



Press Release

4 March 2008

STM Group Plc

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

Preliminary Results for the 11 months ended 31 December 2007

STM Group Plc (AIM:STM), the cross border financial services provider, announces its preliminary results for the 11 months ended 31 December 2007.

Highlights

- Raised £7.5 million through IPO in March 2007
- Successfully acquired and integrated:
 - Fidecs Group Limited
 - Atlas Group Limited
 - Parliament Corporate Services Limited
 - Compagnie Fiduciaire Trustees Limited
- Revenue of £5.29 million*
- Profit before tax of £1.78 million*
- EPS at 5.29 pence*

* Figures are not for the full year, rather from 1 February 2007 to 31 December 2007 [although they relate to just a nine month trading period post the acquisition of Fidecs on 28 March 2007].

Commenting on the results, Tim Revill, Chief Executive Officer, said: "2007 has been an exceptional year for STM, with the Group achieving its goals of growing through strategic acquisitions and organic growth. The Group enters 2008 with a pro-forma annual turnover of approximately £7.5 million, before any further organic growth or acquisitions, and therefore looks forward to the coming year with confidence."

For further information, please contact:

STM Group Plc

Tim Revill, Chief Executive Officer

tim.revill@stmgroupplc.im

Tel: 00 350 51610

www.stmgroupplc.com

Daniel Stewart & Company Plc

Lindsay Mair / Stewart Dick

Tel: +44 (0) 20 7776 6550

www.danielstewart.co.uk

Media enquiries:

Abchurch

Henry Harrison-Topham / Charlie Jack

henry.ht@abchurch-group.com

Tel: +44 (0) 20 7398 7706

www.abchurch-group.com

Chairman's Statement

Overview

I am delighted to present STM Group plc's ("STM", "the Company", or "the Group") maiden preliminary results for the period from 1 February 2007 to 31 December 2007. These results reflect the transition from a private company to an AIM traded public company, and encompass the Company's move from a dormant status to that of a trading group. STM was created specifically to build a leading financial services group operating in the international corporate and trustee services provider ("CTSP") sector.

STM's strategy is to build an international group of CTSPs operating from a number of complementary tax efficient jurisdictions, with each offering its clients high quality products and services. Potential acquisition targets are subject to extensive due diligence, with a focus on the quality of the client portfolio, client service and compliance, and each acquisition will be required to adhere to STM group-wide standards following acquisition.

The Group was admitted to trading on AIM on 28 March 2007, raising £7.5 million through the issue of 15.0 million new shares to institutional and other investors at 50 pence per share, and on the same day completed the acquisition of the entire issued share capital of Fidecs Group Limited (renamed "STM Fidecs"). STM Fidecs, one of the largest CTSPs based in Gibraltar, was the Company's principal trading subsidiary during the period under review. During the remainder of 2007, STM Fidecs acquired three further CTSPs, two of which operate in Gibraltar and one in Jersey.

Accordingly, STM's consolidated results for the eleven month period to 31 December 2007 include trading activities for the period from 28 March 2007 to 31 December 2007 only. However for the benefit of shareholders and for the ease of comparative purposes, we have also included some additional pro-forma financial information on STM Fidecs for the full year to 31 December 2007.

The "buy and build" strategy, as set out in our AIM Admission Document, continues to progress well and would not be possible without the continued support of our shareholders. Our established formula for such purchases has proven to be efficient, effective and earnings enhancing, and confirms our assertion that the CTSP sector is ripe for consolidation. Furthermore, I'm particularly pleased to announce that the organic

growth shown by all the acquired business has exceeded our expectations and bodes well for the future.

STM is a people and relationship business and its strength is in the quality of its management and staff. 2007 has been a year of significant change for most of the people within STM and, on behalf of the whole board, I would like to express thanks for their continued dedication, professionalism and hard work over the last year.

Bernard Gallagher
Non-Executive Chairman
4 March 2008

Chief Executive Officer's Review

Summary of the year 2007

2007 was a transformational year for STM Group plc. On 28 March 2007, the Company was admitted to the London Stock Exchange's AIM market (AIM:STM), raising £7.5 million through a placing of 15.0 million shares and, on the same day, acquiring Fidecs Group (renamed "STM Fidecs").

The Group then set about its stated objective of growing both organically and via acquisition. In June, STM acquired Gibraltar based Atlas Group and, in August, acquired Parliament Corporate Services also based in Gibraltar. Both of these businesses and all the staff have been successfully integrated into STM Fidecs. In December, STM made its first acquisition outside Gibraltar, buying Compagnie Fiduciaire Trustees, a fully licensed trust company in Jersey.

We are delighted to report that each of the Group's businesses, following acquisition has achieved strong organic growth. We have a clear understanding of our clients' needs and we devote considerable effort to improving processes and developing products to meet them. Although, the statutory consolidated accounts for STM only include nine months trading since its first acquisition (STM Fidecs) at the end of March, the 2007 unaudited annual turnover of STM Fidecs alone (excluding the effect of Atlas and Parliament) increased by more than 22 per cent. to £6.1 million compared to 2006.

Our corporate structure is designed to allow the management of each of our 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. We share best practice and experience throughout the Group, but avoid duplication of overheads by sharing such matters as treasury, risk management and, I.T. systems. Our Group management agrees clear objectives with each divisional board and they are then left to get on with their business, reporting on a monthly basis.

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. Once our client is happy with the solution proposed, we implement our advice. Our strategy is designed to achieve this mission.

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 our cross-border advisory services and financial products. 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. There are also increasing numbers of EU citizens moving to work or retire outside Europe in such areas as the Middle East (esp. Dubai), Thailand, Malaysia, Australia and New Zealand.

STM looks to develop a long-term professional relationship with our clients, based on mutual trust, which results in repeat business and referrals from satisfied clients. It is estimated that 19% of children of HNWIs now live in a different jurisdiction from their parents, so expertise in planning for cross-border wealth transfer is required.

The sophistication and international involvement of our HNWI clients is growing day-by-day and our products, services and processes have to keep pace. For this reason STM will continue its "buy and build" strategy, acquiring CTSPs in complementary jurisdictions, to achieve global spread. We will also develop new financial products and services to satisfy market demand.

Operational Results

The operational highlights in 2007 for each of the main divisions follows. For the purposes of reporting the Group's progress during 2007, the principal trading divisions were Corporate and Trustee Services ("CTS") and Insurance Management, as well a number of other smaller, but growing divisions offering complementary services. Pro-forma turnover and other figures stated are for the full 12 months, so that like-for-like comparisons can be made.

Corporate and Trustee Services ("CTS")

During the twelve months to December 2007, pro-forma like for like turnover of STM Fidecs CTS division increased by 8% to £2.734 million, compared to 2006. Due to the fact that our 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, we have not been unduly affected by the instability recently experienced in the wider financial markets in the latter part of 2007.

The total number of entities administered by STM Fidecs appears to have remained virtually static between the date of acquisition and the year end. In fact we gained 31 trusts and 48 companies, which replace the 13 trusts and 50 companies, which ceased operations during 2007. These figures show an annual attrition rate slightly less than the generally accepted industry average of 10%.

The two bolt-on Gibraltar acquisitions, Atlas and Parliament, added a further £0.2 million and £0.5 million of fee income respectively, since the date of their acquisition, bringing with them a combined total of 145 trusts and 335 companies.

The number of entities on acquisition and at 31 December 2007 were:

Date of acquisition	Business acquired	Trusts on acquisition	Companies on acquisition	Trusts at 31/12/07	Companies at 31/12/07
March	STM Fidecs	375	550	393	548
June	Atlas	30	60	30	65
August	Parliament	115	275	112	272
December	Comp. Fid.	23	0	23	0
Total		543	885	558	885

The above analysis shows how successfully Atlas and Parliament have been integrated, resulting in almost 100% client retention. In the same vein, STM Fidecs' core business has continued to grow organically, despite the extra demands placed on its management.

Since the year-end, STM has also purchased a portfolio of 284 Gibraltar companies from Jordans (Gibraltar).

Insurance Management ("STM FIM")

STM FIM had a frustrating 2007, with a number of new licence applications which were expected to be completed in 2007 being deferred into 2008. This, coupled with a lower than expected level of premium income of several of the managed insurance companies due to the soft conditions in the insurance market generally, (which is cyclical), resulted in pro-forma annual income for 2007 dropping to £1.53 million from £1.7 million in 2006. However, there was a notable increase in activity towards the end of the year and STM FIM is currently managing three licence applications, the benefit of which will be felt in 2008.

Working closely with other divisions within STM, considerable resource was invested during the year in the development and the application for a licence for STM's own life assurance company, STM Life Assurance PCC Plc ("STM Life"). All STM FIM's development costs on this project have been expensed during 2007.

Other Divisions

Tax and Financial Advisory

STM operates a number of other complementary divisions, the largest of which is Tax and Financial Advisory. The requirement for international tax and financial advisory services was buoyant throughout 2007, with pro-forma annual income increasing to £0.6 million from £0.3 million the previous year. Advice given by the division resulted in the establishment of over twenty new entities to be administered by the corporate and trustee services division. The division has built and is cultivating a broad base of professional intermediaries, reducing STM's dependence on any particular network. As with STM FIM, our tax planners also invested a considerable amount of time in researching and developing STM Life, where again all development time costs were expensed in 2007.

STM Nummos

The re-establishment of STM Nummos, the Group's Spanish subsidiary was completed during 2007 following the acquisition of the balance of the outstanding shares in the previous year. STM Nummos' business is the provision of legal, including conveyancing, tax planning, tax and accounting compliance services to expatriates. Fee income for STM Nummos almost doubled to £0.4 million in 2007.

In 2007 we incorporated a new subsidiary and made the necessary applications for an insurance intermediary licence to provide medical insurance throughout Spain representing BUPA and Sanitas. The strategy behind this move is that it should lead to considerably increased 'footfall' of HNWI expatriates to STM's offices to whom we will cross-sell the full range of STM Group services.

Pensions

This division was launched during 2007 and has immediately established a reputation as the specialist pension advisers and administrators in Gibraltar. Introductions are beginning to flow from the banks and other financial intermediaries in Gibraltar and the division is currently setting up a sizeable self-administered pension scheme for one of the major online gambling companies. Demand for Qualifying Recognised Overseas Pension Schemes (QROPS), which are eligible for tax-free transfers from the UK, has exceeded expectations and time spent in developing this service in 2007 will bear fruit in 2008.

Financial Review

The Group's statutory accounts only take into account the post acquisition trading (effectively from the date of admission to trading on AIM onwards, amounting to nine months trading).

Trading in STM commenced on 28 March 2007 with the acquisition of STM Fidecs. During the period to 31 December 2007, the Group recorded turnover of £5.29 million and a profit after tax of £1.65 million. Turnover was slightly ahead of our expectations, primarily due to approximately £0.3 million of shared office establishment costs, recharged to previously associated businesses, which if extracted, would result in a 33 per cent. net profit margin, in line with our expectations. STM's taxation charge for the year was on budget at £0.14 million. Basic EPS for the period was 5.29 pence.

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 £1.56 million (up from £1.2 million at 30 June 2007). This provides some immediate visibility of billable fees for 2008, a good proportion of which have already been billed in the first two months of the current year.

Trade receivables at the year end of £1.99 million was up from the interim stage (30 June 2007: £1.65 million) due to increased billing from organic growth and the effect of second half acquisitions. Since the year end, cash of approximately £1.2 million has been collected.

The Group ended the year with cash of £0.97 million, having spent approximately £7.4 million of cash on acquisitions between 28 March and 31 December. Deferred cash consideration relating to acquisitions made in 2007 of approximately £0.72 million is expected to be paid out of operating cash flow in 2008.

Year on year comparators

As stated above, we believe that it is in the best interests of Shareholders to also include, and comment upon, the trading results for the full year to 31 December 2007 in respect of STM's largest acquisition to date, that of STM Fidecs, albeit based upon annual unaudited numbers which will not, in their entirety, form part of the Group's statutory accounts for the current financial period. This, will demonstrate the year on year organic growth of STM's businesses in spite of STM's own relatively short history.

Accordingly, STM Fidecs' turnover in the full year to 31 December 2007, on a like-for-like basis stripping out the effect of subsequent acquisitions, was £6.09 million compared to £4.97 million in 2006, an increase of more than 22%. Inclusive of the subsequent acquisitions (principally Atlas and Parliament), STM Fidecs' annual turnover in 2007 was £6.83 million, an increase of more than 37% on the previous year. Annual operating profit margin in 2007 grew to 35.3%, up from 32.6% in 2006.

The results from the period under review show the Company to be in good health and trading comfortably in line with our expectations.

In line with the statement made at the time our IPO, no dividend has been declared in respect of the period ended 31 December 2007.

Our people

STM is a people business and its strength is in the quality of its management and staff. We seek to attract, retain and develop the very best people. We have attractive incentive and reward schemes, which encourage both personal performance and contribution to team success.

As we are in a 'knowledge business', our staff are encouraged to pursue continuous professional education to maintain their technical capability and unlock their potential.

Today the team numbers over ninety people. I would like to thank each one of them for the contribution they have made, to the success of STM Group in 2007.

Current Trading and outlook

Trading in 2008 has started well and is in line with market expectations.

In addition to the continued global growth in the number of HNWI and the increased migration of HNWI, we will also undoubtedly benefit from the UK Government's recent changes to taxation of non domiciled residents. This has given rise to numerous enquiries from UK intermediaries concerning how to restructure their clients' overseas assets or where their clients should relocate to. We have solutions for them and this should result in considerable new business for STM Group during 2008.

The CTSP sector remains buoyant, with significant opportunities for consolidation activity, providing confidence in our stated "buy and build" strategy is being executed at an opportune time. The Company will continue to focus on both accelerating organic growth and seeking out high quality earnings enhancing acquisitions in both existing and complementary jurisdictions. We remain confident of our prospects for the future.

Timothy Revill
Chief Executive Officer
4 March 2008

CONSOLIDATED INCOME STATEMENT
for the period from 1 February 2007 to 31 December 2007

	Notes	Unaudited 1 February 2007 to 31 December 2007 £'000	*Unaudited Proforma year to 31 December 2007 £'000
Revenue		5,292	6,833
Administrative expenses		(3,520)	(4,422)
Operating Profit		1,772	2,411
Share of profit of associate		12	25
Profit on ordinary activities before taxation		1,784	2,436
Taxation	5	(137)	(135)
Profit on ordinary activities after taxation		1,647	2,301
Dividends		-	-
Retained profit for the period		1,647	2,301
Earnings per share basic (pence)	4	5.3	6.4
Earnings per share diluted (pence)	4	5.2	6.3

*For reference purposes only before Plc costs

The Directors consider the activities of the Group to be derived from continuing activities.

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

CONSOLIDATED BALANCE SHEET
as at 31 December 2007

	Notes	Unaudited 31 December 2007 £'000
ASSETS		
Non-current assets		
Property, plant and equipment	7	503
Intangible assets	6	15,184
Investments	8	74
Total non-current assets		<hr/> 15,761 <hr/>
Current assets		
Accrued income		1,558
Trade and other receivables	10	3,219
Cash and cash equivalents	9	971
Total current assets		<hr/> 5,748 <hr/>
Total assets		<hr/> 21,509 <hr/>
EQUITY		
Called up share capital	12	38
Share premium account		15,898
Reserves		1,579
Total equity attributable to equity shareholders		<hr/> 17,515 <hr/>
LIABILITIES		
Trade and other payables	11	<hr/> 3,994 <hr/>
Total liabilities and equity		<hr/> 21,509 <hr/>

COMPANY BALANCE SHEET
as at 31 December 2007

	Notes	Unaudited 31 December 2007 £'000
ASSETS		
Non-current assets		
Investments in subsidiaries	8	14,267
Total non-current assets		14,267
Current assets		
Trade and other receivables	10	1,578
Cash and cash equivalents	9	91
Total current assets		1,669
Total assets		15,936
EQUITY		
Called up share capital	12	38
Share premium account		15,898
Reserves		(198)
Total equity attributable to equity shareholders		15,738
LIABILITIES		
Current liabilities		
Trade and other payables	11	198
Total liabilities and equity		15,936

CONSOLIDATED CASH FLOW STATEMENT
for the period from 1 February 2007 to 31 December 2007

	Unaudited 31 December 2007 £'000
Reconciliation of operating profit to net cash flow from operating activities	
Profit for the period before tax	1,784
Adjustments for:-	
Profit on sale of investments	(9)
Depreciation	67
Share of associate profits	(12)
Shares issued for services performed	22
Taxation paid	(3)
Increase in trade and other receivables	(2,919)
Increase in accrued income	(1,558)
Increase in trade and other payables	3,860
Net cash from operating activities	<hr/> 1,232 <hr/>
Investing activities	
Acquisition of investments of property, plant and equipment	(570)
Acquisition of treasury shares	(68)
Acquisition of investments –cash consideration	(7,747)
Cash acquired as part of investments	1,182
Net cash used in investing activities	<hr/> (7,203) <hr/>
Cash flows from financing activities	
Net cash consideration from shares issued	6,942
Net cash from financing activities	<hr/> 6,942 <hr/>
Increase in cash balances	<hr/> 971 <hr/>
Analysis of cash and cash equivalents during the period	
Balance at start of period	-
Increase in cash and cash equivalents	971
Balance at end of period	<hr/> 971 <hr/>

CONSOLIDATED CHANGES IN EQUITY
for the period from 1 February 2007 to 31 December 2007

	Share Capital £000	Share Premium £000	Profit & Loss Reserve £000	Treasury Shares	Unaudited Total £000
At 1 February 2007	6	294	-	-	300
Profit for the period	-	-	1,647	-	1,647
Shares Issued	32	15,604	-	-	15,636
Treasury shares purchased	-	-	-	(68)	(68)
At 31 December 2007	38	15,898	1,647	(68)	17,515

NOTES TO THE CONSOLIDATED PRELIMINARY RESULTS

for the period from 1 February 2007 to 31 December 2007

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.

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 February 2007 to 31 December 2007 have not been audited.

a) Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

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.

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 of impairment.

b) 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.

c) 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.

d) Property and office 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.

e) 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 profit and loss account. Investments are reviewed for impairment at each year end. Investments in associates are accounted for on an equity accounting basis.

f) Operating leases

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

g) 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 statements when they are due.

h) 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.

i) 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.

j) Foreign currency

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

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.

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 profit or loss. 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 profit & loss. 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 profit or loss. 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.

4. Earnings per Share

Earnings per share for the period from 1 February 2007 to 31 December 2007 is based on the profit after taxation of £1,647,000 divided by the weighted average number of £0.001 ordinary shares during the period of 31,143,626 (basic) and 31,730,450 (dilutive).

A reconciliation of the basic and diluted number of shares used in the period ended 31 December 2007 is:

Weighted average number of shares	31,143,626
Dilutive share options and contingent consideration shares	586,824
Diluted	<u>31,730,450</u>

5. Tax on profit on ordinary activities

Tax is based upon the profit on ordinary activities.

The Company's main trading subsidiaries are based in Gibraltar and these companies relinquished their tax exempt status on 28 March 2007, being the date that they were acquired by STM Group Plc. The Corporation tax rate relating to income derived from and accrued in Gibraltar is 35% (33% as from 1 July 2007).

6. Acquisition of subsidiaries

STM Fidecs Limited

On 28 March 2007 the STM Group Plc acquired 100% of the issued equity of Fidecs Group Limited a company incorporated in the Isle of Man. Following acquisition it was renamed STM Fidecs Limited. The results for the period since acquisition are included within the consolidated results. The acquisition had the following effect on the assets and liabilities of STM Group Plc at acquisition.

	£'000
identifiable assets and liabilities	1,842
Goodwill	<u>12,083</u>
Consideration paid including costs	<u>13,925</u>

Atlas Trust Company Limited

On 26 June 2007 STM Fidecs Limited acquired 100% of the issued equity of Atlas Trust Limited a company incorporated in Gibraltar. The results for the period since acquisition are included within the consolidated results. The acquisition had the following effect on the assets and liabilities of STM Group Plc at acquisition.

	£'000
Net identifiable assets and liabilities	85
Goodwill	<u>580</u>
Consideration paid including costs (including contingent consideration)	<u>665</u>

Parliament Corporate Services Limited

On 3 September 2007 STM Fidecs Limited acquired 100% of the issued equity of Parliament Corporate Services Limited a company incorporated in Gibraltar. The results for the period since acquisition are included within the consolidated results. The acquisition had the following effect on the assets and liabilities of STM Group Plc at acquisition.

	£'000
Net identifiable assets	50
Goodwill	2,250
	<hr/>
Consideration	2,300
	<hr/>

Compagnie Fiduciaire Trustees Limited

On 28 December 2007 STM Fidecs Limited acquired 100% of the issued equity of Compagnie Fiduciaire Trust Limited, a company incorporated in Jersey. The balance sheet as at that date is included within the consolidated results. The acquisition had the following effect on the assets and liabilities of STM Group Plc at acquisition.

	£'000
Net identifiable assets and liabilities	69
Goodwill	271
	<hr/>
Consideration paid including costs	340
	<hr/>

7. Property, plant and equipment

	Office Equipment £'000	Motor Vehicles £'000	Leasehold Improvements £'000	Total £'000
Costs				
As at 1 February 2007	-	-	-	-
Acquired on acquisition at net book value	172	6	296	474
Additions at cost	96	-	-	96
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2007	268	6	296	570
Depreciation				
As at 1 February 2007	-	-	-	-
Change for the period	34	1	32	67
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2007	34	1	32	67
Net book value				
As at 31 December 2007	234	5	264	503
	<hr/>	<hr/>	<hr/>	<hr/>
As at 1 February 2007	-	-	-	-

STM Group Plc holds no tangible fixed assets.

8. Investments

The fair value of investments comprises:

Group

	Cost £'000
Investments	
Balance at 1 February 2007	-
Additions on acquisitions	76
Disposals	(2)
Balance at 31 December 2007	<u>74</u>

Company

	Cost £'000
Investments in subsidiaries	
Balance at 1 February 2007	-
Additions	14,267
Balance at 31 December 2007	<u>14,267</u>

9. Cash and cash equivalents

Cash at bank earns interest at floating rates based on prevailing rates and the balance. The fair value of cash and cash equivalents in the Group is £971,000 and in the company is £91,000.

10. Trade and other receivables

Group

	2007 £'000
Trade receivables	1,985
Disbursements recoverable	108
Other receivables	486
Other related company balances	640
	<u>3,219</u>

Company

	2007 £'000
Other receivables	199
Owed by related undertakings	1,379
	<u>1,578</u>

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

11. Trade and other payables

Group

	2007
	£'000
Loans from related parties	1,333
Deferred income	384
Trade payables	327
Corporation tax	134
Deferred and contingent consideration	904
Other creditors and accruals	912
	<hr/> 3,994 <hr/>

Company:

Trade and other payables

	2007
	£'000
Owed to related undertakings	46
Other creditors and accruals	152
	<hr/> 198 <hr/>

Loans from related parties amount to £1,333,000 and relate to a loan by Equity Special Situations Limited, a shareholder of STM Group Plc. The loan is repayable entirely by 31 December 2008. This loan amount is unsecured and non-interest bearing.

12. Called up share capital

	31 December
	2007
	£'000
Authorised	
50,000,000 ordinary shares of £0.001 each	<hr/> 50
Called up, issued and fully paid	
37,542,274 ordinary shares of £0.001 each	<hr/> 38 <hr/>

- Ends -