

## **MILESTONE GROUP PLC**

("Milestone" or the "Company")

### **HALF YEARLY REPORT**

Milestone Group PLC ("Milestone" or the "Company"), the AIM quoted (AIM: MSG) provider of digital media and technology solutions, announces its half yearly report for the six months ended 31 March 2016.

#### **HIGHLIGHTS**

- **Milestone and the Passion Project - Platinum Sponsors for Apprenticeships4England**
- **Company Listed on the Social Stock Exchange, post-period end**
- **Issues of equity raising £293,600 during the period at a premium**
- **Nexstar launches new music and video publishing platform ([www.nexstarmusic.com](http://www.nexstarmusic.com))**
- **Nexstar signs two prepaid card programmes and its first artist to the music publishing platform**
- **Emotional Intelligence Training successfully delivered**
- **Appointment of Tim Lacey as Head of Commercial Development for the Foundation**
- **Charlton Athletic Community Trust signs new Mobile Business Solutions contract**
- **New Editor, Oliver Houghton, appointed to Disorder Magazine**

#### ***Deborah White, Chief Executive, said:***

*"The Board believes its mission to provide products and services that have a commercial value to shareholders as well as a social impact value to society is appropriate for both the current economic and political climate with proven industry interest growing.*

*"The Passion Project is accepted as being a big vision, however it is accompanied by a unique set of complimentary products and services, and is supported by a growing industry-experienced delivery team.*

*"Whilst the economic climate of recent years has been challenging for the Company's development, the emerging market conditions and areas of social focus are looking favourable."*

#### **For further information:**

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## **CHIEF EXECUTIVE'S STATEMENT**

These six months have seen continued progress across all sectors of the business, but in particular the development of the Passion Project continues to take centre stage.

### **Passion Project**

The Passion Project is now firmly established as the Company's flagship product, with a number of key activities having taken place in this period.

The Project continues to gather interest as a vehicle to help blue-chip companies tackle the Government's transition over from the Employer Ownership of Skills Programme to the Apprenticeship Levy, which is scheduled to start in April 2017.

In February 2016, the team was invited to attend the Apprenticeships4England event at the Emirates Stadium as a Platinum sponsor. The event was attended by guests representing over 600 corporates and has been instrumental in helping to raise industry awareness of the Company and the Passion Project.

This was later followed by further industry endorsement with the Company's acceptance to the Social Stock Exchange, post period end, in April 2016.

Following on from these activities, in July 2016, the Company will be hosting its first Corporate Membership event in the City of London helping to maintain profile and momentum whilst building membership revenues and sponsorship value.

### **Education and Training**

Emotional Intelligence continues to be promoted as a key ingredient in the Company's product offering. Training has been successfully delivered as part of the Passion Project and Winning of the Game of Life rolled out as part of the 100 schools programme.

### **Nexstar**

During this period, Milestone extended its relationship with Black Cactus Holdings PTY Ltd to secure the exclusive global rights to market and commercialise all the existing IP within Black Cactus.

This extensive collection of products and services provides the Company with additional complimentary digital, publishing and financial products – these include access to Tier 1 digital content, publishing services for music, film and e-books along with the provision of Money Over IP virtual bank accounts and pre paid cards.

These products and services are highly complimentary to the Company's target audience of young people and associated Passion Project partners. As part of this new agreement the Company announced in April 2016 the signing of two prepaid card programmes along with the signing of several artists and labels to the new music and video publishing platform, Nexstar Music ([www.nexstarmusic.com](http://www.nexstarmusic.com)).

### **Foundation**

The Foundation team has been further strengthened by the appointment of Tim Lacey as Head of the Milestone Foundation. His focus is Commercial Development with a remit to achieve self-sustainability for the Foundation via the sale of products and services along with securing grant funding for the operations and development of its initiatives. These initiatives include the national roll out of the Passion Project and the Winning in the Game of Life schools programme.

## **Mobile Business Solutions**

The mobile platform continues to gain traction and February 2016 saw the commencement of a project with Charlton Athletic Community Trust (“CACT”) that expanded the offering into the sporting sector. Onside Pro provides CACT with a trust-wide reporting and management tool for both their staff and the social outcomes of individuals attending their programmes. As previously announced, the project, currently our largest, went live in April 2016 and is a three-year agreement. The client retention rate for existing clients currently sits at 100% with all clients renewing their agreements either during period or shortly afterwards. STM Security Group, who have recently signed a renewal agreement, are currently in negotiation to double their contract size.

## **Creative Services**

Relative, the Group’s in-house digital agency, has focussed primarily on internal projects during the period, ensuring the branding and functionality of the Group’s digital content is up to date and relevant to its audience. This includes a redesign and build of the Milestone Group website, as well as on-going design and branding work for the Passion Project, Alchemy, Nexstar and associated campaigns.

Alongside this, Relative continues to deliver exceptional branding and website work for clients such as Red & White (Kodak), New Era Investments, Box Pensions and Seven Families. Additional projects work including developing Wrappa a sport and health application for young people.

As the Passion Project develops, it is expected that Relative’s revenue streams will increase as a result of the expansion, leading to more collaborations with its partner network.

## **Disorder Magazine**

A new editor, Oliver Houghton, has been appointed as part of the on-going development of the magazine. His first edition coincided with Graduate Fashion week and was successfully received with plans for an accompanying digital channel incorporating Nexstar’s music content to come on line in September this year.

## **Funding**

While each sector of the business is making strides to produce revenues, there has still been a need for the Company to continue to raise funds through the issue of shares. During the period, the Company raised £293,600 cash with a further £540,500 cash raised after the period end. These funds have been raised at a significant premium to the market price and have been used for the development of the business as well as for working capital purposes. The management team is focused on continuing to grow revenues. However, further fund raises are expected in the short-term to allow revenues to grow and the business to develop.

## **Outlook**

The Board believes its mission to provide products and services that have a commercial value to shareholders as well as a social impact value to society is appropriate for both the current economic and political climate with proven industry interest growing.

The Passion Project is accepted as being a big vision, however it is accompanied by a unique set of complimentary products and services, and is supported by a growing industry-experienced delivery team.

Whilst the economic climate of recent years has been challenging for the Company’s development, the emerging market conditions and areas of social focus are looking favourable.

**Deborah White**  
**Chief Executive Officer**

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 March 2016	Unaudited six months ended 31 March 2015	Audited year ended 30 Sept 2015
	£	£	£
<b>Revenue</b>	50,408	261,353	318,035
Cost of sales	(12,916)	(99,706)	(140,214)
<b>Gross profit</b>	<b>37,492</b>	<b>161,647</b>	<b>177,821</b>
Other operating income	-	-	-
Administrative expenses	(780,356)	(779,617)	(1,573,771)
	<u>(780,356)</u>	<u>(779,617)</u>	<u>(1,573,771)</u>
<b>Loss from operations</b>	<b>(742,864)</b>	<b>(617,970)</b>	<b>(1,395,950)</b>
Net Finance income/(expense)	7	(856)	(6,592)
	<u>(742,857)</u>	<u>(618,826)</u>	<u>(1,402,542)</u>
<b>Loss before taxation</b>	<b>(742,857)</b>	<b>(618,826)</b>	<b>(1,402,542)</b>
Taxation credit	-	-	-
<b>Net loss for period</b>	<b>(742,857)</b>	<b>(618,826)</b>	<b>(1,402,542)</b>
	<u>(742,857)</u>	<u>(618,826)</u>	<u>(1,420,542)</u>
<b>Total comprehensive loss for the year</b>	<b>(742,857)</b>	<b>(618,826)</b>	<b>(1,420,542)</b>
<b>Attributable to equity shareholders of the parent</b>	<b>(742,857)</b>	<b>(618,826)</b>	<b>(1,420,542)</b>
<b>Total basic and diluted loss per share</b>	<b>(0.12)</b>	<b>(0.11)</b>	<b>(0.25)</b>

There were no comprehensive income and expense items (2015: nil) other than those reflected in the above income statement. All results relate to continuing activities.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited six months ended 31 March 2016	Unaudited six months ended 31 March 2015	Audited year ended 30 Sept 2015
		£	£	£
<b>Non-current assets</b>				
Intangible fixed assets		1	37,821	18,914
		<b>1</b>	<b>37,821</b>	<b>18,914</b>
<b>Current assets</b>				
Trade and other receivables		67,602	87,420	63,477
Cash and cash equivalents		119,430	59,411	92,495
		<b>187,032</b>	<b>146,831</b>	<b>155,972</b>
<b>Current liabilities</b>				
Trade and other payables		(1,942,442)	(1,522,832)	(1,774,449)
Interest-bearing loans		(259,647)	(208,527)	(106,527)
		<b>(2,202,089)</b>	<b>(1,731,359)</b>	<b>(1,880,976)</b>
<b>Net Liabilities</b>		<b>(2,015,056)</b>	<b>(1,546,707)</b>	<b>(1,706,090)</b>
<b>Capital and reserves attributable to equity holders of the company</b>				
Share capital	4	625,163	570,136	592,086
Share premium account		13,669,203	13,199,369	13,395,669
Shares to be issued		609,500	115,000	502,848
Merger reserve		11,119,585	11,119,585	11,119,585
Capital Redemption Reserve		2,732,904	2,732,904	2,732,904
Retained losses		(30,771,411)	(29,283,701)	(30,049,182)
<b>Total Equity</b>		<b>(2,015,056)</b>	<b>(1,546,707)</b>	<b>(1,706,090)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 March 2016	Unaudited six months ended 31 March 2015	Audited year ended 30 Sept 2015
	£	£	£
<b>Loss for the period</b>	<b>(742,857)</b>	<b>(618,826)</b>	<b>(1,402,542)</b>
<i>Adjustments for:</i>			
Amortisation of intangible assets	18,913	18,907	37,814
Net bank and other interest (income) / charges	7	856	(6,592)
Issue of share options / warrant charge	20,628	-	18,235
Services settled by the issue of shares	30,619	29,368	30,619
<b>Net loss before changes in working capital</b>	<b>(672,690)</b>	<b>(569,695)</b>	<b>(1,322,466)</b>
(Increase)/decrease in trade and other receivables	(4,124)	27,563	51,507
Increase in trade and other payables	167,976	261,544	444,743
<b>Cash from operations</b>	<b>(508,838)</b>	<b>(280,588)</b>	<b>(826,216)</b>
Interest received	7	8	10
Interest paid	-	(864)	(2)
<b>Net cash flows from operating activities</b>	<b>(508,831)</b>	<b>(281,444)</b>	<b>(826,208)</b>
<b>Investing Activities</b>			
Purchase of available for sale investments	-	-	-
Proceeds from sale of held for sale investments	-	-	-
Acquisition of intangible assets	-	-	-
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financing Activities</b>			
Issue of ordinary share capital	382,646	130,000	809,848
Repayment of loan	-	(30,000)	(73,500)
New loans raised	153,120	165,000	106,500
<b>Net cash flows from financing activities</b>	<b>535,766</b>	<b>265,000</b>	<b>842,848</b>
Net increase / (decrease) in cash	26,935	(16,444)	16,640
Cash and cash equivalents at beginning of period	92,495	75,855	75,855
<b>Cash and cash equivalents at end of period</b>	<b>119,430</b>	<b>59,411</b>	<b>92,495</b>

## **NOTES TO THE HALF YEARLY REPORT**

### **1. General information**

The principal activity of Milestone Group PLC (“Milestone” or “the Company”) and its subsidiaries (together “the Group”) is the provision of multimedia and technology solutions.

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

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

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

This consolidated financial information has been approved for issue by the Board of Directors on 30 June 2016.

### **2. Basis of preparation**

The financial information in the half yearly report has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies used in preparing the half yearly report are those the Group expects to apply in its financial statements for the year ending 30 September 2016 and are unchanged from those disclosed in the Group's Directors' Report and consolidated financial statements for the year ended 30 September 2015.

The financial information for the six months ended 31 March 2016 and the six months ended 31 March 2015 is unaudited and does not constitute the Group's statutory financial statements for those periods. The comparative financial information for the full year ended 30 September 2015 has, however, been derived from the audited statutory financial statements for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies.

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

### **Going concern**

As stated in the accounts for the year to 30 September 2015, the future business model of the Group is based around the generation of sustainable revenues and profits through its various projects, including the expansion of the Passion Project. As described in the Chief Executive's statement, progress has been and continues to be made to develop the Group's activities and associated revenues. However, as also noted in the 30 September 2015 accounts, the Group needs to raise further funds from the placing of shares whilst the revenues and profits from these solutions are fully developed.

During the period the Group has raised funds of £293,600 through the placing of shares. Since the period end further funds of £540,500 have also been raised through further share placements.

In line with the plans and projections prepared by the Board, the Group's activities continue to build, however in accordance with those plans, in the short term the Group needs to continue to raise funds from a combination of trading and placement of shares to fund its activities.

### 3. Loss per share

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the average weighted number of shares in issue during the period. 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 104,042,000 share options outstanding at 31 March 2016 (2015: 104,872,000), however the figures have not been adjusted to reflect conversion of these share options as the effects would be anti-dilutive.

Loss for 6 months to 31 March 2016 £	Weighted average number of shares	Per share amount (pence)	Loss for 6 months to 31 March 2015 £	Weighted average number of shares	Per share amount (pence)
(742,857)	607,057,128	(0.x\$12)	(618,826)	562,138,393	(0.11)

### 4. Share Capital

	Number	31 March 2016 £	Number	30 Sept 2015 £
<i>Authorised</i>				
Ordinary shares of 0.1p	2,267,095,595	2,267,096	2,267,095,595	2,267,096
	<hr/>	<hr/>	<hr/>	<hr/>
	2,267,095,595	2,267,096	2,267,095,595	2,267,096
<i>Allotted, called up and fully paid</i>				
Ordinary shares of 0.1p	625,163,582	625,163	592,086,032	592,086
	<hr/>	<hr/>	<hr/>	<hr/>
	625,163,582	625,163	592,086,032	592,086

On 11 November 2015, the Company issued 15,067,550 ordinary shares at a price of 1 penny per share for a cash consideration of £113,500 and for settlement of outstanding trade payables of £37,175.50.

On 25 February 2016, the Company issued 18,010,000 ordinary shares at a price of 1 penny per share for a cash consideration of £180,100.

### 5. Availability of the Half Yearly Report

Copies of the half yearly report are available to shareholders on the Company's website at [www.milestongroup.co.uk](http://www.milestongroup.co.uk) and from Milestone's registered office: 1<sup>st</sup> Floor, 2 Royal Exchange Steps, London EC3V 3DG.