Press Release **8 March 2011**

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 2010.

Year end highlights

Financial

- Results and dividend in line with market expectations
- Revenue of £10.5 million (2009: £8.5 million)
- Profit before tax after exchange gains more than doubled to £1.5 million (2009: £0.7 million)
- EPS up 85% to 2.90 pence (2009: 1.57 pence)
- Strong balance sheet with cash of £3.7 million at year end
- Final dividend of 0.4 pence, payable on 10 June 2011, representing a total dividend for FY2010 of 0.6 pence

Operational

- Overall performance benefits from strategic focus and improving trading conditions
- Trading revenues in STM's core business units maintained year-on-year, despite down-time for integration and new, upgraded back office software platform installation
- Enhanced profit margins coming through as a result of a cost efficiency drive
- Strategic acquisition of Zenith Trust Company Limited performing well, giving a significant business presence in Jersey. STM's "second engine room" is created
- Significant investment in business development personnel and associated costs in

2010 expected to generate uplift in revenue from 2011

- New products launched, including Malta QROPS product and EFRBS
- New Malta operation trading profitably from commencement through organic growth
- Current trading and outlook benefits from robust underlying revenue base, with billable fees providing pleasing revenue visibility for early part of 2011

Colin Porter, Chief Executive Officer of STM Group plc, commented: "I am pleased to report results which clearly demonstrate that STM has progressed well over the past year and that confidence and financial activity is gradually returning to the sector. STM's wider international presence, extended financial product range and significant steps made in improving its operations particularly from a new business perspective mean that the Group remains confident about its prospects for 2011."

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Chairman's Statement

Overview

2010 has been a year of good progress for STM. The Group has doubled profits on the previous year and continues to benefit from the robust and recurring nature of its core business and gains from cost efficiency drives commenced in 2009. Our core Corporate and Trustee Service divisions ("CTS") delivered revenues in line with expectations and profitability, augmented by the strategic acquisition of Zenith Trust Company Limited ("Zenith") in April 2010. Zenith has given the STM Group the critical mass that it needed in Jersey and the Board is delighted with STM Jersey's progress and contribution to the Group to date.

In addition, with the opening of STM Malta in late 2010, the Group's overseas pension product is now gaining significant traction and the Board has high expectations that this will be a strong area of growth for the Group. STM Malta was revenue generating and profitable from inception.

The Board continues to believe that both the STM Life insurance wrapper product and the jurisdictional importance of Switzerland justify the short-term cost of entry into areas that will prove profitable for the Group going forward.

During 2010 there were a significant number of senior management changes, not least of which Colin Porter was appointed Group CEO in March 2010, taking over from Tim Revill, a founding shareholder, who has subsequently stepped down from the Board. Colin, who joined STM in 2008 as CEO of the Gibraltar and Jersey offices, has helped to ensure that STM's senior management have delivered the expected operational growth for 2010.

STM can justifiably say that it has a significant international presence, and the Board believes that it is able to service its international clientele for all their structuring requirements. STM now has offices in Gibraltar, Spain, Jersey, Switzerland, and Malta, and is poised to benefit from the ability to cross-sell to clients across these jurisdictions. These jurisdictions also allow the Group to increase its product offering.

The Board views 2011 as a year in which to continue to consolidate the initiatives of previous years in order to deliver enhanced profitable growth. Acquisition activity is likely to be limited in 2011.

2010 has seen a significant focus and investment on business development across the Group to increase STM's market share of the CTS sector, as well as targeted marketing of the Group's newly launched products. Whilst this is still in its infancy, it is a major step forward and one that should contribute to a wider range of intermediary introducers and geographical referrals.

STM is a people and relationship business and the Group's 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.

Finally, on a personal note, I have advised the Board that I will be stepping down from my role of Chairman of STM Group Plc in the near future so as to pursue my other business interests. It has been a pleasure to be involved with STM since its inception and flotation in 2007 and I am pleased that the Group is now approaching the next phase of its exciting growth plans in a strong position. I understand that the search for my replacement is progressing well and an announcement is expected to be forthcoming shortly.

Bernard Gallagher
Non-Executive Chairman
8 March 2011

CEO Review

Introduction

I am pleased to state that 2010 has delivered according to expectations. The focus was to ensure that the Board's cost efficiency drive in the latter part of 2009 resulted in enhanced profitability. This, coupled with solid performance in the Group's core CTS "engine rooms" delivering robust and profitable organic growth, has helped to put STM's profitability back in line with market expectations. Activity levels, with regards to transactions, continue to improve as the economy recovers from the crisis of 2008 / 2009, which should further bolster 2011 revenue levels.

With 2010 revenues exceeding £10.5 million (2009: £8.5 million), it is pleasing to note that the business is starting to deliver improved profit margins, although there is still scope to enhance these further. The profit before tax but after exchange gains for 2010 doubled to £1.5 million from £0.7 million in 2009, and was helped by the cost efficiency drive that had been implemented in late 2009 and early 2010.

A significant milestone in the development of STM's business model was the acquisition of Zenith Trust Company Limited ("Zenith"), which gave the Group's Jersey operation the critical mass that it was previously lacking. The STM Jersey business, with some 35 staff and an annualised turnover of almost £4.0 million, is now a well managed and significant contributor to the Group's profitability.

The deliberately low-key opening of STM's Malta office in the last quarter of 2010 is also worth highlighting. The products that the Group can now offer through STM Malta are important differentiators for STM and I am pleased to be able to report strong early demand, which has meant that this business unit has been profitable from day one of receiving its licence.

STM's business model – a robust platform for growth

The Board believes that the investment into the various acquisitions during the last few years to give the Group a balanced jurisdictional spread and a true international presence, is starting to pay off as efficiencies and the ability to administer complete international structures becomes apparent.

The Group's core business continues to be 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 Group's income continues to be mainly derived from fixed and time-based administration fees from each entity and is not generally linked directly to the value of the assets under our custody. Some 30% of the Group's CTS income relates to fixed fees giving a significant certainty of income and therefore reducing volatility in the Group's profitability.

Acquisition activity during 2010

Without a doubt, the acquisition of STM's long-awaited pathfinder vehicle in 2010 has brought about a better jurisdictionally balanced Group. Zenith was acquired in the early part of 2010 for a maximum total cash consideration of £5.1 million, being £1.85 million paid upon completion, a further £1.85 million in September 2010, a further £1.3 million deferred consideration payable in 2011 and £0.1 million in 2012.

A significant benefit that Zenith brought to the Group was an experienced and very capable management team that has provided a solid foundation for future growth in this jurisdiction. The integration of the Group's legacy business in Jersey was completed successfully, and the benefits of integration gains will be felt in 2011.

In July 2009 STM announced, subject to regulatory approval, the purchase of Citadel Group, a CTSP in Luxembourg. As a result of the significant delay in the regulatory approval process, the Board re-evaluated the proposed acquisition in Luxembourg and during the year withdrew their offer for the business on the basis that the jurisdiction was more corporate rather than private individual facing.

For 2011 the overriding focus will centre on delivering integration gains on existing acquisitions rather than specifically looking for further acquisition targets in new jurisdictions.

Product and business development

2010 has been a significant year of change with regards to the resources allocated to business and product development. STM has taken on a number of full time business developers to help grow the Company organically. As at the year end there were five full time business developers compared to only one individual at the end of 2009. This investment into the future was sourced from the cost savings within other parts of the

business. I am pleased to say that this strategy of growth is already starting to deliver results, with increased business coming not only from the UK but also Southern Africa and Central and Eastern Europe.

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. 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.

As a result of STM's jurisdictional spread, the Group is now able to keep in-house significantly more of a HNWI's expenditure on wealth preservation and asset administration, rather than outsourcing to other providers. This leads to new business from existing clients as the STM service is able to cater for the ever increasing financial sophistication of its clients.

STM has also invested in product development. Again, this is aimed at offering a wider service and accommodating the needs of both existing and new HNWI clients. STM has developed products in the area of Jersey and Malta foundations, retirement benefits, pension transfers, life bonds for expatriates returning to the UK, and an integrated inheritance management solution for expatriates in Spain.

Operational Review

For the purposes of reporting the Group's performance during 2010, the principal trading division was Corporate and Trustee Services ("CTS"), the primary jurisdictions of which were Gibraltar and Jersey.

Group turnover for 2010 amounted to £10.5 million compared to £8.5 million in 2009. The increase is primarily as a result of the Zenith acquisition in April 2010 which produced revenue for STM Group of circa £2 million for the period ended 31 December 2010.

As can be seen from the more in-depth review below, our CTS division, the main engine of the Group's business, continues to perform in line with the Board's expectations. However, as previously identified, certain challenges remain in some of STM's smaller divisions which have struggled to grow their turnover compared to 2009. STM Swiss and STM Life are not yet profitable which has in turn reduced Group profitability.

In addition, during 2010 costs of circa £0.2 million have been invested into business development personnel, the benefits of which will be seen primarily from 2011 onwards.

Board Changes

Colin Porter joined the STM Group plc board in July 2009 as COO, and during March 2010 was promoted from COO to CEO of STM Group plc. Tim Revill, founder of STM's first acquisition, Fidecs Group Limited, stepped down from his role as Chief Executive Officer at that date, and subsequently retired from the Board in October 2010 so as to pursue other personal interests.

In December 2010, there was a further change of the Isle of Man Non-Executive Directors, with Martin Derbyshire and Mark Denton stepping down to be replaced by Mike Riddell.

Corporate and Trustee Services ("CTS")

CTS is the core revenue stream of the Group, with revenue in 2010 being generated from both Gibraltar and Jersey. STM's CTS fees comprise a fixed annual fee per entity plus time charges for ongoing administration fees and are not based on the value of assets under management. Therefore the administration revenue stream has not been significantly affected by the instability experienced in the wider financial markets during 2009.

The Group is pleased to say that the turnover of STM's CTS revenue rose from £5.3 million in 2009 to £7.6 million in 2010 and accounted for approximately 70% of the Group's 2010 revenues. Approximately £2.2 million of this can be attributed to the contribution from Zenith, acquired in 2010. The underlying organic growth demonstrates that the principal revenue stream of the business remains robust and predictable, even after a significant cost saving exercise during the latter part of 2009.

CTS Gibraltar revenue held its own in 2010 with a revenue of £4.3 million compared to £4.5 million in 2009. The small decrease in revenue is primarily as a result of an effort to shed some of the smaller entity business which proved not to be profitable, as well as a certain amount of down-time in relation to the implementation of new, upgraded IT systems. The prognosis for 2011 is that CTS Gibraltar has a solid platform in which to grow its revenue without incurring any material costs to service such business.

CTS Jersey revenue rose to £3.3 million from £0.9 million in 2009, the increase being primarily a part year contribution from Zenith, but also pleasingly some organic growth from our underlying Jersey operation of £0.1 million. Again, this "second engine room" to the

Group is a solid platform in which to continue to grow organically, meaning that profit margins are expected to improve further.

Following the Zenith acquisition, the number of entities under management in our CTS businesses now exceeds 2,000 entities. These figures demonstrate a healthy spread of revenue across a large portfolio of entities thus contributing to the predictability and robustness of the CTS business.

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

Other Divisions

Revenue from the Group's other divisions amounted to £2.9 million compared to £3.2 million for 2009. These divisions are all complementary to the core business of the Group, being the administration of clients' assets. They either provide advisory and structuring support or offer client asset administration through another form of "wrap", such as a life assurance bond. No single division accounts for more than 10% of the Group's revenue.

Insurance Management ("FIM")

As previously identified, FIM has continued to suffer from the lack of investment by entrepreneurs in new insurance company start-ups, although FIM is seeing signs of increased activity. As a result the revenue for FIM amounted to £0.8 million compared to £1.0 million in 2009. FIM has restructured its division as a result of this anticipated fall in revenue and a significant staff cost reduction has been made that has improved profitability.

Average annual fees for the management of a third party insurance client are in excess of £100,000 per annum and remain sustainable going forward. With a stable platform of clients going into 2011 and the cost reductions mentioned above, coupled with an appointment of a full time business developer and now having the ability to offer insurance management capabilities in STM Malta, FIM is confident that it will see revenue growth in 2011.

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 2010, fee and commission income for STM Nummos remained static at £0.7 million in 2010 and 2009. This was in line with management's expectations and a positive result given the difficult state of the Spanish economy.

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 ("FLHP") and its associated trust company 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.

This division has the potential to be a significant growth area of the Group moving into 2011. The 2010 revenue was truncated by the continued uncertainties over Gibraltar's overseas pensions product (QROPS). However, in late 2010 the STM Malta QROPS was approved by HMRC in the UK, and the division is now processing numerous applications. The pipeline and interest for this product is growing significantly and is a focus for 2011 marketing initiatives. 2010's turnover for the division remained similar to that of 2009 at around £0.3 million, but the Board has realistic expectations of doubling that level in 2011.

Other initiatives

STM Life's "wrapper" product has some clear advantages over its competitors and has now been marketed through various IFA networks in the UK and has been well received, with new policies and illustrations now being issued. STM Life's platform and its ability to write business across the EU mean that it will be able to market its bond in other jurisdictions at a very low cost of entry. However, the complexity of the product has meant that revenues have still been slow to materialise, although the distribution network that has been built should allow for significant revenue growth in the future.

In a similar vein, STM Swiss started to generate revenue in 2010, although the business unit remains loss making going into 2011. Whilst the pipeline of potential business is materialising it remains a slow process.

Financial Review

For the year to 31 December 2010, the Group recorded turnover of £10.5 million (2009: £8.5 million) and a profit before tax and after exchange gains of £1.5 million (2009: £0.7 million). Turnover was in line with the Board's expectations and a significant increase to that of 2009 primarily due to the acquisition of Zenith, but pleasingly the margin improved significantly to 14.3% (2009: 7.9%). Integration costs and lost management time as part of the Zenith acquisition, as well as the treading water of the QROPS product in 2010, should result in further material margin improvements in 2011. STM's taxation charge for the year was on

budget at £0.2 million (2009: £0.04 million). Basic EPS for the year was 2.9 pence (2009: 1.57 pence).

In line with all CTS businesses, the Group had accrued income, in the form of work performed for clients but not yet billed at the balance sheet date, of £3.1 million (up from £2.3 million at 31 December 2009). The increase in accrued income is in part due to the build up of pension's work that is awaiting HMRC approval and the Zenith acquisition accrued income. This also provides some immediate visibility of billable fees in the early part of 2011.

Trade receivables as at the 31 December 2010 amounted to £4.0 million, up from £3.3 million at 31 December 2009, this is primarily as a result of the new Zenith trade debtors. There continues to be significant effort put in to accelerate cash collection, with a full time credit control function being implemented during 2010. Whilst bad debts are generally low as a result of the entities under management having assets within their structures, it remains a frustration that debtor days remain higher than targeted. Deferred income, representing fees billed in advance, yet to be credited to profit and loss account were comparable year on year at £0.9 million (2009 £1.0 million) reflecting the stable portfolio of the core CTS business. Zenith's fixed fees are billed annually in advance in January.

The Group ended the year with cash of £3.7 million (2009: £3.8 million), having paid out further consideration on acquisitions amounting to £3.8 million and bank loan repayments of £0.5 million. In addition dividends of £0.26 million were paid during 2010.

Since year end, cash collected from operations is in excess of £2 million.

Group financing

At 31 December 2010, the Group had bank borrowings of £2.6 million (2008: £1.29 million), being loans from RBS International Limited ("RBSI") to provide part of the solvency capital required for STM Life, as well as funding the first payment of the Zenith acquisition. The term of the original loan for STM Life is for five years from March 2008. Two further loans were taken out in 2010, one for £0.4 million and one for £1.5 million; both are repayable over a three year term but being amortised over five years. The loan for STM Life is secured on a blocked cash deposit of £2.45 million.

In March 2010, the Group raised a further £2.2 million in connection with the Zenith acquisition through the issue of a convertible loan note instrument ("CLN"). The loan from shareholders as at 31 December 2009 of £1.3 million which has existed since the Group's listing in March 2007 was also rolled up into the CLN. 50% of the CLN may be converted into new ordinary shares in STM at the holders' discretion at a price of 33 pence per share in March 2012. The remainder of the CLN is repayable in March 2014.

Dividends

In recognition of the Board's positive outlook on the Group's prospects, the 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 2010 (2009: 0.6 pence per share). Subject to shareholder approval, the final dividend will be paid on 10 June 2011 to shareholders on the Register on 13 May 2011. It is the Board's intention to continue a progressive dividend policy reflecting the Group's ongoing performance.

Current trading and outlook

2010 was a satisfactory year for STM with increased profitability coming through from a robust underlying revenue base which, coupled with the significant Zenith acquisition, leaves the business well placed for further increases in profitability during 2011. Trading in the second half of our financial year is traditionally stronger than that of the first half and this trend is expected to continue into 2011.

The Board are of the view that a concerted effort to increase productivity levels of staff and to ensure that process efficiencies continue to improve, particularly in light of the new IT system will help to improve margins further.

The core CTS business has proved itself to be predictable and robust even in difficult economic conditions and this visibility and predictability is expected to continue into 2011 and beyond. Expectations are that 2011 will deliver solid organic growth in the CTS business. Going into 2011, there will be a strong marketing focus on increasing pensions and STM life revenue significantly, both of which are relatively unique products for the CTS sector and have enormous opportunity for growth.

The Board will not actively seek new acquisition targets in 2011 but will consider opportunistic acquisitions as and when they arise. The focus will be to ensure that STM extracts the full value from the Zenith integration.

The Board is aware that 2011 will be another important year in delivering further enhanced value to its shareholders and we look forward to updating the market on the Group's progress.

Colin Porter
Chief Executive Officer
8 March 2010

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR FROM 1 JANUARY 2010 TO 31 DECEMBER 2010

	Notes	**Unaudited Year ended 31 December 2010 £000**	Audited Year ended 31 December 2009 £000
Revenue	4	**10,454**	8,521
Administrative expenses	5	**(8,804)**	(7,726)
Operating profit		**1,650**	795
Finance Costs		**(211)**	(120)
Profit on ordinary activities before taxation		**1,439**	675
Taxation		**(192)**	(36)
Profit on ordinary activities after taxation		**1,247**	639
Dividends	7	**(257)**	(257)
Retained profit for the year attributable to equity shareholders		**990**	382
Earnings per share basic (pence)	8	**2.90**	1.57
Earnings per share diluted (pence)	8	**2.59**	1.53

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR FROM 1 JANUARY 2010 TO 31 DECEMBER 2010

	Unaudited Year ended 31 December 2010 £000	Audited Year ended 31 December 2009 £000
Profit for the year	**990**	382
Other comprehensive income		
Foreign currency translation differences for foreign operations	**57**	(2)
Other comprehensive income for the year, net of income tax	**57**	(2)
Total comprehensive income for the year	**1,047**	380
Attributable to:		
Owners of the Company	**1,047**	380
Total comprehensive income for the year	**1,047**	380

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2010

	Notes	**Unaudited 31 December 2010 £000**	Audited 31 December 2009 £000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,460**	1,316
Intangible assets		**21,812**	16,886
Other investments		**54**	—
Total non-current assets		**23,326**	18,202
Current assets			
Accrued income		**3,052**	2,286
Trade and other receivables		**5,688**	5,140
Cash and cash equivalents	6	**3,696**	3,768
Total current assets		**12,436**	11,194
Total assets		**35,762**	29,396
EQUITY			
Called up share capital	7	**43**	43
Share premium account	7	**19,043**	19,011
Reserves		**5,471**	4,469
Total equity attributable to equity shareholders		**24,557**	23,523
LIABILITIES			
Current liabilities			
Liabilities for current tax		**494**	321
Trade and other payables		**5,559**	4,714
Total current liabilities		**6,053**	5,035
Non current liabilities			
Other payables		**5,152**	838
Total non-current liabilities		**5,152**	838
Total liabilities and equity		**35,762**	29,396

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR FROM 1 JANUARY 2010 TO 31 DECEMBER 2010

	Unaudited Year ended 31 December 2010 £000	Audited Year ended 31 December 2009 £000
Reconciliation of operating profit to net cash flow from operating activities		
Profit for the year before tax	**1,439**	675
Adjustments for:		
Loss on sale of assets	**3**	—
Depreciation	**157**	139
Gain from bargain purchase	**(451)**	—
Shares issued for services performed	**40**	40
Non-cash acquisition costs	**12**	—
Taxation paid	**(19)**	19
(Increase) / decrease in trade and other receivables	**(103)**	242
Increase in accrued income	**(375)**	(692)
(Decrease) / increase in trade and other payables	**(590)**	490
Net cash from operating activities	**113**	913
Investing activities		
Acquisition of property, plant and equipment	**(282)**	(960)
Disposal of property, plant and equipment	**—**	9
Acquisition of treasury shares	**—**	—
Acquisition of investments – cash consideration	**(3,759)**	(438)
Cash acquired as part of acquisitions	**587**	—
Net cash used in investing activities	**(3,454)**	(1,389)
Cash flows from financing activities		
Bank loan advance / (repayments)	**1,326**	(441)
Cash consideration from convertible bond issued	**2,200**	—
Dividend paid	**(257)**	(257)
Net cash from financing activities	**3,269**	(698)
Decrease in cash and cash equivalents	**(72)**	(1,174)
Reconciliation of net cash flow to movement in net funds		
Analysis of cash and cash equivalents during the year		
Balance at start of year	**3,768**	4,942
Decrease in cash and cash equivalents	**(72)**	(1,174)
Balance at end of year	**3,696**	3,768

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

FOR THE YEAR FROM 1 JANUARY 2010 TO 31 DECEMBER 2010

	Share Capital £000	Share premium £000	Retained earnings £000	Treasury Shares £000	Translation reserve £000	Total £000
Balance at 1 January 2009	43	18,896	4,240	(144)	—	23,035
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD						
Profit for the year	—	—	639	—	—	639
Other comprehensive income						
Foreign currency translation differences	—	—	(2)	—	—	(2)
Transactions with owners, recorded directly in equity						
Shares issued in the year	—	115	—	—	—	115
Dividend paid	—	—	(257)	—	—	(257)
Exchange loss on equity	—	—	—	—	(7)	(7)
At 31 December 2009	**43**	**19,011**	**4,620**	**(144)**	**(7)**	**23,523**
Balance at 1 January 2010	43	19,011	4,620	(144)	(7)	23,523
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD						
Profit for the year	—	—	1,247	—	—	1,247
Other comprehensive income						
Foreign currency translation differences	—	—	57	—	—	57
Transactions with owners, recorded directly in equity						
Shares issued in the year	—	32	—	—	—	32
Dividend paid	—	—	(257)	—	—	(257)
Exchange loss on equity	—	—	—	—	(45)	(45)
At 31 December 2010	**43**	**19,043**	**5,667**	**(144)**	**(52)**	**24,557**

NOTES TO THE CONSOLIDATED RESULTS
FOR THE YEAR FROM 1 JANUARY 2010 TO 31 DECEMBER 2010

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 18 Athol Street, Douglas, Isle of Man, IM1 1JA. The Group is primarily involved in financial services.

2. Basis of preparation

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.

3. Acquisition of subsidiaries

Acquisitions of the Company

	31 December 2010 £000 (Unaudited)	31 December 2009 £000
Shares in group undertakings		
Balance at start of year	**15,231**	14,907
Adjustments to prior year	—	324
Acquisitions	**5,725**	—
Balance at end of year	**20,956**	15,231

Zenith Trust Company Limited
On 7 April 2010 STM Group Plc acquired 100% of the issued equity of Zenith Trust Company Limited. The balance sheet as at that date is included within the consolidated results.

STM Malta Trust & Company Limited
During the year, this company was incorporated and was successfully awarded its trust and management licence by the Malta Financial Services Authority. It has an ordinary share equity of £125,000.

3. Acquisition of subsidiaries cont.

	Pre-acquisition carrying value £'000	Fair value adjustments £'000	Recognised value on acquisition £'000
Intangible assets	4,925	—	4,925
Property, plant & equipment	20	—	20
Accused income	391	—	391
Trade and other receivables	459	—	459
Cash and cash equivalents	587	—	587
Trade and other payable	(781)	—	(781)
Net identifiable assets	5,601	—	5,601
Gain on bargain purchase	—	—	(451)
Consideration paid and deferred	—	—	5,150
Cash acquired	—	—	(587)
Net cash outflow	5,601	—	4,563

4. Revenue

	31 December 2010 £000 (Unaudited)	31 December 2009 £000
Revenue from administration of assets	**10,454**	8,521
Total revenues	**10,454**	8,521

5. Administrative expenses

Included within administrative expenses are personnel costs as follows:

	31 December 2010 £000 (Unaudited)	31 December 2009 £000
Wages and salaries	**4,281**	3,920
Social insurance costs	**338**	243
Pension contributions	**87**	121
Equity settled share based payments	**40**	40
Total personnel expenses	**4,746**	4,324

Average number of employees

Group	**31 December 2010 Number**	31 December 2009 Number
Average number of people employed (including executive directors)	**125**	111

6. Cash and cash equivalents

Group	**31 December 2010 £000 (Unaudited)**	31 December 2009 £000
Bank balances	**3,696**	3,768
Cash and cash equivalents in the statement of cash flow	**3,696**	3,768

7. Capital and reserves

	31 December 2010 £000 (Unaudited)	31 December 2009 £000
Authorised		
100,000,000 (2008:- 100,000,000) ordinary shares of £0.001 each	**100**	100
Called up, issued and fully paid		
43,026,602 ordinary shares of £0.001 each (1 January 2010: 42,892,621 ordinary shares of £0.001 each)	**43**	43

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 2009: 323,555) shares at 31 December 2010, amounting to £205,000 (1 January 2009: £205,000).

Share premium

During the year 133,981 (2009:- 211,859) shares were issued for a total share premium of £32,366 (2009:- £114,788). During 2010, transaction costs of £nil (2009:- £nil) have been deducted from the share premium account.

Translation

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Dividends
The following dividends were declared and paid by the Group:

For the year ended 31 December

	31 December 2010 £000 (Unaudited)	31 December 2009 £000
0.6 pence per qualifying ordinary share (2009: 0.6 pence)	**257**	257

After the respective reporting dates the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.

	31 December 2010 £000 (Unaudited)	31 December 2009 £000
0.4 pence per qualifying ordinary share (2009: 0.4 pence)	**172**	172

8. Earnings per share

Earnings per share for the period from 1 January 2010 to 31 December 2010 is based on the profit after taxation of £1,247,000 (2009:- £639,000) divided by the weighted average number of £0.001 ordinary shares during the period of 42,976,168 basic (2009:- 42,776,649) and 48,203,441 dilutive (2009:- 44,048,014) in issue.

A reconciliation of the basic and diluted number of shares used in the period ended 31 December 2010 is:

Weighted average number of shares	42,976,168
Dilutive share incentive plan, options and contingent consideration shares	5,227,273
Diluted	48,203,441

- Ends -