

Report and Financial Statements

For the year ended 30 September 2010

A large, stylized graphic of the letter 'M' is positioned on the left side of the page. The left vertical stroke of the 'M' is a solid orange bar. The right vertical stroke is a white bar with a curved, rounded top. The background of the page is white, with a large orange curved shape at the bottom that frames the word 'milestone'.

milestone

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Company information

Board of Directors

Directors at 28 February 2011:

Deborah White, Executive Director

served as Non-Executive Director, 15 January 2008 to 31 March 2008
appointed as Chief Executive Officer, 31 March 2008
appointed as Executive Director (combining functions of Chief Executive Officer and Chairman), 4 February 2010

Guy van Zwabenberg, Financial Director

served as Chief Financial Controller, 24 February 2009 to 14 December 2009
appointed Financial Director, 14 December 2009

Anthony Moss, Non-Executive Director

appointed as Non-Executive, 30 July 2010

Other directors during the year:

John Sanderson, Non-Executive Chairman

served Non-Executive Chairman, 1 February 2006 to 4 February 2010
served as acting Finance Director, 7 March 2008 to 31 March 2008

Stephen Mark Hargreaves, Non-Executive Director

served as Non-Executive, 7 April 2010 to 16 November 2010

Company Secretary:

Graham Urquhart

appointed 1 February 2009

Company information

Registered in England Company no:

4689130

Auditors:

BDO LLP

One Victoria Street, Bristol BS1 6AA

Nominated Adviser to the Company:

Strand Hanson Limited

26 Mount Row, London W1K 3SQ

Brokers:

Hybridan LLP

29 Throgmorton Street, London EC2N 2AT

Registrars:

Capita IRG plc

The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Solicitors:

Lawrence Graham LLP

4 More London Riverside, London SE1 2AU

Address and registered office:

Milestone Group PLC

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The Royal Exchange, London EC3V 3DG

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Email:

enquiries@milestonegroup.co.uk

Website:

www.milestonegroup.co.uk

Milestone Group PLC is referred to in this document as "Milestone", the "Group" or the "Company". Where the context so requires, references to the "Group" include and consolidate associated companies of Milestone Group PLC. References to "Company" refer solely to Milestone Group PLC and exclude consolidation with the results of its associated companies.

Foreword

It is with great pleasure that I deliver this statement on behalf of the Board and the management team. 2010 was a year of transition and while significant steps were taken to transforming the Company into a digital solutions provider, progress was slower than anticipated. As a result, for the year ahead the focus is to build on the progress made in 2010 and in particular, to develop the Group's revenue streams and to strengthen the Company's financial position.

Highlights of the year

- Financial highlights: revenue produced
- Investment in JumpStart Wireless Corporation and Ve Interactive Ltd
- Reseller agreements with JumpStart Wireless and Ve Interactive
- Key personnel: appointment of Guy van Zwanenberg as Finance Director

Financial Summary

The Group is pleased to announce it has generated sales from website and smart-phone application development in the year of £56,752 (2009: nil). However, the transition of the Company to a digital solutions provider has taken longer than anticipated which has impacted the Group's ability to generate revenues. In addition, as a result of the interest shown in the JumpStart technology, the Company has been targeting larger companies than initially planned, which has resulted in longer lead times due to their procurement processes being a minimum of 6-9 months. Despite generating its first revenues under the new strategy, the Group made a loss for the year of £1,225,480 (2009: loss of £392,002), due to the costs associated with establishing the business as a provider of digital solutions as well as the associated costs of dealing with historical issues.

Balance sheet net liabilities at the year end were £1,027,031 (2009: net liabilities £410,637). The significant increase was due to an increase in trade and other payables to £837,289 (2009: £373,424) and an increase in short term borrowings which increased to £392,300 (2009: £50,000). These increases were offset by an increase in the Group's assets as a result of its investments in JumpStart Wireless Corporation and Ve Interactive Ltd. However, since the year end, the Company's net liabilities have been reduced significantly through a number of equity placings which raised an additional £580,000, as well as the conversion of £150,000 of interest bearing loans and £25,000 of trade and other payables into new shares and also the issue of 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 note 6 of the financial statements.

These results are presented under Adopted International Financial Reporting Standards ("Adopted IFRS").

Investments and reseller agreements

In October 2009, the Company entered into two reseller agreements with JumpStart Wireless Corporation and Ve Interactive Ltd.

The Company secured the distribution rights for JumpStart's mobile enterprise application software solutions in the UK in return for a strategic equity investment of £61,713 in JumpStart Wireless Corporation. JumpStart's innovative technology is a cost-effective solution to transform any mobile device into a reporting tool for employees working remotely from company premises.

The Company also entered into a UK distribution agreement with Ve Interactive Ltd., a leading provider in the Online Shopping Cart Abandonment solutions market, in return for a strategic equity investment of £101,111. Online Shopping Cart Abandonment solutions are specialised, web-based solutions for e-vendors to improve sales conversion from abandoned shopping carts. Converting even a small percentage of those abandoned shopping carts into sales represents significant value to e-vendors.

Moving Forward

The technology and media sectors are changing rapidly, with new overlaps and opportunities being created at an unprecedented rate. The "age of austerity" has forced businesses across Europe to rethink their IT and technology expenditure and strategies in order to leverage benefit from existing assets, or to purchase technology more wisely than before (*Source: Digital Britain Report June 2009*).

Additionally, the USA is investing heavily in cyber-security and technological growth, with the UK striving to become the global trend-setter for digital advancement (*Source: Digital Britain Report June 2009*). Milestone believes that these factors have combined to create an opportunity for a new breed of consulting and solutions business. It is the intention of Milestone that it will help traditional businesses invest in and exploit technology and digital media in new and strategically valuable ways to maximise business function efficiencies whilst retaining control of their cost base.

The Board believes that they have identified an opportunity in the market place where the specialist services offered, combined with the strengths of their strategic partnerships and network across business, could bring new possibilities to the Company. While a significant proportion of the targeted sales will focus on large companies, which inevitably have long lead times and procurement processes, the Company is also seeking to generate revenues from smaller clients in the nearer term.

Management Changes

In December 2009, Guy van Zwanenberg, who has significant experience of growing small media businesses, agreed to step up to the Board as Finance Director and he is a valuable member of the team.

During the year both John Sanderson and Mark Hargreaves stepped down from the Board. John had spent considerable time helping the transition of the business and felt that his skills were best suited elsewhere. Mark had joined the Board during the year to help cultivate the relationship with Ve Interactive but as Ve Interactive has grown, he felt he needed to focus solely on Ve Interactive Ltd and hence he has had to step down from the Board of Milestone, although he remains a firm ally of the Company.

Other matters

A significant shareholder in the Company has made certain allegations against the Company and the Directors. For the avoidance of doubt, no formal proceedings have been brought against the Company or the Directors and the Board is of the opinion that such allegations made against the Company and the Directors are without any merit and would be vigorously defended in the event that any formal claim was forthcoming.

Funding

During the year the Company raised additional funds in order to meet its liabilities and to provide working capital through a combination of equity issues and new interest bearing loans. During the year 38,769,779 new shares were issued for a total consideration of £609,087, of which £411,000 was received in cash with the remainder being issued to existing and new creditors in exchange for goods or services received or in settlement of loan balances. In addition, the Company raised £307,500 through new interest bearing loans.

Since the year end, the Company has raised £580,000 in cash through the issue of 49,765,030 new shares and converted £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 settlement of a discretionary award, as explained in note 6 of the financial statements. As a result, the Group's net liabilities have been reduced significantly since the year end.

In the short term, Milestone's focus is on strengthening its financial position in order to create a stable position from which to grow the business and its revenues. As such, until such time as the Company is generating revenues on a consistent basis, the Company continues to be reliant on its ability to manage the timing of settlement of its liabilities and to raise further funds in the immediate to short term thereafter.

Potential further subscriptions

Protecting the interests of the Company's current shareholders is a priority and the Board's strategy is to seek to raise funds on a basis which is fair to all.

During the year the Company has raised a series of subscriptions to support the Company's working capital requirements. The Board was pleased with the appetite which has been shown for these subscriptions and welcomes its new shareholders.

As set out above, the Company will likely have to raise further monies through subscriptions for new shares in the immediate to short term thereafter and as such, any enquiries in relation to participating in any further subscriptions should be sent to the Company Secretary at the registered address or emailed to him at graham.urquhart@milestonegroup.co.uk.

Outlook

The Board has a clear strategy for developing the Company and taking advantage of opportunities as they arise. The Company has developed a pipeline of potential sales and it is anticipated that this will lead to revenues within the next 12 months. In addition, with the funds raised post the year-end, the creditor position has improved and while the Company is better placed to take advantage of the changing media landscape, in the short term it continues to be reliant on its ability to manage the timing of settlement of its current and future liabilities and to raise further funds in the immediate to short term thereafter.

In conclusion, we remain confident that during the coming year the Company will take advantage of the changes that have taken place and consolidate its position as a digital solutions provider.

Deborah White
Executive Director

28 February 2011

Report of the Directors

for the year ended 30 September 2010

The directors present their report together with the audited financial statements for the year ended 30 September 2010.

Directors in the period

Deborah White, Executive Director

Guy van Zwanenberg, Finance Director (appointed 14 December 2009)

Anthony Moss, Non-Executive Director (appointed 30 July 2009)

John Sanderson, Non-Executive Chairman (appointed 1 February 2006, resigned 4 February 2010)

Stephen Mark Hargreaves, Non-Executive Director (appointed 7 April 2010, resigned 16 November 2010)

Results and dividends

The consolidated results of the Group for the year are set out on page 13 of this report and show the loss after tax for the year of £1,225,480 (2009: £392,002).

The directors do not recommend the payment of a dividend (2009: nil).

Principal activities, review of business and future developments

A review of the year is held within the Chairman's statement above.

The Group offers its shareholders exposure to the digital media sector. Milestone brings together media practices and technology to deliver interactive digital solutions across web, phone and portable media.

Further information on the Group's activities and strategy are included in the Chairman's Statement on pages 3 to 5 of this report.

Key performance indicators ("KPIs")

Given the nature of the Group, no numerical financial KPIs have been set. The focus for the Group has been on stabilising its financial position. The transition to a digital solutions provider has taken longer than expected, which has impacted the Group's ability to generate revenues. In addition, as a result of interest shown in the JumpStart technology, the Company has been targeting larger companies than initially anticipated, which has resulted in longer lead times due to their procurement processes being a minimum of 6-9 months.

The Board's focus is now a lot clearer than it was 12 months ago and the Board is now concentrating on the provision of digital solutions in various industry sectors such as security and logistics, although we are by no means restricted to these two vertical markets. The Board have set performance targets of winning two major contracts by the year end of 30 September 2011.

Financial instruments and principal risks and uncertainties

The Group had £357,500 of interest bearing loans outstanding at the year end. The Group's modest cash reserves during the year were held in bank current and deposit accounts. A detailed description of how the Group manages risks and uncertainty surrounding financial instruments, working capital, interest rates and liquidity is held in note 19 to the financial statements.

This annual report contains certain forward looking statements with respect to the principal risks and uncertainties facing the Group. These statements can be identified by the use of forward looking terminology such as "believe", "could", "expects", "plan", "anticipate", "envisage", "estimate", "intend", "should", "may" or comparable terminology indicating expectations or beliefs concerning future events. By their very nature, these forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements. The forward looking statements reflect the knowledge and information available at the date of preparation of this annual report and will not be updated during the year. Nothing in this annual report should be construed as a profit forecast.

The Directors consider cash flow to be the material financial risk to the Group in the immediate future. The Board intends that, as new projects are developed, the material risks will be fully assessed.

Policy on the payment of suppliers

The Group recognises the importance of establishing effective relationships with its suppliers. In certain cases, payment terms are agreed with suppliers as part of the overall terms of the transaction. In respect of the Group, year-end creditors represent 124 days average purchases and expenses (2009: 208). For the Company, year-end creditors represent 124 days average purchases and expenses (2009: 191).

Post balance sheet events

Post balance sheet events are set out in note 28 to the financial statements.

Going concern

Whilst the Group has made a loss in the year and had net liabilities of £1,027,031 at the year end, the Board feel it is appropriate to adopt the going concern basis in preparing the annual reports and accounts. There are significant risks and uncertainties surrounding the going concern assumption and these are fully discussed and disclosed in note 1 to the annual report and accounts.

Substantial shareholdings

So far as the Company is aware and subject to any new notifications received after 28 February 2011, the following persons have a notifiable interest in the ordinary share capital of the Company (3 per cent or more of the Company's ordinary shares; please note percentages are rounded):

| | Ordinary Shares held at 28 February 2011 |
|---|---|
| Deborah Jane White | 34,883,774 (15.82%) |
| HBS 049 Limited | 30,000,000 (13.60%) |
| Cormac A.Crawford | 18,954,772 (8.59%) |
| Brett J. Desmond (all held by IIU Nominees Limited) | 15,929,204 (7.22%) |
| Lynchwood Nominees Ltd | 9,083,489 (4.12%) |
| Martin King (of which 4,722,222 are held by Brewin Nominees Ltd on behalf of Martin King) | 6,667,049 (3.02%) |

Communication with shareholders

The annual report and accounts and the interim statement at each half year are the primary vehicles for communication with shareholders. These documents are also distributed to other parties who have expressed an interest in the Group's performance. Group results can be viewed on the Company website (www.milestonegroup.co.uk).

Each year shareholders are invited to an annual general meeting ("AGM"). The AGM is the main shareholder event of the year and provides an opportunity for shareholders to question the Directors.

Shareholders who have any queries relating to their shareholdings or to the affairs of Milestone generally are invited to contact the Company Secretary at the Company's registered address.

Charitable and political donations

During the year the Group made charitable donations of £nil (2009: £nil) and political donations of £nil (2009: £nil).

Environmental matters

The nature of Milestone's business means that it is unlikely to be a major polluter but the Board is mindful of the potential impact on the environment of Group activities. The Board recognises its responsibility to the environment in areas such as energy management, paper usage, waste reduction and recycling, and communications.

Board of directors

The Board is responsible for formulating, reviewing and approving the Group's strategies, budgets, major items of capital expenditure and corporate actions.

At the end of the year the Board of the Company comprised two Executive Directors, Deborah White and Guy van Zwanenberg, and one Non-Executive Director, Anthony Moss. Other directors who held office during the year are set out at the beginning of this report, together with their appointment and resignation dates. Each Director has extensive and relevant business experience. Brief biographies of the Directors are set out below in this report.

The Board is currently of the opinion that, given the present size of the Group, it is inappropriate to retain separate sub-committees but intends to keep this matter under continuous review.

The Board believes that this is an appropriate structure for the Company at its current stage of development and that there is sufficient expertise within the Board to facilitate a sound decision making process and control environment in the short-term.

Details of the remuneration of the Directors are included in note 6 of the financial statements. Future remuneration will be dependent on the growth of the Company.

Directors' profiles

Deborah White, Executive Director

Deborah has been transforming businesses and creating shareholder value in the City for the past 20 years. As a hands-on executive with excellent client relationship skills and financial acumen, Deborah's significant industry contacts and track-record as a prolific introducer provides Milestone with the necessary leadership and business opportunities required to ensure success.

Guy van Zwanenberg, Finance Director

Guy qualified with Thornton Baker (now Grant Thornton), working with industry-leading clients. In 1991 Guy established VZ Limited to provide financial consultancy services to small to medium sized enterprises. Guy has significant experience of growing small media businesses.

Anthony Moss, Non-executive Director

Anthony Moss is a business advisor with extensive experience in mentoring and creating business networks. Anthony has over 40 years experience in business, including involvement with start-up companies and expanding SME's looking for new markets, requiring both Venture Capital, mentoring and business advise.

Directors' shareholdings

The Directors of the Company and their beneficial interests as at the end of the year and as at 28 February 2011 (including those of their immediate family and any company controlled by them) in the share capital of Milestone are shown below:

| | Ordinary shares of 0.1p each held at 28 February 2011 | Ordinary shares of 0.1p each held at 30 September 2010 | Ordinary shares of 0.1p each held at 30 September 2009 |
|--------------------|---|--|--|
| Deborah Jane White | 34,883,774 | 8,777,579 | 8,351,191 |
| Guy van Zwanenberg | 3,323,500 | 1,111,111 | - |
| Anthony Moss | - | - | - |

No Directors' share options were exercised in the year (2009: nil) and there were no options outstanding at the end of the year.

Details of any Directors' interests in transactions of the Group are given in note 24 to these financial statements.

Qualifying third party indemnity provision for the benefit of the directors was in place during the year and continues to remain in place.

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of the information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

Directors' responsibilities

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 2006.

The Directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006. The Directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The Directors have chosen to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice.

Group financial statements

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

A fair presentation also requires the directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Parent Company financial statements

Company law requires the Directors to prepare financial statements for each financial year which 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board

Deborah White
Executive Director

28 February 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILESTONE GROUP PLC

We have audited the financial statements of Milestone Group PLC for the year ended 30 September 2010 which comprise the group statement of financial position and company balance sheet, the group statement of comprehensive income, the group statement of cash flows, the group statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at: www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the group's ability to continue as a going concern. For business operations to advance the company is reliant on raising further funds and generating sales income to satisfy liabilities associated with its activities. Whilst historically the company has a strong profile of raising funds via share issues there remains a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

James Brown (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor

Bristol

28 February 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

for the year ended 30 September 2010

| | Note | 2010 | 2009 |
|--|------|--------------------|------------------|
| | | £ | £ |
| Revenue | 4 | 56,752 | - |
| Cost of sales | | (32,625) | - |
| Gross profit | | 24,127 | - |
| Other operating income | | - | 9,268 |
| Administrative expenses | 5 | (1,135,749) | (392,664) |
| | | (1,135,749) | (383,396) |
| Loss from operations | 5 | (1,111,622) | (383,396) |
| Finance expense | 7 | (113,782) | - |
| Finance income | | 6 | 20 |
| Loss before taxation | | (1,225,398) | (383,376) |
| Taxation expense | 9 | - | - |
| Loss from continuing operations | | (1,225,398) | (383,376) |
| Loss on discontinued operations net of tax | 8 | (82) | (8,626) |
| Total comprehensive loss | | (1,225,480) | (392,002) |
| Attributable to owners of the parent | | (1,225,480) | (392,002) |
| Basic and diluted loss per share from continuing operations (pence) | 11 | (1.17) | (0.56) |
| Basic and diluted loss per share from discontinued operations (pence) | 11 | - | (0.01) |
| Total basic and diluted loss per share | 11 | (1.17) | (0.57) |

The notes on pages 17 to 34 form part of these financial statements

Consolidated statement of financial position

at 30 September 2010

| | Note | 2010 | 2009 |
|---|------|--------------------|------------------|
| | | £ | £ |
| Non-current assets | | | |
| Goodwill | 12 | - | - |
| Investments | 14 | 162,824 | - |
| Property, plant & equipment | 13 | 741 | - |
| | | 163,565 | - |
| Current assets | | | |
| Trade and other receivables | 15 | 39,745 | 2,462 |
| Cash and cash equivalents | | - | 10,325 |
| | | 39,745 | 12,787 |
| Current liabilities | | | |
| Bank overdrafts | 17 | (752) | - |
| Trade and other payables | 16 | (837,289) | (373,424) |
| Interest bearing loans | 17 | (392,300) | (50,000) |
| | | (1,230,341) | (423,424) |
| Net liabilities | | (1,027,031) | (410,637) |
| Capital and reserves attributable to owners of the Company | | | |
| Share capital | 20 | 127,067 | 88,298 |
| Share premium account | | 9,050,141 | 8,479,824 |
| Merger reserve | | 11,119,585 | 11,119,585 |
| Capital Redemption Reserve | | 2,732,904 | 2,732,904 |
| Retained losses | | (24,056,728) | (22,831,248) |
| Total Equity | | (1,027,031) | (410,637) |

The financial statements were approved by the Board and authorised for issue on 28 February 2011

Deborah White
Executive Director

The notes on pages 17 to 34 form part of these financial statements

Consolidated statement of cash flows

for the year ended 30 September 2010

| Cash flow from operating activities | Note | 2010 | 2009 |
|--|------|--------------------|------------------|
| | | £ | £ |
| Loss for the year | | (1,225,480) | (392,002) |
| Adjustments for: | | | |
| Depreciation of tangible assets | | 365 | - |
| Profit on disposal of property, plant and equipment | | - | (597) |
| Net bank and other interest charges | | 47,305 | 10 |
| Profit on sale of discontinued operations net of tax | | - | - |
| Issue of share options | | - | 4,800 |
| Issue of financial liabilities | | 66,471 | - |
| Recognition of negative goodwill | | - | - |
| Net loss before changes in working capital | | (1,111,339) | (387,789) |
| Decrease/(increase) in trade and other receivables | | (37,283) | 68,690 |
| (Decrease)/increase in trade and other payables | | 560,480 | (89,284) |
| Cash from operations | | (588,142) | (408,383) |
| Interest received | | 6 | 20 |
| Interest paid | | (12,511) | (30) |
| Net cash flows from operating activities | | (600,647) | (408,393) |
| Investing activities | | | |
| Acquisition of Investments | 14 | (162,824) | - |
| Purchase of property, plant and equipment | 13 | (1,106) | - |
| Sale proceeds of property, plant and equipment | | - | 597 |
| Net cash flows used in investing activities | | (163,930) | 597 |
| Financing activities | | | |
| Issue of ordinary share capital | | 411,000 | 356,500 |
| Repayment of loan | | (3,000) | (10,000) |
| New loans raised | | 345,500 | 60,000 |
| Net cash flows from financing activities | | 753,500 | 406,500 |
| Net decrease in cash | | (11,077) | (1,296) |
| Cash and cash equivalents at beginning of period | | 10,325 | 11,621 |
| Cash and cash equivalents at end of period | 27 | (752) | 10,325 |

The notes on pages 17 to 34 form part of these financial statements

Consolidated statement of changes in equity

for the year ended 30 September 2010

| | Share Capital | Share Premium | Merger Reserve | Capital Redemption Reserve | Retained Earnings | Total Equity |
|--------------------------------------|------------------|------------------|-------------------|----------------------------------|----------------------|--------------------|
| | £ | £ | £ | £ | £ | £ |
| Balance at 30 Sept 2008 | 2,790,795 | 8,023,012 | 11,119,585 | - | (22,444,046) | (510,654) |
| Total comprehensive income | - | - | - | - | (392,002) | (392,002) |
| Shares issued | 30,408 | 456,812 | - | - | - | 487,220 |
| Share options granted | - | - | - | - | 4,800 | 4,800 |
| Repurchase of deferred share capital | (2,732,905) | - | - | 2,732,904 | - | - |
| Balance at 30 Sept 2009 | 88,298 | 8,479,824 | 11,119,585 | 2,732,904 | (22,831,248) | (410,637) |
| Total comprehensive income | - | - | - | - | (1,225,480) | (1,225,480) |
| Shares issued | 38,769 | 570,317 | - | - | - | 609,086 |
| Share options granted | - | - | - | - | - | - |
| Repurchase of deferred share capital | - | - | - | - | - | - |
| Balance at 30 Sept 2010 | 127,067 | 9,050,141 | 11,119,585 | 2,732,904 | (24,056,728) | (1,027,031) |

Notes to the consolidated accounts

for the year ended 30 September 2010

The principal activity of Milestone Group PLC and its subsidiaries (the Group) is the provision of digital solutions.

Milestone Group PLC is the Group's ultimate parent company, and it is incorporated in the United Kingdom with registration number 04689130. 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 (£), which is also the functional currency of the parent Company.

These consolidated financial statements have been approved for issue by the Board of Directors on 28 February 2011.

1 Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The Group financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("Adopted IFRSs"), and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under Adopted IFRSs.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Director's report. In addition note 19 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and exposures to credit risk and liquidity risk.

The net liability balance sheet position as at 30 September 2010, being the Company's financial year-end, was £1,027,031 (2009: £410,637). Subsequent to the balance sheet date, the Board has been able to agree funding in the form of further share issues raising £580,000 in cash and converted £150,000 of interest bearing loans and £25,000 of creditors into new shares in addition to issuing new shares in respect of accrued but unpaid remuneration and the settlement of a discretionary award to certain Directors as explained in note 6 of the financial statements. The Company is however reliant on its continuing ability to manage the timing of settlement of its current and future liabilities and further fundraising will be required in the immediate to short term thereafter. As such, the Directors intend to strengthen the Company's financial position through a combination of further fundraises in the immediate to short term thereafter and subsequently from proceeds generated from trading activities.

The future business model is based around generating revenue from two areas being the provision of digital solutions and commissions from the sale of the JumpStart and Ve Interactive products, both of which have taken considerably longer to convert than previously anticipated. As a result the Board has prepared forecasts to reflect this and the agreements that have or are expected to be entered into. These 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 Directors have concluded that the need to generate future funds from either further fundraising or from trading activities to satisfy the settlement of its ongoing and future liabilities represents a material uncertainty, which may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Nevertheless after making enquiries and considering this uncertainty and the measures that can be taken to mitigate the uncertainty, the Directors have a reasonable expectation that the Group and the Company will have adequate resources to continue in existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual report and accounts. The financial statements do not include any adjustments that would result if the Group and Company was unable to continue as a going concern.

1 Principal accounting policies (continued)

Basis of consolidation

The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 30 September 2010. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The trading results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-Group transactions, balances, income and expenditure are eliminated on consolidation.

Revenue and attributable profit

The Company invoices revenue from the sales of web site design and consultancy work on the basis of work done. It normally expects to invoice the client in three stages, firstly on initial signing of the contract, to reflect the demo work carried out, secondly on presentation of a working beta version and finally on sign off the project by the client.

Revenue is recognised as the contract activity progresses. Revenue and associated costs are recognised in proportion to the work completed. Where, however, the outcome cannot be assessed with reasonable certainty before the contract's conclusion, revenue is recognised only to the extent that the expenses recognised are recoverable.

Research and development

Expenditure on research activities is recognised as an expense in the period on which it is incurred. An internally generated intangible asset arising from the Group's development activity is recognised only if all the following conditions are met:

- an asset is created that can be identified (such as a website);
- it is probable that the asset created will generate future economic benefits, and;
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Available for sale investments

Investment balances are initially recorded at fair value which is deemed to be cash amounts paid on acquisition. They are accounted for as available for sale financial assets. As the equity instruments are not traded on a quoted market place the probability of the fair value estimates of the assets cannot be reasonably assessed at the year end as to arrive at a fair value. As a result the asset is held at cost on acquisition. The directors have performed an impairment review of the assets and deem amounts held at the year end to be recoverable.

Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less estimated residual value by equal annual instalments over their expected useful lives. The rates generally applicable are:

| | |
|---|--|
| Short leasehold property improvements | 10-20% or over the life of the lease or licence |
| Production and studio equipment | 20% on cost |
| Fixtures, fittings, computer and office equipment & machinery | 10-50% per annum or over the period of the licence |

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

1 Principal accounting policies (continued)

Intangible assets

Goodwill

Goodwill arising on consolidation is recorded as an intangible asset and is the surplus of the cost of acquisition over the Group's interest in the fair value of identifiable net assets acquired. Goodwill is not amortised and is reviewed annually for impairment. Any impairment identified as a result of the review is charged in the income statement.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated income statement on the acquisition date.

Impairment of non-current assets

For the purposes of assessing impairment, assets are grouped into separately identifiable cash-generating units. Goodwill is allocated to those cash-generating units that have arisen from business combinations.

At each balance sheet date, the Group reviews the carrying amounts of its non-current assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Goodwill is tested for impairment annually. Goodwill impairment charges are not reversed.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value and value in use based on an internal discounted cash flow evaluation.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents. Bank overdrafts are shown in current liabilities on the balance sheet.

Equity

Equity comprises the following:

- *Share capital* represents the nominal value of issued Ordinary shares and Deferred shares.
- *Share premium* represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- *Merger reserve* represents the excess over nominal value of the fair value of consideration received for equity shares issued on acquisition of subsidiaries, net of expenses of the share issue.
- *Capital Redemption* reserve represents the excess over consideration paid by the Company to repurchase its own share capital
- *Retained earnings* represents retained profits and losses.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

1 Principal accounting policies (continued)

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Financial instruments

Financial assets and financial liabilities are initially recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument at their fair value and thereafter at amortised cost.

Trade receivables

Trade receivables are initially recorded at fair value and then carried at their amortised cost less any provision for doubtful debts. Trade receivables due in more than one year are discounted to their present value.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are reported in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Trade payables

Trade payables are initially recorded at fair value and then carried at their amortised cost.

Equity instruments

Equity instruments issued by the Group are recorded as the proceeds received, net of direct costs.

Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the balance sheet. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited to current liabilities until the debt is converted or repaid. It is shown under other financial liabilities. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate. Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

Share based payments

When share options are awarded, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

1 Principal accounting policies (continued)

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the full cost of services provided is recognised as a current liability and as a charge in the income statement. When shares are issued to settle the obligation the liability is extinguished and the share issue is reflected in equity as an issue of share capital.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

Standards issued by the International Accounting Standards Board (IASB) not effective for the current year and not adopted by the Group

The following standards and interpretations have been issued by the IASB. They become effective after the current year and have not been early adopted by the Group:

| | Description and guidance | Mandatory effective date | To be adopted in the year ending |
|--|--|--------------------------|----------------------------------|
| IFRIC 18 Transfer of Assets from Customers | This Interpretation clarifies the treatment of agreements in which an entity receives from a customer an item of property, plant and equipment (or cash which must be used only to acquire or construct an item of property, plant and equipment) that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The Interpretation clarifies whether and when an asset should be recognised, and how it should be measured. It also clarifies how revenue arising from such a transaction should be recognised. | 01.11.2009 | 30.09.2011 |
| Improvements to IFRSs (2009) | The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards. | 01.01.2010 | 30.09.2011 |
| Group Cash-settled Share-based Payment Transactions (Amendments to IFRS 2) | This Amendment clarifies that, where a parent (or another group entity) has an obligation to make a cash-settled share-based payment to another group entity's employees or suppliers, the entity receiving the goods or services should account for the transaction as equity-settled. The Amendment also moves the IFRIC 11 requirements in respect of equity-settled share-based payment transactions among | 01.01.2010 | 30.09.2011 |
| Classification of Rights Issues (Amendment to IAS 32) | This Amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the Amendment requires that, provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. | 01.02.2010 | 30.09.2011 |
| IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments | This Interpretation addresses transactions in which an entity issues equity instruments to a creditor in return for the extinguishment of all or part of a financial liability. Broadly, it applies to transactions where the two parties are acting only in their capacity as lender and borrower. It does not address the appropriate treatment for the creditor and does not apply to arrangements in which liabilities are extinguished in return for equity instruments in accordance with the original terms of the financial liability. | 01.07.2010 | 30.09.2011 |

1 Principal accounting policies (continued)

Standards issued by the International Accounting Standards Board (IASB) not effective for the current year and not adopted by the Group (continued)

| | Description and guidance | Mandatory effective date | To be adopted in the year ending |
|--|--|--------------------------|----------------------------------|
| Revised IAS 24 Related Party Disclosures (Issued 4 November 2009) | The revision to IAS 24 is in response to concerns that the previous disclosure requirements and the definition of a related party were too complex and difficult to apply in practice, especially in environments where government control is pervasive. The revised standard addresses these concerns. | 01.01.2011 | 30.09.2012 |
| Amendments to IFRIC 14 IAS 19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | This Amendment applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The Amendment permits such an entity to treat the benefit of such an early payment as an asset. | 01.01.2011 | 30.09.2012 |
| Improvements to IFRSs (2010) (Issued 6 May 2010) | The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards. The changes include amendments to: IFRS 1 'First-time adoption of International Financial Reporting Standards' IFRS 3 (Revised 2008) 'Business combinations' IFRS 7 'Financial instruments: Disclosures'. IAS 1 (Revised 2007) IAS 34 'Interim financial reporting' | 01.2011 | 30.09.2012 |

The impact on the Group's financial statements is not expected to be material.

There are a number of other standards that have been drafted, primarily as a result of the IASB improvement programme, that have yet to be endorsed by the EU. These are not listed here as they have not yet been endorsed by the EU. The Directors have reviewed these standards and do not believe that the impact on the Group's financial statements is, or will be, material.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 1, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Going concern

Management have considered that the Group remains a going concern. The going concern assumption is discussed further in Note 1.

Available for sale investments

Management have concluded that the investments held are fully recoverable and are therefore included at cost, subject to no impairment. The carrying value of investments are discussed further in Note 14.

3 Segment analysis

The Board have reviewed the requirements under IFRS8 Segmental Reporting and have concluded that there is only one reportable segment for the Group. As a result, no detailed disclosures have been presented on separate reportable segments.

All of the Group's current operations are carried out in the UK. The Group therefore only has one geographical segment.

4 Revenue

Revenue in the year was £56,792 (2009: nil). The group is not reliant upon any one customer to generate operational cash-flows. All revenue was generated from the United Kingdom.

5 Expenses by nature

| | 2010 | 2009 |
|--|---------|--------|
| | £ | £ |
| Auditors' remuneration: | | |
| Fees payable to the Company's auditor: | | |
| For the audit of the Company's annual accounts | 25,000 | 28,000 |
| For the audit of other Group companies | - | - |
| Fees for taxation compliance services | 3,000 | 4,000 |
| Operating lease rentals: | | |
| Plant and machinery | - | 4,495 |
| Depreciation, amortisation and impairment: | | |
| Property, plant and equipment | 365 | - |
| Staff costs (note 6) | 452,717 | 90,401 |
| Research and development | - | 91,300 |
| Grant of share options | - | 4,800 |
| Other income (rent receivable) | - | 9,268 |

6 Directors and staff

Staff costs during the year, including directors, were as follows:

| | 2010 | 2009 |
|-----------------------|----------------|---------------|
| | £ | £ |
| Wages and salaries | 191,873 | 72,076 |
| Social security costs | 47,511 | 18,325 |
| Discretionary award | 213,333 | - |
| | 452,717 | 90,401 |

6 Directors and staff (continued)

The average number of staff of the Group during the year was as follows:

| | 2010 | 2009 |
|------------------------------|----------|----------|
| | no. | no. |
| Sales and distribution | 0 | 1 |
| Directors and administration | 3 | 2 |
| | 3 | 3 |

Remuneration in respect of the directors, who are the key management personnel of the Group, was as follows:

| | 2010 Remuneration | 2010 Discretionary award | 2009 Remuneration | 2009 Discretionary award |
|--------------------|----------------------|--------------------------------|----------------------|--------------------------------|
| | £ | £ | £ | £ |
| Deborah White | 150,852 | 213,333 | 34,750 | - |
| Guy van Zwanenberg | 32,271 | - | - | - |
| John Sanderson | 8,750 | - | 30,132 | - |
| Ian Lodwick | - | - | 153 | - |
| | 191,873 | 213,333 | 65,035 | - |

All directors in the year billed director's remuneration through their own companies. No director's remuneration was paid directly.

Included in directors emoluments above is an amount of £213,333 due to Deborah White as at the balance sheet date, which was subsequently settled by the issue of shares into her SIPP on 20 December 2010 as announced on that date. The amount which represents a discretionary award, recognises the extreme efforts and dedication that Ms White has made to ensuring the survival and repositioning of the Company over the last three years. Since joining Milestone, Ms White has waived certain of her contracted emoluments, whilst at the same time, working over and above her contracted terms.

7 Finance expenses

| | 2010 | 2009 |
|--|----------------|-----------|
| | £ | £ |
| Bank overdraft | - | - |
| Loan Interest | 47,311 | 20 |
| Fair value of financial liabilities issued | 66,471 | - |
| | 113,782 | 20 |

8 Discontinued Operations

In March 2009 the Board took the decision to close the subsidiary, Oxford Broadcasting Limited. The Company suffered from recurring losses and did not fit with Milestone's future operating strategy.

The post-tax gain/loss on discontinued operations was determined as follows:

| | 2010 | 2009 |
|---|-------------|----------------|
| | £ | £ |
| Net assets abandoned (excluding cash): | | |
| Property, plant and equipment | - | - |
| Trade and other receivables | - | - |
| Bank loans and overdrafts | - | - |
| Trade and other payables | - | (7,263) |
| Pre-tax loss on disposal | - | (7,263) |
| The net cash inflow comprises: | | |
| Cashflows from operating activities | (82) | 2,700 |
| Cashflows from investing activities | - | 596 |
| Cashflows from financing activities | - | - |
| Result of discontinued operations | 2010 | 2009 |
| | £ | £ |
| Revenue | - | 14,823 |
| Expense other than finance costs | - | (32,269) |
| Other income | - | 16,113 |
| Finance costs | (82) | (30) |
| Pre-tax loss on disposal | - | (7,263) |
| Loss from discontinued operations before tax | (82) | (8,626) |
| Tax expense | - | - |
| Loss from discontinued operations after tax | (82) | (8,626) |
| Basic and diluted earnings/(loss) per share (pence) | - | (0.01) |

As disclosed in note 11, the effects of share options outstanding at the year-end have not been factored into EPS calculations as this would be anti-dilutive.

9 Tax on loss on ordinary activities

| | 2010 | 2009 |
|--|-------------|-----------|
| | £ | £ |
| Loss from operations before tax | (1,225,480) | (392,002) |
| Loss from operations at the standard rate of corporation tax in the UK of 28% (2009:28%) | (343,134) | (109,761) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 20,195 | 43,937 |
| Capital allowances in excess of depreciation | 102 | (45,843) |
| Short term timing differences | 59,733 | - |
| Unutilised tax losses and other deductions | 263,104 | 111,667 |
| Current tax charge in the period | - | - |

Deferred tax assets of approximately £1.27m (Group) and £1.27m (Company) have not been recognised in the financial statements as there is currently insufficient evidence to suggest that any deferred tax asset would be recoverable. The Group has unutilised tax losses of approximately £4.7m (Company £4.7m) which would be available to carry forward against future profits from the same activity, subject to agreement by HM Revenue & Customs.

10 Dividend

No dividends have been paid or proposed in the year (2009: nil).

11 Loss per share

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the average 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 the year-end (2009: 500,000). However, the figures for 2010 and 2009 have not been adjusted to reflect conversion of these share options as the effects would be anti-dilutive.

| | Loss | Weighted average number of shares | 2010 Per share amount | Loss | Weighted average number of shares | 2009 Per share amount |
|--|-------------|-----------------------------------|-----------------------|-----------|-----------------------------------|-----------------------|
| | £ | | pence | £ | | pence |
| Basic and diluted loss per share attributable to shareholders. | (1,225,480) | 104,340,306 | (1.17) | (392,002) | 68,094,035 | (0.57) |

12 Goodwill and intangible assets

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated against the television division.

The recoverable amounts of the CGUs are determined from value in use calculations.

During the year to 30 September 2006 the Company directors considered the carrying value of goodwill and wrote the remaining value to nil.

Subsidiaries as at 30 September 2010 were:

- Oxford Broadcasting Limited, analogue television broadcasting (held as disposed)
- Milestone Media Limited, dormant
- Nexstar League Limited, dormant

13 Property, plant and equipment

| | Short leasehold property improvements | Fixtures and Fittings equipment | Production and Studio Equipment | Total |
|-----------------------------|---------------------------------------|---------------------------------|---------------------------------|----------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 October 2008 | 65,197 | 191,536 | 293,395 | 550,128 |
| Disposals | (65,197) | (39,336) | (293,395) | (397,928) |
| At 30 September 2009 | - | 152,200 | - | 152,200 |
| At 1 October 2009 | - | 152,200 | - | 152,200 |
| Additions | - | 1,106 | - | 1,106 |
| At 30 September 2010 | - | 153,306 | - | 153,306 |
| Depreciation | | | | |
| At 1 October 2008 | 65,197 | 191,536 | 293,395 | 550,128 |
| Disposed in year | (65,197) | (39,336) | (293,395) | (397,928) |
| At 30 September 2009 | - | 152,200 | - | 152,200 |
| At 1 October 2009 | - | 152,200 | - | 152,200 |
| Charge for year | - | 365 | - | 365 |
| At 30 September 2010 | - | 152,565 | - | 152,565 |
| Net book value | | | | |
| At 30 September 2010 | - | 741 | - | 741 |
| At 30 September 2009 | - | - | - | - |

14 Available for sale investments

| | Total |
|-----------------------------|----------------|
| | £ |
| Cost | |
| At 1 October 2009 | - |
| Additions | 162,824 |
| At 30 September 2010 | 162,824 |
| Net book value | |
| At 30 September 2010 | 162,824 |
| At 30 September 2009 | - |

During the year, the Company made two trade investments to establish a strategic relationship with two privately owned software vendors. 90,910 ordinary shares of \$1.10 each were acquired in Jumpstart Wireless Corporation at a cost of £61,713. 26 ordinary shares were acquired in Ve Interactive Limited for a cost of £101,111. These shareholdings constitute minority interests in the businesses as part of the Group's strategic partnership and allow the Group to act as a sales agent on behalf of their products. The Directors have no plans to dispose of these assets.

The shareholdings at the year end constitute ownership no more than 3% of total shareholdings in each entity. No fair value information has been disclosed. The instruments are held within privately owned, unquoted businesses; as no active market exists the directors are unable to arrive at a reasonable fair value for the investments at the financial year end. Due to the nature of the assets the Directors feel that credit risk relating to these assets is low. All assets are denominated in sterling.

The directors have performed an impairment review at the year end on the basis of recoverable value. The directors note that third parties continue to invest in the two businesses above at a price in excess of the carrying value in the financial statements at the year end. The directors note that the investments represent businesses who are developing exciting new technologies in their field.

No impairment has been proposed.

15 Trade and other receivables

| | 2010 | 2009 |
|--------------------------------|---------------|--------------|
| | £ | £ |
| Trade receivables | 12,796 | - |
| Other receivables | 20,829 | 2,462 |
| Prepayments and accrued income | 6,120 | - |
| | 39,745 | 2,462 |

Trade receivable days at the year end were 70 days (2009: nil days). No interest is charged on receivables within the agreed credit terms. Thereafter, interest may be charged.

An allowance for impairment is made where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of the outstanding amount. The Group provides, in full, for any debts it believes have become non recoverable. The figures shown above are after deducting specific provision for bad and doubtful debts of nil (2009: £254,524). All debt provided for as at 30 September 2009 have been fully derecognised in the year. No amounts included within trade and other receivables are expected to be recovered in more than one year (2009: nil).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable set out above. The carrying value at the year end for each class of assets is deemed by the directors to be the same as the fair value.

15 Trade and other receivables (continued)

The ageing of trade receivables that have not been provided for are:

| | 2010 | 2009 |
|--------------|---------------|----------|
| | £ | £ |
| Not due yet | | |
| 0 - 29 days | 6,157 | - |
| Overdue | | |
| 30 - 59 days | 6,639 | - |
| 59+ days | - | - |
| | 12,796 | - |

16 Trade and other payables

| | 2010 | 2009 |
|--|----------------|----------------|
| | £ | £ |
| Trade creditors | 261,401 | 257,359 |
| Taxation and social security | 16,708 | 20,816 |
| Financial liabilities held at amortised cost | 66,471 | - |
| Accruals and deferred income | 492,709 | 95,249 |
| | 837,289 | 373,424 |

Included in trade creditors and accruals are amounts of £60,415 and £35,809 (2009: £29,411 and £10,000) relating to unpaid directors' remuneration. This has been accrued in accordance with the payments agreed between the Company and directors. In addition, there is an accrual of £213,333 (2009: nil) in relation to a director's discretionary award (Note 6).

17 Interest bearing loans and borrowings - due within one year

| | 2010 | 2009 |
|-----------------------------|----------------|---------------|
| | £ | £ |
| Bank overdrafts (unsecured) | 752 | - |
| Interest bearing loans | 392,300 | 50,000 |
| | 393,052 | 50,000 |

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 £47,311 (2009: £20).

18 Deferred tax assets and liabilities

A deferred tax asset of £1.27m, arising principally from losses in the Group, has not been recognised (2009: £1.1m). These losses can be offset against future trading profits generated. The directors believe at this stage that it is prudent not to recognise the deferred tax asset within the financial statements.

No deferred tax liabilities existed at either 30 September 2010 or 30 September 2009.

19 Financial instruments and risk management

Financial risk factors

The Group's financial instruments comprise cash, including short term deposits, trade and other receivables, short term loan financing and trade and other payables that arise directly from its operations. The main risks arising from the group's financial instruments are liquidity risk, credit risk and interest rate risk. The Board has reviewed and agreed policies for managing each of these risks and they are summarised below. The Group has no financial assets other than available to sale investments, trade receivables and cash at bank. The Balance Sheet values for the financial assets and liabilities are not materially different from their fair values.

Liquidity risk

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group's policy is to ensure there are sufficient cash reserves to meet liabilities during such periods. These are incorporated into rolling twelve month Group cash flow forecasts, which are reviewed by the Board monthly, and the cash flows are monitored at Group level by weekly cash reports from each operating entity. Short term flexibility is provided through the availability of cash facilities. Long term funding is secured through issues of share capital and convertible loan instruments.

Credit risk

The Group's principal financial assets are available for sale assets, bank balances, cash and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. As far as possible the Group operates to ensure that the payment terms of customers are matched to the Group's own contractual obligations on development. Due to their nature, the directors do not deem the available for sale assets to be exposed to high credit risk.

Interest rate risk

The Group finances its operations at present through funds raised on share placings and loan facilities provided by individuals. The Group manages its exposure to interest rate fluctuations by agreeing fixed interest charge terms on borrowings to reduce the impact of interest rate fluctuations.

Currency risk

The Group does not operate in overseas markets and is not subject to exposures on transactions undertaken during the year. The Group's exposure to exchange rate fluctuations is therefore nil.

Capital risk management

The capital structure of the Group consists of short term loan financing provided by individual vendors and the shareholders' equity comprising issued share capital and reserves. The capital structure of the Group is reviewed on an ongoing basis with reference to the costs applicable to each element of capital, future requirements of the group, flexibility of capital to be drawn down and availability of further capital should it be required.

The Group had current loan liabilities of £392,300 at the year end (2009: £50,000).

Liability maturity analysis

| 2010 | Within 1 month | Between 1 month and 6 months | Between 6 months and 1 year |
|--|----------------|------------------------------|-----------------------------|
| | £ | £ | £ |
| Trade creditors | 261,401 | - | - |
| Other trade payables | 56,933 | 243,333 | 209,151 |
| Financial liabilities held at amortised cost | - | 66,741 | - |
| Interest bearing loans | - | 344,800 | 47,500 |

19 Financial instruments and risk management (continued)

| 2009 | Within 1 month | Between 1 month and 6 months | Between 6 months and 1 year |
|------------------------|----------------|------------------------------|-----------------------------|
| | £ | £ | £ |
| Trade creditors | 257,359 | - | - |
| Other trade payables | 116,065 | - | - |
| Interest bearing loans | - | 50,000 | - |

Within interest bearing loan balances at the year end are £310,000 of convertible loans. The terms of the conversion are that the lender can convert the outstanding balance at any point into share capital of the Group at a discount of market price between 15% and 20%.

The directors reviewed the terms of the arrangements and noted that they are likely to always be converted. As a result the directors calculate the fair value of this conversion and recognised it in full on inception of the agreement. A financial liability of £66,471 has been recognised in respect of this charge at the financial year end.

Interest is payable on the convertible loan balances at a rate between 8% and 18%. Interest on accrued balances is £47,311 in the year (2009: nil). No interest is payable on the other loan balances.

All loan balances and associated financial liabilities are due within one year of the balance sheet date.

Interest rate and liquidity risk

The Group's financial liabilities represented trade payables and short term loan financing at the year end. No interest was payable on the trade and other payables outstanding. Interest was payable on loan balances between 8% and 18%. The Group's working capital commitments are reviewed on an ongoing basis with reference to the dates when liabilities are to be repaid.

Interest on overdraft balances is charged at 12%.

20 Share capital

| | 2010 | 2009 |
|---|------------------|------------------|
| | £ | £ |
| Authorised | | |
| 2,267,095,595 (2009: 2,267,095,595) ordinary shares of 0.1p (2009: 0.1p) each | 2,267,096 | 2,267,096 |
| | 2,267,096 | 2,267,096 |
| Allotted, called up and fully paid | | |
| 127,067,508 (2009: 88,297,740) ordinary shares of 0.1p (2009: 0.1p) each | 127,067 | 88,298 |
| | 127,067 | 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 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.

20 Share capital (continued)

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.

On 29 July 2010 the Company announced that it had agreed to issue 16,080,000 ordinary shares of 0.1p each for a cash consideration of £163,500 and 4,401,774 ordinary shares of 0.1p each for settlement of outstanding trade payables of £55,022.

No transaction costs were recorded against the share premium in the year.

21 Share Options and Warrants

At the 30 September 2010, the Company had the following warrants in issue:

| | Date warrant granted | Number of shares outstanding at 1 Oct 2010 | Warrants granted during the year | Shares forfeited/ expired/waived/ during the year | Warrants outstanding at 30 Sept 2010 | Option price |
|---------------------------------|----------------------|--|----------------------------------|---|--------------------------------------|--------------|
| Arden Partners LLP | 27 /03/2009 | 500,000 | - | - | 500,000 | 1.13p |
| Weighted average exercise price | | | 1.13 | | | |

The vesting requirements of the warrants are that they become valid 12 months from date of issue until the 31 March 2012. No other conditions exist; the warrants are not dependent on future goods or services.

The fair value of the share options was estimated at the date of the grant using the Black-Scholes model, taking into account the terms and conditions upon which they were granted.

The following table lists the inputs to the model used for the valuations of share options granted in 2009.

| | |
|--|-------|
| Range of exercise prices of options outstanding at the end of the period | 1.13p |
| Weighted average share price (pence) | 1.5p |
| Weighted average exercise price (pence) | 1.5p |
| Option life (years) | 3 |
| Risk free interest rate (%) | 5 |
| Dividend yield | 0 |
| Volatility (%) | 93 |

The expected volatility was based on historic volatility and reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of the options were incorporated into the measurement of fair value, and non-market conditions have not been included in calculating the fair value. The amount credited to the income statement for share options was £nil (2009: £4,800).

22 Capital commitments

There were no capital commitments at 30 September 2010 or 30 September 2009.

23 Share based payment

There were no share options in issue at either 30 September 2010 or 30 September 2009.

24 Transactions with directors and other related parties

Loans from directors

At 30 September 2010 there were £14,000 of loans due to directors (2009: nil). Interest payable on these loans is nil.

Other transactions with Directors

As stated in note 16 to the accounts a total of £60,415 and £35,809 (2009: £29,411 and £10,000) is due to certain directors as unpaid remuneration. In addition, there is an accrual of £213,333 (2009: nil) in relation to a discretionary award to Ms White. This was settled post year end with the issue of new shares. Directors' emoluments are disclosed in note 6.

| Related Party relationship | Type of Transaction | Transaction amount | | Balance owing/owed | |
|--|---------------------|--------------------|--------|--------------------|-------|
| | | 2010 | 2009 | 2010 | 2009 |
| | | £ | £ | £ | £ |
| Companies in which directors or their immediate family have a significant controlling interest | Sales to group | 39,995 | 73,476 | - | 2,500 |

25 Retirement benefit schemes

No payments were made on behalf of directors to any retirement benefit schemes in the current or prior year.

26 Operating lease rental commitments

The Group had no operating lease rental commitments as at 30 September 2010 or 2009.

27 Notes supporting the cash flow statement

Cash and cash equivalents for the purposes of the cash flow statement comprises:

| | 2010 | 2009 |
|--------------------------|--------------|---------------|
| | £ | £ |
| Bank overdrafts | (752) | - |
| Cash available on demand | - | 10,325 |
| | (752) | 10,325 |

28 Post balance sheet events

(i) Subscriptions and funding

Subsequent to the balance sheet date the Company announced subscriptions to support the short term working capital requirements.

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.

28 Post balance sheet events (continued)

(i) Subscriptions and funding (continued)

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.

These transactions are not reflected in the financial statements since shares were not issued and admitted to AIM for trading until after the balance sheet date.

(ii) Oxford Broadcasting Limited

On the 12 January 2011 an application was made to Companies House to strike off Oxford Broadcasting Limited.

Company statement of financial position

at 30 September 2010

| | Note | 2010 | 2009 |
|-----------------------------|------|--------------------|------------------|
| | | £ | £ |
| Fixed assets | | | |
| Investments | 6 | 162,824 | - |
| Property, plant & equipment | 5 | 741 | - |
| | | 163,565 | - |
| Current assets | | | |
| Debtors | 7 | 39,745 | 2,461 |
| Cash at bank and in hand | | 10,290 | - |
| | | 39,745 | 12,751 |
| Current liabilities | | | |
| Bank overdraft | | (748) | - |
| Trade and other payables | 8 | (835,264) | (366,161) |
| Interest bearing loans | 9 | (392,300) | (50,000) |
| | | (1,228,312) | (416,161) |
| Net Liabilities | | (1,025,002) | (403,410) |
| Capital and reserves | | | |
| Called up share capital | 10 | 127,067 | 88,298 |
| Share premium account | 11 | 9,050,141 | 8,479,824 |
| Capital Redemption Reserve | 11 | 2,732,904 | 2,732,904 |
| Profit and loss account | 11 | (12,935,114) | (11,704,436) |
| Shareholders' funds | | (1,025,002) | (403,410) |

The financial statements were approved by the Board and authorised for issue on 28 February 2011

Deborah White
Executive Director

The notes on pages 36 to 40 form part of these financial statements.

Notes to the Company accounts

for the year ended 30 September 2010

1 Principal accounting policies

These financial statements have been prepared in accordance with the historical cost convention and applicable accounting standards, and on a going concern basis. The principal accounting policies have remained consistent with those adopted in the previous year.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over the expected useful economic lives on the following bases:

| | |
|--------------------------------|----------------------|
| Office and technical equipment | 25-33% straight line |
|--------------------------------|----------------------|

Financial instruments

Financial assets are measured initially and subsequently at amortised cost. Provision is made for diminution in value where appropriate. Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the income statement in the financial period to which it relates.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or right to pay less tax in the future, have occurred by the balance sheet date. The recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Director's report. In addition note 19 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and exposures to credit risk and liquidity risk.

The net liability balance sheet position as at 30 September 2010, being the Company's financial year-end, was £1,025,002 (2009: £403,410). Subsequent to the balance sheet date, the Board has been able to agree funding in the form of further share issues raising £580,000 and converted £150,000 of interest bearing loans and £25,000 of creditors into new shares in addition to issuing new shares in respect of accrued but unpaid remuneration and the settlement of a discretionary award due to certain Directors, as explained in note 6 of the consolidated financial statements. The Company is however reliant on its continuing ability to manage the timing of settlement of its current and future liabilities and further fundraising will be required in the immediate to short term thereafter. As such, the Directors intend to strengthen the Company's financial position through a combination of further fundraises, in the immediate to short term thereafter and subsequently from proceeds generated from trading activities.

The future business model is based around generating revenue from two areas being the provision of digital solutions and commissions from the sale of the JumpStart and Ve Interactive products, both of which have taken considerably longer to convert than previously anticipated. As a result the Board has prepared forecasts to reflect this and the agreements that have or are expected to be entered into. These 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 Directors have concluded that the need to generate future funds from either further fundraising or from trading activities to satisfy the settlement of its ongoing and future liabilities represents a material uncertainty, which may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Nevertheless after making enquiries and considering this uncertainty and the measures that can be taken to mitigate the uncertainty, the Directors have a reasonable expectation that the Group and the Company will have adequate resources to continue in existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual report and accounts. The financial statements do not include any adjustments that would result if the Group and Company was unable to continue as a going concern.

Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the balance sheet. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

1 Principal accounting policies (continued)

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

2 Loss for the financial year

Milestone has taken advantage of section 408 Companies Act 2006 and has not included its own income statement in these financial statements. The Company's loss for the year after tax was £1,230,678 (2009: £408,110).

3 Dividends

No dividends have been paid or proposed in the year (2009: nil).

4 Directors and staff

Staff costs during the year, including directors, were as follows:

| | 2010 | 2009 |
|-----------------------|----------------|---------------|
| | £ | £ |
| Wages and salaries | 191,873 | 65,289 |
| Social security costs | 47,511 | 18,325 |
| Discretionary award | 213,333 | - |
| | 452,717 | 83,614 |

The average number of staff of the Group during the year was as follows:

| | 2010 | 2009 |
|------------------------------|----------|----------|
| | no. | no. |
| Directors and administration | 3 | 2 |
| | 3 | 2 |

Remuneration in respect of the directors – see note 6 to the consolidated financial statement.

5 Property, plant and equipment

| | Fixtures and Fittings equipment | Total |
|-----------------------------|---------------------------------|----------------|
| | £ | £ |
| Cost | | |
| At 1 October 2009 | 152,200 | 152,200 |
| Additions | 1,106 | 1,106 |
| At 30 September 2010 | 153,306 | 153,306 |
| Depreciation | | |
| At 1 October 2009 | 152,200 | 152,200 |
| Charge for year | 365 | 365 |
| At 30 September 2010 | 152,565 | 152,565 |
| Net book value | | |
| At 30 September 2010 | 741 | 741 |
| At 30 September 2009 | - | - |

6 Fixed asset investments

| | Shares in subsidiary undertakings | Trade Investments | Total |
|-----------------------------|-----------------------------------|-------------------|------------------|
| | | | £ |
| Cost | | | |
| At 1 October 2009 | 2,645,384 | - | - |
| Additions | - | 162,824 | 162,824 |
| At 30 September 2010 | 2,645,384 | 162,824 | 162,824 |
| Amounts written off | | | |
| At 1 October 2009 | 2,645,384 | - | 2,645,384 |
| At 30 September 2010 | 2,645,384 | - | 2,645,384 |
| Net book value | | | |
| At 30 September 2010 | - | 162,824 | 162,824 |
| At 30 September 2009 | - | - | - |

During the year, the Company made two trade investments to establish a strategic relationship with two privately owned software vendors. 90,910 ordinary shares of \$1.10 each were acquired in Jumpstart Wireless Corporation at a cost of £61,713. 26 ordinary shares were acquired in Ve Interactive Limited for a cost of £101,111. These shareholdings constitute minority interests in the businesses as part of the Group's strategic partnership and allow the Group to act a sales agent on behalf of their products. The Directors have no plans to dispose of these assets.

The shareholdings at the year end constitute ownership no more than 3% of total shareholdings in each entity.

Subsidiaries as at 30 September 2010 were:

- Oxford Broadcasting Limited, analogue television broadcasting (held as disposed)
- Milestone Media Limited, dormant
- Nexstar League Limited, dormant

All subsidiaries are wholly owned and incorporated in the United Kingdom.

7 Debtors

| | 2010 | 2009 |
|--------------------------------|---------------|--------------|
| | £ | £ |
| Trade debtors | 12,796 | - |
| Other debtors | 20,829 | 2,461 |
| Prepayments and accrued income | 6,120 | - |
| | 39,745 | 2,461 |

8 Creditors: amounts falling due within one year

| | 2010 | 2009 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 259,827 | 178,776 |
| Amounts owed to group undertakings | - | - |
| Other financial liabilities | 66,471 | - |
| Accruals and deferred income | 492,710 | 166,383 |
| Taxation and Social Security | 16,256 | 21,002 |
| | 835,264 | 366,161 |

Included in trade creditors and accruals are amounts of £60,415 and £35,809 (2009: £29,411 and £10,000) relating to unpaid directors' remuneration. This has been accrued in accordance with the payments agreed between the Company and directors. In addition, as disclosed on Note 6, there is an accrual of £213,333 (2009: nil) in relation to a discretionary award to Ms White.

9 Interest bearing loans and borrowings - due within one year

| | 2010 | 2009 |
|-----------------------------|----------------|---------------|
| | £ | £ |
| Bank overdrafts (unsecured) | - | - |
| Interest bearing loans | 392,300 | 50,000 |
| | 392,300 | 50,000 |

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

The interest charge in the profit and loss account for the period was £47,311 (2009: nil).

10 Share capital

| | 2010 | 2009 |
|---|------------------|------------------|
| | £ | £ |
| Authorised | | |
| 2,267,095,595 (2009: 2,267,095,595) ordinary shares of 0.1p (2009: 0.1p) each | 2,267,096 | 2,267,096 |
| | 2,267,096 | 2,267,096 |
| Allotted, called up and fully paid | | |
| 127,067,508 (2009: 88,297,740) ordinary shares of 0.1p (2009: 0.1p) each | 127,067 | 88,298 |
| | 127,067 | 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 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.

10 Share capital (continued)

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.

On 29 July 2010 the Company announced that it had agreed to issue 16,080,000 ordinary shares of 0.1p each for a cash consideration of £163,500 and 4,401,774 ordinary shares of 0.1p each for settlement of outstanding trade payables of £55,022.

No transaction costs were recorded against the share premium in the year.

11 Share premium account and reserves

| | Share Capital | Share premium | Profit and loss account | Capital Redemption Reserve | Total |
|-----------------------------|----------------|------------------|-------------------------|----------------------------|--------------------|
| | £ | £ | £ | | £ |
| At 1 October 2009 | 88,298 | 8,479,824 | (11,704,436) | 2,732,904 | (403,410) |
| Loss for the year | - | - | (1,230,678) | - | (1,230,678) |
| Share capital issued | 38,769 | 570,317 | - | - | 609,086 |
| Share options granted | - | - | - | - | - |
| At 30 September 2010 | 127,067 | 9,050,141 | (12,935,114) | 2,732,904 | (1,025,002) |

12 Capital commitments

There were no capital commitments at 30 September 2010 or 30 September 2009.

13 Share based payment

There were no share options in issue at either 30 September 2010 or 30 September 2009.

14 Transactions with directors and other related parties

Details of related party transactions for the Company are as disclosed for the Group in note 24 to the consolidated accounts.

15 Retirement benefit schemes

No payments were made on behalf of directors to any retirement benefit schemes in the current or prior year.

16 Post balance sheet events

Details of post balance sheet events for the Company are as disclosed for the Group in note 28 to the consolidated accounts.

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