



MILESTONE GROUP PLC

RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2011

Milestone Group PLC (“Milestone” or the “Company”), the AIM quoted (AIM:MSG) provider of digital media and technology solutions, announces results for the six months ended 31 March 2011.

HIGHLIGHTS

- Development of UK JumpStart Wireless capability completed in January 2011
- Raised £580,000 through the issue of shares during the period

HIGHLIGHTS POST PERIOD END

- Significant strategic agreement signed with BGP Global Services for perpetual licence of FEDS, an innovative and bespoke web-based application
- Established wholly-owned subsidiary OnSide Now Limited with initial focus on the football industry, utilising FEDS, to revolutionise community sports coaching
- First deployment of the OnSide mobile initiative is on schedule for release to Charlton Athletic Community Trust in July 2011
- Group restructured into three clear revenue generating divisions: Digital Services, Technology partnerships and OnSide Now

Deborah White, Chief Executive, said:

“Milestone has been working towards the goal of becoming a full service digital company. Over the last few months we have made significant progress that has seen the Company reach an inflection point where past preparation and development can progress to delivery of products and solutions. During the period we have continued to raise funds and worked with creditors to enable Milestone to continue this progress. We remain fully focused on sales and the delivery of shareholder value.”

For further information:

Milestone Group PLC

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CHIEF EXECUTIVE'S STATEMENT

Milestone has continued to redefine its business strategy in the digital technology and solutions space during the six months to 31 March 2011.

During the period, the Company was in discussions with BGP Global Services Ltd ("BGP") for an exclusive licence of its Facilitated Electronic Data System ("FEDS").

BGP provides a wide range of accredited and discreet consultancy, training and investigation services to law enforcement agencies and industry professionals throughout the world. BGP has worked in partnership with London's Metropolitan Police Service, the City of London Police, and the Crown Prosecution Service as well as with major international corporations and sporting bodies. BGP delivers training and assistance to both the public and private sector using their bespoke immersive training platforms such as FEDS.

On 8 April 2011, after the period end, the Company announced that an agreement with BGP had been signed. BGP has now issued a perpetual licence to the Company in relation to FEDS, an innovative and bespoke web application which is used to facilitate business feedback and communication processes. The signing of this agreement is a key strategic development for Milestone.

The Company has established a wholly-owned subsidiary, OnSide Now Limited ("OnSide"), to exploit the FEDS platform in the sporting community, initially targeted at the football industry. OnSide brings together the established FEDS platform with Milestone's skill set in the mobile technology space.

The Company has worked to extend the current FEDS offering to build an innovative mobile platform that gathers and collates real time information from its key partners such as community football coaches, the local authority, community, club and law enforcement stakeholders to create a safer environment for the playing of sport in the community. This solution is to be offered to participants on a fee paying licenced basis.

The official ambassadors for OnSide are Paul Elliot MBE, former Chelsea and Celtic player, Bob Quick, the former Metropolitan Police Assistant Commissioner and Piara Powar, the Executive Director of FARE (Football Against Racism in Europe).

The first deployment of OnSide is on schedule for release to Charlton Athletic Community Trust in July 2011. Once proven it is the Company's intention to extend its offering to include other football clubs and community sports.

During the period, we welcomed Steve Robinson to the team as Chief Technical Officer. Steve was formally CTO of Ve Interactive, a partner of Milestone. He has extensive experience as a consultant, product architect and developer, project manager and published author. Steve's focus since joining the team has been to build and develop the UK capability requirements of the JumpStart Wireless offering and to create the framework of the OnSide initiative.

Milestone has undergone a period of considerable transformation and is beginning to see the impact of recent investment into the business. The benefits of which are expected to drive significant future revenue growth. During the period the Group generated revenue of £18,731 from various one off projects. The loss for the period was £606,366.

At the end of 2010, the Company raised £580,000 in cash for equity, as well as converting £150,000 of interest bearing loans and £25,000 of trade and other payables into new shares in addition to issuing new shares to certain Directors in respect of £320,000 of accrued but unpaid remuneration and the settlement of a discretionary award, as explained in the financial statements for the year ended 30 September 2010. This further aligns the management with shareholders in working towards the long term success of the business.

The Company, as expected, continues to carefully monitor its working capital position and is seeking to raise further funds in the near future.

As discussed in the year-end financial statements and announced on 14 April 2011, the Company is in receipt of a legal claim from a shareholder in the Company. The claim follows certain allegations made against the Company and Directors. The Board continues to be of the opinion that the claim is without merit and is vigorously defending the claim.

It has been a challenging six months for the Company. Nevertheless the Directors have continued to grow the business, signed an important new strategic agreement and are in the process of delivering a pilot for its first wholly owned revenue generating product to the market.

Deborah White
Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 March 2011	Unaudited six months ended 31 March 2010	Audited year ended 30 Sept 2010
	£	£	£
Revenue	18,731	7,990	56,752
Cost of sales	(10,484)	-	(32,625)
Gross profit	8,247	7,990	24,127
Other operating income	2,043	-	-
Administrative expenses	(606,366)	(347,045)	(1,135,749)
	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (604,323)	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (347,045)	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> (1,135,749)
Loss from operations	(596,076)	(339,055)	(1,111,622)
Finance expense	(28,770)	(37)	(113,782)
Finance income	27	3	6
Loss before taxation	(624,819)	(339,089)	(1,225,398)
Taxation expense	-	-	-
Loss from continuing operations	(624,819)	(339,089)	(1,225,398)
Profit/(loss) on discontinuing operations	-	-	(82)
Loss for period	(624,819)	(339,089)	(1,225,480)
Attributable to equity shareholders of the parent	(624,819)	(339,089)	(1,225,480)

There were no recognised income and expense items (2010: nil) other than those reflected in the above income statement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited six months ended 31 March 2011	Unaudited six months ended 31 March 2010	Audited year ended 30 Sept 2010
		£	£	£
Non-current Assets				
Property, plant & equipment		558	924	741
Investments		162,824	162,824	162,824
		163,382	163,748	163,565
Current Assets				
Trade and other receivables		61,535	39,078	39,745
Cash and cash equivalents		52,132	95,272	-
		113,667	134,350	39,745
Current Liabilities				
Bank overdrafts		-	-	(752)
Trade and other payables	4	(495,795)	(318,860)	(837,289)
Interest bearing loans	5	(225,200)	(336,000)	(392,300)
		(720,995)	(654,860)	(1,230,341)
Net Assets / (Liabilities)		(443,946)	(356,762)	(1,027,031)
Capital and reserves attributable to equity holders of the company				
Share capital	6	229,354	106,586	127,067
Share premium account		10,155,758	8,852,100	9,050,141
Merger reserve		11,119,585	11,119,585	11,119,585
Capital Redemption Reserve		2,732,904	2,732,904	2,732,904
Retained losses		(24,681,547)	(23,167,937)	(24,056,728)
Total Equity		(443,946)	(356,762)	(1,027,031)

Comparatives for the 6 months ended 31 March 2010 have been restated to reflect the change in presentation of the consolidated statement of financial position adopted in the year ended 30 September 2010 statutory accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 March 2011	Unaudited six months ended 31 March 2010	Audited year ended 30 Sept 2010
	£	£	£
Loss for the period	(624,819)	(339,089)	(1,225,480)
Adjustments for:			
Depreciation of tangible assets	183	182	365
Profit on disposal of property, plant and equipment	-	-	-
Net bank and other interest charges	28,743	34	47,305
Issue of share options	-	2,400	-
Issue of financial liabilities	-	-	66,471
Net loss before changes in working capital	(595,893)	(336,473)	(1,111,339)
Decrease/(increase) in trade and other receivables	(21,790)	(36,615)	(37,283)
(Decrease)/increase in trade and other payables	139,306	88,499	560,480
Cash from operations	(478,377)	(284,589)	(588,142)
Interest received	27	3	6
Interest paid	(1,840)	(37)	(12,511)
Net cash flows from operating activities	(480,190)	(284,623)	(600,647)
Investing Activities			
Purchase of Investments	-	(162,824)	(162,824)
Purchase of property, plant and equipment	-	(1,106)	(1,106)
Sales proceeds of property, plant and equipment	-	-	-
Net cash flows used in investing activities	-	(163,930)	(163,930)
Financing Activities			
Issue of ordinary share capital	558,574	247,500	411,000
Repayment of loan	(25,500)	-	(3,000)
New loans raised	-	286,000	345,500
Net cash flows from financing activities	533,074	533,500	753,500
Net decrease in cash	52,884	84,947	(11,077)
Cash and cash equivalents at beginning of period	(752)	10,325	10,325
Cash and cash equivalents at end of period	52,132	95,272	(752)

NOTES TO THE INTERIM FINANCIAL INFORMATION

for the six month period ended 31 March 2011

1. General information

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

Milestone is the Group's ultimate parent company and is incorporated in the United Kingdom with registration number 4689130. Milestone 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's shares are quoted on the AIM market of the London Stock Exchange.

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

These consolidated financial statements have been approved for issue by the Board of Directors on 29 June 2011.

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 2011 and are unchanged from those disclosed in the Group's Director's report and consolidated financial statements for the year ended 30 September 2010.

The financial information for the six months ended 31 March 2011 and the six months ended 31 March 2010 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 2010 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

The business has now expanded and is focused on the generation of revenues from three areas, as previously stated. These being the provision of digital solutions, commissions from the sale of the JumpStart and Ve Interactive products and the creation of our own mobile-based IP and subsequent licensing model.

The conversion of sales of both JumpStart and Ve Interactive have taken considerably longer to convert than previously anticipated. Measures to support the sales initiative have benefited from the building of a UK based JumpStart technology platform and bringing the knowledge in-house. This has been further demonstrated with the creation of the OnSide mobile initiative – the first deployment of which is on schedule for release to Charlton Athletic Community Trust in July 2011.

The Board remains focused on sales and whilst it has reviewed its forecasts to reflect the delay in the conversion of the pipeline, it remains active in its pursuit of partnerships and other sources of revenue to enhance its strategy.

These revised forecasts show the business being profitable and cash generative in the future. However, achieving these forecasts will be dependent upon achieving sales and obtaining sufficient funding to settle existing and future obligations. The Company now has total net cash resources of approximately £53,000. On the basis that the Company continues to be able to manage the timing of settlement of its currently liabilities, the directors believe that its cash resources constitute adequate funds for at least the next 8 weeks. The Company, therefore, continues to carefully monitor its working capital position and is seeking to raise further funds in the near future.

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 2011 (2010: 500,000), 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 2011	Weighted average number of shares	Per share amount (pence)	Loss for 6 months to 31 March 2010	Weighted average number of shares	Per share amount (pence)
£ (624,819)	178,974,231	(0.35)	£ (339,089)	96,774,808	(0.35)

4. Trade and other payables

	Unaudited six months ended 31 March 2011	Unaudited six months ended 31 March 2010	Audited year ended 30 Sept 2010
	£	£	£
Trade Creditors	170,972	302,152	261,401
Taxation and Social Security	16,256	16,708	16,708
Other Payables	-	-	-
Financial liabilities held at amortised cost	40,000	-	66,471
Accruals and deferred income	268,567	-	492,709
	495,795	318,860	837,289

Comparatives for the 6 months ended 31 March 2010 have been restated to reflect the change in presentation of the consolidated statement of financial position adopted in the year ended 30 September 2010 statutory accounts.

5. Interest bearing loans and borrowings – due within one year

	Unaudited six months ended 31 March 2011	Unaudited six months ended 31 March 2010	Audited year ended 30 Sept 2010
	£	£	£
Bank overdrafts (unsecured)	-	-	752
Interest bearing loans	225,200	336,000	392,300
	225,200	336,000	393,052

Loan balances are unsecured and repayable within 12 months of the balance sheet date.

The interest charge in the income statement for the period was £14,400 (2010: £nil).

6. Share Capital

	Number	31 March 2011 £	Number	30 Sept 2010 £
<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	229,354,066	229,354	127,067,508	127,067
	229,354,066	229,354	127,067,508	127,067

On 10 November 2010 the Company announced that it had agreed to issue 17,873,391 ordinary shares of 0.1p each for a cash consideration of £201,969.

On 25 November 2010 the Company announced that it had agreed to issue 24,408,061 ordinary shares of 0.1p each for a cash consideration of £275,811.

On 20 December 2010 the Company announced that it had agreed to issue 1,966,337 ordinary shares of 0.1p each for a cash consideration of £22,219.61, 15,000,000 ordinary shares of 0.1p each for the conversion of an outstanding loan together with associated accrued interest amounting to £159,000, 400,000 ordinary shares of 0.1p each to the Company's NOMAD for a deemed aggregate value of £5,000 and 28,318,584 ordinary shares of 0.1p each to certain Directors of the Company in settlement of accrued but unpaid remuneration and a settlement of a discretionary award.

On 31 December 2010 the Company announced that it had agreed to issue 5,517,241 ordinary shares of 0.1p each for a cash consideration of £80,000.

On 25 March 2011 the Company announced that it had agreed to issue 8,802,944 ordinary shares of 0.1p each for a settlement of outstanding trade payables of £88,029.44.

7. Interim Report

Copies of the interim report are available to shareholders on the Company's website at www.milestongroup.co.uk and from Milestone's registered office: 1st Floor, 2 Royal Exchange Steps, London EC3V 3DG.