Press Release **3 March 2009**

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

Preliminary Results

STM Group Plc (AIM:STM), the cross border financial services provider, announces its preliminary results for the year ended 31 December 2008.

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

Commenting on the results, Tim Revill, Chief Executive Officer, said: "2008 has obviously been a challenging year for everyone, but STM's robust business model has, again, enabled the Group to meet market expectations. At the same time, STM has continued its acquisition and integration strategy and has extended the range of its services. The Group has implemented operational improvements which provide further capacity and scalability within the business. This coupled with the clear market opportunities mean that the Group remains confident about its prospects for 2009.

- Ends -

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Chairman's Statement

Overview

I am delighted to present STM Group plc's ("STM", "the Company", or "the Group") preliminary 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.

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.

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 Company ended the year with cash of £4.94 million.

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.

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
3 March 2009

Chief Executive Officer's Review

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. 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.

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 this 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.

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.

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, twelve, 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 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 Pensioneer 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.

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 £1.55 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 £0.39 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 £zero. 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.

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 to 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 Revill
Chief Executive Officer
3 March 2009

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

	Notes	Unaudited Year from 1 January 2008 to 31 December 2008 £000	Audited Period from 1 February 2007 to 31December 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
Taxation	10	**(158)**	(137)
Profit on ordinary activities after taxation		**2,678**	1,647
Dividends		**(85)**	-
Retained profit for the year		**2,593**	1,647
Earnings per share basic (pence)	16	**6.48**	5.3
Earnings per share diluted (pence)	16	**6.40**	5.2

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

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	Unaudited 31 December 2008 £000	Audited 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	15	**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			
Other payables	18	**1,295**	-
Total non-current liabilities		**1,295**	-
Total liabilities and equity		**29,027**	21,509

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	Unaudited 31 December 2008 £000	Audited 31December 2007 £000
ASSETS			
Non-current assets			
Investments in subsidiaries and associates	6	**14,907**	14,267
Property plant and equipment	11	**3**	-
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	15	**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

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

	Unaudited Year ended 31 December 2008 £000	Audited Period ended 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)
Increase in accrued income	**18**	(1,558)
Increase in trade and other payables	**(799)**	3,860
Net cash from operating activities	**369**	1,232
Investing activities		
Acquisition of property, plant and equipment	**(138)**	(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	**(734)**	(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		
Balance at start of year	**971**	—
Increase in cash and cash equivalents	**3,971**	971
Balance at end of year	**4,942**	971

STATEMENT OF COMPANY CHANGES IN EQUITY
FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

	Share Capital £000	Share premium £000	Profit & loss reserve £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
Share 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.

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY
FOR THE YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

	Share Capital £000	Share premium £000	Profit & loss reserve £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**

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 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 23) (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.

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.

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.

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. 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, 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. 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 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.

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.

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.

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 cost 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.

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.

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.

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 18 to these financial statements.

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.

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.

Interest rate risk
The Company has minimal borrowings that incur interest and therefore has no significant exposure to interest

rate movements.

Currency risk
The Group is exposed to currency risk in relation to the investment in STM Nummos. This is considered to be long term in nature.

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 (£).

Capital management
The Board's policy is to maintain a strong capital base 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.

Neither the Company nor any of its subsidiaries are subject to any significant externally imposed capital requirements. 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**	—
Acquisitions (see below)	**640**	14,267
Balance at end of year	**14,907**	14,267

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.

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 assets	(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

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.

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.

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

Group	**31 December 2008** **Number**	31 December 2007 Number
Average number of people (including executive directors)		
Employed	**122**	100

Company

The average number of staff employed by the company during the year including directors was 4 (2007:- 3)

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
Pensions	**51**	45

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	Tax rate	**31 December 2008 £000**	Tax rate	31 December 2007 £000
Profit for the year		**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%	**-**	0%	-
Effect of tax rates in other jurisdictions	27%	**158**	33%	137
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	105
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

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 January 2008	15,184
Acquisitions through business combinations	1,378
Balance at 31 December 2008	**16,562**
Amortisation and impairment	
Balance as at 1 January 2008	-
Acquisitions through business combinations	-
Balance at 31 December 2008	-
Carrying amounts	
At 1 January 2008	15,184
At 31 December 2008	**16,562**

Impairment testing for cash-generating units containing goodwill
For the purposes of impairment testing, goodwill is allocated to the Group's operating entities which represent the lowest level within the Group.

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).

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 undertakings 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

Group	31 December 2008 £000	31 December 2007 £000
Bank loans (see note 18)	**434**	—
Loans from related undertakings	**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	31 December 2008 £000	31 December 2007 £000
Owed to related undertakings	**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% 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).

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 Fidecs Audiberia SA) 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 rates. 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.

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

	31 December 2008 £000	31 December 2007 £000
Balance at start of period	**216**	**-**
Impairment loss 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.

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	434	434	-	434	-
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
	3,694	3,694	2,865	434	395

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 and interest rate risk
The company has minimal exposure to both currency risk and interest rate risk.

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. 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.

23. 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.

		Ownership interest		
	Country of incorporation	31 December 2007	31 December 2007	Activity
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

- Ends -