



## 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 2015.

### HIGHLIGHTS

- Revenues of £260k in this six-month period exceeded revenues for the whole of the previous year (half-year to 31 March 2014: £44k, year to 30 September 2014: £157k)
- The Passion Project generating revenue through fee-paying corporate members and sponsorship packages
- Referrals from the Passion Project creating revenues for the rest of the Group
- Relative continues to generate revenue through new and existing clients, whilst also working on Group digitalisation of Disorder magazine and Passion Project platform
- Disorder Magazine re-launched with magazine and new website
- Winning in the Game of Life Education and Training materials exhibited at two trade shows
- Mobile Business Solutions marketing and sales strategy underway

### Deborah White, Chief Executive, said:

*“The Board is pleased with the continued development of each sector of the business, particularly the revenues being generated by the Passion Project following a long development phase. This unique opportunity offers exciting revenue streams as well as creating a platform for young people to improve their lives.”*

### For further information:

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## **CHIEF EXECUTIVE'S STATEMENT**

These six months have seen progress across all sectors of the business as each product and service develops in its own right as well as working to support and complement each other.

### **Passion Project**

The Passion Project has gone from strength to strength following the launch on 10 December 2014. As well as signing charities as founding members, the Project is now attracting fee paying corporate members. These members benefit from access to the Milestone's products and services on a chargeable basis as well as help and support to deliver their Corporate Social Responsibility ("CSR") activities. Members also benefit from joint marketing with the Passion Project, cross-sector introductions and joint tenders / bid applications.

There is also the ability for partners to promote news items and job opportunities to the participants of the Passion Project. For example, in December 2014, the Rank Group plc joined as a member, bringing with them in the region of 1,500 employment opportunities to be rolled out throughout 2015.

In January 2015, Milestone signed a sponsorship deal worth £130,000 for the careers profiling tool of the Passion Project, called the Game. The Game aims to make careers advice simple, fun and interactive. This deal was followed in March 2015 by the 5-month sponsorship of BE United, the football related engagement activity, for a total of £50,000 per month.

As well as generating income directly, the Passion Project is also proving the perfect tool for introducing opportunities and work to the rest of the group, including digital work for Relative, Mobile Business Solutions and Education and Training.

### **Relative**

Milestone's creative agency, Relative, has continued to work with external clients, including various projects for Sudler and Hennessey (a division of the Young and Rubicam Group). In addition to this self-generated work, Relative have been very busy developing the digital presence for the Group including a new website for Milestone Group, developing the Passion Project and digitising Disorder Magazine. They have also received referrals for work through the Passion Project partners.

### **Disorder**

As well as re-launching Disorder Magazine with two new issues during the period, Milestone, through Relative, has also created a new website for the magazine ([www.disordermagazine.com](http://www.disordermagazine.com)). The team is accessing grant funding to allow them to provide young people with work experience and training opportunities in a variety of areas including journalism, photography and fashion. The recent activity has resulted in Disorder receiving new commercial enquiries from Vogue *Italia*, London Fashion Week and a number of UK colleges and brands.

### **Education and Training**

In January 2015, Milestone showcased "Winning in the Game of Life", the emotional intelligence curriculum based programme for schools, at the BETT exhibition in London and was later followed by the Education show in Birmingham. These events triggered a number of enquiries, which the Company continues to follow up. The emotional intelligence training programme is also being developed to become a core part of the Passion Project, offering training and development opportunities for the participants.

### **Mobile Business Solutions**

The Company's core mobile product has been developed into a modular format, allowing Milestone to meet new client needs without having to undertake major software development. In recent

months, the Company has provided solutions as varied as quotation administration for a building management organisation, through to training and personnel management for the Green Skills Partnership. The transport industry continues to provide opportunities and we will shortly begin a pilot to provide an incident management tool for a major rail operating company.

The marketing and sales strategy is underway following the production of new collateral and a revised product website. The email marketing campaign continues to gather momentum and we have had a number of enquiries and request for proposals from online marketing portals, as well as referrals from the Passion Project.

### **Funding**

The Board is pleased to see revenues into the Group during this six-month period of £261,353. This amount exceeds the £157,337 raised in the whole of last year and demonstrates the exciting progress made to date.

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 £130,000 cash and a further £217,000 cash was raised after the period end. These funds have been raised at a significant premium to the market price and have been used for working capital purposes as well as for the development of the business. 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 is pleased with the continued development of each sector of the business, particularly the revenues being generated by the Passion Project following a long development phase. This unique opportunity offers exciting revenue streams as well as creating a platform for young people to improve their lives.

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 March 2015	Unaudited six months ended 31 March 2014	Audited year ended 30 Sept 2014
	£	£	£
<b>Revenue</b>	261,353	44,420	157,377
Cost of sales	(99,706)	(67,021)	(247,087)
<b>Gross profit</b>	<b>161,647</b>	<b>(22,601)</b>	<b>89,710</b>
Other operating income	-	50,536	1,500
Realised gain on disposal	-	335,304	409,453
Administrative expenses	(779,617)	(573,514)	(1,428,018)
	(779,617)	(187,674)	(1,017,065)
<b>Loss from operations</b>	<b>(617,970)</b>	<b>(210,275)</b>	<b>(1,106,775)</b>
Net Finance income/(expense)	(856)	36,927	35,392
<b>Loss before taxation</b>	<b>(618,826)</b>	<b>(173,348)</b>	<b>(1,071,383)</b>
Taxation credit	-	-	-
<b>Net loss for period</b>	<b>(618,826)</b>	<b>(173,348)</b>	<b>(1,071,383)</b>
Items which may be reclassified subsequently to profit or loss			
Adjustment in carrying value of available for sale investments	-	(14,080)	(14,080)
Recycling of realised gain on sale of available for sale financial assets	-	(335,304)	(335,304)
<b>Total comprehensive loss for the year</b>	<b>(618,826)</b>	<b>(522,732)</b>	<b>(1,420,767)</b>
<b>Attributable to equity shareholders of the parent</b>	<b>(618,826)</b>	<b>(522,732)</b>	<b>(1,420,767)</b>
<b>Total basic and diluted loss per share</b>	<b>(0.11)</b>	<b>(0.12)</b>	<b>(0.23)</b>

There were no comprehensive income and expense items (2014: 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 2015	Unaudited six months ended 31 March 2014	Audited year ended 30 Sept 2014
		£	£	£
<b>Non-current assets</b>				
Intangible fixed assets		37,821	170,581	56,728
Investments		-	61,713	-
		<b>37,821</b>	<b>232,294</b>	<b>56,728</b>
<b>Current assets</b>				
Trade and other receivables		87,420	73,840	114,983
Cash and cash equivalents		59,411	64,327	75,855
		<b>146,831</b>	<b>138,167</b>	<b>190,838</b>
<b>Current liabilities</b>				
Trade and other payables		(1,522,832)	(1,339,813)	(1,336,289)
Interest-bearing loans		(208,527)	(74,727)	(73,527)
		<b>(1,731,359)</b>	<b>(1,414,540)</b>	<b>(1,409,816)</b>
<b>Net Liabilities</b>		<b>(1,546,707)</b>	<b>(1,044,079)</b>	<b>(1,162,250)</b>
<b>Capital and reserves attributable to equity holders of the company</b>				
Share capital	4	570,136	470,924	553,961
Share premium account		13,199,369	12,309,348	13,056,175
Shares to be issued		115,000	90,000	40,000
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		(29,283,701)	(27,766,840)	(28,664,875)
<b>Total Equity</b>		<b>(1,546,707)</b>	<b>(1,044,079)</b>	<b>(1,162,250)</b>

# **CONSOLIDATED STATEMENT OF CASH FLOWS**

	Unaudited six months ended 31 March 2015	Unaudited six months ended 31 March 2014	Audited year ended 30 Sept 2014
	£	£	£
<b>Loss for the period</b>	<b>(618,826)</b>	<b>(173,348)</b>	<b>(1,071,383)</b>
<i>Adjustments for:</i>			
Amortisation of intangible assets	18,907	18,907	37,814
Impairment of investments	-	-	61,713
Realised gain on disposal of held for sale investments	-	(335,304)	(409,453)
Impairment of goodwill	-	-	94,847
Net bank and other interest (income) / charges	856	(38,161)	(35,392)
Issue of share options / warrant charge	-	-	-
Services settled by the issue of shares	29,368	17,049	27,049
<b>Net loss before changes in working capital</b>	<b>(569,695)</b>	<b>(510,857)</b>	<b>(1,294,705)</b>
(Increase)/decrease in trade and other receivables	27,563	(23,114)	(64,225)
Increase/(decrease) in trade and other payables	261,544	172,298	119,754
<b>Cash from operations</b>	<b>(280,588)</b>	<b>(361,673)</b>	<b>(1,239,206)</b>
Interest received	8	4	56
Interest paid	(864)	(1,843)	(5,866)
<b>Net cash flows from operating activities</b>	<b>(281,444)</b>	<b>(363,512)</b>	<b>(1,245,016)</b>
<b>Investing Activities</b>			
Purchase of available for sale investments	-	-	(232,937)
Proceeds from sale of held for sale investments	-	-	350,057
Acquisition of intangible assets	-	-	(1)
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>-</b>	<b>117,119</b>
<b>Financing Activities</b>			
Issue of ordinary share capital	130,000	431,554	1,207,467
Repayment of loan	(30,000)	(23,740)	(23,740)
New loans raised	165,000	3,000	3,000
<b>Net cash flows from financing activities</b>	<b>265,000</b>	<b>410,814</b>	<b>1,186,727</b>
Net (decrease) / increase in cash	(16,444)	47,302	58,830
Cash and cash equivalents at beginning of period	75,855	17,025	17,025
<b>Cash and cash equivalents at end of period</b>	<b>59,411</b>	<b>64,327</b>	<b>75,855</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 2015.

### **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 2015 and are unchanged from those disclosed in the Group's Directors' Report and consolidated financial statements for the year ended 30 September 2014.

The financial information for the six months ended 31 March 2015 and the six months ended 31 March 2014 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 2014 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 2014, the future business model of the Group is based around the generation of sustainable revenues and profits through its wholly owned subsidiary, Oil Productions trading as Relative, and through its various projects. 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 2014 accounts, the Group needed 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 £130,000 through the placing of shares. Since the period end further funds of £217,000 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 104,872,000 share options outstanding at 31 March 2015 (2014: 19,765,000), 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 2015 £	Weighted average number of shares	Per share amount (pence)	Loss for 6 months to 31 March 2014 £	Weighted average number of shares	Per share amount (pence)
(618,826)	562,138,393	(0.11)	(522,732)	440,315,023	(0.12)

### 4. Share Capital

	Number	31 March 2015 £	Number	30 Sept 2014 £
<i>Authorised</i>				
Ordinary shares of 0.1p	2,267,095,595	2,267,096	2,267,095,595	2,267,096
	2,267,095,595	2,267,096	2,267,095,595	2,267,096
<i>Allotted, called up and fully paid</i>				
Ordinary shares of 0.1p	570,136,032	570,136	553,961,032	553,961
	570,136,032	570,136	553,961,032	553,961

On 19 December 2014, the Company issued 16,175,000 ordinary shares at a price of 1 penny per share for a cash consideration of £130,000 and for settlement of outstanding trade payables of £31,750.

### 5. Availability of the Half Yearly Report

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