as a result of a business combination is based on carrying values. The carrying value of items of plant and equipment has been assessed as equal to its fair value.

NOTES TO THE CONSOLIDATED RESULTS

FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

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5. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Currency risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market condition and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

A) CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from clients.

i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client. The demographics of the Group's client base, including the default risk of the country in which the clients operate, has less of an influence on credit risk. There is no one client to which a significant percentage of the Group's revenue can be attributed.

The Group establishes a provision for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Further detail in respect of credit risk is provided in note 19 to these financial statements.

B) LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Further details in respect of liquidity risk is provided in note 19 to these financial statements.

C) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The object of market risk management is to manage and control market risk expenses within acceptable parameters, while optimising the return.

The market place is robust in that the target market is the "mid-tier millionaires" who are more resilient to adverse changes in the economy. The Board of Directors believe that this mitigates a significant element of the Group's market risk.

i) Interest rate risk

The Company has minimal borrowings that incur interest and therefore has no significant exposure to interest rate movements.

5. FINANCIAL RISK MANAGEMENT continued

C) MARKET RISK continued

ii) Currency risk

The Group has a small exposure to currency risk in relation to the investment in STM Nummos. This is considered to be long term in nature and net assets retained in a foreign currency are minimal.

The Company has minimised exposure to foreign exchange rates, with the significant majority of all transactions being carried out in its functional currency of Pounds Sterling (£).

D) CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base, which is defined as share capital and retained earnings, so as to maintain investor, creditor and market confidence and to sustain future development of the business. This also allows the Group to continue on its stated "buy and build" strategy. The Group has complied with all Regulatory capital requirements.

6. ACQUISITION OF SUBSIDIARIES

ACQUISITIONS OF THE COMPANY

	31 December 2008 £000	31 December 2007 £000
Share in Group undertakings		
Balance at start of year	14,267	—
Adjustments to prior year	(38)	—
Acquisitions	678	14,267
Balance at end of year	14,907	14,267

During the year, the prior year acquisitions were reassessed resulting in a £38,000 adjustment to the cost of the investment and goodwill in the current year.

BELLWETHER CORPORATE SERVICES LIMITED

On 3 January 2008 STM Fidecs Limited acquired 100% of the portfolio of clients from Jordans (Gibraltar) Limited and transferred this portfolio to a newly incorporated subsidiary, Bellwether Corporate Services Limited. The results for the period since acquisition are included within the consolidated results.

	Pre-acquisition carrying value £000	Fair value adjustments £000	Recognised value on acquisition £000
Net identifiable assets	—	—	—
Goodwill on acquisition	—	—	199
Consideration paid and deferred – including costs	—	—	199
Consideration paid in cash	—	—	199
Cash acquired	—	—	—
Net cash outflow	—	—	199

Bellwether Corporate Services Limited has generated £108,000 of revenue since being acquired until 31 December 2008.

NOTES TO THE CONSOLIDATED RESULTS

FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

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6. ACQUISITION OF SUBSIDIARIES continued

ST GEORGE CORPORATE SERVICES LIMITED

On 27 June 2008, STM Group Plc acquired 100% of the issued equity of St George Financial Services Limited. The acquisition had the following effect on STM Group Plc's assets and liabilities at acquisition and its results for the period since acquisition are included with the consolidated results.

	Pre-acquisition carrying value £000	Fair value adjustments £000	Recognised value on acquisition £000
Property, plant and equipment	21	—	21
Accrued income	53	—	53
Trade and other receivables	48	—	48
Cash and cash equivalents	206	—	206
Trade and other payables	(338)	—	(338)
Net identifiable liabilities	(10)	—	(10)
Goodwill on acquisition	—	—	612
Consideration paid and deferred – including costs	—	—	602
Consideration paid in cash	—	—	190
Cash acquired	—	—	(206)
Net cash inflow	—	—	16

Within consideration paid and deferred, an amount of £225,000 was consideration satisfied in shares by the issue of 321,888 shares at the market rate of 69.9 pence per share.

St George Corporate Services Limited (subsequently renamed STM Fiduciaire Limited) has generated £301,000 of revenue since being acquired until 31 December 2008.

ACQUISITION OF BUPA PORTFOLIO

During 2008, STM Nummos Life SL acquired 100% of the portfolio of clients relating to the BUPA agency held by Jerry Williams S.L. based in Southern Spain. The results for the period since acquisition are included within the consolidated results.

The acquisition had the following effect on the Company's assets and liabilities at acquisition.

	£'000
Net identifiable assets and liabilities	—
Goodwill	411
Consideration paid in cash including costs	411

The portfolio has generated £115,000 of revenue since being acquired until 31 December 2008.

6. ACQUISITION OF SUBSIDIARIES continued

ACQUISITION OF VENTURE MEDIA LIMITED

During 2008, STM Fidecs Limited purchased the remaining 75% of Venture Media Limited for a consideration of £210,000. The results for the period since acquisition are included within the consolidated results.

	Pre-acquisition carrying value £000	Fair value adjustments £000	Recognised value on acquisition £000
Property, plant and equipment	12	—	12
Trade and other receivables	271	—	271
Cash and cash equivalents	954	—	954
Trade and other payables	(1,221)	—	(1,221)
Net identifiable assets	16	—	16
Goodwill on acquisition			194
Consideration paid and deferred – including costs			210
Consideration paid in cash			10
Cash acquired			(954)
Net cash inflow			944

STM LIFE ASSURANCE PCC PLC

During the period, this Company was incorporated and was successfully awarded its life assurance licence by the Financial Services Commission in Gibraltar. It has an ordinary share equity of £2,740,000.

Subsequent performance of acquisitions

As a result of the fact that the Group has materially changed the composition of the acquired companies' cost structure by fully integrating them into the existing major trading operations of the Group, the Board of Directors consider it to be impractical to disclose the underlying profitability of the acquired companies after the date of acquisition.

7. REVENUE

	31 December 2008 £000	31 December 2007 £000
Revenue from administration of assets	9,190	5,292
Total revenues	9,190	5,292

8. ADMINISTRATIVE EXPENSES

Included within administrative expenses are personnel costs as follows:

	31 December 2008 £000	31 December 2007 £000
Wages and salaries	4,023	2,224
Social insurance costs	230	86
Pension contributions	51	45
Equity settled share based payments	30	22
Total personnel expenses	4,334	2,377

AVERAGE NUMBER OF EMPLOYEES

	31 December 2008 Number	31 December 2007 Number
Group		
Average number of people employed (including Executive Directors)	122	100
Company		
Average number of staff employed by the Company (including Directors)	4	3

NOTES TO THE CONSOLIDATED RESULTS

FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

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9. OPERATING PROFIT

Operating profit of £3,008,000 (31 December 2007: £1,772,000), was arrived at after charging/(crediting) the following to the income statement:

	31 December 2008 £000	31 December 2007 £000
Depreciation	138	67
Directors' remuneration including bonuses	330	285
Auditors' remuneration	80	46
Loss/(Profit) on sale of investments	7	(9)
Shares issued for services rendered	30	22
Operating lease rentals	207	207
Foreign exchange (gains)/losses	(74)	3

10. INCOME TAX EXPENSE

	31 December 2008 £000	31 December 2007 £000
Current tax expense	158	137
Total tax expense	158	137

RECONCILIATION OF EXISTING TAX RATE

	31 December 2008 £000	31 December 2007 £000
Profit for the year/period	2,678	1,647
Total income tax expense	158	137
Profit excluding income tax	2,836	1,784
Income tax using the Company's domestic rate	0%	—
Effect of tax rates in other jurisdictions	27%	33%
Total tax expense	158	137

The subsidiaries acquired that are based in Gibraltar were subject to a tax rate of 27% of taxable profits.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Office equipment £000	Motor vehicles £000	Leasehold improvements £000	Total £000
Costs				
As at 1 January 2008	268	6	296	570
Acquired on acquisition at net book value	33	—	—	33
Additions at cost	88	12	6	106
As at 31 December 2008	389	18	302	709
Depreciation				
As at 1 January 2008	34	1	32	67
Charge for the year	92	2	44	138
As at 31 December 2008	126	3	76	205
Net book value				
As at 31 December 2008	263	15	226	504
As at 31 December 2007	234	5	264	503

11. PROPERTY, PLANT AND EQUIPMENT continued

Company	Office equipment £000	Total £000
Costs		
As at 1 January 2008	—	—
Additions at cost	3	3
As at 31 December 2008	3	3
Depreciation		
As at 1 January 2008	—	—
Charge for the year	—	—
As at 31 December 2008	—	—
Net book value		
As at 31 December 2008	3	3
As at 31 December 2007	—	—

12. INTANGIBLE ASSETS

Group	Goodwill £000
Cost	
Balance as at 1 February 2007	—
Acquisitions through business combinations	15,184
Balance at 31 December 2007	15,184
Balance as at 1 January 2008	15,184
Adjustments to prior year	(38)
Acquisitions through business combinations	1,416
Balance at 31 December 2008	16,562
Amortisation and impairment	
Balance as at 1 February 2007	—
Acquisitions through business combinations	—
Balance at 31 December 2007	—
Balance as at 1 January 2008	—
Acquisitions through business combinations	—
Balance at 31 December 2008	—
Carrying amounts	
At 1 February 2007	—
At 31 December 2007	15,184
At 1 January 2008	15,184
At 31 December 2008	16,562

During the year, the prior year acquisitions were reassessed resulting in a £38,000 adjustment to the cost of investment and goodwill in the current year.

NOTES TO THE CONSOLIDATED RESULTS

FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

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12. INTANGIBLE ASSETS continued

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

All goodwill relates to the acquisitions made during the period from 1 February 2007 to 31 December 2008, and reflects the difference between identifiable net asset value of those acquisitions and total consideration incurred for those acquisitions (see note 6 for Goodwill on acquisitions during 2008).

For the purposes of impairment testing, goodwill is allocated to the Group's operating entities. These operating entities form the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating units"). The Group's largest CGU relates to the operations of the Fidecs Group for which the carrying amount of goodwill is £15,134,000. All other acquisitions are classified as one CGU with the carrying amount of goodwill being £1,428,000.

The Group tests goodwill annually for impairment with the recoverable amount being determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in income and costs. Changes in income and costs are based on past practices and expectations of future changes in the market.

To calculate the CGU's value in use, Board approved cash flows for the following financial year are assumed to inflate at a steady growth rate applicable to the relevant market. This rate does not exceed the long-term average growth rate for the relevant markets. The cashflows are then extrapolated to perpetuity. Management estimates the discount rate using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the CGUs. A pre-tax discount rate of 7% has been used.

Based on the operating performance of the respective CGUs, no impairment loss was deemed necessary in the current financial year.

13. TRADE AND OTHER RECEIVABLES

Group	31 December 2008 £000	31 December 2007 £000
Other receivables due from related parties	826	640
Trade receivables	3,527	1,985
Other receivables	1,027	594
	5,380	3,219

Company	31 December 2008 £000	31 December 2007 £000
Trade receivables due from related parties	3,628	1,379
Other receivables	504	199
	4,132	1,578

Amounts owed by related parties are unsecured, interest free and repayable on demand.

The Group's exposure to credit risks and impairment losses related to trade and other receivables (excluding accrued income) are described in note 19.

14. CASH AND CASH EQUIVALENTS

Group	31 December 2008 £000	31 December 2007 £000
Bank balances	4,942	971
Cash and cash equivalents in the statement of cash flow	4,942	971

Company	31 December 2008 £000	31 December 2007 £000
Bank balances	1,125	91
Cash and cash equivalents in the statement of cash flow	1,125	91

15. CAPITAL AND RESERVES

	31 December 2008 £000	31 December 2007 £000
Authorised		
100,000,000 (2007: 50,000,000) ordinary shares of £0.001 each	100	50
Called up, issued and fully paid		
42,680,762 ordinary shares of £0.001 each (1 January 2008: 37,542,274 ordinary shares of £0.001 each)	43	38

TREASURY SHARES

The treasury shares relate to those shares purchased by the STM Group EBT for allocation to executives under the terms of the long term incentive plan. The trustees held 323,555 (1 January 2008: 101,111) shares at 31 December 2008, amounting to £205,000 (1 January 2008: £68,000).

SHARE PREMIUM

During the year 5,138,488 (2007: 31,942,274) shares were issued for a total share premium of £3,112,914 (2007: £16,146,558). During 2008, transaction costs of £114,626 (2007: £542,000) have been deducted from the share premium account. In 2007, costs of £179,000 and AIM listing costs of £363,000 have been deducted from the share premium account.

16. EARNINGS PER SHARE

Earnings per share for the period from 1 January 2008 to 31 December 2008 is based on the profit after taxation of £2,678,000 (2007:- £1,647,000) divided by the weighted average number of £0.001 ordinary shares during the period of 41,324,827 basic (2007:- 31,143,626) and 41,852,827 dilutive (2007:- 31,730,450) in issue.

A reconciliation of the basic and diluted number of shares used in the period ended 31 December 2008 is:

Weighted average number of shares	41,324,827
Dilutive share incentive plan, options and contingent consideration shares	528,000
Diluted	41,852,827

17. TRADE AND OTHER PAYABLES

	31 December 2008 £000	31 December 2007 £000
Group		
Bank loans (see note 18)	434	—
Loans from related parties	1,370	1,333
Deferred income	1,003	384
Trade payables	358	327
Deferred and contingent consideration	279	904
Other creditors and accruals	949	912
	4,393	3,860
Company		
Owed to related parties	631	46
Deferred consideration	187	—
Other creditors and accruals	45	152
	863	198

Loans from related parties amount to £1,370,000 and relate to a loan by the founding shareholders of Fidecs, the loan is unsecured and interest bearing at 7% per annum.

Deferred income consists of fixed fee revenues billed in advance to clients which have not yet been earned as at the balance sheet date. These amounted to £1,003,000 as at 31 December 2008 (31 December 2007: £384,000).

NOTES TO THE CONSOLIDATED RESULTS

FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

CONTINUED

17. TRADE AND OTHER PAYABLES continued

DEFERRED AND CONTINGENT CONSIDERATION

Under the terms of the acquisition of St George Financial Services Limited and related companies an additional £187,500 is payable during 2009, subject to no claims under the warranty provisions.

Under the terms of the acquisition of Nummos Professional SL (formally BDO Audiberia Fidecs SL) a further £91,000 may be payable to the vendors depending in certain targets being achieved.

The Group's exposure to liquidity risk related to trade and other payables is described in note 19.

18. OTHER PAYABLES – AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	31 December 2008 £000	31 December 2007 £000
Bank loan – repayable between year 2 and year 5	1,295	—

As at 31 December 2008 the bank loan from NatWest Bank Plc amounted to £1.7 million repayable in quarterly instalments at a variable rate interest of 1.5% above UK base rate. The loan is secured by capital guarantees supplied by subsidiary companies, STM Fidecs Management Limited and STM Fidecs Insurance Limited.

19. FINANCIAL INSTRUMENTS

CREDIT RISK

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	31 December 2008 £000	31 December 2007 £000
Trade and other receivables	5,380	3,219
Cash and cash equivalents	4,942	971
	10,322	4,190

The Group's maximum exposure to credit risks relating to one entity or group of related entities amounts to less than 10% of the overall trade receivable amount as at 31 December 2008 and 31 December 2007.

IMPAIRMENT LOSSES ON TRADE RECEIVABLES

The aging of the Group's trade receivables at the reporting date was:

	Gross receivables 31 December 2008 £000	Impairment 31 December 2008 £000	Gross receivables 31 December 2007 £000	Impairment 31 December 2007 £000
Not past due	1,067	—	894	—
Past due 0–30 days	423	—	176	—
Past due 31–120 days	394	—	289	—
More than 120 days past due	1,828	(185)	842	(216)
	3,712	(185)	2,201	(216)

Standard credit terms are 30 days from the date of receiving the fee note.

19. FINANCIAL INSTRUMENTS continued

The movement in the allowance for impairment in respect of trade receivables during the period was:

	31 December 2008	31 December 2007
	£000	£000
Balance at start of period	216	—
Impairment loss (released)/recognised	(31)	216
Balance at end of period	185	216

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables that are not more than one year old. This is because, invariably, the Group are administering clients' assets and therefore have further recourses for the recoverability of any debts outstanding.

LIQUIDITY RISK

The following are the Group's contractual maturity liabilities, including estimated interest payments where applicable, and excluding the impact of netting arrangements.

31 December 2008	Carrying amounts £000	Conditional cash flow £000	6 months or less £000	6-12 months £000	1-2 years £000
Non-derivative financial liabilities					
Bank loans	758	758	—	434	324
Trade payables	358	358	358	—	—
Deferred consideration on acquisitions	279	279	188	—	91
Loans from related parties	1,370	1,370	1,370	—	—
Other creditors and accruals	949	949	949	—	—
Corporation tax payable	304	304	—	—	304
	4,018	4,018	2,865	434	719
<hr/>					
31 December 2007	Carrying amounts £000	Conditional cash flow £000	6 months or less £000	6-12 months £000	1-2 years £000
Non-derivative financial liabilities					
Trade payables	327	327	327	—	—
Deferred consideration on acquisitions	904	904	—	813	91
Loans from related parties	1,333	1,333	—	1,333	—
Other creditors and accruals	912	912	912	—	—
Corporation tax payable	134	134	—	—	134
	3,610	3,610	1,239	2,146	225

CURRENCY, INTEREST RATE RISK AND MARKET RISK

The Company has minimal exposure to currency risk, interest rate risk and market risk.

NOTES TO THE CONSOLIDATED RESULTS

FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

CONTINUED

20. OPERATING LEASES

LEASES AS LESSEE

Non-cancellable operating leases are payable as follows:

	31 December 2008 £000	31 December 2007 £000
Less than one year	439	299
Between one year and five years	1,662	1,102
More than five years	2,607	2,381
	4,708	3,782

The Group leases a number of offices from which they operate, the largest of which is for Montagu Pavilion which runs for a further 15 years.

21. CAPITAL COMMITMENTS

The Group had £240,000 of capital commitments as at 31 December 2008 (31 December 2007: £Nil) for the fitting out of its new office premises in Jersey.

22. RELATED PARTIES

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Compensation

Key management compensation comprised:

	31 December 2008 £000	31 December 2007 £000
Short-term employee benefits	260	180
Post-employment benefits	—	—
Share-based payments	—	—
	260	180

KEY MANAGEMENT PERSONNEL AND DIRECTOR TRANSACTIONS

Trusts and related parties connected to the Directors held 25.92% of the voting shares of the Company as at 31 December 2008.

OTHER RELATED PARTY TRANSACTIONS

As more fully explained in note 17, a loan of £1,370,000 has been provided to the Group by the founding shareholders of Fidecs (the Company's first acquisition) who are also shareholders.

The Group also leases its main premises from a company that is owned by three shareholders and two Directors of the Company. Rental costs of such premises are £233,000 per annum, of which £Nil was outstanding at 31 December 2008. The rental cost is at normal market rates.

The Group provided administration services to Gold Management Limited a company partly owned by Louise Kentish, spouse of Alan Kentish a Director of the Company. These services amounted to £3,500 for the period to 31 December 2008, of which £3,500 was outstanding at 31 December 2008.

The Group provides services to subsidiaries of Rock Holdings Limited, a shareholder of the Company. These services amounted to £200,000 during the period, of which £Nil was outstanding at 31 December 2008.

The Group provides services to Nightingale Equities Inc, a shareholder of the Group. These services amounted to £5,000 for the period, of which £5,000 was outstanding at 31 December 2008.

SMP Partners Limited, formerly Fortis Intertrust (IOM) Limited, of which Mark Denton and Martin Derbyshire are shareholders, charged the Company £13,098 for services rendered during 2008, of which £Nil was outstanding at 31 December 2008.

ABT Associates Consulting Limited, of which Matthew Wood is a shareholder, charged the Company £35,000 for services rendered during 2008, of which £10,000 was outstanding at 31 December 2008.

22. RELATED PARTIES continued

The Group provided administration services to Retire to the Sun Limited, a company owned by five shareholders and two directors of the Company. Such services amounted to £35,000 for 2008, of which £35,000 was outstanding at 31 December 2008.

All services relating to the above transactions were carried out by the Group on an arm's length basis and are payable/receivable under the standard credit terms.

23. SHARE BASED PAYMENTS

The long term incentive plan ("LTIP") provides incentives for certain executives. None of the Directors are entitled to receive benefits from the LTIP. The plan is administered by the trustees of the STM Group Employee Benefit Trust. The nominated executive is entitled to receive fully paid shares in STM ("STM shares") providing they achieve certain predetermined performance targets and also satisfy a two year employment condition.

The executive will receive the shares on the first day of dealing after the end of the two year employment condition. For 2008, relating to the 2007 performance, 117,938 shares (2007:- nil shares) were appointed to specific individuals. During the year the trustees purchased 222,444 (2007:- 101,111) STM shares on the market in anticipation of making awards.

24. GROUP ENTITIES

PRINCIPAL SUBSIDIARIES

As at 31 December 2008 the Company owned the following subsidiaries which are regarded as the principal trading operations of the Group.

	Country of incorporation	Ownership interest		Activity
		31 December 2008	31 December 2007	
STM Fidecs Limited	Isle of Man	100% directly	100% directly	Holding company
STM Fidecs Management Limited	Gibraltar	100% indirectly	100% indirectly	Administration of clients' assets
STM Fidecs Insurance Management Limited	Gibraltar	100% indirectly	100% indirectly	Administration of clients' assets
STM Fidecs Advisory Limited	Gibraltar	100% indirectly	100% indirectly	Administration of clients' assets
STM Fidecs Life, Health and Pensions Limited	Gibraltar	100% indirectly	100% indirectly	Administration of clients' assets
STM Fidecs Trust Company Limited	Gibraltar	100% indirectly	100% indirectly	Administration of clients' assets
STM Fidecs Central Services Limited	Gibraltar	100% indirectly	100% indirectly	Services and Administration
STM Fidecs Pension Trustees Limited	Gibraltar	100% indirectly	100% indirectly	Administration of clients' assets
STM Fidecs Management (Gibraltar) Limited	Gibraltar	100% indirectly	100% indirectly	Administration of clients' assets
Atlas Trust Company Limited	Gibraltar	100% indirectly	100% indirectly	Administration of clients' assets
Parliament Corporate Services Limited	Gibraltar	100% indirectly	100% indirectly	Administration of clients' assets
STM Fidecs Consumer Services Limited	Jersey	100% indirectly	100% indirectly	Administration of clients' assets
STM Fiduciaire Trustees Limited	Jersey	100% directly	100% directly	Administration of clients' assets
STM Fiduciaire Limited	Jersey	100% directly	—	Administration of clients' assets
STM Nummos SL	Spain	100% indirectly	100% indirectly	Administration of clients' assets
STM (BVI) Limited	BVI	100% directly	100% directly	Intellectual property holding company
Venture Media (Gibraltar) Limited	Gibraltar	100% indirectly	25% indirectly	Media agency

25. SUBSEQUENT EVENTS

On 1 January 2009 the company issued 22,883 new ordinary shares of 0.1 pence each based on a value of 43.7 pence per ordinary share giving a total consideration of £10,000 to two individuals for services to the Company.

NOTICE OF ANNUAL GENERAL MEETING

STM GROUP PLC (THE "COMPANY")

Notice is hereby given that the Annual General Meeting of the Company will be held on 27 April 2009 at 12 noon at Clinch's House, Lord Street, Douglas, Isle of Man for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. THAT the accounts for the year ended 31 December 2008 and the reports of the Directors and auditors thereon be received.
2. THAT the final dividend of 0.4 pence per share recommended by the directors be declared to be payable on 22 May 2009 to shareholders registered at the close of business on 15 May 2009. An interim dividend of 0.2 pence was paid in October 2008 making a total dividend payable for the year of 0.6 pence.
3. THAT Timothy John Revill, who has retired from office by rotation in accordance with Article 92.2 of the Company's Articles of Association, be reappointed as a director of the Company.
4. THAT Alan Roy Kentish, who has retired from office by rotation in accordance with Article 92.2 of the Company's Articles of Association, be reappointed as a director of the Company.
5. THAT KPMG LLP be reappointed as auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the Annual General Meeting held in 2010.
6. THAT the authority set out in Article 3.4 of the Company's Articles of Association be renewed in that the directors shall have, subject to the Isle of Man Companies Acts 1931 to 2004 and the Company's Articles of Association, the power and authority (without the need for any further sanction) to offer, allot (with or without conferring a right of renunciation), issue, grant options over or otherwise deal with or dispose of authorised and unissued shares in the capital of the Company to such persons, at such times and generally on such terms as the directors may decide PROVIDED THAT such power and authority shall be limited to an aggregate nominal amount (including allotments of shares for cash and for consideration other than cash) of £21,352 representing 50% of the issued share capital of the Company, such authority to expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company held in 2010 or the date falling 15 months from the date of the passing of this Resolution except that the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the directors of the Company may allot Ordinary Shares pursuant to such an offer or agreement as if the authority conferred hereby had not expired and provided that any authority to allot shall be in substitution for and supersede or revoke any earlier such authority conferred on the directors to the extent utilised. No share may be issued at a discount.

SPECIAL RESOLUTIONS

1. THAT the Directors be and they are hereby empowered to allot equity securities for cash as if Article 3.7 of the Company's Articles did not apply to any such allotment pursuant to the general authority conferred on them by Resolution 6 above (as varied from time to time by the Company in General Meeting) PROVIDED THAT such power shall be limited to:-
 - (a) the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as may be) to the respective amounts of equity securities held by them subject only to such exclusions or other arrangements as the directors may consider appropriate to deal with fractional entitlements or legal or practical difficulties under the laws of or the requirements of any recognised regulatory body in any territory or otherwise; and
 - (b) the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to an aggregate nominal amount of £8,541 representing 20% of the issued share capital of the Company.

and the power hereby conferred shall expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company held in 2010 or the date falling 15 months from the date of the passing of this Resolution unless such power is renewed or extended prior to or at such meeting except that the Company may before the expiry of any power contained in this Resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

2. THAT the directors be and they are hereby empowered to enter into contracts to make market purchases, within the meaning of section 13 of the Companies Act 1992, of ordinary shares of £0.001 each in the capital of the Company, and where such shares are held in treasury (if and to the extent that treasury shares are permitted under Isle of Man law), the Company may use them for the purposes of its employees' share schemes or, to the extent that treasury shares are not permitted under Isle of Man law, any such shares shall be cancelled upon their purchase, provided that:
- (a) the maximum aggregate number of ordinary shares authorised to be purchased is 4,270,365 ordinary shares, representing up to 10% of the issued ordinary share capital;
 - (b) the minimum price which may be paid for each ordinary share be no less than the nominal value of that share being 0.1 pence; and
 - (c) the maximum price, inclusive of expenses, which may be paid for each ordinary shares be an amount equal to 105% of the average of the middle market quotations as derived from the stock exchange daily official list for the five business days immediately preceding the day on which the ordinary share is purchased.

And the power hereby conferred shall expire on whichever is the earliest of the conclusion of the Annual General Meeting of the Company held in 2010 or the date falling 15 months from the date of the passing of this Special Resolution 2 unless such power is renewed or extended prior to or at such meeting except that the Company may before the expiry of any power contained in the Special Resolution 2 make a contract which would or might be executed wholly or partly after the expiry, and may make a purchase of ordinary shares under that contract.

3. THAT the Company's Articles of Association be amended by deleting the present Article 3.8 and by adopting a new Article 3.8, namely:

"3.8 The pre-emption rights set out in article 3.7 shall not apply

- (a) to any allotment pursuant to the powers conferred on the directors pursuant to article 3.5, or
- (b) to a particular allotment of equity securities if these are, or are to be, wholly or partly paid up otherwise than in cash."

By order of the Board

ELIZABETH A PLUMMER

Company Secretary
Clinch's House
Lord Street
Douglas
Isle of Man IM99 1RZ
11 April 2009

NOTES:

A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of that member. A proxy need not be a member of the Company. A form of proxy is enclosed. Proxy forms must be returned by post or by hand to the office of the Company's registrars, Computershare Investor Services (Channel Islands) Limited, PO Box 83, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW not less than 48 hours before the time of holding of the meeting.

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