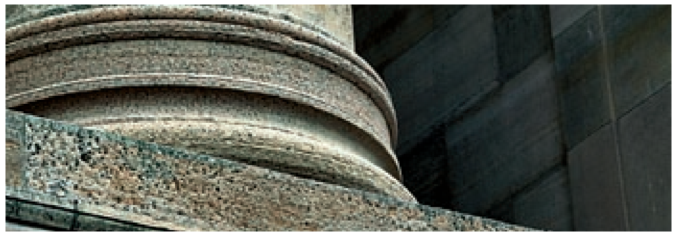
STM Group Plc

Annual report and accounts 2007



STM Group Plc is a leading financial services group operating in the international corporate and trustee service provider (CTSP) sector.

The Group specialises in financial planning for high net worth individuals moving to work, live or retire overseas or making cross-border investments. We work with entrepreneurial owner-managed businesses expanding into or re-locating to lower tax jurisdictions.

OUR DIFFERENCE

STRATEGY

Our strategy is to build an international group of CTSPs operating from a number of complementary tax efficient jurisdictions with each offering its clients high quality products and services.

SERVICE

Our guiding principles are quality of service, reliability and responsiveness. We understand how important personal service is from those administering, often a significant proportion of your assets or business, at a distance.

STABILITY

Our Directors have considerable expertise both of the CTSP sector, and of successfully integrating acquisitions, and believe that there is an opportunity to build a significant group in the CTSP sector.

OUR YEAR

March 2007
Admitted to AIM raising £7.5 million

March 2007
Acquisition of STM Fidecs Group Gibraltar

June 2007
Acquisition of Atlas Trust Company Gibraltar

August 2007
Acquisition of Parliament Corporate Services Gibraltar

December 2007
Acquisition of Compagnie Fiduciaire Trustees Jersey

HIGHLIGHTS

Raised £7.5 million through IPO in March 2007

Successfully acquired and integrated: STM Fidecs Group, Atlas Group, Parliament Corporate Services, Compagnie Fiduciaire Trustees

Revenue of £5.29 million*

Profit before tax of £1.78 million*

EPS at 5.29 pence*

* Figures for 11 month period from 1 February 2007 to 31 December 2007

STM GROUP PLC CURRENTLY HAS ONE PRINCIPAL GROUP OF OPERATING COMPANIES

STM Fidecs Group of Companies

STM's first acquisition was Fidecs Group Limited, which has been renamed STM Fidecs Limited. Founded in 1989 by STM's chief executive, Tim Revill, STM Fidecs Group operates principally from Gibraltar and specialises in financial planning for HNWIs moving to work, live or retire overseas or making cross-border investments, and for entrepreneurial, predominantly owner-managed, businesses, expanding into or re-locating to other, frequently lower, tax jurisdictions.

STM Group has **delivered.**

Bernard Gallagher, Non-Executive Chairman
11 April 2008

KEY STRENGTHS
The Directors believe the Group's key strengths to be the following:

- Experienced management, who understand their client's needs
- A leading CTSP consolidator within a very fragmented sector
- A clear strategy, building by acquisitions on a core business which is growing organically
- Visible income stream, not unduly affected by market fluctuations
- Strong cash generation

Overview

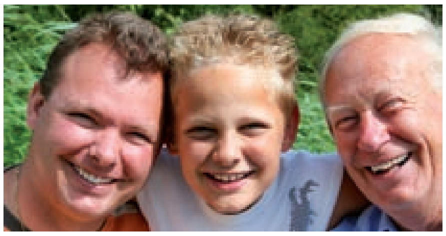
I am delighted to present STM Group Plc's ("STM", the "Company", or the "Group") maiden results for the period from 1 February 2007 to 31 December 2007. These results reflect the transition from a private company to an Alternative Investment Market ("AIM") traded public company, and encompass the Company's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

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

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

Accordingly, STM's consolidated results for the eleven month period to 31 December 2007 include trading activities for the period from 28 March 2007 to 31 December 2007 only.

The "buy and build" strategy, as set out in our AIM Admission Document, continues to progress well and would not be possible without the continued support of our shareholders. Our established formula for such



As a result of an initial telephone call to the trust and company division from a visitor to Gibraltar, who requested to speak to someone about setting up a company for a new business, it soon became apparent that the request had wider implications for the individual and his business. It was considered that the expertise of the consumer finance division, was required. They subsequently met with the caller, and later introduced him to the Tax Advisory team. Between them they provided a range of services and advice to structure both his personal and business needs.

purchases has proven to be efficient, effective and earnings enhancing, and confirms our assertion that the CTSP sector is ripe for consolidation. Furthermore, I am particularly pleased to announce that the organic growth shown by all of the acquisitions has exceeded our expectations and bodes well for the future.

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

BERNARD GALLAGHER
Non-Executive Chairman
11 April 2008

strategy

STM Group's strategy tracks our clients' individual strategies. As clients move or invest across borders, we build an international network. As their financial affairs become more intricate, STM develops increasingly sophisticated products and services.

Every journey begins with a first step.

Confucius, modified

Timothy J Revill FCA TEP, Chief Executive Officer
11 April 2008

SIGNIFICANT STEPS IN 2007
Many important "first steps" were achieved by the Group during 2007:

- In March IPO and admission to AIM raising £7.5 million
- Immediately following IPO acquisition of STM Fidecs Group, Gibraltar
- Strong growth in revenue and profit both in STM Fidecs "core business" and acquisitions
- In June, acquisition of Atlas Trust Company, Gibraltar
- In August, acquisition of Parliament Corporate Services Group, Gibraltar
- In December, acquisition of Compagnie Fiduciaire Trustees, Jersey

Summary of the year 2007

2007 was a transformational year for STM. On 28 March 2007, the Company was admitted to the London Stock Exchange's AIM market ("AIM: STM"), raising £7.5 million through a placing of 15.0 million shares and, on the same day, acquiring Fidecs Group Limited (renamed "STM Fidecs"). The Group then set about its stated objective of growing both organically and via acquisition. In June, STM acquired the Gibraltar-based Atlas Trust Company Limited ("Atlas") and, in August, acquired Parliament Corporate Services Limited ("Parliament") also based in Gibraltar. Both of these businesses and all of the staff have been successfully integrated into STM Fidecs. In December, STM made its first acquisition outside Gibraltar, buying Compagnie Fiduciaire Trustees Limited, a fully-licensed trust company in Jersey.

We are delighted to report that each of the Group's businesses, following acquisition, has achieved strong organic growth. We have a clear understanding of our clients' needs and we devote considerable effort to improving processes and developing products to meet them. Although the statutory consolidated accounts for STM only include nine months' trading since its first acquisition (STM Fidecs) at the end of March, the 2007 unaudited annual turnover of STM Fidecs alone (excluding the effect of Atlas and Parliament) increased by more than 22.5% to £6.1 million compared to 2006.

Our corporate structure is designed to allow the management of each of our operating divisions a high degree of autonomy, but within a single group-wide code of governance and a high level of client service, common to all divisions. We share best practice and experience throughout the Group, but avoid duplication of overheads by sharing such matters as treasury, risk management and IT systems. Our Group management agrees clear objectives with each divisional board and they are then left to get on with their business, reporting on a monthly basis.

Strategy

STM's purpose is to provide innovative and unbiased financial solutions to High Net Worth Individuals ("HNWI"), who are investing, moving cross-border or opening a business overseas, explained in a language they understand. Once our client is happy with the solution proposed, we implement our advice. Our strategy is designed to achieve this mission.

With the European Union now comprising 27 member states, in which European citizens have the right of establishment and freedom to purchase real estate and other assets, there is a rapidly expanding market for our cross-border advisory services and financial products. Gibraltar is part of the UK Member State for EU purposes (unlike the Channel Islands and the Isle of Man) which means that STM's Gibraltar subsidiaries benefit from the fundamental freedom to provide financial products and services directly to 456 million EU citizens. There are also increasing numbers of EU citizens moving to work or retire outside Europe in such areas as the Middle East (especially Dubai), Thailand, Malaysia, Australia and New Zealand.

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

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

Operational results

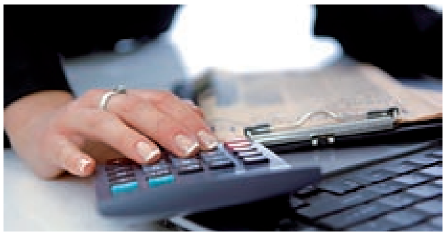
The Group's underlying business activity is advising clients on the organisation of their international financial affairs and the subsequent administration of their assets within a variety of "wraps". Wraps come in many forms, such as trusts, companies, pensions and insurance policies.

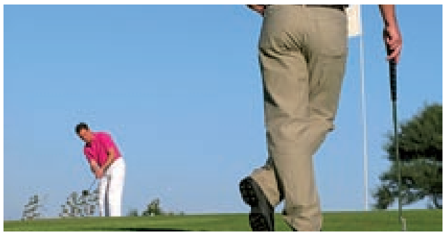
The operational highlights in 2007 for each of the main specialisations follows. For the purposes of reporting the Group's progress during 2007, the principal specialisations were Corporate and Trustee Services ("CTS") and Insurance Management ("FIM"), as well a number of other smaller, but growing product offerings.

Corporate and Trustee Services ("CTS")

During the twelve months to December 2007, pro-forma like for like turnover of STM Fidecs CTS division increased by 8% to £2.73 million, compared to 2006. Due to the fact that our CTS fees comprise a fixed annual fee per entity plus time charges for ongoing administration and are not based on the value of assets under management, we have not been unduly affected by the instability recently experienced in the wider financial markets in the latter part of 2007.

The total number of entities administered by STM Fidecs appears to have remained virtually static between the date of acquisition and the year end. In fact we gained 31 trusts and 48 companies, which replace the 16 trusts and 48 companies which ceased operations





A client has business and personal interests in various countries around the world. We have set up a trust and company structure to hold the assets generated by the business ventures. We look after the business side of his personal affairs making sure that money is available where and when required and that bills are paid day to day allowing him to concentrate on his business activities.

service

Many new clients consult STM Group on the recommendation of existing clients. A sure sign that we exceed the service levels they expect.

figure 1

Date of acquisition	Business acquired	Trusts on acquisition	Companies on acquisition	Trusts at 31 Dec 2007	Companies at 31 Dec 2007
March	STM Fidecs	375	550	393	548
June	Atlas Trust	30	60	30	65
August	Parliament Corporate Services	115	275	112	272
December	Compagnie Fiduciaire	23	—	23	—
Total		**543**	**885**	**558**	**885**

Corporate and Trustee Services ("CTS") continued

during 2007. These figures show an annual attrition rate slightly less than the generally accepted industry average of 10%.

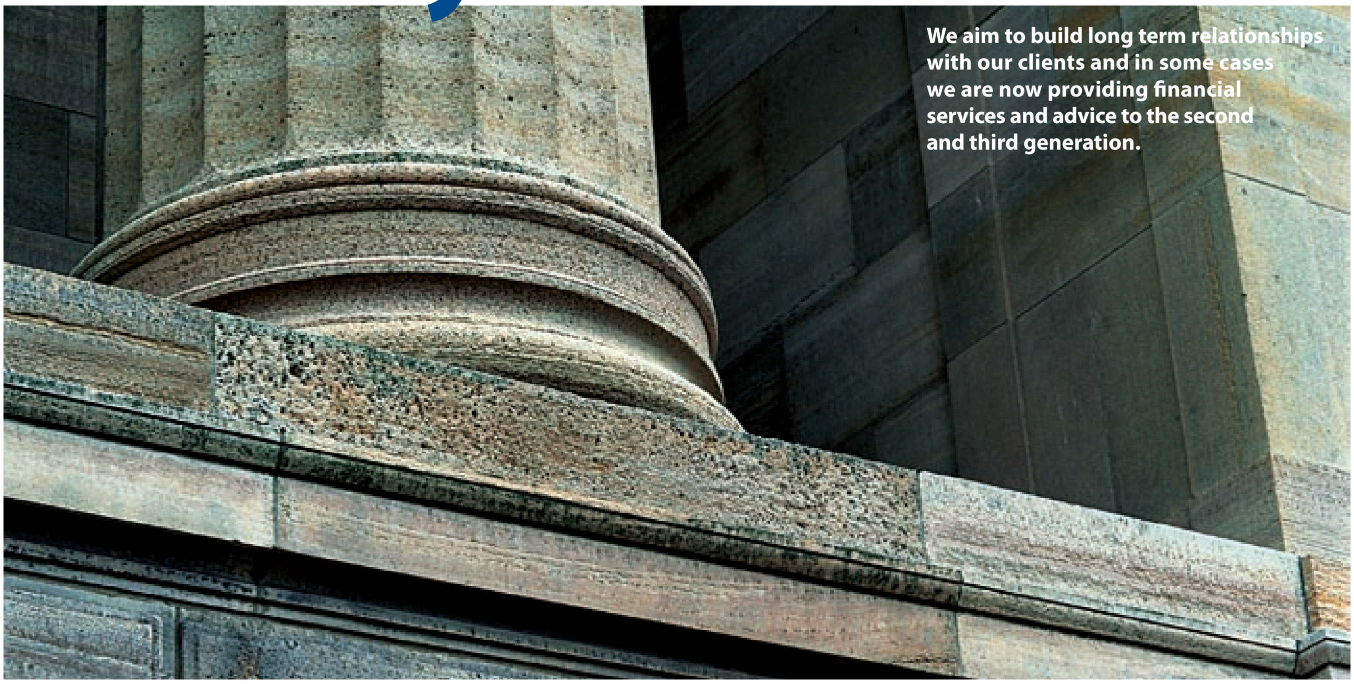
The two bolt-on Gibraltar acquisitions, Atlas and Parliament, added a further £0.2 million and £0.5 million of fee income respectively, since the date of their acquisition, bringing with them a combined total of 145 trusts and 335 companies.

The number of entities on acquisition and at 31 December 2007 were as shown in Figure 1 opposite.

In the same vein, STM Fidecs' core business has continued to grow organically, despite the extra demands placed on its management.

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

stability



Insurance Management ("FIM")

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

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

Other specialisations

TAX AND FINANCIAL ADVISORY

STM operates a number of other complementary divisions, the largest of which is Tax and Financial Advisory. The requirement for international tax and financial advisory services was buoyant throughout 2007, with pro-forma annual income increasing to £0.6 million from £0.3 million in the previous year. Advice given by the division resulted in the establishment of over 20 new entities to be administered by the CTS division. The division has built and is cultivating a broad base of professional intermediaries, reducing STM's dependence on any particular network. As with FIM, our tax planners also invested a considerable amount of time in researching and developing STM Life, where again all development time costs were expensed in 2007.

STM NUMMOS

The re-establishment of STM Nummos, the Group's Spanish subsidiary, was completed during 2007 following the acquisition of the balance of the outstanding shares in the previous year. STM Nummos' business is the provision of legal services, including conveyancing, tax planning, tax and accounting compliance services to expatriates. Fee income for STM Nummos almost doubled to £0.3 million in 2007.

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

PENSIONS

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

A trust was set up for children by their parents. Some years later one of the daughters got married. Unfortunately it was soon discovered that the husband had developed an addiction and was encouraging his wife to participate in substance abuse. The fact that the assets from which she benefitted were held by trustees meant that the assets were protected from them both squandering them to support their habit. The marriage didn't last very long and after the break up the trust monies were used to help the daughter through rehabilitation.

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

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

In line with all CTSP businesses, the Group had accrued income, in the form of work performed for clients but not yet billed at the balance sheet date, of £1.56 million (up from £1.2 million at 30 June 2007). This provides some immediate visibility of billable fees for 2008, a good proportion of which have already been billed in the first two months of the current year.

Trade receivables at the year end of £1.99 million was up from the interim stage (30 June 2007: £1.65 million) due to increased billing from organic growth and the effect of acquisitions in the second half of the year.

Since the year end, cash of approximately £2.4 million has been collected. The Group ended the year with cash of £0.97 million, having spent approximately £7.4 million of cash on acquisitions between 28 March and 31 December 2007. Deferred cash consideration relating to acquisitions made in 2007 of approximately £0.77 million is expected to be paid out of operating cash flow in 2008.

In line with our stated strategy as set out in our AIM Admission Document no dividend has been declared in respect of the period ended 31 December 2007.

Year on year comparators
As stated above, we believe that it is in the best interests of shareholders to provide a commentary upon the trading results for the full year to 31 December 2007 in respect of STM's largest acquisition to date, that of STM Fidecs, albeit based upon annual numbers which will not, in their entirety, form part of the Group's

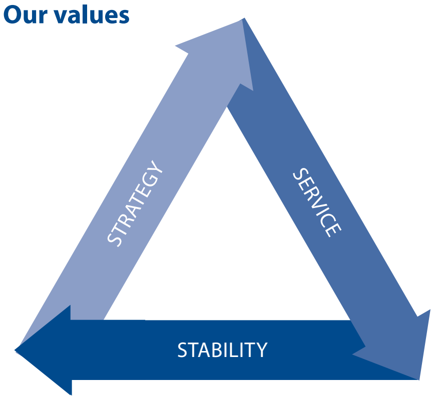
STM Fidecs – full year 2007

+22.5%
increase in turnover
(up to £6.09m from £4.97m in 2006)

+18.1%
increase in profits after tax
(up to £1.96m from £1.66m in 2006)

A long standing trust client had been ill for a number of years. In 2007, and after a period of infirmity, our client sadly passed away. He chose to die on a Spanish island, where he had spent much of his life. At the family's time of grief, we handled the repatriation and assisted in the organisation of an air ambulance. He left a detailed letter of wishes, which enabled us to take care of his children, brother and sister without the need to wait for probate in the various jurisdictions where the assets are held.

Our values



"isosceles" modified

statutory accounts for the current financial period. This will demonstrate the year-on-year organic growth of STM's businesses in spite of STM's own relatively short history.

Accordingly, STM Fidecs' turnover in the full year to 31 December 2007, on a like-for-like basis, stripping out the effect of subsequent acquisitions, was £6.09 million compared to £4.97 million in 2006, an increase of 22.5%. Inclusive of the subsequent acquisitions STM Fidecs' annual turnover in 2007 was £6.83 million, an increase of more than 37% on the previous year. Annual operating profit margin in 2007 grew to 35.3%, up from 32.6% in 2006.

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

Our people

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

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

Today the Group employs over 90 people and I would like to thank each one of them for the contribution they have made to the success of STM in 2007.

Current trading and outlook

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

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

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

TIMOTHY J REVILL
Chief Executive Officer
11 April 2008

DIRECTORS AND SENIOR MANAGEMENT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Directors

1. **Bernard Gallagher FCMA, aged 55**
Non-Executive Chairman
Bernard is currently Company Secretary of Premier Research Group plc ("PRG"), and was its Finance Director on its admission to AIM in December 2004. PRG provides outsourced clinical testing services and has grown organically and by acquisition. Since it joined AIM, PRG has undertaken major acquisitions all of which have been successfully integrated, and its market capitalisation has grown from £16 million to more than £58 million. Bernard has considerable experience of making and then integrating acquisitions and has over 22 years of experience of financial management in a variety of businesses. He is a Fellow of the Chartered Institute of Management Accountants.

2. **Timothy John Revill FCA TEP, aged 57**
Chief Executive Officer
Tim is the founder of what became STM Fidecs ("Fidecs"). He qualified as a Chartered Accountant in 1975 with PKF in London and then moved to their Isle of Man office. In 1978, he established his own professional practice in the Isle of Man and subsequently merged it with another firm. In 1982, he moved to Gibraltar to open the Gibraltar and Spanish offices of this partnership, which he ran until 1989, when he participated in a management buy-out of the Spanish office and established Fidecs. Tim specialises in international financial and tax planning and until 2006 was a member of the BDO Tax Steering Committee and continues to be a member of the BDO Tax Knowledge Sharing Centre of Excellence.
Part of Tim's role as CEO of STM is to manage the acquisition process, including the identification of suitable targets. Tim is also currently a Director of Stan James (Gibraltar) Ltd.

3. **Alan Roy Kentish ACA ACII AIRM, aged 42**
Chief Financial Officer
Alan qualified as a Chartered Accountant in 1989 with Ernst & Whinney, specialising in the financial services industry. In 1993 he moved to Ernst & Young, Gibraltar and shortly afterwards qualified as an Associate of the Chartered Insurance Institute. In 1997, Alan joined Fidecs and set up its insurance management division, FIM. Alan acts as Managing and Technical Director of FIM, which has experienced considerable growth over the last three years and is recognised as the largest insurance manager in Gibraltar. In addition, Alan acts as the CEO of STM Fidecs. Alan sits on the boards of a number of insurance companies, including Admiral Insurance Company (Gibraltar) Limited.

4. **Mark William Denton, aged 47**
Non-Executive Director
Mark is the Managing Director of SMP Partners Limited a company where he has worked for over 20 years and in this time has been responsible for a number of key areas including client services, compliance, operations and human resources. Mark took over the role of Managing Director on 1 January 2007.

5. **Martin James Derbyshire, aged 40**
Non-Executive Director
Martin is the Director of Client Services of SMP Partners Limited which he joined in 1994, initially working as an Accountant, providing book keeping, accounting and taxation services to the international client base of the trust and company administration teams. In 1998 he moved to a role as a direct client relationship manager, providing structuring, company administration, advisory, management and directorship services to entities established for corporate and private clients.

6. **Matthew Graham Wood ACA, aged 34**
Non-Executive Director
Matt graduated with a First Class honours degree in Economics in 1996 from the University of Wales and qualified as a Chartered Accountant in 1999. He subsequently joined the corporate finance department of Beeson Gregory Limited (now Evolution Securities) in 2000, where he advised growing companies on transactions including IPOs, secondary fundraisings, mergers and acquisitions and corporate restructuring. Matt also advised corporate clients on the UK regulatory framework including the Listing Rules of the UKLA, the AIM Rules, the Combined Code and general corporate governance matters.
He left Evolution Securities in April 2006 to become a director and a consultant to a number of private and public companies, including AIM quoted Equity Special Situations Limited and Avarae Global Coins plc.


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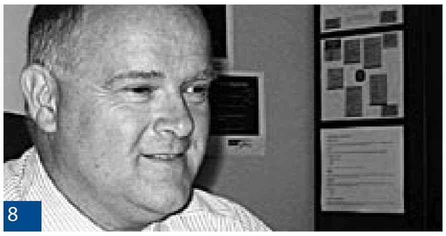
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Key employees

The Directors are supported by the following key employees all of whom are employed within STM Fidecs and STM Nummos:

7. Elizabeth Anne Plummer FCA TEP CTA, aged 53
STM Company Secretary
Liz is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of STEP (the Society of Trust and Estate Practitioners) and a member of the Chartered Institute of Taxation. She is a senior consultant in the field of Trust and Managed Companies and has also been involved in the creation of the new pensions business. Liz has been with Fidecs since its inception, and opened the office in Gibraltar.

8. Pete Yeoman, aged 48
Fidecs Chief Operations Officer & Human Resources Director
Pete joined in 2003 having had a long and successful career with NatWest Bank Plc, the last 10 years of which were in offshore jurisdictions including three years in Gibraltar as their Chief Manager. He has a variety of finance sector related and training qualifications. In 1999 he became a graduate of the Chartered Institute of Personnel Development.

9. Julian Camble, ACA, aged 41
Director of Central Services (Risk Management Officer and Money Laundering Reporting Officer)

10. Bettina Cary, BA, aged 37
Director of Central Services (IT & Administration)

11. Iain Farr, aged 36
Director of Consumer Services Division (Loan Broking)

12. David Frier, ATII, aged 41
Managing Director of International Tax Planning, Expatriate Services & Business

13. Andrew Gardner, TEP, aged 45
Director of Trust & Company Management Division

14. Sebastien Moerman LLM TEP, aged 33
Managing Director of Trust & Company Management Division

15. John Britton, FCA, aged 55
Director of Trust & Company Management Division

16. Harry Roumph, ACII, aged 56
Director of Insurance Management Division

17. Colin Tattersall, FCA, aged 61
Director of Insurance Management Division

18. David Erhardt, ACA, aged 38
Pensions Director

19. Leslie Livens, CTA TEP MIoD, aged 61
Director Atlas Trust Company Limited

20. Irene Barnett, aged 55
Director Bellwether Corporate Services Limited

21. Antonio Canales LLM, aged 33
Director of STM Nummos

22. Mercedes Lynch, aged 46
Director of STM Nummos


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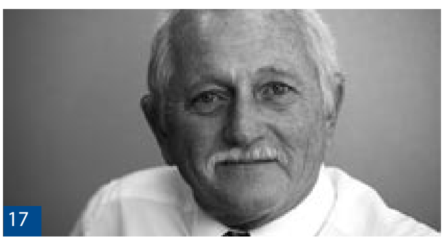
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CORPORATE INFORMATION

Directors

Bernard Gallagher, FCMA
(Non-Executive Chairman)

Timothy John Revill, FCA TEP
(Chief Executive Officer)

Alan Roy Kentish, ACA ACII AIRM
(Chief Financial Officer)

Mark William Denton
(Non-Executive Director)

Martin James Derbyshire
(Non-Executive Director)

Matthew Graham Wood, ACA
(Non-Executive Director)

all of:

Registered Office
PO Box 227
Clinch's House
Lord Street
Douglas
Isle of Man IM99 1RZ
Telephone number +44 (0)1624 626 242

Company Number
114064C

Company Secretary
Elizabeth Anne Plummer, FCA TEP CTA

Advisers

Administrator
SMP Partners Limited
Clinch's House
Lord Street
Douglas
Isle of Man IM99 1RZ

Nominated Adviser and Broker
Daniel Stewart & Company Plc
Becket House
36 Old Jewry
London EC2R 8DD

Consultant to the Company
Combined Management Services Limited
11 Grosvenor Crescent
London SW1X 7EE

Solicitors to the Company as to English law
Memery Crystal LLP
44 Southampton Buildings
London WC2A 1AP

Solicitors to the Company as to Isle of Man law
Dickinson Cruickshank – Advocates & Notaries
33 Athol Street
Douglas
Isle of Man IM1 1LB

Auditors and Reporting Accountants
KPMG Audit LLC
Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN

Registrars
SMP Partners Limited
Clinch's House
Lord Street
Douglas
Isle of Man IM99 1RZ

CREST Service Provider
Computershare Investor Services
(Channel Islands) Limited
31 Pier Road
St. Helier
Jersey JF4 8PW

The Directors of STM Group plc present their Report for the eleven months to 31 December 2007 together with the accounts of the Group and the independent auditors' report for the period. These will be laid before the shareholders at the Annual General Meeting to be held on 14 May 2008.

The Company was incorporated in the Isle of Man as Saunders Limited on 28 July 2005. On 31 October 2006 the Company changed its name to STM Limited, becoming STM Group Limited on 19 March 2007 and STM Group Plc on 22 March 2007.

The Company changed its financial year end from 31 January to 31 December for accounting periods ending in 2007 onwards.

Principal activities and business review

The principal activity of the Group from 28 March 2007 was the provision of corporate and trustee services.

Result and dividends

The profit for the eleven month period of £1,647,000 (31 January 2007 (note 26): £nil)) has been transferred to reserves.

The Board does not recommend the payment of a dividend for the period ended 31 December 2007 (31 January 2007 (note 26): £nil).

Directors

Details of the Directors of the Company who served during the period and to date, and their interests in the shares of the Company were:

Peter Francis Griffin (appointed 7 December 2006 – resigned 22 February 2007)

Michael Thomas Cahill (appointed 7 December 2006 – resigned 22 February 2007)

Mark William Denton (appointed 22 February 2007)

Martin James Derbyshire (appointed 22 February 2007)

Timothy John Revill (appointed 21 March 2007)

Alan Roy Kentish (appointed 21 March 2007)

Bernard Gallagher (appointed 21 March 2007)

Matthew Graham Wood (appointed 21 March 2007)

Timothy Revill has an interest in 7,739,200 ordinary shares – these shares are held by Hearth Investments Limited, the trustee of the Revill Family Settlement, a discretionary settlement of which Timothy Revill is a potential beneficiary.

Alan Kentish has an interest in 2,918,400 ordinary shares – these shares are held in the name of Clifton Participations Inc and form part of the assets of the Perros Trust of which Alan Kentish is a potential beneficiary.

Bernard Gallagher has an interest in 354,073 ordinary shares – these shares are held in the name of STM Fidecs Nominees Limited as nominee for Bernard Gallagher.

In accordance with the Articles of Association Mark Denton and Martin Derbyshire retire as Directors of the Company at the Annual General Meeting and, being eligible, offer themselves for re-election.

Political and charitable donations

The Group's charitable donations for the period amounted to £8,647 (31 January 2007 (note 26): £nil). There were no political contributions in either period.

International Financial Reporting Standards ("IFRS")

These financial statements were prepared under IFRS and interpretations adopted by the International Accounting Standards Board ("IASB").

Substantial interests

Save as disclosed in the table below, the Directors are not aware of any person who directly or indirectly is interested in 3% or more of the issued ordinary share capital of the Company as at 28 March 2008 or any persons who, directly or indirectly, jointly or separately, exercise or could exercise control over the Company.

Issued ordinary share capital of the Company

	At 28 March 2008 %
Hearth Investments Limited	18.31
Equity Special Situations Limited	16.64
Rock Holdings Limited, Arron Banks and Paul Chase-Gardener	9.81
Clifton Participation Inc	6.91
Nightingale Equities Inc	5.44
Silvina Holdings Limited	4.57
Quest Traders Limited	3.33
L Kentish as Trustee of The Crowe & Focus Trusts	3.33
	68.34

Independent auditors

During the period, our Auditors, KPMG Audit LLC, were appointed and being eligible, have expressed their willingness to continue in office in accordance with Section 12(2) Isle of Man Companies Act 1982. A resolution to re-appoint KPMG Audit LLC as independent auditors of the Company and to authorise the Directors to agree their remuneration will be proposed at the Annual General Meeting.

Annual General Meeting

The Notice of the Annual General Meeting to be held on 14 May 2008 is set out on pages 39 and 40 and includes the following special business:

- Increase in authorised share capital
- Directors powers to disapply pre-emption rights
- Authority for company to purchase own shares

By order of the Board

ELIZABETH A PLUMMER
Company Secretary
Clinch's House
Lord Street
Douglas
Isle of Man IM99 1RZ
11 April 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Board is responsible for establishing the strategic direction of the Company, monitoring the Group's trading performance and appraising and executing development and acquisition opportunities. During the year the Company held regular Board meetings in the Isle of Man at which financial and other reports, including reports on acquisition opportunities, were considered and, where appropriate, voted on.

Details of the Directors' beneficial interests in Ordinary Shares is set out in the Directors' Report. The Directors intend to comply with Rule 21 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by any employees of the Company to whom Rule 21 applies. The Company has, in addition, adopted the Share Dealing Code for dealings in its Ordinary Shares by Directors and senior employees.

The Directors recognise the importance of sound corporate governance. The Company intends to comply with the QCA Guidelines so far as is practicable and appropriate for a public company of its size and nature.

The Board has established an Audit Committee and a Remuneration Committee, both with formally delegated duties and responsibilities. The Audit Committee comprises Bernard Gallagher, as the Chairman, and Matthew Wood, and the Remuneration Committee comprises Matthew Wood, as the Chairman, and Bernard Gallagher.

The terms of reference for the Audit Committee provide that it will receive and review reports from the Company's management and the Company's auditors relating to the annual and interim accounts and the accounting and internal control systems in use throughout the Group.

The terms of reference for the Remuneration Committee provide that it will review the scale and structure of the Executive Directors' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the Non-Executive Directors will be set by the Board. No Director may participate in any meeting at which discussion or decision regarding his own remuneration takes place. The Remuneration Committee will also administer the long term incentive plan ("LTIP") awards and set any performance criteria thereunder.

The Directors have set up a Risk Management Committee comprising the CEO, CFO, STM Fidecs COO and the STM Fidecs Group Risk Management Officer ("RMO"). The Committee has delegated the review of the risks applicable to the business and the actions required to reduce those risks to the RMO and his team. Regular reports of the status of this review have been provided to the Board.

The Directors do not consider that, given the size of the Board, it is appropriate at this stage to have a Nomination Committee.

Director

	Remuneration (9 months)	Notes
Executive Directors		
Timothy Revill	£90,000	a,b
Alan Kentish	£90,000	a,b
Non-Executive Directors		
Bernard Gallagher	£22,500	c
Matthew Wood	£15,000	b,d
Mark Denton	£3,918	b,e
Martin Derbyshire	£3,918	b,e

Notes

a. The Executive Directors are also each entitled to a bonus of £30,000 as at 31 December 2007.

b. No Directors receive any benefits in the form of either pension contributions or share based incentives.

c. Bernard Gallagher has opted to take his remuneration in the form of new shares in STM.

d. ABT Associates Consulting Limited invoices the Company for the Director services provided by Matthew Wood.

e. SMP Partners Limited invoices the Company for the Director services provided by Mark Denton and Martin Derbyshire.

We have audited the financial statements of STM Group Plc for the period from 1 February 2007 to 31 December 2007 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets and Statements of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable company law and International Financial Reporting Standards are set out in the Statement of Directors' Responsibilities on page 14.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Isle of Man Companies Acts 1931 to 2004. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' transactions with the Company is not disclosed.

We read the Directors' Report and any other information accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements or inconsistencies within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing issued by the UK Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Group and Company's affairs as at 31 December 2007 and of the Group's result for the period from 1 February 2007 to 31 December 2007;
- the financial statements have been properly prepared in accordance with the Isle of Man Companies Act 1931 to 2004; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG AUDIT LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN
11 April 2008

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD FROM 1 FEBRUARY 2007 TO 31 DECEMBER 2007

	Notes	**Period from 1 February 2007 to 31 December 2007 £000**	(note 26) Period from incorporation to 31 January 2007 £000
Revenue	7	**5,292**	—
Administrative expenses	8	**(3,520)**	—
Operating profit	9	**1,772**	—
Share of profit of associate	13	**12**	—
Profit on ordinary activities before taxation		**1,784**	—
Taxation	10	**(137)**	—
Profit on ordinary activities after taxation		**1,647**	—
Dividends		**—**	—
Retained profit for the period		**1,647**	—
Earnings per share basic (pence)	17	**5.3**	—
Earnings per share diluted (pence)	17	**5.2**	—

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

The notes on pages 23 to 38 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	31 December 2007 £000	31 January 2007 £000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**503**	—
Intangible assets	12	**15,184**	—
Investments in associates	13	**40**	—
Other investments		**34**	—
Total non-current assets		**15,761**	—
Current assets			
Accrued income		**1,558**	—
Trade and other receivables	14	**3,219**	300
Cash and cash equivalents	15	**971**	—
Total current assets		**5,748**	300
Total assets		**21,509**	300
EQUITY			
Called up share capital	16	**38**	6
Share premium account	16	**15,898**	294
Reserves		**1,579**	—
Total equity attributable to equity shareholders		**17,515**	300
LIABILITIES			
Current liabilities			
Trade and other payables	18	**3,994**	—
Total liabilities and equity		**21,509**	300

The financial statements on pages 18 to 38 have been approved by the Board of Directors and signed on its behalf by:

T.J. REVILL
Chief Executive Officer
11 April 2008

A.R. KENTISH
Chief Financial Officer

The notes on pages 23 to 38 are an integral part of these consolidated financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	31 December 2007 £000	31 January 2007 £000
ASSETS			
Non-current assets			
Investments in subsidiaries and associates	6 & 13	**14,267**	—
Total non-current assets		**14,267**	—
Current assets			
Trade and other receivables	14	**1,578**	300
Cash and cash equivalents	15	**91**	—
Total current assets		**1,669**	300
Total assets		**15,936**	300
EQUITY			
Called up share capital	16	**38**	6
Share premium account	16	**15,898**	294
Reserves		**(198)**	—
Total equity attributable to equity shareholders		**15,738**	300
LIABILITIES			
Current liabilities			
Trade and other payables	18	**198**	—
Total liabilities and equity		**15,936**	300

The financial statements on pages 18 to 38 have been approved by the Board of Directors and signed on its behalf by:

T.J. REVILL
Chief Executive Officer
11 April 2008

A.R. KENTISH
Chief Financial Officer

The notes on pages 23 to 38 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD FROM 1 FEBRUARY 2007 TO 31 DECEMBER 2007

	Period ended 31 December 2007 £000	(note 26) Period from incorporation to 31 January 2007 £000
Reconciliation of operating profit to net cash flow from operating activities		
Profit for the period before tax	1,784	—
Adjustments for:		
Profit on sale of investments	(9)	—
Depreciation	67	—
Share of associate profits	(12)	—
Shares issued for services performed	22	—
Taxation paid	(3)	—
Increase in trade and other receivables	(2,919)	—
Increase in accrued income	(1,558)	—
Increase in trade and other payables	3,860	—
Net cash from operating activities	1,232	—
Investing activities		
Acquisition of property, plant and equipment	(570)	—
Acquisition of treasury shares	(68)	—
Acquisition of investments – cash consideration	(7,747)	—
Cash acquired as part of acquisitions	1,182	—
Net cash used in investing activities	(7,203)	—
Cash flows from financing activities		
Cash consideration from shares issued net of issuance costs	6,942	—
Net cash from financing activities	6,942	—
Increase in cash and cash equivalents	971	—
Analysis of cash and cash equivalents during the period		
Balance at start of period	—	—
Increase in cash and cash equivalents	971	—
Balance at end of period	971	—

The notes on pages 23 to 38 are an integral part of these consolidated financial statements.

STATEMENT OF COMPANY CHANGES IN EQUITY
FOR THE PERIOD FROM 1 FEBRUARY 2007 TO 31 DECEMBER 2007

	Share capital £000	Share premium £000	Profit & loss reserve £000	Total £000
At incorporation (note 26)	—	—	—	—
Shares issued in the period	6	294	—	300
At 31 January 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**

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY
FOR THE PERIOD FROM 1 FEBRUARY 2007 TO 31 DECEMBER 2007

	Share capital £000	Share premium £000	Profit & loss reserve £000	Treasury shares £000	Total £000
At incorporation (note 26)	—	—	—	—	—
Shares issued in the period	6	294	—	—	300
At 31 January 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**

The notes on pages 23 to 38 are an integral part of these consolidated financial statements.

1. Reporting entity

STM Group Plc (the "Company") is a company domiciled in the Isle of Man and was admitted to the Alternative Investment Market ("AIM") 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 period ended 31 December 2007 comprise the Company and its subsidiaries (see note 24) (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.

The financial statements were approved by the Board of Directors on 11 April 2008.

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.

3. Significant accounting policies continued

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 profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit & loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

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.

3. Significant accounting policies continued

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 19 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 no 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

STM Fidecs Limited

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

	Pre-acquisition carrying value £000	Fair value adjustments £000	Recognised value on acquisition £000
Property, plant and equipment	432	—	432
Investments	18	—	18
Accrued income	885	—	885
Trade and other receivables	2,682	—	2,682
Cash and cash equivalents	770	—	770
Trade and other payables	(1,612)	—	(1,612)
Loans and borrowings	(1,333)	—	(1,333)
Net identifiable assets	1,842	—	1,842
Goodwill on acquisition			12,083
Consideration paid – including costs			13,925
Consideration paid in cash			6,625
Cash acquired			(770)
Net cash outflow			5,855

STM Fidecs Limited and its subsidiaries have generated £4,556,000 of revenue since being acquired until 31 December 2007.

6. Acquisition of subsidiaries continued

Atlas Trust Company Limited

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

	Pre-acquisition carrying value £000	Fair value adjustments £000	Recognised value on acquisition £000
Trade and other receivables	145	—	145
Cash and cash equivalents	98	—	98
Trade and other payables	(158)	—	(158)
Net identifiable assets	85	—	85
Goodwill on acquisition			580
Consideration paid and deferred – including costs			665
Consideration paid in cash			207
Cash acquired			(98)
Net cash outflow			109

Atlas Trust Company Limited and it's subsidiaries have generated £202,000 of revenue since being acquired until 31 December 2007.

Parliament Corporate Services Limited

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

	Pre-acquisition carrying value £000	Fair value adjustments £000	Recognised value on acquisition £000
Property, plant and equipment	41	—	41
Accrued income	33	—	33
Trade and other receivables	142	—	142
Cash and cash equivalents	238	—	238
Trade and other payables	(404)	—	(404)
Net identifiable assets	50	—	50
Goodwill on acquisition			2,250
Consideration paid and deferred – including costs			2,300
Consideration paid in cash			575
Cash acquired			(238)
Net cash outflow			337

Parliament Corporate Services Limited and it's subsidiaries have generated £534,000 of revenue since being acquired until 31 December 2007.

Compagnie Fiduciaire Trustees Limited

On 28 December 2007 STM Group Plc acquired 100% of the issued equity of Compagnie Fiduciaire Trust Limited ("CFTL") a company incorporated in Jersey. The results for the period since acquisition are included within the consolidated results. The acquisition had the following effect on the assets and liabilities of STM Group Plc at acquisition.

	Pre-acquisition carrying value £000	Fair value adjustments £000	Recognised value on acquisition £000
Investments	14	—	14
Trade and other receivables	149	—	149
Cash and cash equivalents	76	—	76
Trade and other payables	(170)	—	(170)
Net identifiable assets	69	—	69
Goodwill on acquisition			271
Consideration paid and deferred – including costs			340
Consideration paid in cash			340
Cash acquired			(76)
Net cash outflow			264

CFTL has generated £nil revenue since being acquired until 31 December 2007.

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 2007 £000	(note 26) 31 January 2007 £000
Revenue from administration of assets	**5,292**	—
Total revenues	**5,292**	—

8. Administrative expenses

Included within administrative expenses are personnel costs as follows:

	31 December 2007 £000	(note 26) 31 January 2007 £000
Wages and salaries	**2,224**	—
Social insurance costs	**86**	—
Pension contributions	**45**	—
Equity settled share based payments	**22**	—
Total personnel expenses	**2,377**	—

9. Operating profit

Operating profit of £1,772,000 (31 January 2007 (note 26): £nil), was arrived at after charging/(crediting) the following to the income statement:

	31 December 2007 £000	(note 26) 31 January 2007 £000
Depreciation	**67**	—
Directors' remuneration including bonuses	**285**	—
Auditors' remuneration	**46**	—
Profit on sale of investments	**(9)**	—
Shares issued for services rendered	**22**	—
Operating lease rentals	**207**	—
Foreign exchange losses	**3**	—
Pensions	**45**	—

10. Income tax expense

	31 December 2007 £000	(note 26) 31 January 2007 £000
Current tax expense	**137**	—
Total tax expense	**137**	—

Reconciliation of existing tax rate

	Tax rate	**31 December 2007 £000**	Tax rate	(note 26) 31 January 2007 £000
Profit for the period		**1,647**		—
Total income tax expense		**137**		—
Profit excluding income tax		**1,784**		—
Income tax using the Company's domestic rate	0%	**—**	0%	—
Effect of tax rates in other jurisdictions	33%	**137**		—
Total tax expense		**137**		—

The subsidiaries acquired that are based in Gibraltar are subject to a tax rate of 33% of taxable profits.

11. Property, plant and equipment

Group	Office equipment £000	Motor vehicles £000	Leasehold improvements £000	Total £000
Costs				
As at 1 February 2007	—	—	—	—
Acquired on acquisition at net book value	172	6	296	474
Additions at cost	96	—	—	96
As at 31 December 2007	**268**	**6**	**296**	**570**
Depreciation				
As at 1 February 2007	—	—	—	—
Charge for the period	34	1	32	67
As at 31 December 2007	**34**	**1**	**32**	**67**
Net book value				
As at 31 December 2007	**234**	**5**	**264**	**503**
As at 31 January 2007	—	—	—	—

STM Group Plc, the Company, holds no property, plant or equipment.

12. Intangible assets

Group	Goodwill £000
Cost	
Balance as at 1 February 2007	—
Acquisitions through business combinations	15,184
Balance at 31 December 2007	**15,184**
Amortisation and impairment	
Balance as at 1 February 2007	—
Acquisitions through business combinations	—
Balance at 31 December 2007	**—**
Carrying amounts	
At 1 February 2007	—
At 31 December 2007	**15,184**

12. Intangible assets continued

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 at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	31 December 2007 £000	31 January 2007 £000
Operations dealing with the administration of clients' assets	**15,184**	—
Total goodwill recognised	**15,184**	—

All goodwill relates to the recent acquisitions made during the period from 1 February to 31 December 2007, and reflects the difference between identifiable net asset value of those acquisitions and total consideration incurred for those acquisitions (see note 6). The impairment review was carried out by assessing whether the acquisitions had performed as expected since the time of the purchase and whether there are any known factors that would affect the profit performance of these acquisitions for the foreseeable future.

13. Investment in associate

The Group's share of profit in its equity accounted investees for the period was £12,000 (31 January 2007 (see note 26): £nil). The Group's share of net assets of its equity accounted investee as at 31 December 2007 recognised in the consolidated financial statements amounted to £40,000 (31 January 2007: £nil).

	Ownership	Total assets £000	Total liabilities £000	Revenue £000	Expenses £000
1 February 2007	—	—	—	—	—
Year ending 31 December 2007					
Venture Media Ltd	25%	1,112	(952)	329	(220)

During the period, as a result of the acquisition of Fidecs Group Limited on 28 March 2007, the Company acquired a 25% stake in Venture Media Limited, a company based in Gibraltar providing media agency services to a number of clients. The Board do not consider that they control the Board of Directors of Venture Media Limited.

14. Trade and other receivables

Group

	31 December 2007 £000	31 January 2007 £000
Other receivables due from related parties	**640**	—
Trade receivables	**1,985**	—
Other receivables	**594**	300
	3,219	300

Company

	31 December 2007 £000	31 January 2007 £000
Trade receivables due from related parties	**1,379**	—
Other receivables	**199**	300
	1,578	300

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.

15. Cash and cash equivalents

Group

	31 December 2007 £000	31 January 2007 £000
Bank balances	**971**	—
Cash and cash equivalents in the statement of cash flow	**971**	—

Company

	31 December 2007 £000	31 January 2007 £000
Bank balances	**91**	—
Cash and cash equivalents in the statement of cash flow	**91**	

16. Capital and reserves

	31 December 2007 £000	31 January 2007 £000
Authorised		
50,000,000 ordinary shares of £0.001 each	**50**	50
Called up, issued and fully paid		
37,542,274 ordinary shares of £0.001 each (31 January 2007: 5,600,000 ordinary shares of £0.001 each)	**38**	6

Treasury shares

The Treasury shares relate to those share purchases made by the STM Group EBT for allocation to executives under the terms of the long term incentive plan. The Trustees held 101,111 shares at 31 December 2007, amounting to £68,000 (31 January 2007: £nil).

Share premium

During the period 31,942,274 shares were issued for a total share premium of £16,146,558. Costs of £179,000 and AIM listing costs of £363,000 have been deducted from the share premium account.

17. Earnings per share

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

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

Weighted average number of shares	31,143,626
Dilutive share incentive plan, options and contingent consideration shares	586,824
Diluted	31,730,450

18. Trade and other payables

Group

	31 December 2007 £000	31 January 2007 £000
Loans from related parties	**1,333**	—
Deferred income	**384**	—
Trade payables	**327**	—
Corporation tax	**134**	—
Deferred and contingent consideration	**904**	—
Other creditors and accruals	**912**	—
	3,994	—

Company

Trade and other payables

	31 December 2007 £000	31 January 2007 £000
Owed to related undertakings	**46**	—
Other creditors and accruals	**152**	—
	198	—

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

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 £384,000 as at 31 December 2007.

Deferred and contingent consideration

Under the terms of the acquisition of Atlas Trust Company Limited and related companies an additional £137,500 is payable, subject to no claims under the warranty provisions, and an additional amount of up to a maximum of £100,000, of which 60% is payable in cash and 40% in new shares, is due if certain targets are achieved. Both amounts are due for payment during 2008.

Under the terms of the acquisition of Parliament Corporate Services Limited an additional £575,000 is payable subject to no claims under the warranty provisions during 2008 and is payable 15 months after completion.

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 on certain targets being achieved.

The Group's exposure to liquidity risk related to trade and other payables is described in note 19.

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 2007 £000	31 January 2007 £000
Trade and other receivables	**3,219**	—
Cash and cash equivalents	**971**	—
	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 2007.

Impairment losses on trade receivables

The ageing of the Group's trade receivables at the reporting date was:

	Gross receivables 31 December 2007 £000	**Impairment 31 December 2007 £000**	Gross receivables 31 January 2007 £000	Impairment 31 January 2007 £000
Not past due	**894**	**—**	—	—
Past due 0–30 days	**176**	**—**	—	—
Past due 31–120 days	**289**	**—**	—	—
More than 120 days past due	**842**	**(216)**	—	—
	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 2007 £000	31 January 2007 £000
Balance at start of period	**—**	—
Impairment loss recognised	**216**	—
Balance at end of period	**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.

19. Financial instruments continued

Liquidity risk

The following are the Group's contractual maturity liabilities, including estimated interest payments where applicable, and excluding the impact of netting arrangements.

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**

There were no contractual liabilities as at 31 January 2007.

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 2007 £000	31 January 2007 £000
Less than one year	**299**	—
Between one year and five years	**1,102**	—
More than five years	**2,381**	—
	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 16 years.

21. Capital commitments

The Group had no capital commitments as at 31 December 2007 (£nil – 31 January 2007).

22. Related parties

Transactions with key management personnel

Compensation

Key management compensation comprised:

- Short-term employee benefits
- Post-employment benefits
- Share-based payments

Key management personnel and Director transactions

Trusts and related parties connected to the Directors held 29.33% of the voting shares of the Company as at 31 December 2007.

Other related party transactions

As more fully explained in note 18, a loan of £1,333,000 has been provided to the Group by Equity Special Situations Limited, which is also a shareholder.

The Group also leases its main premises from a company that is owned by three shareholders and two Directors of the Company. Rental costs of such premises are £207,000 per annum, of which £nil was outstanding at 31 December 2007.

The Group provided administration services to Gold Management Limited a company partly owned by Louise Kentish, spouse of Alan Kentish a Director of the Company. These services amounted to £6,000 for the period to 31 December 2007, of which £nil was outstanding at 31 December 2007.

The Group provides services to subsidiaries of Rock Holdings Limited, a shareholder of the Company. These services amounted to £260,000 during the period, of which £nil was outstanding at 31 December 2007.

The Group provides services to Nightingale Equities Inc, a shareholder of the Group. These services amounted to £2,000 for the period, of which £nil was outstanding at 31 December 2007.

SMP Partners Limited, formerly Fortis Intertrust (IOM) Limited, of which Mark Denton and Martin Derbyshire are shareholders, charged the Company £20,321 for services rendered during 2007, of which £nil was outstanding at 31 December 2007.

ABT Associates Consulting Limited, of which Matthew Wood is a shareholder, charged the Company £15,000 for services rendered during 2007, of which £nil was outstanding at 31 December 2007.

The Group provided administration services to Retire to the Sun Limited, a company owned by five shareholders and two directors of the Company. Such services amounted to £35,000 for 2007, of which £35,000 was outstanding at 31 December 2007.

All services relating to the above transactions were carried out by the Group on an arm's length basis.

23. 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 2007 no shares were appointed to a specific individual as this was the first year the scheme was in place. During the period the trustees purchased 101,111 STM Shares on the market in anticipation of making awards relating to the 2007 performance conditions which will vest in 2009.

24. Group entities

Principal subsidiaries

As at 31 December 2007 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 January 2007	Activity
STM Fidecs Limited	Isle of Man	100% directly	—	Holding Company
STM Fidecs Management Limited	Gibraltar	100% indirectly	—	Administration of clients' assets
STM Fidecs Insurance Management Limited	Gibraltar	100% indirectly	—	Administration of clients' assets
STM Fidecs Advisory Limited	Gibraltar	100% indirectly	—	Administration of clients' assets
STM Fidecs Pension Administration Limited	Gibraltar	100% indirectly	—	Administration of clients' assets
STM Fidecs Trust Company Limited	Gibraltar	100% indirectly	—	Administration of clients' assets
STM Fidecs Central Services Limited	Gibraltar	100% indirectly	—	Services and Administration
STM Fidecs Pension Trustees Limited	Gibraltar	100% indirectly	—	Administration of clients' assets
Atlas Trust Company Limited	Gibraltar	100% indirectly	—	Administration of clients' assets
Parliament Corporate Services Limited	Gibraltar	100% indirectly	—	Administration of clients' assets
STM Fidecs Consumer Services Limited	Jersey	100% indirectly	—	Administration of clients' assets
Compagnie Fiduciaire Trustees Limited	Jersey	100% directly	—	Administration of clients' assets
STM Nummos SL	Spain	100% indirectly	—	Administration of clients' assets
STM (BVI) Limited	BVI	100% directly	—	Intellectual property holding company

25. Subsequent events

Bellwether Corporate Services Limited

In January 2008, STM Fidecs Limited incorporated a new subsidiary Bellwether Corporate Services Limited to manage a portfolio of clients purchased from Jordans Gibraltar. The cost of the portfolio was £224,243 of which £171,683 was payable on completion and the balance is payable six months from completion subject to any deductions required under the warranty provisions of the sale and purchase agreement.

STM Life Assurance PCC plc

In March 2008 STM Life Assurance PCC Plc obtained its insurance licence and commenced writing life assurance business.

Placing of further shares by STM Group plc

In March 2008 a fundraising exercise raised £2.8m before costs, by issuing 4.7 million shares at 60 pence.

26. Comparative period

The comparative period is for the period from 28 July 2005 (date of incorporation) to 31 January 2007. During this period the Company was dormant.

Notice is hereby given that the Annual General Meeting of the Company will be held on 14 May 2008 at 12 noon at Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ for the purpose of considering and, if thought fit, passing the following resolutions:

Ordinary resolutions

1. THAT the accounts for the period ended 31 December 2007 and the reports of the Directors and auditors thereon be approved and adopted.
2. THAT Mark Denton, who has retired from office by rotation in accordance with Article 92.2 of the Company's Articles of Association, be reappointed as a Director of the Company.
3. THAT Martin Derbyshire, who has retired from office by rotation in accordance with Article 92.2 of the Company's Articles of Association, be reappointed as a Director of the Company.
4. THAT KPMG AUDIT LLC be reappointed as auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the Annual General Meeting held in 2009 and that the Directors be authorised to agree the remuneration of the auditors.
5. THAT the authority set out in Article 3.4 of the Company's Articles of Association be renewed in that the Directors shall have the power and authority (without the need for any further sanction) to offer, allot (with or without conferring a right of renunciation), issue, grant options over or otherwise deal with or dispose of authorised and unissued shares in the capital of the Company to such persons, at such times and generally on such terms as the Directors may decide PROVIDED THAT such power and authority shall be limited to an aggregate nominal amount (including allotments of shares for cash and for consideration other than cash) of £21,129 representing 50% of the issued share capital of the Company, such authority to expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company held in 2009 or the date falling 15 months from the date of the passing of this Resolution except that the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors of the Company may allot Ordinary Shares pursuant to such an offer or agreement as if the authority conferred hereby had not expired and provided that any authority to allot shall be in substitution for and supersede or revoke any earlier such authority conferred on the Directors to the extent utilised. No share may be issued at a discount.

Special resolutions

1. THAT the Directors be and they are hereby empowered to allot equity securities for cash as if Article 3.7 of the Company's Articles did not apply to any such allotment pursuant to the general authority conferred on them by Resolution 5 above (as varied from time to time by the Company in General Meeting) PROVIDED THAT such power shall be limited to:

   (a) the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as may be) to the respective amounts of equity securities held by them subject only to such exclusions or other arrangements as the Directors may consider appropriate to deal with fractional entitlements or legal or practical difficulties under the laws of or the requirements of any recognised regulatory body in any territory or otherwise; and

   (b) the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to an aggregate nominal amount of £8,452 representing 20% of the issued share capital of the Company.

   and the power hereby conferred shall expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company held in 2009 or the date falling 15 months from the date of the passing of this Resolution unless such power is renewed or extended prior to or at such meeting except that the Company may before the expiry of any power contained in this Resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

2. THAT the Directors be and they are hereby empowered to enter into contracts to make market purchases, within the meaning of section 13 of the Companies Act 1992, of ordinary shares of £0.001 each in the capital of the Company, and where such shares are held in treasury, the Company may use them for the purposes of its employees' share schemes provided that:

   (a) the maximum aggregate number of ordinary shares authorised to be purchased is up to 5% of the issued ordinary share capital;

   (b) the minimum price which may be paid for each ordinary share be no less than an amount equal to 85% of the average of the middle market quotations as derived from the stock exchange daily official list for the five business days immediately preceding the day on which the ordinary share is purchased; and

   (c) the maximum price, inclusive of expenses, which may be paid for each ordinary shares be an amount equal to 105% of the average of the middle market quotations as derived from the stock exchange daily official list for the five business days immediately preceding the day on which the ordinary share is purchased.

   And the power hereby conferred shall expire on whichever is the earliest of the conclusion of the Annual General Meeting of the Company held in 2009 or the date falling 15 months from the date of the passing of this Resolution 2 unless such power is renewed or extended prior to or at such meeting except that the Company may before the expiry of any power contained in the Resolution 2 make a contract which would or might be executed wholly or partly after the expiry, and may make a purchase of ordinary shares under that contract.

3. THAT the authorised share capital of the Company be increased from £50,000 divided into 50,000,000 Ordinary Shares of £0.001 each to £100,000 divided into 100,000,000 Ordinary Shares of £0.001 each by the addition of 50,000,000 Ordinary Shares of £0.001 each.

By order of the Board

ELIZABETH A PLUMMER
Company Secretary
Clinch's House
Lord Street
Douglas
Isle of Man IM99 1RZ
11 April 2008

Notes:
A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of that member. A proxy need not be a member of the Company. A form of proxy is enclosed. Proxy forms must be returned by post or by hand to the office of the CREST service providers, Computershare Investor Services (Channel Islands) Limited, PO Box 83, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW not less than 48 hours before the time of holding of the meeting.

Printed on Revive 100 Uncoated, which is produced using 100% de-inked post-consumer waste recycled fibre at a mill that has been awarded the ISO14001 certificate for environmental management.

The pulp is bleached using an elemental chlorine free (ECF) process.

STM Group Plc
PO Box 227
Clinch's House
Lord Street
Douglas
Isle of Man IM99 1RZ
Tel: 01624 626242