



MILESTONE GROUP PLC

RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2010

Milestone Group PLC (“Milestone” or the “Group”), the AIM quoted (AIM:MSG) provider of digital media and technology solutions, announces its results for the six months ended 31 March 2010.

HIGHLIGHTS

- Revenue generated for the first time by the new digital solutions team
- Investment of £0.163 million made in JumpStart Wireless Inc and Ve Interactive Ltd (year ended 30 September 2009 investments: nil)
- Trade and other payables (excluding loans) reduced to £0.318 million (year ended 30 September 2009 trade and other payables (excluding loans): £0.373 million)
- Board exploring further fundraising and new business opportunities in line with previous statements
- In the six months to 31 March 2010, £0.584 million raised through share issues and loans, showing continued shareholder support, with all new share issues for cash being at above the market price at the time of issue
- Board strengthened with the appointments of Guy van Zwanenberg as Finance Director and Mark Hargreaves as a non-executive Director

Deborah White, Chief Executive, said:

“This is an exciting time for Milestone. All the hard work in restructuring the Group is starting to impact positively on the business. We are starting to see the first of the revenue streams coming through and our investments into new patented technology have enhanced our service offering. We continue to work towards creating shareholder value through the conversion of the new business opportunities we continue to see.”

For further information:

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CHIEF EXECUTIVE'S STATEMENT

The six months since our last report has seen the consolidation of efforts made in 2009 to reposition Milestone from the old analogue media businesses into a digital solutions agency with a focus on web and mobile applications.

The Board has been, and continues to focus on bringing stability to the business by attracting key individuals and cultivating strategic alliances to help harness and deliver revenues to the business. As detailed in our annual accounts for the year ended 30 September 2009, following our year end the Company entered into strategic agreements and made investments in JumpStart Wireless and Ve Interactive. Whilst it has taken longer than expected to generate sales, in the period ended 31 March 2010 we did generate our first sales. Since the end of March 2010 we have completed a number of projects and we have developed a pipeline of opportunities which we are focused on converting into revenue.

In addition, our Board has been strengthened with the appointments of Guy van Zwanenberg as Finance Director in December 2009 and Mark Hargreaves as a non-executive Director in April 2010. Since the end of March, Jeff Zie has also joined the team as Chief Operating Officer and is leading our sales initiative.

A key focus has and continues to be on managing our trade creditor position and during the six month period ended 31 March 2010 we raised additional funds through new subscriptions of £0.248 million (with all cash issues at above market price) and new loans of £0.336 million to provide working capital and to reduce our trade and other payables (excluding loans). In addition, the Company also converted £0.143 million of liabilities into shares during the period. This enabled the Company to reduce trade and other payables (excluding loans) from £0.373 million as at 30 September 2009 to £0.318 million as at 31 March 2010. The Company continues to actively manage its liabilities and further fundraisings are likely to be required in the short term to enable the Company to meet its liabilities and to provide additional working capital. As such, the Company is reliant on its ability to manage the timing of settlement of its liabilities and to raise further funds going forward.

Although this has been a difficult trading period, we are seeing demand for our services growing steadily and I would like to thank the team and our shareholders for supporting us during this time.

Deborah White
Chief Executive Officer

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CONSOLIDATED INCOME STATEMENT

	Unaudited six months ended 31 March 2010	Unaudited six months ended 31 March 2009	Audited year ended 30 Sept 2009
	£	£	£
Revenue	7,990	-	-
Cost of sales	-	-	-
Gross profit	7,990	-	-
Other operating income	-	11,830	9,268
Administrative expenses	(347,045)	(170,292)	(392,664)
	<u>(347,045)</u>	<u>(158,462)</u>	<u>(383,396)</u>
Loss from operations	(339,055)	(158,462)	(383,396)
Finance expense	(37)	-	-
Finance income	3	18	20
Loss before taxation	(339,089)	(158,444)	(383,376)
Taxation expense	-	-	-
Loss from continuing operations	(339,089)	(158,444)	(383,376)
Profit/(loss) on discontinuing operations	-	(8,626)	(8,626)
Loss for period	(339,089)	(167,070)	(392,002)
Attributable to equity shareholders of the parent	(339,089)	(167,070)	(392,002)

There were no recognised income and expense items (2009: nil) other than those reflected in the above income statement.

Comparatives for the 6 months ended 31 March 09 have been restated to reflect the change in presentation of discontinuing operations adopted in the year ended 30 September 2009 statutory accounts.

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CONSOLIDATED BALANCE SHEET

	Note	Unaudited six months ended 31 March 2010	Unaudited six months ended 31 March 2009	Audited year ended 30 Sept 2009
		£	£	£
Non-current Assets				
Property, plant & equipment		924	-	-
Investments		162,824	-	-
		163,748	-	-
Current Assets				
Trade and other receivables		39,078	75,836	2,462
Cash and cash equivalents		95,272	1,792	10,325
		134,350	77,628	12,787
Current Liabilities				
Bank overdrafts		-	-	-
Trade and other payables	4	(654,860)	(513,755)	(423,424)
		(654,860)	(513,755)	(423,424)
Net Assets / (Liabilities)		(356,762)	(436,127)	(410,637)
Capital and reserves attributable to equity holders of the company				
Share capital	5	106,586	2,808,252	88,298
Share premium account		8,852,100	8,247,152	8,479,824
Merger reserve		11,119,585	11,119,585	11,119,585
Capital Redemption Reserve		2,732,904	-	2,732,904
Retained losses		(23,167,937)	(22,611,116)	(22,831,248)
Total Equity		(356,762)	(436,127)	(410,637)

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CONSOLIDATED CASH FLOW STATEMENT

	Unaudited six months ended 31 March 2010	Unaudited six months ended 31 March 2009	Audited year ended 30 Sept 2009
	£	£	£
Loss for the period	(339,089)	(167,070)	(392,002)
Adjustments for:			
Depreciation of tangible assets	182	-	-
Profit on disposal of property, plant and equipment	-	-	(597)
Net bank and other interest charges	34	-	10
Issue of share options	2,400	-	4,800
Net loss before changes in working capital	(336,473)	(167,070)	(387,789)
Decrease/(increase) in trade and other receivables	(36,615)	19,690	68,690
(Decrease)/increase in trade and other payables	88,499	(122,364)	(89,284)
Cash from operations	(284,589)	(269,744)	(408,383)
Interest received	3	-	20
Interest paid	(37)	-	(30)
Net cash flows from operating activities	(284,623)	(269,744)	(358,393)
Investing Activities			
Purchase of Investments	(162,824)	-	-
Purchase of property, plant and equipment	(1,106)	-	-
Sales proceeds of property, plant and equipment	-	-	597
Net cash flows used in investing activities	(163,930)	-	597
Financing Activities			
Issue of ordinary share capital	247,500	241,596	356,500
Repayment of loan	-	-	(10,000)
New loans raised	286,000	8,375	60,000
Net cash flows from financing activities	533,500	249,971	406,500
Net decrease in cash	84,947	(19,773)	(1,296)
Cash and cash equivalents at beginning of period	10,325	11,621	11,621
Cash and cash equivalents at end of period	95,272	(8,152)	10,325

Comparatives for the 6 months ended 31 March 2009 have been restated to reflect the change in presentation of the consolidated cash flow statement adopted in the year ended 30 September 2009 statutory accounts.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

for the six month period ended 31 March 2010

1. General information

The principal activity of Milestone Group PLC and its subsidiaries (the Group) is as a digital solutions agency, with a focus on web and mobile applications.

Milestone Group PLC is the Group's ultimate parent company and it is incorporated in the United Kingdom with registration number 4689130. Milestone Group PLC is domiciled in the United Kingdom and has its registered office at 1st Floor, 2 Royal Exchange, London EC3V 3DG, and this is its principal place of business.

Milestone Group PLC's shares are quoted on the AIM market of the London Stock Exchange.

Milestone Group PLC's consolidated financial statements are presented in Pounds Sterling (£).

These consolidated financial statements have been approved for issue by the Board of Directors on 8 June 2010.

2. Basis of preparation

The financial information in the half yearly report has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies used in preparing the half yearly report are those the Group expects to apply in its financial statements for the year ending 30 September 2010 and are unchanged from those disclosed in the Group's Director's report and consolidated financial statements for the year ended 30 September 2009.

The financial information for the six months ended 31 March 2010 and the six months ended 31 March 2009 is unaudited and does not constitute the Group's statutory financial statements for those periods. The comparative financial information for the full year ended 30 September 2009 has, however, been derived from the audited statutory financial statement for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies.

While the financial figures included in this half-yearly report have been computed in accordance with IFRSs applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

Going concern

As stated in the year end accounts to 30 September 2009, the business model is based around generating revenue from two new areas; website development and commissions from the sale of the JumpStart Wireless and Ve Interactive products. While the sales have been slower than anticipated, the Board has prepared forecasts which reflect agreements that have or are expected to be entered into to settle existing obligations of the business and the revenues and costs anticipated from these new revenue streams based on a pipeline of anticipated customers. These projections show the business will be profitable and cash generative in the future. However, achieving these forecasts will be dependent upon achieving sales in a new market place and obtaining sufficient funding to settle existing obligations and the Board is confident of being able to achieve this.

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2. Going concern (*continued*)

However, the Board continues to closely manage the timing of settlement of its liabilities and recognises that going forward further fund raisings are likely to be required in the short term to enable the Company to meet its liabilities and provide additional working capital. The Board is aware that in the event that it is unable to manage the timing of settlement of its liabilities or to raise further funds in the short term, the Group's ability to continue as a going concern would be impacted.

3. Loss per share

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the average weighted number of shares in issue during the year. The calculation of diluted loss per share is based on the basic loss per share, adjusted to allow for the issue of shares and the post tax effect of dividends and interest, on the assumed conversion of all other dilutive options and other potential ordinary shares.

There were 500,000 share options outstanding at 31 March 2010 (2009: nil), however the figures have not been adjusted to reflect conversion of these share options as the effects would be anti-dilutive.

Loss for 6 months to 31 March 2010 £	Weighted average number of shares	Per share amount (pence)	Loss for 6 months to 31 March 2009 £	Weighted average number of shares	Per share amount (pence)
(339,089)	96,774,808	(0.35)	(167,070)	65,053,013	(0.26)

4. Trade and other payables

	Unaudited six months ended 31 March 2010	Unaudited six months ended 31 March 2009	Audited year ended 30 Sept 2009
	£	£	£
Trade Creditors	302,152	415,503	257,359
Taxation and Social Security	16,708	452	20,816
Other Payables	-	20,376	-
Accruals and deferred income	-	31,549	95,249
Loans	336,000	45,875	50,000
	654,860	513,755	423,424

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5. Share Capital

	31 March 2010		30 Sept 2009	
	Number	£	Number	£
<i>Authorised</i>				
Ordinary shares of 0.1p	2,267,095,595	2,267,096	2,267,095,595	2,267,096
	2,267,095,595	2,267,096	2,267,095,595	2,267,096
<i>Allotted, called up and fully paid</i>				
Ordinary shares of 0.1p	106,585,734	106,586	88,297,729	88,298
	106,585,734	106,586	88,297,729	88,298

On 30 September 2009 the Company announced that it had agreed to issue 1,860,467 ordinary shares of 0.1p each for a settlement of outstanding trade payables of £33,128.

On 12 October 2009 the Company announced that it had agreed to issue 6,686,665 ordinary shares of 0.1p each for a combination of cash consideration of £130,000, settlement of outstanding trade payables of £9,550 and settlement in lieu of repayment of loans / interest of £10,900.

On 15 December 2009 the Company announced that it had agreed to issue 1,200,000 ordinary shares of 0.1p each for a cash consideration of £30,000.

On 24 December 2009 the Company announced that it had agreed to issue 2,502,555 ordinary shares of 0.1p each for settlement of outstanding trade payables of £45,546.

On 7 January 2010 the Company announced that it had agreed to issue 1,727,271 ordinary shares of 0.1p each for a cash consideration of £47,500.

On 17 February 2010 the Company announced that it had agreed to issue 1,090,908 ordinary shares of 0.1p each for a cash consideration of £30,000.

On 1 April 2010 the Company announced that it had agreed to issue 363,636 ordinary shares of 0.1p each on 31 March 2010 for a cash consideration of £10,000 and 364,170 ordinary shares of 0.1p each for a settlement of outstanding trade payables of £6,555.05.

On 9 April 2010 the Company announced that it had agreed to issue 2,492,333 ordinary shares of 0.1p each on 31 March 2010 for the conversion of certain outstanding loans together with associated accrued interest amounting to £37,385.

6. Interim Report

Copies of the interim report are available to shareholders. Additional copies may be obtained from Milestone Group PLC's registered office: 1st Floor, 2 Royal Exchange Steps, London EC3V 3DG or on the company's website at www.milestonegroup.co.uk.