Press Release **8 September 2009**

STM GROUP PLC

("STM", "the Company" or "the Group")

Interim Results announcement for the six months ended 30 June 2009

STM Group Plc (AIM:STM), the cross border financial services provider, announces its interim results for the six months ended 30 June 2009.

FINANCIAL HIGHLIGHTS

- Revenue for the period of £4.13 million (30 June 2008: £4.26 million)
- Profit before tax of £0.18 million (30 June 2008: £1.43 million)
- Strong balance sheet with cash of £3.91 million (30 June 2008: £4.94 million)
- Interim dividend per share proposed of 0.2 pence payable on 30 October 2009 (2008: 0.2 pence)

OPERATIONAL HIGHLIGHTS

- Core CTS business trading in line with expectations, despite difficult market conditions and restructuring costs
- Loss of significant treasury management fees now largely being replaced with new higher margin client wins
- Integration and restructuring of STM Fiduciaire in Jersey now largely complete

- Continued widening of geographic footprint:

    STM Swiss in Zurich established; and

    Acquisition of Citadel Group in Luxembourg, subject to regulatory approval

- Strengthening of executive management team with appointment of Colin Porter as COO

- New business and marketing initiatives increased, including senior hires

Commenting on the summary and outlook, Tim Revill, CEO said :

"The first half of 2009 has been one of consolidation, cost cutting and restructuring for the Group, which has resulted in an efficient and scalable platform upon which to grow. The Group's core business as a CTS provider remains robust, despite the wider global economic pressures. Whilst we are disappointed that the Jersey office and STM's insurance division are currently trading below our original expectations, new product offerings such as STM Life and new offices such as STM Swiss should begin to make contributions to the Group towards the end of the year, albeit at a slower rate than our revised expectations. The Group's cash position remains strong at just under £4.0 million enabling STM to continue to seek out suitable strategic and earnings enhancing bolt–on acquisitions to bring our smaller offices up to critical mass.

We suspected in late 2008 that this year would be challenging, but the depth of the economic slowdown has been more challenging than our industry anticipated. A direct consequence was that a number of our clients put off making investment decisions in the first half of this year and this translated into a lower level of activity and delayed take-up of new products and services for STM. In recent weeks we have witnessed signs that normal activity is slowly resuming, however we remain cautious about an immediate return to previous levels of growth."

-- Ends --

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Chief Executive's Review

Overview

Like many businesses in the financial services sector, trading conditions in the first half of 2009 have been significantly tougher than previously anticipated.

Our client base has remained stable, with broadly the same number of entities administered at 30 June 2009 as we had at 31 December 2008. However, total revenue for the six month period of £4.13 million is 3% lower than the first half of 2008 (£4.26 million). This is largely due to reduced financial activity by our clients, who have been waiting for the banking system, the stock market and property prices to stabilise, before making investment decisions that rely on our services and products.

Caution about the economy, felt by potential clients and their professional advisers, has also resulted in a slower than expected launch and take up of certain of STM's new products, particularly STM Life's unit-linked life bonds. The economic environment has also made it more difficult for potential insurance management clients to raise the solvency capital they need to set up new Gibraltar based insurance companies that STM would look to administer.

During the period under review, we have continued to take action, which we began in late 2008, to reduce the Group's cost base, without reducing our level of service to STM clients. We have also used this opportunity to re-structure certain areas of the business, in particular to achieve full integration of the two Jersey acquisitions. The benefit of this is starting to be felt in the second half of the year.

Notwithstanding the weakness of the economy, STM has continued to extend its international footprint, to include Zurich and, subject to the approval of the local regulator, Luxembourg. The addition of these two key jurisdictions widens STM's service offering and provides greater opportunities for cross-selling within the Group.

Financial results

The Group recorded turnover of £4.13 million for the six months to 30 June 2009 (2008: £4.26 million), and profit before tax (PBT) of £0.18 million (2008: £1.43

million). The PBT margin is significantly lower than in 2008, primarily as a result of the loss of treasury management fees, non-recurring expenses arising from the cost reduction initiatives and restructuring of certain divisions, the integration and relocation of the Jersey subsidiaries, as well as product and jurisdictional development. The reorganisation gave rise to significant one-off recruitment and redundancy costs.

All expenses in relation to the development of STM Life's products, as well as those incurred in the setting up of STM Swiss in Zurich, have been expensed during the first half of the year.

In line with all CTSP businesses, the Group had accrued income, in the form of work performed for clients but not yet billed at 30 June 2009 of £2.01 million (31/12/2008: £1.59 million). There is also deferred income, annual fees invoiced, but not yet earned at the same date of £0.88 million (31/12/2008: £1.00 million). It is expected that these amounts will be invoiced or earned in the second half of 2009, providing some visibility over revenues.

There was good cash collection across the Group in the first half and the Group's balance sheet remains strong. The Group had a gross cash balance of £3.91 million at the period end (31/12/2008: £4.94 million). During the period, we reduced the level of our external borrowings by £0.22 million to £1.51 million (31/12/2008: £1.73 million). This loan was taken out in 2008 to provide the solvency capital for STM Life and to date we have repaid £0.49 million.

The efficiency in cash collection initiatives undertaken has also resulted in a decrease in trade debtors since the 2008 year end from £3.5 million to £3.0 million at 30 June 2009.

Deferred consideration still payable for acquisitions stood at £0.30 million at the period end.

As a sign of the Directors' cautious optimism and of the improving trading conditions, I am pleased to report that the Board has proposed an interim dividend of 0.2 pence per share (2008 interim: 0.2 pence). The interim dividend is expected to be paid on

30 October 2009 to shareholders on the register on 2 October 2009. Subject to trading continuing in line with expectations, the Board expects to propose a further dividend for the full year.

Review of operations

Core CTS division

The Group's core offering - the provision of corporate and trustee services ("CTS"), which accounted for over half of the Group's total revenue during 2008, had a solid six months of trading despite difficult global economic conditions.

The Gibraltar CTS division ("Gib CTS"), which accounted for 92 per cent. of the Group's 2008 CTS revenues, traded in line with expectations and in line with the same period last year, despite the sharp and unexpected reduction in treasury management fees, which contributed approximately £0.6 million towards Group turnover and profits in 2008. STM is particularly pleased that client wins at higher fee levels with stronger margins are expected to offset this loss of revenue which was caused by the withdrawal by clients of cash deposits, due to nervousness about the banking system and historically low interest rates.

The Jersey CTS division, STM Fiduciaire, which comprises of two smaller acquisitions made during late 2007 and 2008, has, during the first half of 2009, undergone considerable restructuring designed to enable further acquisitions to be integrated seamlessly into the new Jersey office. This has involved the recruitment of a number of high quality directors, as well as upgrading IT systems. STM Fiduciaire is now well prepared to build critical mass in Jersey, by further acquisitions.

The short term effect of this investment programme, together with delays in confirmation of certain significant new assignments, due to the broader economic conditions, has resulted in the Jersey CTS division not generating the anticipated level of fees in the first half of 2009. The Board is confident that they now have a solid, well managed business on which to build up to critical mass.

STM Group has been evaluating the Swiss market and reviewing suitable, high quality acquisition targets in this important jurisdiction for the last 18 months. In the meanwhile, STM Swiss, the Group's new Zurich based CTS subsidiary was established in the first quarter of 2009 and its set up costs were expensed in the first half. It has been and remains our intention to merge this office with an acquisition target, once a suitable target has been identified. As with all jurisdictions, STM Swiss is required by law to be regulated before taking on business. This bureaucratic process is nearing completion, but has taken longer than anticipated and has meant that 2009's revenue will fall short of our revised expectations. The Board remains of the belief that valuable opportunities are opening up for independent CTSPs, as the Swiss private banks recognise the conflicts of interest arising from acting as both trustee and investment manager. To this end, on 1 September we seconded a senior tax manager from Gibraltar to Zurich to help develop this market.

Since the end of the period and as announced on 13 July 2009, STM Group has acquired the Citadel Group in Luxembourg, subject to approval by the CSSF, the local financial services regulator, which is expected to be given in October 2009.

Other divisions

STM's Insurance Management division ("FIM"), which contributed approximately 15% of the Group's 2008 turnover, has had a difficult first half, reflecting the challenging market conditions described in the 2008 final results. FIM provides specialist incubation and administration services to Gibraltar based insurance companies. Although there is a lack of new client conversions, caused by the scarcity of solvency capital for new ventures, the division is trading profitably and in line with management's revised expectations. There is no shortage of business proposals from potential clients, just a lack of regulatory capital. The Group is taking steps to assist clients source solvency capital.

STM Life, the Group's life assurance subsidiary, which is licenced to write Class III linked long-term life business was a victim of the extremely cautious approach of investors in the first half. STM Life was not alone in this experience and we note that other suppliers of similar products reported significant decreases in new business in the period. In the period under review, STM Life has appointed a number of UK intermediaries and appointed an experienced managing director. The Board remains confident that, despite trading below expectations thus far during 2009, STM Life will contribute to Group revenues during the remainder of 2009, although we now believe it will be in 2010 when it starts to make significant contributions to Group profits.

STM Pensions division, based in Gibraltar, from a standing start is making very good progress in the local market. However, its premium service, QROPS (the transfer of UK pension funds overseas), for which we had received a high number of instructions during the first half of 2009, has been temporarily frozen, due to a recent de-classification by HMRC of Gibraltar as a recognised jurisdiction. The local pensions industry (led by STM) is vigorously contesting this technical matter, but STM Pensions is also taking parallel steps to unblock this valuable client stream. HMRC's actions could not have been envisaged and their actions will, unfortunately, impact the division's full year performance.

Trading in the remaining divisions of the STM Group Taxation Advisory and STM Nummos, STM's Spanish office, has been, in aggregate, broadly in line with expectations.

Acquisitions

The Board believes that the STM Group has created a sufficiently diversified international footprint in the current economic circumstances. Further selective, earnings enhancing acquisitions, in the medium term, will be aimed at bringing all subsidiaries up to critical mass. STM is currently reviewing various acquisition targets in Jersey and Switzerland.

Current trading

The Board is cautiously optimistic about the second half of 2009. We have achieved a significant number of new client assignments during the last 6 weeks and we have noted that the level of client transactions is gradually increasing. Margins are expected to improve significantly during the second half of the year, as a number of initiatives, both cost savings and the take-up of new products and services, come to fruition.

The restructuring and upgrading initiatives taken in the first six months have been costly in both management time and expense. However, as a result of these initiatives, cash-flow is improving as is the operational environment for staff productivity.

The improving run rate at both revenue and PBT levels in the second half of 2009 suggests that the Group's results, on an annualised basis, will be coming into line with the market's current 2009 expectations albeit with a 6 month delay.

Board appointment

Colin Porter joined the Board in July 2009 and I am pleased to report that he has settled into the role seamlessly. The improved efficiencies expected to be felt in the second half of the year, together with the improved productivity across the Group will be, in no small part, down to the his dedication and drive. We look forward to continuing contributions from Colin over the coming years.

Summary and outlook

Most forecasters believe that economic recovery will be slow and that, at the very least, the remainder of 2009 will be equally as challenging as the first half of the year. The Group's strategy is therefore to increase STM's share of the existing market and to find new markets for our products and services. Both of these are dependent on intelligent marketing and demonstrating to clients what differentiates us from other CTS providers. The recent appointment of an experienced Group head of marketing will help to drive these initiatives and cross referrals.

STM Group can now offer clients a wide range of products and services from a number of jurisdictions, each chosen for its unique advantages. The Board's strategy in the medium term is to bring all subsidiaries up to critical mass through both aggressive organic growth and by earnings enhancing "bolt-on" acquisitions.

Whilst we appreciate that the figures for the first half of 2009 will disappoint shareholders, we firmly believe that we have the team, the talent, the near-term strategy and the long-term vision to overcome the current economic challenges and to emerge as a stronger, leaner and more profitable business within the CTSP sector.

STM GROUP PLC

CONSOLIDATED INCOME STATEMENT
for the period from 1 January 2009 to 30 June 2009

	Notes	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited year to 31 December 2008 £'000
Revenue		4,128	4,258	9,190
Administrative expenses		(3,948)	(2,830)	(6,182)
Operating Profit		180	1,428	3,008
Finance costs		-	-	172
Profit on ordinary activities before taxation		180	1,428	2,836
Taxation	5	-	(165)	(158)
Profit on ordinary activities after taxation		180	1,263	2,678
Dividends		(171)	(85)	(85)
Retained profit for the period		9	1,178	2,593
Earnings per share basic (pence)	4	0.44	3.16	6.48
Earnings per share diluted (pence)	4	0.43	3.11	6.40

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

CONSOLIDATED BALANCE SHEET
as at 30 June 2009

	Notes	Unaudited 30 June 2009 £'000	Audited 31 December 2008 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,158	504
Intangible assets	7	16,629	16,562
Other investments		-	45
Total non-current assets		17,787	17,111
Current assets			
Accrued income		2,014	1,594
Trade and other receivables	10	4,758	5,380
Cash and cash equivalents	9	3,911	4,942
Total current assets		10,683	11,916
Total assets		28,470	29,027
EQUITY			
Called up share capital	12	43	43
Share premium account		18,916	18,896
Profit and loss reserve		4,249	4,240
Treasury shares		(144)	(144)
Translation reserve		(17)	–
Total equity attributable to equity shareholders		23,047	23,035
LIABILITIES			
Current liabilities			
Liabilities for current tax		302	304
Trade and other payables	11	4,047	4,393
Total current liabilities		4,349	4,697
Non-current liabilities:			
Other payables	11	1,074	1,295
Total non-current liabilities		1,074	1,295
Total liabilities and equity		28,470	29,027

STM GROUP PLC

COMPANY BALANCE SHEET
as at 30 June 2009

	Notes	Unaudited 30 June 2009 £'000	Audited 31 December 2008 £'000
ASSETS			
Non-current assets			
Investments	8	15,172	14,907
Property, plant and equipment	6	635	3
Total non-current assets		15,807	14,910
Current assets			
Accrued income		25	25
Trade and other receivables	10	4,579	4,132
Cash and cash equivalents	9	322	1,125
Total current assets		4,926	5,282
Total assets		20,733	20,192
EQUITY			
Called up share capital	12	43	43
Share premium account		18,916	18,896
Profit and loss reserve		(505)	390
Total equity attributable to equity shareholders		18,454	19,329
LIABILITIES			
Current liabilities			
Trade and other payables	11	2,279	863
Total liabilities and equity		20,733	20,192

STM GROUP PLC

CONSOLIDATED CASH FLOW STATEMENT
for the period from 1 January 2009 to 30 June 2009

	Unaudited 30 June 2009 £'000	Unaudited 30 June 2008 £'000	Audited 31 December 2008 £'000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit for the period before tax	180	1,428	2,836
Adjustments for:			
Loss on sale of investments	-	-	7
Depreciation and amortisation	68	68	138
Foreign exchange loss/(gain)	2	-	(74)
Shares issued for services performed	20	8	82
Taxation paid	2	-	12
Decrease/(increase) in trade and other receivables	622	(1,317)	(1,851)
(Increase)/decrease in accrued income	(420)	(12)	18
Increase in trade and other payables	(192)	(150)	(799)
Net cash from operating activities	282	25	369
Investing activities			
Acquisition of property, plant and equipment	(711)	(60)	(138)
Acquisition of treasury shares	-	-	(129)
Acquisition of investments – cash consideration	(210)	(734)	(1,628)
Cash acquired as part of acquisitions	-	1,161	1,161
Net cash used in investing activities	(921)	367	(734)
Cash flows from financing activities			
New loan drawn down	-	1,907	1,729
Loan repayments made	(221)	-	-
Cash consideration from shares issued net of issuance costs	-	2,692	2,692
Dividend paid	(171)	-	(85)
Net cash from financing activities	(392)	4,599	4,336
Increase in cash and cash equivalents	(1,031)	4,991	3,971
Reconciliation of net cash flow to movement in net funds			
Analysis of cash and cash equivalents during the period			
Balance at start of period	4,942	971	971
Increase in cash and cash equivalents	(1,031)	4,991	3,971
Balance at end of period	3,911	5,962	4,942

STATEMENT OF CHANGES IN EQUITY
for the period from 1 January 2009 to 30 June 2009

Group

	Share Capital £000	Share Premium £000	Profit & Loss Reserve £000	Treasury Shares £000	Translation Reserve £000	Total £000
At 1 January 2008	38	15,898	1,647	(68)	-	17,515
Profit for the year	-	-	2,678	-	-	2,678
Shares Issued	5	2,998	-	-	-	3,003
Treasury shares purchased	-	-	-	(76)	-	(76)
Dividends paid	-	-	(85)	-	-	(85)
At 31 December 2008	43	18,896	4,240	(144)	-	23,035
Profit for the period	-	-	180	-	-	180
Shares issued	-	20	-	-	-	20
Dividends paid	-	-	(171)	-	-	(171)
Exchange loss on equity	-	-	-	-	(17)	(17)
At 30 June 2009	43	18,916	4,249	(144)	(17)	23,047

Company

	Share Capital £'000	Share Premium £'000	Profit & Loss Reserve £'000	Total £'000
At 1 January 2008	38	15,898	(198)	15,738
Profit for the year	-	-	673	673
Shares Issued	5	2,998	-	3,003
Dividends paid	-	-	(85)	(85)
At 31 December 2008	43	18,896	390	19,329
Loss for the period	-	-	(724)	(724)
Shares issued	-	20	-	20
Dividends paid	-	-	(171)	(171)
At 30 June 2009	43	18,916	(505)	18,454

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
for the period from 1 January 2009 to 30 June 2009

1. Reporting entity

STM Group Plc (the "Company") is a company domiciled in the Isle of Man. The address of the Company's registered office is PO Box 227, Clinch's House, Lord Street, Douglas, IM99 1RZ. The Group is primarily involved in financial services.

2. Basis of preparation

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

Results for the period from 1 January 2009 to 30 June 2009 have not been audited.

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") adopted in the Group's 2008 annual report and accounts and in accordance with Isle of Man law.

b) Functional and presentation 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT cont.
for the period from 1 January 2009 to 30 June 2009

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 the income and expenses of 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. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence if impairment.

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. Any foreign exchange difference arising on consolidation is transferred to the translation reserve.

3. Significant accounting policies (cont.)

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 transaction 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 accrual 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.

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.

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.

3. Significant accounting policies (cont.)

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.

i) Finance income and expense

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 Group also earns interest on pooled client monies, which under the client agreements is shared by the Group and its clients. This interest income is included in revenue.

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, adjusted 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 short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

l) Intangible Assets - Goodwill

Goodwill arises on the acquisitions of subsidiaries and associates. 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.

3. Significant accounting policies (cont.)

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. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to 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. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT cont.
for the period from 1 January 2009 to 30 June 2009

4. Earnings per Share

Earnings per share for the period from 1 January 2009 to 30 June 2009 is based on the profit after taxation of £180,000 divided by the weighted average number of shares during the period 41,366,007 (basic) and 41,894,007 (dilutive) £0.001 ordinary shares.

A reconciliation of the basic and diluted number of shares used in the period ended 30 June 2009 is:

Weighted average number of shares	41,366,007
Dilutive share options	528,000
Diluted	41,894,007

5. Taxation

	Unaudited 30 June 2009 £000	Unaudited 30 June 2008 £000	Audited 31 December 2008 £000
Current tax expense	-	165	158
Total tax expense	-	165	158

Reconciliation of existing tax rate	Tax rate	Unaudited 30 June 2009 £000	Tax rate	Unaudited 30 June 2008 £000	Audited 31 December 2008 £000
Profit for the year		180		1,263	2,678
Total income tax expense		-		165	158
Profit excluding income tax		180		1,428	2,836
Income tax using the company's domestic rate	0%	-	0%	-	-
Effect of tax rates in other jurisdictions	22%	-	27%	165	158
Total tax expense		-		165	158

The Group has trading subsidiaries in a number of jurisdictions in which corporate rates vary between nil and 22%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT cont.
for the period from 1 January 2009 to 30 June 2009

6. Property, plant and equipment

Group	Office Equipment £'000	Motor Vehicles £'000	Leasehold Improvements £'000	Total £'000
Costs				
As at 1 January 2009	389	18	302	709
Additions at cost	190	4	517	711
As at 30 June 2009	579	22	819	1,420
Depreciation				
As at 1 January 2009	126	3	76	205
Change for the period	28	1	28	57
As at 30 June 2009	154	4	104	262
Net book value				
As at 30 June 2009	425	18	715	1,158
As at 31 December 2008	263	15	226	504

Company	Office Equipment £'000	Leasehold Improvements £'000	Total £'000
Costs			
As at 1 January 2009	3	-	3
Additions at cost	115	517	632
As at 30 June 2009	118	517	635
Depreciation			
As at 1 January 2009	-	-	-
Change for the period	-	-	-
As at 30 June 2009	-	-	-
Net book value			
As at 30 June 2009	118	517	635
As at 31 December 2008	3	-	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT cont.
for the period from 1 January 2009 to 30 June 2009

7. Intangible assets

The fair value of investments comprises:

Group

	Cost £'000
Goodwill	
Balance at 1 January 2009	16,562
Additions	78
Amortisation	(11)
Balance at 30 June 2009	16,629

8. Investments

Company

	Cost £'000
Investments	
Balance at 1 January 2009	14,907
Additions	265
Balance at 30 June 2009	15,172

Additions relate to further expenses incurred on acquisitions made in 2008 and external costs incurred in the setting up of STM Swiss AG.

9. Cash and cash equivalents

Cash at bank earns interest at floating rates based on prevailing rates. The fair value of cash and cash equivalents in the Group is £3,911,129 (2008: £5,962,000) and in the company is £322,070 (2008: £2,286,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT cont.
for the period from 1 January 2009 to 30 June 2009

10.Trade and other receivables

Group

	Unaudited 30 June 2009 £'000	Audited 31 December 2008 £'000
Other receivables due from related parties	82	826
Trade receivables	3,025	3,527
Other receivables	1,651	1,027
	4,758	5,380

Company

	Unaudited 30 June 2009 £'000	Audited 31 December 2008 £'000
Trade receivables due from related parties	4,165	3,628
Other receivables	414	504
	4,579	4,132

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT cont.
for the period from 1 January 2009 to 30 June 2009

11.Trade and other payables

Group

Current liabilities

	Unaudited 30 June 2009 £'000	Audited 31 December 2008 £'000
Bank Loan	438	434
Loans from related parties	1,339	1,370
Deferred income	882	1,003
Trade payables	324	358
Deferred and contingent consideration	298	279
Other creditors and accruals	766	949
	4,047	4,393

Company

Current liabilities

	Unaudited 30 June 2009 £'000	Audited 31 December 2008 £'000
Owed to related undertakings	2,111	631
Deferred consideration	116	187
Other creditors and accruals	52	45
	2,279	863

As at 30th June 2009 the bank loan from NatWest Bank Plc amounts to £1.5m repayable in quarterly instalments at a variable rate of interest, currently 2.5%. The loan is secured by capital guarantees supplied by subsidiary companies STM Fidecs Management Limited and STM Fidecs Insurance Limited. The amount falling due after more than one year amounts to £1,074,000 (2008: £1,295,000).

Loans from related parties amount to £1,339,000 and relate to a loan by the founding shareholders of STM Fidecs. The loan is unsecured and interest bearing at 7% per annum.

STM GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT cont.
for the period from 1 January 2009 to 30 June 2009

12. Called up share capital

	Unaudited 30 June 2009 £'000	Audited 31 December 2008 £'000
Authorised		
100,000,000 ordinary shares of £0.001 each	100	100
Called up, issued and fully paid		
42,729,686 ordinary shares of £0.001 each (2008 - 42,680,762 ordinary shares of £0.001 each)	43	43

-Ends-