

10 March 2015

STM Group Plc
("STM", "the Company" or "the Group")
Audited Final Results for the 12 months ended 31 December 2014

STM Group Plc, the multi-jurisdictional financial services group, is pleased to announce its audited final results for the 12 months ended 31 December 2014.

Key Points:

	2014	2013	Change
Revenue	£15.9m	£13.4m	+19%
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	£2.3m	£0.9m	+255%
Profit before taxation	£1.7m	£0.3m	+635%
Earnings per share (basic)	1.97p	(0.21p)	n/a
Cash and cash equivalents	£5.7m	£4.0m	+43%

- Successful transition into multi-discipline international financial services group
- Life division now a substantial contributor to Group
- 36% growth in Pensions revenue
- Further broadening of the distributor network
- Reduction of Group debt by £1.0m

Commenting on the results and prospects for STM, Colin Porter, CEO, said:

"These results demonstrate the success of the Group's strategic transition and the ongoing momentum within the business. In addition, STM's strong balance sheet supports future growth plans and gives management confidence in the prospects for the business.

"The Board is encouraged by the achievements of the recently formed Business & Product Development team and looks forward to updating the market on further progress."

For further information, please contact:

STM Group Plc

Colin Porter, Chief Executive Officer

colin.porter@stmgroupplc.com

www.stmgroupplc.com

Tel: 00 350 200 42686

Therese Neish, Chief Financial Officer

Therese.neish@stmgroupplc.com

Tel: 00 350 200 42686

Alan Kentish, Director of Business and Product Development

alan.kentish@stmgroupplc.com

Tel: 00 350 200 42686

finnCap

Charlotte Stranner / Christopher Raggett - Corporate Finance

Mia Gardner - Corporate Broking

www.finncap.com

Tel: +44 (0) 20 7220 0500

Winningtons

Tom Cooper / Paul Vann

www.winningtons.co.uk

Tel: +44 (0) 20 3176 4722

Mob: [+44](tel:+44207971221972) (0) 797 122 1972

tom.cooper@winningtons.co.uk

Notes to editors:

STM is a multi jurisdictional financial services group which is listed on the AIM Market of the London Stock Exchange. The Group specialises in the administration of assets for international clients in relation to retirement, estate and succession planning and wealth structuring.

Today, STM has operations in Gibraltar, Spain, Jersey, Malta and Cyprus. The Group is looking to expand through the development of additional products and services that its ever more sophisticated clients demand. STM has, for example, incorporated a Gibraltar Life Insurance Company, STM Life plc, which provides life insurance bonds - wrappers in which a variety of investments, including investment funds, can be held. STM has developed a specialist international pensions division which specialises in Qualifying Recognised Overseas Pension Schemes (QROPS), Qualifying Non UK Pension Schemes (QNUPS) and Employer Funded Retirement Benefit Schemes (EFRBS).

Further information on STM Group can be found at www.stmgroupplc.com

Chairman's statement

2014 was a very good year for STM as we start to reap the benefits of the investments made over recent years in transforming the Group from a predominantly corporate trustee services led business into a multi-disciplinary international financial services provider, delivering tailor made solutions for our clients.

STM has previously been successful in driving revenue growth, however, this year I am pleased to say that we can also see significant increases in profitability. Consequently, this has had a positive impact on our cash balances which has allowed us to reduce our borrowings. Additionally, it has allowed the business to invest further in increasing our distribution network.

Whilst the Pensions division began to expand in 2012, the Life Assurance business has been slower in gaining traction. However, this year has seen STM Life become a significant revenue and profit contributor to Group. Furthermore the Group continues to see sustainable growth opportunities in the Pensions division giving the Board confidence in the prospects for STM.

The growth during the year across both divisions has resulted from selling specialist products and services through an enlarged distribution network, which is now generating business on a much more global basis. The Group is now a more solid business with a much stronger balance sheet which will allow it to continue developing its business and product development activities during the forthcoming year.

On behalf of the Board I thank my predecessor Julian Telling for all his efforts during STM's transition over the last three years. I would also like to take this opportunity to thank, on behalf of the Board, STM's management and staff across all our jurisdictions for their ongoing commitment and professionalism.

Michael Riddell
Chairman

Chief Executive's statement

Overview

It gives me great pleasure to present the annual results for the year ended 31 December 2014, which pleasingly, not only reflect continued growth in turnover, but a significant increase in profitability.

As advised this time last year, profitability lagged turnover as a result of having to build on resources required to sustain the expected increases in turnover. I am pleased to note that this is no longer the case and the investments made in resources over recent years, together with the creation of the Business and Product Development team earlier this year, have resulted in this year's significant increase in profitability.

As expected by management, the growth continues to come from the Pensions and Life Assurance businesses. Part of the work carried out by the Business and Product Development team was to increase the distribution network mainly through the international IFA market. This has resulted in STM generating business on a much more global basis thereby reducing reliance on the UK market.

Over the last few years STM has found the Corporate and Trustee Services ("CTS") markets challenging and regrettably this has continued throughout 2014.

Operational Overview

Pensions

As noted above, Pensions has continued to grow during the year with this area now accounting for 50% of the Group's turnover. The Pensions division reported turnover of £8.0 million (2013: £5.9 million) reflecting a 36% increase from the previous year.

As expected, Gibraltar has now become a well established QROPS market and I'm pleased to note that STM, having been in this market since its infancy, has managed to maintain its position as market leader. Whilst our Malta division remains by far the larger of the two, the growth in the year has largely come from our Gibraltar division which has reported an increase in revenue of circa 150% from £1.0 million in 2013 to £2.5 million in 2014. Malta revenues also continue to show steady growth of 13% resulting in total turnover for the year for this division of £5.5 million (2013: £4.9 million).

Corporate and Trustee Services

CTS turnover currently accounts for 35% of the Group's revenue compared to 44% in 2013. Whilst, in part, this is as a result of the decrease in actual CTS revenue, it is also largely due to the increase in the Group's overall revenue given the growth in Pensions and Life.

Total turnover for this business for the year was £5.5 million (2013: £5.8 million), generated predominantly in Jersey and Gibraltar. Jersey revenue accounted for circa 57% (2013: 58%) of the CTS business at £3.1 million (2013: £3.4 million), with Gibraltar having generated £2.4 million (43%) in 2014, directly comparable to the £2.4 million (42%) generated in the previous year.

As noted at the half year stage, the decrease in revenues can be seen across both jurisdictions demonstrating the overall downward cycle being experienced in this area of our business. That said, these two jurisdictions typically have a different market focus which gives STM a better product spread.

STM Life

2014 has seen STM Life become a Group contributor both in terms of revenue and profitability, with turnover for the year of £1.4 million compared to £0.6 million in 2013.

New business is being generated from a range of intermediaries and across a wide spread of products. Not only does this suggest diversification within the division but pleasingly it also indicates that the efforts put in by management over the last few years to develop these products and build on these relationships is finally coming to fruition.

New business continues to grow in this area which, together with annual management fees, provides solid and steady revenue for 2015 and beyond.

Other trading divisions and new initiatives

Trading in other divisions which are mainly insurance management, advisory and the Spanish office was broadly in line with management expectations. These are expected to continue at similar levels going forward having generated revenue of £1.0 million in the year (2013: £1.1 million).

Financial position

For the year ended 31 December 2014, the Group recorded turnover of £15.9 million (2013: £13.4 million) and EBITDA of £2.3 million (2013: £0.9 million). In spite of turnover having increased by 19%, administrative expenses have only increased by 9%, predominantly due to the increase in commissions payable on the Pensions business. This is as expected given the increase in growth in this part of the business however additionally goes to demonstrate the operational gearing in the Group and the potential impact on Group profitability from increasing revenues.

As would be expected given the decrease in Group borrowings (see below) finance costs are down at £0.3 million (2013: £0.4 million). The depreciation and amortisation charge, a non cash expense to the income statement, has remained consistent in 2014 at £0.3 million (2013: £0.3 million). Profit before tax is consequently £1.7 million for the year (2013: £0.3 million) reflecting an increase of over 500%.

As noted in last year's report STM has recovered an element of the taxation charge paid by the Malta subsidiary upon the declaration of dividends up to the holding company. This has therefore reduced the Group's effective tax rate. The charge for the year was £0.7 million (2013: £0.4 million).

In line with most services businesses, the Group had accrued income in the form of work performed for clients but not yet billed at the year end of £2.1 million (2013: £3.0 million) which provides immediate visibility of billable fees in the early part of 2015. This decrease is predominantly within the Pensions business and is mainly as a result of increased efficiencies in the overall process.

Trade receivables as at 31 December 2014 amounted to £3.1 million, compared with £2.5 million as at 31 December 2013. This increase is purely due to the Pensions business, given the increase in revenue related to this division. I am pleased to note that the debtor days, a key measure in the management of debtors, have remained consistent.

Deferred income, representing fees billed in advance yet to be credited to the statement of total comprehensive income, have once again increased considerably to £2.3 million (2013: £1.6 million). As is the case with the trade debtors this is wholly linked to the Pensions business. In line with the Group's accounting policy for the Pensions business, first year fees are reflected as turnover upon invoicing whereas second year fees and beyond are deferred. Consequently as the Pension business matures and enters into its second and third years, this will continue to increase. As with the accrued income, this provides visibility into 2015 revenues.

The Group ended the year with cash of £5.7 million (2013: £4.1 million). The Group's overall external borrowings were reduced by £1.0 million during the year, through the repayment of £0.9 million of convertible loan notes and the £0.1 million overdraft facility.

Group financing

During the year the Group has decreased the level of external borrowing by £1.0 million. This decrease is largely as a result of having repaid the convertible loan notes ("Loan Notes") issued in 2010 to the value of £3.5 million and having issued new ones to certain holders of the 2010 Loan Notes to the value £2.6 million. The new Loan Notes have a fixed term of 2 years and carry an annual coupon of 7%, payable half yearly. They also carry an option to convert into new ordinary shares at a price of 26p per share after the first year with STM having the option to repay those that do not convert. Those Loan Notes not converted or redeemed will run to term.

Board changes during the year

After three and a half years as the Group's Chairman, Julian Telling stepped down from this role on 31 December 2014 and has been replaced by Michael Riddell who has been a member of the Board since 2010. Julian has been instrumental in STM's transition from offering bespoke solutions in the CTS market to becoming a multi-disciplinary international financial services provider delivering tailor-made solutions for our clients. The Board joins me in thanking him for his dedicated and valued work and we wish him every success in the future.

Therese Neish, having assumed the role of Chief Financial Officer in December 2013, was officially appointed to the Board in January 2014.

Dividends

No dividend has been recommended for the year ended 31 December 2014, however, noting the steady progress in the business, the Board hopes to re-introduce a progressive dividend policy as resources allow.

Outlook

STM is now in a much stronger and more market dominant position. The focus for 2015 is to further strengthen and maximise its business development activities by securing a more global intermediary network. These specialist business developers in untapped regions will

significantly enhance the scalability of the Group across all product areas particularly in our Pensions and Life Assurance businesses.

Much progress has already been made in achieving these ambitions, without compromising the high levels of service our clients have come to expect of us. New financial products and services have been developed from a deep understanding of our clients' needs and objectives. This is a focus that we will maintain to ensure that we remain at the forefront of their needs as the financial world and their circumstances evolve.

The Board is confident in the prospects for the Group and looks forward to updating the market on further progress.

Colin Porter
Chief Executive Officer

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR FROM 1 JANUARY 2014 TO 31 DECEMBER 2014**

	Notes	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Revenue	3	15,878	13,357
Administrative expenses	4	(13,575)	(12,419)
Profit before other items		2,303	938
Other items			
Finance costs		(279)	(359)
Depreciation and amortisation		(316)	(310)
Profit before taxation		1,708	269
Taxation		(657)	(380)
Profit/(loss) after taxation		1,051	(111)
Other comprehensive income			
Foreign currency translation differences for foreign operations		(72)	(25)
Total comprehensive income /(loss) for the year		979	(136)
Earnings per share basic (pence)	8	1.97	(0.21)
Earnings per share diluted (pence)	8	1.66	(0.21)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	31 December 2014 £000	31 December 2013 £000
ASSETS			
Non-current assets			
Property, plant and equipment	5	974	1,156
Intangible assets		16,810	16,907
Investments		737	614
Total non-current assets		18,521	18,677
Current assets			
Accrued income		2,158	3,000
Trade and other receivables		4,775	4,214
Cash and cash equivalents	6	5,711	4,090
Total current assets		12,644	11,304
Total assets		31,165	29,981
EQUITY			
Called up share capital	7	53	53
Share premium account	7	20,828	20,828
Reserves		1,368	382
Total equity attributable to equity shareholders		22,249	21,263
LIABILITIES			
Current liabilities			
Liabilities for current tax		1,061	613
Trade and other payables		5,305	8,105
Total current liabilities		6,366	8,718
Non current liabilities			
Other payables		2,550	--
Total non-current liabilities		2,550	--
Total liabilities and equity		31,165	29,981

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

Notes	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Reconciliation of operating profit to net cash flow from operating activities		
Profit for the year before tax	1,708	269
Adjustments for:		
Depreciation and amortisation	316	310
Taxation paid	(209)	(206)
Unrealised gain in investments	(122)	-
(Increase)/decrease in trade and other receivables	(561)	309
Decrease in accrued income	842	31
(Decrease)/Increase in trade and other payables	(125)	1,746
Net cash from operating activities	1,849	2,459
Investing activities		
Acquisition of property, plant and equipment	(37)	(134)
Acquisition of treasury shares	(8)	(54)
Acquisition of investments	(25)	(714)
Increase in intangibles	--	(56)
Net cash used in investing activities	(70)	(958)
Cash flows from financing activities		
Bank loan repayments	--	(911)
Cash consideration from shares issued	--	--
Net cash from financing activities	--	(911)
Increase in cash and cash equivalents	1,779	590
Reconciliation of net cash flow to movement in net funds		
Analysis of cash and cash equivalents during the year		
Increase in cash and cash equivalents	1,779	590
Translation of foreign operations	(58)	16
Balance at start of year	3,990	3,384
Balance at end of year	6	3,990

**STATEMENT OF CONSOLIDATED CHANGES IN EQUITY
FOR THE YEAR FROM 1 JANUARY 2014 TO 31 DECEMBER 2014**

	Share Capital £000	Share premium £000	Retained earnings £000	Treasury Shares £000	Translation reserve £000	Total £000
Balance at 1 January 2013	53	20,828	740	(144)	(64)	21,413
TOTAL COMPREHENSIVE INCOME FOR THE YEAR						
Loss for the year	--	--	(111)	--	--	(111)
Other comprehensive income						
Foreign currency translation differences	--	--	(25)	--	--	(25)
Transactions with owners, recorded directly in equity						
Shares issued in the year	--	--	--	--	--	--
Dividend paid	--	--	--	--	--	--
Exchange gain on equity	--	--	--	--	40	40
Treasury shares purchased	--	--	--	(54)	--	(54)
At 31 December 2013	53	20,828	604	(198)	(24)	21,263
Balance at 1 January 2014	53	20,828	604	(198)	(24)	21,263
TOTAL COMPREHENSIVE INCOME FOR THE YEAR						
Profit for the year	--	--	1,051	--	--	1,051
Other comprehensive income						
Foreign currency translation differences	--	--	(72)	--	--	(72)
Transactions with owners, recorded directly in equity						
Shares issued in the year	--	--	--	--	--	--
Dividend paid	--	--	--	--	--	--
Exchange gain on equity	--	--	--	--	15	15
Treasury shares purchased	--	--	--	(8)	--	(8)
At 31 December 2014	53	20,828	1,583	(206)	(9)	22,249

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR FROM 1 JANUARY 2014 TO 31 DECEMBER 2014**

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 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 company law.

3. Revenue

	31 December 2014 £000	31 December 2013 £000
Revenue from administration of assets	15,878	13,357
Total revenues	15,878	13,357

4. Administrative expenses

Included within administrative expenses are personnel costs as follows:

	31 December 2014 £000	31 December 2013 £000
Wages and salaries	6,211	5,952
Social insurance costs	341	325
Pension contributions	64	71
Total personnel expenses	6,616	6,348

Average number of employees

	31 December 2014 Number	31 December 2013 Number
Average number of people employed (including executive directors)	159	146

5. Property, plant and equipment

	Motor Vehicles £000	Office Equipment £000	Leasehold Improvements £000	Total £000
Costs				
As at 1 January 2013	12	1,379	869	2,260
Additions at cost	--	127	7	134
Disposals	--	--	--	--
As at 31 December 2013	12	1,506	876	2,394
As at 1 January 2014	12	1,506	876	2,394
Additions at cost	--	37	--	37
As at 31 December 2014	12	1,543	876	2,431
Depreciation				
As at 1 January 2013	10	536	417	963
Charge for the year	--	145	130	275
Disposals	--	--	--	--
As at 31 December 2013	10	681	547	1,238
As at 1 January 2014	10	681	547	1,238
Charge for the year	--	133	86	219
As at 31 December 2014	10	814	633	1,457
Net Book Value				
As at 31 December 2014	2	729	243	974
As at 31 December 2013	2	825	329	1,156

6. Cash and cash equivalents

	December	31 2014 £000	31 December £000	2013
Bank balances		5,711	4,090	
Cash and cash equivalents in the statement of financial position		5,711	4,090	
Bank overdrafts	--		(100)	
Cash and cash equivalents in the statement of cash flow		5,711	3,990	

7. Capital and reserves

	31 December 2014 £000	31 December 2013 £000
Authorised, called up, issued and fully paid		
53,446,549 ordinary shares of £0.001 each (2013: 53,446,549 ordinary shares of £0.001 each)	53	53

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 530,513 (2013: 502,735) shares at 31 December 2014, amounting to £205,776 (2013: £198,276).

Share premium

There were no new shares issued during the year (2013: nil).

Translation

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

8. Earnings per share

The earnings per share figure for the year from 1 January 2014 to 31 December 2014 is based on the profit after taxation of £1,051,000 (2013:- loss of £111,000) divided by the weighted average number of £0.001 ordinary shares during the year of 53,446,549 basic (2013:- 53,446,549) and 63,254,421 diluted (2013:- 53,446,549) in issue.

A reconciliation of the basic and diluted number of shares used in the year ended 31 December 2014 is:

Weighted average number of shares	53,446,549
Dilutive share incentive plan, options and contingent consideration shares	9,807,692
Diluted	63,254,241