PORTA COMMUNICATIONS PLC

(The "Group" or "Porta")

Interim results for the six months ended 30 June 2016

Porta Communications Plc, the international communications and marketing group, is pleased to announce its interim results for the six months ended 30 June 2016.

Solid performance despite impact of Brexit vote

Strategic progress

Financial Highlights

Rounded to the nearest thousand	Six months ended 30 June 2016 £	Six months ended 30 June 2015 £	Year ended 31 December 2015 £
Revenue	17,804,000	17,352,000	34,093,000
Gross Profit	13,758,000	13,906,000	26,949,000
EBITDA [1]	692,000	828,000	1,072,000
Headline EBITDA [2]	936,000	1,334,000	2,607,000
Headline EBITDA Margin [3]	6.8%	9.6%	9.7%

[1] Reported EBITDA after all costs.

[2] Headline EBITDA excludes acquisitions and restructuring costs, exceptional legal and professional costs, share based payments, gain on acquisition and non-recurring property costs.

[3] Headline EBITDA Margin is headline EBITDA as a percentage of Gross Profit.

First half highlights:

- Gross profit down 1% despite the impact of Brexit, offset by organic growth in Asia-Pacific of 11%.
- EBITDA after all costs virtually unchanged after adding back £120k impairment of collateral held on a loan.
- Exceptional costs down 50%.
- Positive operating cash flow of £350k.
- Debt with Hawk Investment Holdings Ltd was restructured to allow roll-up of interest and deferral of redemption to April 2019.
- New clients won including Sompo Japan Nipponkoa, Permira, Legal & General Investment Management and the Rugby Football Union.
- New senior hires in the UK and Australia.
- Quality of our work recognised through awards including Best Advisor – Financial PR Agency of the Year in the UK Stock Market Awards 2016.

Board changes:

- Brian Blasdale will be stepping down from the board with effect from 30 November 2016.
- John Foley has joined the Board as a Non-Executive Director. John is an experienced PLC director with over 27 years of continuous experience on various public company boards as either Chairman, CEO, CFO or Non-Executive Director.

Commenting, David Wright said:

"After the first five months the Group was running ahead of budget. In our May 2016 trading statement, however, we indicated that the uncertainty caused by the referendum and the subsequent Brexit vote had a marked impact on project work in the UK where we are particularly exposed to the housing and property sectors.

"We have continued to attract senior, proven staff to our team due to the quality of our platform. These hires help improve the number, quality and conversion rate of our client opportunities.

"Porta is now moving into a new chapter in its development. We need to re-present the company, its strategy and to deliver greater value by building on the good work that has taken place thus far."

Enquiries

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Chief Executive Report

Overview

Having backed a number of start-ups and also having completed a number of acquisitions over the years, the theme of 2016 is very definitely about consolidating what we have already built whilst adding to the senior firepower of the group in the London market – the largest global fee opportunity outside of New York.

The very good start to 2016 for Porta was offset by the impact of the Brexit vote in the UK. This undoubtedly had a negative effect on all corporate decision making in general and on the housing and property market in particular. The number of IPOs diminished significantly and our PPS business – the market leader in property with an emphasis on housing - was adversely affected.

In the rest of the world our businesses did well with Australia the star performer.

As reputation management becomes ever more complex and important, clients are increasingly looking for senior counsel. We are adding to the number of our senior proven staff to create a team that can help us to take Porta to the next level. In the period I was delighted to welcome Gavin Devine and Charlie Chichester in London. Gavin was hired as the COO of Porta and will help us grow the Public Affairs business in the UK and Europe. Charlie joined as Senior Partner and heads-up the financial practice in London. Both have made an immediate impact to the business. I was also very pleased to welcome Fiona Court and Nick Maher to our Australia business. Fiona, who joined us as a Director, is a specialist community relations practitioner who will work on expanding and developing a dedicated practice area in this space. Nick Maher was a former Partner of his colleagues in Australia. He is a highly experienced public affairs and communications advisor who re-joined us as a Senior Adviser. Nick recently served as a Chief of Staff for the Australian Government in infrastructure and regional development in 2013/14. He was also the Head of Government Relations for the Property Council of Australia in 2015/16, based in Canberra working on tax reform. We are increasingly attracting such talent – drawn by our integrated approach which is fit for purpose in the internet age. All of our senior hires thus far have generated fees from day one,

Communications Division

In the UK, we are integrating PPS Group and Newgate Communications to create a major new force in the corporate communications world. The combined entity will be our largest business unit, and has a unique market positioning in being able to deliver financial PR and IR, corporate PR and media relations, public affairs, local stakeholder engagement and regional PR. We believe this is a compelling proposition for clients and potential clients.

The UK business was subject to some degree of slowdown in the run up to and immediate aftermath of the referendum on Brexit, particularly in terms of project work where we are relatively exposed to the housing and property sectors. These sectors accounted for approximately 9% of our group gross profit in H1 2015, decreasing to 5% in H1 2016. However, business has picked up noticeably since. Good progress has been made, with the business advising on several transactions, including Samsonite on its acquisition of TUMI, Glencore on the sale of a partial stake in its Agri business and Blue Prism on its IPO. Newgate also advised Third Energy on securing the first planning permission for shale gas exploration in five years. The business has also increased its focus on pensions advisory work over the last 12 months. The team, which includes public policy, media, member communications and training experts, has acted for several FTSE100 schemes.

On the local stakeholder engagement side, the PPS team has added new clients including the Rugby Football Union, Marlborough College and Cambridge University, the International Advanced Manufacturing Park in Sunderland and South Tyneside, and the Defence Infrastructure Organisation.

The profile of Newgate and PPS has grown in recent months, in large part due to the high profile hires we have made. As a result of these and other steps forward in the business the pipeline of new client prospects and high profile hires for both Newgate and PPS has strengthened significantly in the last couple of months.

Publicasity, which focuses on B2C and B2B markets, has been very solid throughout the first six months with an encouraging level of new business coming through towards the end of the first half, such as BSH Group (which includes brands such as Bosch, Siemens and Neff), and also won a large confidential piece of business from a major UK retailer.

Also in the UK, the corporate and financial PR business Redleaf performed extremely well with new client wins including BDO International, Caxton FX and IG Design Group Plc. Redleaf received awards for Best Advisor – Financial PR Agency of the Year in the UK Stock Market Awards 2016 (third year running), PR Agency of the Year Grant Thornton Quoted Company Awards (second year running) and PR Campaign of the Year 2016 at the Insurance PR Marketing Awards for the Insurance Made Simple (AskCindy) campaign with the CII.

Australia once again has turned in excellent results and plans are being implemented to significantly increase the size of the business. Growth has been strong across all parts of their business, in particular research and public affairs, for both state and federal Governments. Sydney Metro continues to be the agency's largest client helping with the stakeholder and community engagement and providing market research to support the development of Sydney's largest infrastructure project. Newgate Australia has been involved with the high-profile administration of electronics retailer Dick Smith, starting in January and still going strong. Australia has also assisted Uber throughout the year and has helped it to successfully become legal in a number of states.

Newgate Research in Australia was awarded the Research Industry Council of Australia (RICA) Employer of the Year Award at the national market research industry conference in Melbourne in September. RICA says the award recognises industry leaders who demonstrate a strong employer brand, a commitment to engaging and retaining talent and overall excellence in people management. Organisations have to fight hard to recruit and retain people and this award recognises those businesses that really put people at the heart of their overall strategy. Winning Employer of the Year Award is not only an acknowledgement of professional success; it is a demonstration of a long term commitment to better business outcomes. Few things can be better for employee morale, investors and most important of all, the bottom line.

Hong Kong and Singapore have performed really well in some difficult markets, reflecting the quality of both their teams and their clients.

In addition to Hong Kong's existing retained client base, a number of new retained and project clients were won during the period including Asiya Investments, BFAM (in connection with the Kaisa debt restructuring), Franklin Templeton, Merril Corporation, Maxnerva and Permira.

Singapore won or renewed a number of retainer contracts (at higher rates and with enlarged scopes of work) for the regional property giant Ascendas-Singbridge, the diversified conglomerate Pan-United Corporation and the high-profile law firm TSMP Law Corporation. Singapore also advised on a number of capital markets transactions, including the successful takeover by Baring Private Equity Asia of locally-listed UE E&C and other confidential briefs.

Marketing & Advertising Division

A detailed management appraisal has been concluded recently at 2112 and further changes have been made which will result in an improvement in both margins and profits. The business however continues to add new clients to its roster. Recent wins include Legal and General Investment Management, Quilter Cheviot (one of the UK's largest discretionary investment management firms), leading wealth management company Charles Stanley, and independent sports dispute service Sports Resolutions.

Summit has traded well and its Management are now exploring further business development opportunities. Meanwhile the business continues to win new clients, including Sage One and the Institution of Civil Engineers.

Outlook

Over the last few years the building blocks have been put in place with the result that we now have scale operations in several markets including the UK and Asia-Pacific. The potential of these operations and the platform we have created need to be driven forward through operational enhancement and further strategic development.

The outlook is undoubtedly strengthening all the time now that the Brexit vote is behind us, but we cannot relax our resolve in growing the business. We can say with confidence that the platform is there to continue driving the business forward.

Executive Summary

	Six months ended 30 June 2016 £	Six months ended 30 June 2015 £	Year ended 31 December 2015 £
Operating loss	(631,775)	(548,975)	(1,646,793)
Add back depreciation and amortisation	1,323,291	1,377,027	2,718,405
EBITDA from continuing operations	**691,516**	**828,052**	**1,071,612**
Acquisition costs	-	29,948	36,948
Restructuring costs	88,231	116,956	756,240
Non-recurring property costs	-	66,909	86,207
Legal and professional consultancy costs	142,727	98,994	340,850
Share based payments	(106,873)	192,748	315,002
Impairment of security collateral	120,130	-	-
Headline EBITDA	**935,731**	**1,333,607**	**2,606,859**
EPS reported on operating loss for continuing operations	**(0.2p)**	(0.2p)	(0.6p)
EPS based on headline EBITDA	**0.3p**	0.5p	1.0p

Interim results by division were as follows:

Six months ended 30 June 2016	Communications £	Marketing & Advertising £	TOTAL Operations £	Head office £	TOTAL £
External revenue	14,744,904	3,058,937	17,803,841	-	17,803,841
Gross profit (fee income)	12,155,703	1,602,630	13,758,333	-	13,758,333
Operating results	483,261	(263,515)	219,746	(851,521)	(631,775)
Depreciation & Amortisation	1,099,432	100,689	1,200,121	123,170	1,323,291
Reported EBITDA	1,582,693	(162,826)	1,419,867	(728,351)	691,516
Headline adjustments	108,379	88,231	196,610	47,605	244,215
Headline EBITDA	**1,691,072**	**(74,595)**	**1,616,477**	**(680,746)**	**935,731**
Headline EBITDA margin					**6.8%**

Six months ended 30 June 2015	Communications £	Marketing & Advertising £	TOTAL Operations £	Head office £	TOTAL £
External revenue	14,319,240	3,032,508	17,351,748	-	17,351,748
Gross profit (fee income)	12,129,177	1,776,373	13,905,550	-	13,905,550
Operating results	769,219	(102,631)	666,588	(1,215,563)	(548,975)
Depreciation & Amortisation	1,180,107	105,518	1,285,625	91,402	1,377,027
Reported EBITDA	1,949,326	2,887	1,952,213	(1,124,161)	828,052
Headline adjustments	288,307	13,773	302,080	203,475	505,555
Headline EBITDA	**2,237,633**	**16,660**	**2,254,293**	**(920,686)**	**1,333,607**
Headline EBITDA margin					**9.6%**

David Wright

Chief Executive Officer

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016 (Unaudited)

		Six months ended 30 June 2016 £	Six months ended 30 June 2015 £	Year ended 31 December 2015 £
Continuing operations				
Revenue	5	17,803,841	17,351,748	34,093,005
Cost of sales		(4,045,508)	(3,446,198)	(7,144,100)
Gross profit		**13,758,333**	13,905,550	26,948,905
Operating and administrative expenses		(14,390,108)	(14,454,525)	(28,595,698)
Operating loss	4	**(631,775)**	(548,975)	(1,646,793)
Finance expense		(604,995)	(593,629)	(1,268,314)
Finance income		5,994	11,737	27,267
Share of profit/(loss) in associate		54,902	-	(25,304)
Profit/(loss) before taxation on continuing operations		**(1,175,874)**	(1,130,867)	(2,913,144)
Tax charge	6	(39,595)	(284,657)	(187,794)
Loss for the period on continuing operations		**(1,215,469)**	(1,415,524)	(3,100,938)
Discontinued operations				
Loss for the period from discontinued operations	7	**(387,500)**	-	(352,577)
Loss for the period		**(1,602,969)**	(1,415,524)	(3,453,515)
(Loss) / profit for the period attributable to:				
Owners of the Company		(1,913,900)	(1,802,801)	(4,356,112)
Non-controlling interests		310,931	387,277	902,597
		(1,602,969)	(1,415,524)	(3,453,515)
Other comprehensive income				
Exchange differences arising on items that may be subsequently reclassified to profit and loss		308,965	(121,953)	(34,610)
Total other comprehensive income, net of tax		**308,965**	(121,953)	(34,610)
Total comprehensive income for the period		**(1,294,004)**	(1,537,477)	(3,488,125)
Total comprehensive income for the period attributable to:				
Owners of the Company		(1,791,795)	(1,897,563)	(4,363,548)
Non-controlling interests		497,791	360,086	875,423
		(1,294,004)	(1,537,477)	(3,488,125)
Earnings/(loss)per share basic and diluted	13			
On continuing operations		**(0.4p)**	(0.5p)	(1.5p)
On discontinued operations		**(0.1p)**	-	(0.1p)
On continuing and discontinued operations		**(0.6p)**	(0.5p)	(1.6p)
On operating (loss)/profit from continuing operations		**(0.2p)**	(0.2p)	(0.6p)
On headline EBITDA		**0.3p**	0.5p	1.0p

The accompanying notes are an integral part of this condensed consolidated interim financial report.

Condensed Consolidated Statement of Financial Position

As at 30 June 2016 (Unaudited)

	Notes	30 June 2016	30 June 2015	31 December 2015
		£	£	£
Non-current assets				
Intangible assets	12	16,081,779	17,911,355	17,056,192
Property, plant and equipment	8	1,050,005	1,250,398	1,181,803
Deferred tax asset		1,606,691	119,435	1,601,065
Non-current financial assets		923,775	923,775	923,775
Other investments		8,500	9,500	9,500
Investment in associates		937,421	1,425,154	845,921
Total non-current assets		**20,608,171**	**21,639,617**	**21,618,256**
Current assets				
Work in progress		1,154,583	724,998	924,662
Trade and other receivables		6,633,016	8,540,783	7,326,215
Current tax assets		-	120,192	-
Cash and cash equivalents		1,792,513	1,923,873	1,787,184
Total current assets		**9,580,112**	**11,309,846**	**10,038,061**
Current liabilities				
Trade and other payables		(8,204,001)	(7,719,375)	(8,116,383)
Current tax liabilities		(363,030)	(754,446)	(448,824)
Loans and borrowings	11	(5,226,527)	(7,426,165)	(4,956,269)
Total current liabilities		**(13,793,558)**	**(15,899,986)**	**(13,521,476)**
Net current (liabilities)/assets		(4,213,446)	(4,590,140)	(3,483,415)
Non-current liabilities				
Trade and other payables		(361,746)	-	(462,487)
Fair value of contingent consideration		(1,236,338)	(956,417)	(1,179,302)
Deferred tax liabilities		(1,620,419)	(2,093,338)	(1,832,413)
Loans and borrowings	11	(3,246,603)	(260,188)	(3,041,803)
Total non-current liabilities		**(6,465,106)**	**(3,309,943)**	**(6,516,005)**
Net assets		**9,929,619**	**13,739,534**	**11,618,836**
Equity				
Share capital	9	28,556,792	23,380,791	28,380,791
Share premium		4,788,547	4,788,547	4,788,547
Retained losses		(24,686,265)	(20,490,215)	(22,822,085)
Translation reserve		36,474	(172,958)	(85,631)
Other reserves		(822,442)	(785,326)	(489,848)
Total equity shareholders' funds		**7,873,106**	**11,720,839**	**9,771,774**
Equity non-controlling interests		2,056,513	2,018,695	1,847,062
Total equity		**9,929,619**	**13,739,534**	**11,618,836**

The accompanying notes are an integral part of this condensed consolidated interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016 (Unaudited)

	Six months ended 30 June 2016 £	Six months ended 30 June 2015 £	Year ended 31 December 2015 £
Cash flow from operating activities			
Loss before taxation on continuing activities	(1,175,874)	(1,130,867)	(2,913,144)
Adjusted for:			
Loss from discontinued operations before tax	(387,500)	-	(352,577)
Depreciation and amortisation	1,323,291	1,377,027	2,718,405
Equity settled share based payments	(106,873)	192,749	315,002
Share of (profits)/losses in associates	(54,902)	-	25,304
Finance income	(5,994)	(11,737)	(27,267)
Finance costs	604,995	593,629	1,268,314
Loss on disposal of property, plant and equipment	254	-	1,713
Impairment of other fixed assets	1,000	-	-
Impairment of security receivable	120,130	-	-
Capitalised costs	(9,422)	-	-
Non cash rents received	(126,000)	-	(105,000)
Tax paid	(367,950)	(441,475)	(1,019,396)
Change in estimate of goodwill on prior year acquisition	-	-	(88,684)
(Increase)/decrease in work in progress	(140,528)	357,246	142, 835
(Increase)/decrease in trade and other receivables	921,075	(828,856)	(76,027)
(Decrease)/increase in trade and other payables	(129,888)	589,509	1,493,184
Unrealised foreign exchange (gain)/loss	(115,494)	23,525	(40,093)
Net cash inflow from operating activities	**350,320**	**720,750**	**1,342,569**
Cash flows from investing activities			
Acquisition of intangible assets	(22,427)	(24,346)	(188,141)
Acquisition of property, plant and equipment	(54,056)	(71,696)	(164,441)
Acquisition of subsidiary, net of cash acquired	-	49,102	49,102
Dividends paid to non-controlling interests	(288,340)	(262,698)	(728,226)
Interest received	5,994	11,737	27,267
Interest paid	(7,523)	(9,856)	(12,583)
Net cash outflow from investing activities	**(366,362)**	**(307,757)**	**(1,016,982)**
Cash flows from financing activities			
Proceeds from loans and borrowings	2,881,010	-	1,711,561
Repayment of loans and borrowings	(2,870,729)	(179,278)	(1,896,861)
Repayment of leases	(70,420)	(77,101)	(134,498)
Net cash absorbed by financing activities	**(60,139)**	**(256,379)**	**(1,033,340)**
Net (decrease)/ increase in cash and cash equivalents	**(76,181)**	**156,614**	**5,749**
Cash and cash equivalents at 1 January	1,787,184	1,791,426	1,791,426
Effect of exchange rate changes	81,510	(24,167)	(9,991)
Cash and cash equivalents at period end	**1,792,513**	**1,923,873**	**1,787,184**

The accompanying notes are an integral part of this condensed consolidated interim financial report.

Condensed Consolidated Statement of Changes in Equity

Statement of changes in equity for the six months ended 30 June 2016 (Unaudited)

	Share capital	Share premium	Retained losses	Translation reserve	Other Reserves	Written Put/Call Options over NCI	Total equity shareholders' funds	Non-controlling interests (NCI)	**Total equity**
	£	£	£	£	£	£	£	£	£
Balance at 1 January 2016	**28,380,791**	**4,788,547**	**(22,822,085)**	**(85,631)**	**1,301,898**	**(1,791,746)**	**9,771,774**	**1,847,062**	**11,618,836**
Total comprehensive income									
Loss for the period	-	-	(1,913,900)	-	-	-	**(1,913,900)**	310,931	**(1,602,969)**
Other comprehensive income	-	-	-	122,105	-	-	**122,105**	186,860	**308,965**
Total comprehensive income	**-**	**-**	(1,913,900)	122,105	-	-	**(1,791,795)**	497,791	**(1,294,004)**
Transactions with owners of the Company, recognised directly in equity									
Contributions by owners:									
Issue of ordinary shares in relation to deferred consideration	176,001	-	49,720	-	(225,721)	-	**-**	-	**-**
Dividend paid to non-controlling interest	-	-	-	-	-	-	**-**	(288,340)	**(288,340)**
Share based payments	-	-	-	-	(106,873)	-	**(106,873)**	-	**(106,873)**
Total transactions recognised directly in equity	-	-	-	-	(106,873)	-	**(106,873)**	(288,340)	**(395,213)**
Balance at 30 June 2016	**28,556,792**	**4,788,547**	**(24,686,265)**	**36,474**	**969,304**	**(1,791,746)**	**7,873,106**	**2,056,513**	**9,929,619**

The accompanying notes are an integral part of this condensed consolidated interim financial report.

Statement of changes in equity for the year ended 31 December 2015:

	Share capital	Share premium	Retained losses	Translation reserve	Other Reserves	Written Put/ Call Options over NCI	Total equity shareholders' funds	Non-controlling interests	**Total equity**
	£	£	£	£	£	£	£	£	**£**
Balance at 1 January 2015	**27,405,391**	**4,788,547**	**(18,108,687)**	**(78,195)**	**813,671**	**(1,791,746)**	**13,118,981**	**2,174,768**	**15,293,749**
Total comprehensive income									
Loss for the period	-	-	(1,802,801)	-	-	-	**(1,802,801)**	387,277	**(1,415,524)**
Other comprehensive income	-	-	-	(94,763)	-	-	**(94,763)**	(27,190)	**(121,953)**
Total comprehensive income	-	-	(1,802,801)	(94,763)	-	-	**(1,897,564)**	360,087	**(1,537,477)**
Contributions by owners:									
Issue of ordinary shares in relation to business combinations	975,400	-	-	-	-	-	**975,400**	-	**975,400**
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(262,698)	**(262,698)**
Share based payments	-	-	-	-	192,749	-	**192,749**	-	**192,749**
Changes in ownership interest of subsidiaries:									
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	-	-	53,211	**53,211**
Acquisition of non-controlling interest without a change in control	-	-	(668,727)	-	-	-	**(668,727)**	(306,673)	**(975,400)**
Total transactions recognised directly in equity	975,400	-	(668,727)	-	192,749	-	**499,422**	(516,160)	**(16,738)**
Balance at 30 June 2015	**28,380,791**	**4,788,547**	**(20,490,215)**	**(172,958)**	**1,006,420**	**(1,791,746)**	**11,720,839**	**2,018,695**	**13,739,534**
Total comprehensive income									
Loss for the period	-	-	(2,553,311)	-	-	-	**(2,553,311)**	515,320	**(2,037,991)**
Other comprehensive income	-	-	-	87,327	-	-	**87,327**	16	**87,343**
Total comprehensive income	-	-	(2,553,311)	87,327	-	-	**(2,465,984)**	515,336	**(1,950,648)**
Contributions by owners:									
Dividends paid to non-controlling interest	-	-	-	-	-	-	**-**	**(465,528)**	**(465,528)**
Share based payments	-	-	-	-	122,253	-	**122,253**	-	**122,253**
Equity component of convertible loan issued	-	-	-	-	173,225	-	**173,225**	-	**173,225**
Changes in ownership interest of subsidiaries:									
Adjustments in respect of prior year disposal of subsidiaries with non-controlling interest	-	-	221,441	-	-	-	**221,441**	(221,441)	-
Total transactions directly recognised in equity	-	-	221,441	-	295,478	-	**516,919**	(686,969)	**(170,050)**
Balance at 31 December 2015	**28,380,791**	**4,788,547**	**(22,822,085)**	**(85,631)**	**1,301,898**	**(1,791,746)**	**9,771,774**	**1,847,062**	**11,618,836**

The accompanying notes are an integral part of this condensed consolidated interim financial report.

Notes to the Condensed Consolidated Interim Financial Report

For the six months to 30 June 2016 (Unaudited)

1. Corporate information

The interim condensed consolidated financial statements of Porta Communications Plc and its subsidiaries (collectively, the Group) for the six-month period ended 30 June 2016 were authorised for issue in accordance with a resolution of the Directors on 29 September 2016.

Porta Communications Plc ('the Company') is a public company domiciled in the United Kingdom whose shares are publicly traded on the AIM of the London Stock Exchange. The Group is primarily involved in providing communication, advertising and marketing services.

2. Basis of preparation

(a) Statement of compliance

The condensed consolidated interim financial report for the six month period ended on 30 June 2016 has been prepared in accordance with IAS 34 *Interim Financial Reporting.* Selected explanatory notes are included to explain events and transactions that are significant to understand the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2015. This condensed consolidated interim financial report does not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The financial information presented herein does not constitute full statutory accounts under section 434 of the Companies Act 2006. This condensed consolidated financial report is unaudited. The financial information in respect of the previous year ended 31 December 2015 has been extracted from the consolidated statutory accounts of the Company for that period and have been delivered to the Registrar of Companies. The Group's Independent Auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

(b) Judgements and estimates

Preparing the condensed consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

(c) Headline measures

The Group believes that reporting non-GAAP or headline adjusted measures provide a useful comparison of business performance and reflects the way the business is managed. Accordingly headline measures of operating profit (EBITDA) and earnings per share exclude, where applicable, restructuring costs, start-up losses, amortisation of intangible assets, impairment charges, acquisition accounting adjustments, share option charges, and other exceptional items. Non-headline gains or losses are items that, in the opinion of the Directors, are required to be disclosed separately, by virtue of their size or incidence, to enable a full understanding of the Group's underlying financial performance.

A reconciliation between statutory and headline operating profit is presented in Note 4. In addition to this, earnings per share is presented in Note 13. Headline measures in this report are not defined terms under IFRS and may not be compared with similarly titled measures reported by other companies.

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements. The adoption of new standards and interpretations effective as of 1 January 2016 had no impact on the comparative figures.

4. Reconciliation of operating profit to EBITDA and to headline adjusted EBITDA

Continuing operations:	**Six months ended 30 June 2016 £**	Six months ended 30 June 2015 £	Year ended 31 December 2015 £
Reported operating loss	(631,775)	(548,975)	(1,646,793)
Add back depreciation and amortisation	1,323,291	1,377,027	2,718,405
EBITDA from continuing operations	**691,516**	**828,052**	**1,071,612**
Add back:			
Acquisition costs	-	29,948	36,948
Restructuring costs	88,231	116,956	756,240
Non-recurring property costs	-	66,909	88,607
Legal and professional consultancy costs	142,727	98,994	340,850
Share-based payments	(106,873)	192,748	315,002
Impairment of security collateral	120,130	-	-
Adjusted headline EBITDA	**935,731**	**1,333,607**	**2,606,859**
EPS reported on operating profit/(loss) from continuing operations	(0.2p)	(0.2p)	(0.6p)
EPS based on adjusted headline EBITDA	0.3p	0.5p	1.0p

5. Segmental reporting

Business segments

The following tables present revenue and reportable results for the Group's operational segments:

Six months ended 30 June 2016	Communications £	Marketing and Advertising £	Head office £	Other / Consol. £	**Total £**
External revenue	14,744,904	3,058,937	-	-	**17,803,841**
Inter-segment revenue	265,852	56,740	294,088	(616,680)	**-**
Reportable segment revenue	15,010,756	3,115,677	294,088	(616,680)	**17,803,841**
Reportable segment gross profit	12,155,703	1,602,630	-	-	**13,758,333**
Reportable segment results	483,261	(263,515)	(851,521)	-	**(631,775)**
Reported segment EBITDA	1,582,693	(162,826)	(728,351)	-	**691,516**
Headline segment EBITDA	**1,691,072**	**(74,595)**	**(680,746)**	**-**	**935,731**

Six months ended 30 June 2015	Communications £	Marketing and Advertising £	Head office £	Other / Consol. £	**Total £**
Revenue	14,319,240	3,032,508	-	-	**17,351,748**
Inter-segmental revenue	13,204	63,555	892,979	(969,738)	**-**
Reportable segment revenue	14,332,444	3,096,063	892,979	(969,738)	**17,351,748**
Reportable segment gross profit	12,129,177	1,776,373	-	-	**13,905,550**
Reportable segment results	769,219	(102,631)	(1,215,563)	-	**(548,975)**
Reported segment EBITDA	1,949,326	2,887	(1,124,161)	-	**828,052**
Headline segment EBITDA	**2,237,633**	**16,660**	**(920,686)**	**-**	**1,333,607**

Year ended 31 December 2015	Communications	Marketing and Advertising	Head office	Other / Consol.	Total
	£	£	£	£	**£**
Revenue	28,302,039	5,790,966	-	-	**34,093,005**
Inter-segmental revenue	369,377	35,254	353,795	(758,426)	**-**
Reportable segment revenue	28,671,416	5,826,220	353,795	(758,426)	**34,094,006**
Reportable segment gross profit	23,533,409	3,415,496	-	-	**26,948,905**
Reportable segment results	969,953	(593,949)	(2,022,797)	-	**(1,646,793)**
Reported segment EBITDA	3,289,008	(386,636)	(1,830,760)	-	**1,071,612**
Headline segment EBITDA	4,221,350	(205,313)	(1,409,178)	-	**2,606,859**

The following table below presents assets and liabilities information for the Group's operating segments as at 30 June 2016, 30 June 2015 and 31 December 2015 respectively:

Six months ended 30 June 2016	Communications	Marketing and Advertising	Head office	Other / Consol.	**Total**
	£	£	£	£	**£**
Reportable segment assets	23,047,306	3,123,102	7,996,411	(3,978,536)	**30,188,283**
Reportable segment liabilities	(6,221,042)	(5,024,859)	(12,991,299)	3,978,536)	**(20,258,664)**

Six months ended 30 June 2015	Communications	Marketing and Advertising	Head office	Other / Consol.	**Total**
	£	£	£	£	**£**
Reportable segment assets	26,263,580	1,807,634	11,689,271	(6,811,022)	**32,949,463**
Reportable segment liabilities	(9,399,832)	(5,478,004)	(11,143,115)	6,811,022	**(19,209,929)**

Year ended 31 December 2015	Communications	Marketing and Advertising	Head office	Other / Consol.	**Total**
	£	£	£	£	**£**
Reportable segment assets	26,017,446	3,614,480	10,920,734	(8,896,343)	**31,656,317**
Reportable segment liabilities	(9,276,886)	(5,399,403)	(14,257,535)	8,896,343	**(20,037,481)**

Geographical segments

The analysis of results and assets by geographic region, based on the location of the operating company, is as follows:

Six months ended 30 June 2016	UK	EMEA	Asia-Pacific	**Total**
	£	£	£	**£**
Revenue	12,257,721	137,069	5,409,051	**17,803,841**
Gross profit	8,899,833	119,803	4,738,697	**13,758,333**
(Loss)/profit on continuing operations before tax	(1,784,554)	(117)	608,797	**(1,175,874)**
Loss on discontinued operations before tax	(387,500)	-	-	**(387,500)**

Six months ended 30 June 2015	UK	EMEA	Asia-Pacific	**Total**
	£	£	£	**£**
Revenue	12,634,601	195,296	4,521,851	**17,351,748**
Gross profit	9,476,100	155,790	4,273,660	**13,905,550**
(Loss)/profit on continuing operations before tax	(2,054,055)	(12,763)	935,951	**(1,130,867)**
Loss on discontinued operations before tax	-	-	-	**-**

Year ended 31 December 2015	UK	EMEA	Asia-Pacific	Total
	£	£	£	**£**
Revenue	24,140,370	324,674	9,627,961	**34,093,005**
Gross profit	18,090,899	265,457	8,592,549	**26,948,905**
(Loss)/profit on continuing operations before tax	(4,744,667)	(94,363)	1,925,886	**(2,913,144)**
Loss on discontinued operations before tax	(352,577)	-	-	**(352,577)**

6. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim Condensed Consolidated Statement of Comprehensive Income are:

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Income taxes	**£**	£	£
Current income tax charge	**256,066**	480,110	818,792
Deferred income tax credit	**(216,471)**	(195,453)	(630,998)
Income tax charge recognised in statement of profit or loss	**39,595**	284,657	187,794

7. Discontinued operations

The administration of TTMV Group, discontinued in 2014, is still ongoing. During the reporting period the Group recognised an additional expense of £387,500 in accordance with IFRS 5. This expense represents part of a loan that was issued by Hawk Investments Ltd and was written off as part of discontinued operations in 2014.

8. Property, plant and equipment

During the six months ended 30 June 2016, the Group acquired assets with a cost of £54,056 (six months to 30 June 2015: £71,696). Assets with a net book value of £254 were disposed of during the period (30 June 2015: £nil).

9. Capital and Reserves

On 5 February 2016, we announced the issuance of the remaining 1,760,010 ordinary shares of 10p each due in respect of the initial acquisition of 51% of Redleaf Polhill Limited. Further changes in the share capital since the period end are given in note 15.

The movement in Ordinary shares for the period reconciles as follows:

	Number	**£ nominal value**
At 1 January 2016	**277,327,895**	**27,732,791**
New issues during the year	**1,760,010**	**176,001**
At 30 June 2016	**279,087,905**	**27,908,792**

Allotted, called up and fully paid

30 June 2016	**Number**	**£ nominal value**
Ordinary shares of 10p each	**279,087,905**	**27,908,792**
Deferred shares of 0.9p each	**72,000,000**	**648,000**
		28,556,792

31 December 2015 and 30 June 2015	Number	£ nominal value
Ordinary shares of 10p each	277,327,895	27,732,791
Deferred shares of 0.9p each	72,000,000	648,000
		28,380,791

10. Share-based payments

30 June 2016	Number of Options	Weighted average exercise price, pence
Balance at 1 January 2016	18,437,763	12.96p
Issued during the period	-	-
Forfeited during the period	(8,628,679)	16.31p
Balance at 30 June 2016	9,809,084	10.01p

For the six months ended 30 June 2016, 8.6m share options issued to Directors and employees have lapsed resulting in an overall credit of £106,873 in the interim Condensed Consolidated Statement of Comprehensive Income (30 June 2015: expense of £192,748).

30 June 2015 and 31 December 2015	Number of Options	Weighted average exercise price, pence
Balance at 1 January 2015	11,141,096	14.90p
Issued during the period	8,070,000	10.00p
Forfeited during the period	(250,000)	10.00p
Balance at 30 June 2015	18,961,096	12.87p
Issued during the period	1,500,000	10.00p
Forfeited during the period	(2,023,333)	10.00p
Balance at 31 December 2015	18,437,763	12.96p

11. Loans and Borrowings

	30 June 2016 £	30 June 2015 £	31 December 2015 £
Current liabilities			
Loans – related party	-	2,665,743	-
Loans notes	5,211,441	1,572,807	100,342
Convertible loans	-	3,088,690	4,754,863
	5,211,441	7,327,240	4,855,205
Obligation under finance lease	15,086	98,925	101,064
	5,226,527	7,426,165	4,855,205
Non-current liabilities			
Loans – related party	2,980,468	-	2,812,935
Obligation under finance lease	266,135	260,188	228,868
	3,246,603	260,188	3,041,803

The related party loans are secured over all current and future assets of all companies within the Group.

Terms and debt repayment schedule

	Nominal Interest Rate	Year of maturity	30 June 2016 Face Value	30 June 2016 Carrying Amount	30 June 2015 Face Value	30 June 2015 Carrying Amount	31 December 2015 Face Value	31 December 2015 Carrying Amount
Discounted bond – related party	12%	2019	**4,110,000**	**2,960,128**	2,862,000	2,665,743	2,862,000	2,812,935
Loan notes	6%	2016	**100,000**	**103,427**	-	-	100,000	100,342
Loan notes	6%	2015	**-**	**-**	1,552,000	1,552,807	-	-
Convertible loans	12%	2016	**4,617,450**	**5,108,014**	-	-	4,867,450	4,754,863
Convertible loans	12%	2015	**-**	**-**	3,067,450	3,088,690	-	-
Loan notes (AED)	60%	2017	**20,340**	**20,340**	-	-	-	-
			8,847,790	**8,191,909**	7,481,450	7,327,240	7,829,450	7,668,140

All debt is repayable in Pounds Sterling (GBP) unless otherwise stated.

12. Intangible assets and goodwill

	Goodwill	Customer relationships	Brands	Websites, software and licences	**Total**
Cost	£	£	£	£	£
At 1 January 2015	**7,516,950**	**9,380,000**	**3,187,000**	**184,087**	**20,268,037**
Acquisition in period – acquired with subsidiary	451,259	-	-	-	**451,259**
Other additions	-	-	-	24,346	**24,346**
Exchange differences	(18,969)	-	-	(206)	**(19,175)**
At 30 June 2015	**7,949,240**	**9,380,000**	**3,187,000**	**208,227**	**20,724,467**
Re-estimate of previously acquired goodwill	88,684	-	-	-	**88,684**
Other additions in the period	-	-	-	163,795	**163,795**
Translation differences	29,004	-	-	171	**29,175**
At 31 December 2015	**8,066,928**	**9,380,000**	**3,187,000**	**372,193**	**21,006,121**
Other additions in the period	-	-	-	22,437	**22,437**
Exchange differences	123,401	-	-	1,359	**124,760**
At 30 June 2016	**8,190,329**	**9,380,000**	**3,187,000**	**395,989**	**21,153,318**

Amortisation	£	£	£	£	£
At 1 January 2015	-	1,333,321	250,714	101,134	**1,685,169**
Charge for the period	-	944,248	159,350	24,529	**1,128,127**
Translation differences	-	-	-	(184)	**(184)**
At 30 June 2015	**-**	**2,277,569**	**410,064**	**125,479**	**2,813,412**
Charge for the period	-	944,248	159,342	33,066	**1,136,656**
Translation differences	-	-	-	161	**161**
At 31 December 2015	**-**	**3,221,817**	**569,406**	**158,706**	**3,949,929**
Charge for the period	-	912,999	159,317	48,672	**1,120,988**
Exchange differences	-	-	-	622	**622**
At 30 June 2016	**-**	**4,134,816**	**728,723**	**208,000**	**5,071,539**

Net book value	£	£	£	£	£
At 1 January 2015	7,516,950	8,046,679	2,936,286	82,953	15,582,868
At 30 June 2015	7,949,240	7,102,431	2,776,936	82,748	17,911,355
At 31 December 2015	8,066,928	6,158,183	2,617,594	213,487	17,056,192
At 30 June 2015	**8,190,329**	**5,245,184**	**2,458,277**	**187,989**	**16,081,779**

No cash generating units ('CGUs') were tested for impairment because there were no impairment indicators at 30 June 2016 for CGUs to which goodwill has been allocated.

13. Earnings/(loss) per share

The loss per share has been calculated using the weighted average number of shares in issue during the relevant financial year. The weighted number of equity shares in issue and the loss after tax attributable to ordinary shareholders, used in these calculations, are as follows:

	Six months ended 30 June 2016 Number	Six months ended 30 June 2015 Number	Year ended 31 December 2015 Number
Weighted average number of shares (ordinary and dilutive)	**278,749,442**	268,482,487	273,399,572

	£	£	£
Loss on continuing activities after tax	**(1,215,469)**	(1,415,524)	(4,003,535)
Loss on discontinued activities after tax	**(387,500)**	-	(352,577)
Loss on continuing and discontinued activities after tax	**(1,602,969)**	(1,415,524)	(4,356,112)

No share options outstanding at 30 June 2016, 30 June 2015 or 31 December 2015 were dilutive and all such potential ordinary shares are therefore excluded from the weighted average number of ordinary shares for the purposes of calculating diluted earnings per share. Details of share options outstanding are given in note 10.

14. Related party transactions

Key management personnel

The nature and amounts of related party transactions are consistent with those reported in the Group's consolidated statutory accounts for the year ended 31 December 2015.

Related party loans are shown in note 11 above.

15. Subsequent events

On 5 August 2016 the Company announced that, under the terms of the acquisition of Redleaf Polhill Limited ("Redleaf") in 2014, the first put option has been exercised by the vendors of Redleaf, requiring the Company to acquire a further 15% of the issued share capital of Redleaf. Under the terms of the put and call options, the additional consideration for the 15% of Redleaf is £805,427 which was be satisfied (i) 50% in cash; and (ii) 50% in ordinary shares of the Company at an issue price calculated with reference to the average of the mid-market closing price of Company's ordinary shares for a period prior to the allotment date of those ordinary shares (the "Further Consideration Shares").

Following the issue of the Further Consideration Shares, the Company's interest in the issued share capital of Company has increased to 66%. The remaining 34% of the issued share capital of Redleaf remains subject to two further put and call options which are exercisable after the publication of the audited results for the financial years to 31 December 2016 and 31 December 2017 respectively.

In order to issue the Further Consideration Shares, the Company undertook a capital reorganisation effective 14 September 2016. As a result of the capital reorganisation, each of the Company's 279,087,905 Ordinary shares of 10 pence each has been subdivided into and re-designated as, 279,087,905 ordinary shares of 1 pence each ("New Ordinary Shares") and 2,790,879,050 deferred shares of 0.9 pence each.

Following the capital reorganisation, the Company has issued 8,054,280 New Ordinary Shares to the vendors of Redleaf to satisfy the further consideration referred to above. The Further Consideration Shares are subject to a lock-in agreement which provides for a lock-in period to 20 January 2017 and a further 6-month orderly market period.

Other than the above there have been no material subsequent events to report from 30 June 2016 to the date that these accounts were approved on 29 September 2016.

16. Publication

A copy of this report is available from the Company's website at www.portacomms.com and is available in hard copy on application to the Company's offices.