PORTA COMMUNICATIONS PLC

Unaudited Condensed Consolidated Interim Financial Report

For the 6 months ended 30 June 2012

Contents

Company Information

Directors:	David Wright Keith Springall Brian Blasdale Raymond McKeeve Bob Morton (appointed 26 September 2012)
Secretary:	Keith Springall
Registered Office:	36 Leadenhall Street London EC3A 1AT
Head Office from 1 October 2012:	33 King William Street London EC4R 9AS
Registered Number:	05353387 (Registered in England & Wales)
Auditors:	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY
Registrars:	SLC Registrars Limited Thames House Portsmouth Road Esher Surrey KT10 9AD
Nominated Advisor and Broker:	Northland Capital Partners Limited 60 Gresham Street London EC2V 7BB
Solicitors:	newlawslegal 21 Arlington Street London SW1A 1RN
Bankers:	Clydesdale Bank plc 88 Wood Street London EC2V 7QQ
Company website:	www.portacommunications.plc.uk

Chief Executive's Statement

For the six months ended 30 June 2012

The Group's strategy to grow by way of start-up businesses supplemented by income producing acquisitions has resulted in revenues in the six months to 30 June 2012 being substantially higher than in the corresponding period in 2011. However, several significant costs incurred during the period have resulted in a first half loss of £1.15m. In excess of 35 per cent. of these losses are attributable to legal, consulting and amortisation of intangibles resulting from the two acquisitions made by the end of the first half, coupled with the need to start with a solid base of key public relations executives to service the larger clients being won.

The Newgate Communications capital markets PR division, where the bulk of the employee costs are incurred, really only became free to pitch for new business from the beginning of the period under review, due to the executives' onerous restrictive covenants. The bulk of these restrictions fell away in January and February this year and Newgate Communications has since shown solid consistent growth in revenues, now running at approximately £1.5m on an annualised basis. As a start-up, real shareholder value is being generated in the absence of a high goodwill element that these types of businesses tend to justify on acquisition.

Our AIM specialist PR agency Newgate Threadneedle has performed well in extremely difficult circumstances. Despite a noticeable contraction in the AIM market, Newgate Threadneedle has continued to grow its client base on the back of a very successful new business campaign, more than compensating for unavoidable loss of clients who have either been acquired or fallen by the wayside. Newgate Threadneedle is now the clear leader in the Morningstar Professional Services Rankings Guide for the number of AIM clients.

The lack of any media acquisitions during the first six months has meant that Newgate Trading, our start-up media bartering division, took longer than anticipated to start producing revenues. However this division has recently signed up its first three clients and following the recent acquisitions of two media agencies, Twenty 20 Media Vision and WFCA, a new window of opportunity has opened. Twenty-20 Media Vision and WFCA, both of which operate out of Tunbridge Wells, were acquired post period-end. The personnel of these two agencies were previously all part of WFCA, at a time when profits were in the order of £700,000. These two agencies will be merged under the Twenty-20 banner to create a more solid and exciting regional agency. In addition, the media teams are working closely with Newgate Trading to generate new income streams and a number of existing clients have been identified that would benefit from bartering.

Impact 34, our sports marketing division, continues to win new contracts and the Board is assessing options to enable the business to achieve its full potential.

As announced on 27 July 2012, Porta received summary judgment in respect of High Court litigation brought by Media Square plc and others (the "Claimants"). The largest claim for loss, valued at £263,933, and worth approximately 40 per cent. of the value of the Claimants' entire claim, was struck out because it had no real prospect of success and therefore did not even justify a trial. The Board of Porta continues to absolutely refute the remaining claims and will continue to defend them vigorously.

It is intended that the mix of start-up public relations business, particularly with an international focus in Asia and Europe, bolstered by other small acquisitions, will continue throughout the second half. This, together with the promising trends shown in the Group's existing businesses, would leave the Company in a strong position for 2013 when a substantial move towards profitability is expected.

David Wright

Chief Executive

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012 (Unaudited)

	Note	Six months ended 30 June 2012 £	Six months ended 30 June 2011 £	Year ended 31 December 2011 £
Continuing operations				
Revenue	4	**1,690,847**	69,918	1,025,407
Acquisition costs		(11,000)	-	(200,907)
Amortisation of intangible assets		(120,388)	-	(57,372)
Legal and other consultancy costs		(302,277)	(183,682)	(541,087)
Other operating and administrative expenses		(2,488,428)	(324,465)	(1,801,337)
Total operating and administrative expenses		**(2,922,093)**	(508,147)	(2,600,703)
Operating loss		**(1,231,246)**	(438,229)	(1,575,296)
Finance expense		**(22,969)**	-	-
Finance income		**298**	1,974	4,387
Loss before taxation on continuing operations		**(1,253,917)**	(436,255)	(1,570,909)
Tax credit	6	**100,313**	-	131,100
Loss for the period on continuing operations		**(1,153,604)**	(436,255)	(1,439,809)
Discontinued operations				
Profit for the period from discontinued operations (all attributable to the owners of the Company)		**-**	979,552	979,552
(Loss)/profit for the period		**(1,153,604)**	543,297	(460,257)
Loss for the period attributable to:				
Owners of the Company		**(1,090,193)**	603,770	(182,677)
Non-controlling interests		**(63,411)**	(60,473)	(277,580)
		(1,153,604)	543,297	(460,257)
Other comprehensive income				
Exchange differences arising on translating foreign operations		**(1,594)**	1,603	13,113
Exchange differences arising on sale of subsidiary		**-**	(982,301)	(982,301)
Total other comprehensive income, net of tax		**(1,594)**	(980,698)	(969,188)
Total comprehensive income for the period		**(1,155,198)**	(437,401)	(1,429,445)
Total comprehensive income for the period attributable to:				
Owners of the Company		**(1,091,787)**	(377,210)	(1,156,085)
Non-controlling interests		**(63,411)**	(60,191)	(273,360)
		(1,155,198)	(437,401)	(1,429,445)
Earnings/(loss) per share – basic and diluted	12			
On continuing operations		**(1.4p)**	(0.010p)	(3.4p)
On discontinued operations		**n/a**	0.026p	2.3p
On continuing and discontinued operations		**(1.4p)**	0.016p	(1.1p)

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

Condensed Consolidated Statement of Financial Position

As at 30 June 2012 (Unaudited)

	Notes	30 June 2012 £	30 June 2011 £	31December 2011 £
Non-current assets				
Intangible assets	11	**4,693,591**	-	4,329,089
Fixed assets	7	**100,128**	818	95,508
Deferred tax asset		**248,821**	-	130,307
Total non-current assets		**5,042,540**	818	4,554,904
Current assets				
Work in progress		**25,302**	-	16,577
Trade and other receivables		**891,924**	143,168	757,235
Current tax assets		**-**	-	4,453
Cash and cash equivalents		**600,845**	2,023,352	979,070
Total current assets		**1,518,071**	2,166,520	1,757,335
Current liabilities				
Trade and other payables		**(908,400)**	(185,089)	(711,113)
Current tax liabilities		**(167,237)**	-	(159,803)
Loans and borrowings	10	**(478,701)**	-	-
Total current liabilities		**(1,554,338)**	(185,089)	(870,916)
Net current assets		**(36,267)**	1,981,431	886,419
Non-current liabilities				
Partner capital accounts		**(24,000)**	-	-
Deferred tax liabilities		**(324,420)**	-	(264,420)
Total non-current liabilities		**(348,420)**	-	(264,420)
Net assets		**4,657,853**	1,982,249	5,176,903
Equity				
Share capital	8	**8,433,701**	4,373,600	7,723,701
Share premium		**2,742,120**	2,742,120	2,742,120
Retained losses		**(7,127,482)**	(5,072,994)	(5,998,289)
Translation reserve		**5,692**	(286)	7,286
Other reserves		**(34,852)**	-	-
Total equity shareholders' funds		**4,019,179**	2,042,440	4,474,818
Equity non-controlling interests		**638,674**	(60,191)	702,085
Total equity		**4,657,853**	1,982,249	5,176,903

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 2012 (Unaudited)

	Six months ended 30 June 2012 £	Six months ended 30 June 2011 £	Year ended 31December 2011 £
Cash flow from operating activities			
Loss before taxation on continuing activities	**(1,253,917)**	(436,255)	(1,570,909)
Current tax expense	**(18,201)**	-	(4,790)
Adjusted for:			
Profit from discontinued operations	**-**	979,552	979,552
Depreciation and amortisation	**137,955**	36	67,086
Finance income	**-**	(1,974)	-
Increase in work in progress	**(8,725)**	-	(16,577)
(Increase)/decrease in trade and other receivables	**(130,236)**	4,240	(340,999)
Increase/(decrease) in trade and other payables	**250,899**	(49,367)	171,035
Accrued interest – convertible loan	**7,602**	-	-
Share based payments	**17,497**	1,143	1,143
Foreign exchange gain/(loss)	**1,230**	2,288	(9,712)
Foreign exchange gain previously recognised in other comprehensive income	**-**	(982,301)	(982,301)
Net cash outflow from operating activities	**(995,896)**	(482,638)	(1,706,472)
Cash flows from investing activities			
Acquisition of intangible assets	**(167,434)**	-	(15,890)
Acquisition of property, plant and equipment	**(22,032)**	(854)	(82,016)
Acquisition of subsidiary, net of cash acquired	**-**	-	(1,655,493)
Sale of subsidiary company	**-**	306,494	306,494
Net cash (outflow)/inflow from investing activities	**(189,466)**	305,640	(1,446,905)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares (net of issue costs)	**311,000**	-	1,931,253
Proceeds from convertible loan (net of arrangement fees)	**496,280**	-	-
Net cash generated from financing activities	**807,280**	-	1,931,253
Net decrease in cash and cash equivalents	**(378,082)**	(176,998)	(1,222,124)
Cash and cash equivalents at 1 January	**979,070**	2,200,501	2,200,501
Effect of exchange rate changes	**(143)**	(151)	693
Cash and cash equivalents at 30 June	**600,845**	2,023,352	979,070

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012 (Unaudited)

	Share capital	Share premium	Retained losses	Translation reserve	Other Reserves	Total equity shareholders' funds	Non-controlling interests	**Total equity**
	£	£	£	£	£	£	£	**£**
Balance at 1 January 2012	**7,723,701**	**2,742,120**	**(5,998,289)**	**7,286**	-	**4,474,818**	**702,085**	**5,176,903**
Total comprehensive income								
Loss for the period	-	-	(1,090,193)	-	-	(1,090,193)	(63,411)	(1,153,604)
Other comprehensive income	-	-	-	(1,594)	-	(1,594)	-	(1,594)
Total comprehensive income	-	-	(1,090,193)	(1,594)	-	(1,091,787)	(63,411)	(1,155,198)
Transactions with owners of the Company, recognised directly in equity								
Contributions by owners:								
Issue of ordinary shares	710,000	-	-	-	-	710,000	-	710,000
Issue costs	-	-	(39,000)	-	-	(39,000)	-	(39,000)
Fair value adjustment for shares issued as consideration in accordance with IFRS 3	-	-	-	-	(81,250)	(81,250)	-	(81,250)
Share based payments	-	-	-	-	17,497	17,497	-	17,497
Equity component of convertible loan issued in period	-	-	-	-	28,901	28,901	-	28,901
Total transactions recognised directly in equity	710,000	-	(39,000)	-	(34,852)	636,148	-	636,148
Balance at 30 June 2012	**8,433,701**	**2,742,120**	**(7,127,482)**	**5,692**	**(34,852)**	**4,019,179**	**638,674**	**4,657,853**

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012 (Unaudited)

	Share capital	Share premium	Retained losses	Translation reserve	Total equity shareholders' funds	Non-controlling interests	**Total equity**
	£	£	£	£	£	£	**£**
Balance at 1 January 2011	**4,373,600**	**2,742,120**	**(5,677,907)**	**980,694**	**2,418,507**	**-**	**2,418,507**
Total comprehensive income							
Profit for the period	-	-	603,770	-	603,770	(60,473)	543,297
Other comprehensive income	-	-	-	(980,980)	(980,980)	282	(980,698)
Total comprehensive income	-	-	603,770	(980,980)	(377,210)	(60,191)	(437,401)
Transactions with owners of the Company, recognised directly in equity							
Share based payments	-	-	1,143	-	1,143	-	1,143
Balance at 30 June 2011	**4,373,600**	**2,742,120**	**(5,072,994)**	**(286)**	**2,042,440**	**(60,191)**	**1,982,249**
Total comprehensive income							
Loss for the period	-	-	(786,447)	-	(786,447)	(217,107)	(1,003,554)
Other comprehensive income	-	-	-	7,572	7,572	3,938	11,510
Total comprehensive income	-	-	(786,447)	7,572	(778,875)	(213,169)	(992,044)
Transactions with owners of the Company, recognised directly in equity							
Issue of ordinary shares for acquisition of subsidiary	1,030,596	249,404	-	-	1,280,000	-	1,280,000
Issue of other ordinary shares	2,319,505	-	-	-	2,319,505	-	2,319,505
Issue costs	-	(249,404)	(138,848)	-	(388,252)	-	(388,252)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	950,000	950,000
Non-controlling interests established in period	-	-	-	-	-	25,445	25,445
Balance at 31 December 2011	**7,723,701**	**2,742,120**	**(5,998,289)**	**7,286**	**4,474,818**	**702,085**	**5,176,903**

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 2012 (Unaudited)

1. Reporting entity

Porta Communications Plc ('the Company') is a company domiciled in the United Kingdom. The condensed consolidated interim financial report of the Company as at and for the six months ended 30 June 2012 comprises the Company and its subsidiaries (together referred to as the 'Group'). 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 has been prepared in accordance IAS 34 *Interim Financial Reporting.* Selected explanatory notes are included to explain events and transactions that are significant to an understanding of 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 2011. 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 year ended 31 December 2011 has been extracted from the consolidated statutory accounts of the Company for that period which have been delivered to the Register 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 2011.

3. Accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2011.

The presentation of the condensed consolidated statement of comprehensive income has been amended from the format adopted in statutory accounts for the year ended 31 December 2011 in order to provide additional detail of operating and administrative expenses. The additional detail provided is unaudited.

4. Segmental reporting

Business segments

The Board considers that the Group has a single business segment which delivers international communications, advertising and marketing services. The revenue, expenditure and result reported in the Statement of Comprehensive Income and the assets and liabilities reported in the Statement of Financial Position all relate to this single segment. All revenue in the period arose from sales within Europe.

Notes to the Condensed Consolidated Interim Financial Report

For the six months ended 30 June 2012 (Unaudited) (Continued)

Geographical segments

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

Six months ended 30 June 2012	UK	Rest of Europe	Less inter-company trading	Total
	£	£	£	£
Revenue	1,679,963	104,079	(93,195)	**1,690,847**
Loss on continuing operations before tax	(1,143,362)	(110,555)	-	**(1,253,917)**

Sales to customers based in the UK amounted to 75% of Group revenues. No other individual country accounted for more than 10% of Group revenues.

30 June 2012	UK	Rest of Europe	Less inter-company balances	Total
	£	£	£	£
Non-current assets	5,031,663	10,877	-	**5,042,540**
Current assets	1,458,927	65,144	(6,000)	**1,518,071**
Current liabilities	(1,510,719)	(49,619)	6,000	**(1,554,338)**
Long term liabilities	(348,420)	-	-	**(348,420)**
	4,512,937	**26,402**	**-**	**4,657,853**

Six months ended 30 June 2011	UK	Rest of Europe	Less inter-company trading	Total
	£	£	£	£
Revenue	-	69,918	-	69,918
Loss on continuing operations before tax	(403,971)	(32,284)	-	(436,255)
Profit on discontinued operations before tax	979,552	-	-	979,552

In the six months ended 30 June 2011, 100% of Group sales were made to customers based in Turkey.

30 June 2011	UK	Rest of Europe	Less inter-company balances	Total
	£	£	£	£
Non-current assets	818	-	-	818
Current assets	2,190,521	43,495	(67,496)	2,166,520
Current liabilities	(179,307)	(73,278)	67,496	(185,089)
Long term liabilities	-	-	-	-
	2,012,032	(29,783)	-	1,982,249

Notes to the Condensed Consolidated Interim Financial Report

For the six months to 30 June 2012 (Unaudited)

Year ended 31 December 2011	UK	Rest of Europe	Less inter-company trading	Total
	£	£	£	£
Revenue	771,933	268,746	(15,272)	1,025,407
Loss on continuing operations before tax	(1,384,035)	(186,874)	-	(1,570,909)
Profit on discontinued operations before tax	979,552	-	-	979,552

In the year ended 31 December 2011, sales to customers based in the UK amounted to 62% of Group revenues. Sales to customers in Turkey represented 15% of Group revenues; no other individual country accounted for more than 10% of Group revenues.

31 December 2011	UK	Rest of Europe	Less inter-company balances	Total
	£	£	£	£
Non-current assets	4,649,349	7,518	(101,963)	4,554,904
Current assets	1,710,831	46,504	-	1,757,335
Current liabilities	(817,545)	(53,371)	-	(870,916)
Long term liabilities	(264,420)	(101,963)	101,963	(264,420)
	5,278,215	(101,312)	-	5,176,903

5. Acquisition of assets

On 17 January 2012, the Group acquired certain assets, including key staff and contracts, of Hansard Communications Limited in a cash and share deal. The consideration was satisfied by the initial payment of £148,094 in cash and 3,250,000 Ordinary shares in the Company at 10p per share.

The transferred Hansard staff and client base has been incorporated within the Newgate Threadneedle business.

The Hansard client base contributed £136,344 to revenue during the six months to 30 June 2012.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	£
Cash	**148,094**
Equity instruments (3,250,000 ordinary shares)	**243,750**
Contingent consideration	**-**
	391,844

Contingent consideration

The Group has agreed to pay the seller an additional amount of up to 1,625,000 ordinary shares of 10p each in the capital of the Company at a price of 10p each, dependent on the revenue derived from the existing customers of the business and any new customers of the business introduced by the seller in respect of the period commencing from the date of acquisition and ending on 31 January 2013. The amount of contingent consideration is reduced on a pound for pound basis to the extent that the relevant revenue is less than £400,000. The condensed consolidated interim financial report includes no amount in respect of contingent consideration related to the additional consideration, based on management's estimate of its fair value at the date of acquisition, using a discount rate of 14%.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets and liabilities assumed at the acquisition date.

	£
Intangible assets: Customer relationships	250,000
Other liabilities	(13,706)
Deferred tax liabilities	(60,000)
Total net identifiable assets	**176,294**

The fair value of identifiable assets has been determined provisionally and may be subject to adjustment during the following 12 month period.

Goodwill

Goodwill arising from the transaction has been recognised as follows:

	£
Total consideration transferred	391,844
Fair value of net identifiable assets	(176,294)
Goodwill	**215,550**

The goodwill is attributable mainly to the skills and knowledge of the staff acquired and the synergies expected to be achieved incorporating the customer list and staff members into the existing Newgate Threadneedle business.

6. Income tax expense

Income tax credit is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2012 was 8% (six months ended 30 June 2011: 0%, year ended 31 December 2011: 8%). This effective tax rate is consistent with the effective tax rate for the year ended 31 December 2011. The net tax credit for the period consists of current tax expense of £18,201 and a deferred tax credit of £118,514.

7. Property, plant and equipment

Acquisitions and disposals

During the six months ended 30 June 2012, the Group acquired assets with a cost of £22,032.

No assets were disposed of during the six months ended 30 June 2012.

8. Capital and Reserves

Issues of ordinary shares

In January 2012 3,250,000 ordinary shares in the Company were issued as a result of the purchase of certain assets, including key staff and contracts, of Hansard Communications Limited (see note 5).

Notes to the Condensed Consolidated Interim Financial Report

For the six months to 30 June 2012 (Unaudited)

In April 2012 the Company raised £350,000 through the issue of 3,850,000 new ordinary shares of 10p per share to a small number of new and existing investors. The subscribers each subscribed for new Ordinary shares at 10p per share and each additionally received, as commission for the subscription, one extra share for every ten shares subscribed.

Since 30 June 2012, the Company has issued further Ordinary shares. Further details are given in note 15.

Deferred Shares

There has been no change in the number of, or rights relating to, the Deferred shares during the six months to 30 June 2012.

30 June 2012

Allotted, called up, issued and fully paid	Number	£
Ordinary shares of 10p each	77,857,008	**7,785,701**
Deferred shares of 0.9p each	72,000,000	**648,000**
		8,433,701

30 June 2011

Allotted, called up, issued and fully paid	Number	£
Ordinary shares of 0.1p each	37,255,998	3,725,600
Deferred shares of 0.9p each	72,000,000	648,000
		4,373,600

31 December 2011

Allotted, called up, issued and fully paid	Number	£
Ordinary shares of 0.1p each	70,757,008	7,075,701
Deferred shares of 0.9p each	72,000,000	648,000
		7,723,701

9. Share-based payments

At 30 June 2012, the Group has the following share-based payment arrangements

Enterprise Management Incentive option scheme (equity-settled)

On 18 May 2012, the Company granted options over an aggregate of 3,950,000 ordinary shares to certain employees and consultants of the Group, all with an exercise price of 10p per share. This grant included options over 1,200,000 ordinary shares to each of David Wright, Chief Executive of the Company, and Keith Springall, Finance Director of the Company (the 'Directors').

The options will vest in three equal tranches on the first, second, and third anniversary of the grant of the options, and will expire on the tenth anniversary of the grant. In addition, the options granted to the Directors may not be exercised if the mid-market share price of the Company is equal to or less than 20p.

The fair value of services received in return for the share options granted is based on the fair value of share options granted, measured using the Black-Scholes model.

Notes to the Condensed Consolidated Interim Financial Report

For the six months to 30 June 2012 (Unaudited)

The following inputs were used in the measurement of the fair values at grant date of the share-based payment plans.

	Employees	Directors
Fair value at grant date	**4.96p**	**4.22p**
Share price at grant date	**8.00p**	**8.00p**
Exercise price	**10.00p**	**10.00p**
Expected volatility	**76%**	**76%**
Option life (expected weighted average life)	**6 years**	**6 years**
Expected dividends	**0%**	**0%**
Risk-free interest rate	**1.1%**	**1.1%**

Warrants

There have been no movement in the number or conditions of warrants outstanding between 31 December 2011 and 30 June 2012.

10. Loans and Borrowings

Convertible notes issued in the period

On 3 April 2012 the Group obtained a £500,000 convertible loan facility to assist the Group with its acquisition plans and for general working capital purposes. The loan facility is convertible into ordinary shares at a price of 10p per share at the provider's discretion or repayable by the Company 364 days from the date of the loan agreement.

	Currency	Interest rate nominal	Face Value £	Year of maturity	Carrying amount £
New Issues					
Convertible Loan	GBP	12%	500,000	2012	478,701
Balance at 30 June 2012					**478,701**

	£
Proceeds from issue of convertible loan	500,000
Amount classified as equity	(28,901)
Accrued interest	7,602
Carrying amount at 30 June 2012	**478,701**

The Group had not entered into any loan agreements during the comparative periods for the 6 months to 30 June 2011 nor the twelve months to 31 December 2011.

Since 30 June 2012 the Company has entered into a further loan agreement. Further details are given in note 15.

Notes to the Condensed Consolidated Interim Financial Report

For the six months to 30 June 2012 (Unaudited)

11. Intangible assets and goodwill

	Goodwill	Customer relation-ships	Brands	Websites, software and licences	Total
Cost	£	£	£	£	£
At 1 January 2011	-	-	-	-	-
At 30 June 2011	-	-	-	-	-
Additions in period – acquired with subsidiary	3,349,880	650,000	367,000	3,691	**4,370,571**
Other additions in the period	-	-	-	15,890	**15,890**
At 31 December 2011	3,349,880	650,000	367,000	19,581	**4,386,461**
Acquisition of assets (see note 5)	215,550	250,000	-	-	**465,550**
Other additions in the period	-	-	-	19,340	**19,340**
At 30 June 2012	**3,565,430**	**900,000**	**367,000**	**38,921**	**4,871,351**

Amortisation	£	£	£	£	£
At 1 January 2011	-	-	-	-	**-**
At 30 June 2011	-	-	-	-	**-**
Charge for the period	-	43,333	12,233	1,806	**57,372**
At 31 December 2011	-	43,333	12,233	1,806	**57,372**
Charge for the period	-	96,248	18,348	5,792	**120,388**
At 30 June 2012	**-**	**139,581**	**30,581**	**7,598**	**177,760**

Net book value	£	£	£	£	£
At 1 January 2011	-	-	-	-	**-**
At 30 June 2011	-	-	-	-	**-**
At 31 December 2011	3,349,880	606,667	354,767	17,775	**4,329,089**
At 30 June 2012	**3,565,430**	**760,419**	**336,419**	**31,323**	**4,693,591**

As described in note 5, on 17 January 2012 the Group acquired certain assets, including key staff and contracts, of Hansard Communications Limited in a cash and share deal. The fair values of identifiable assets and liabilities have been determined provisionally and may be subject to adjustment during the following 12 month period.

No cash generating units ('CGUs') were tested for impairment because there were no impairment indicators at 30 June 2012 for CGUs to which goodwill has been allocated.

Notes to the Condensed Consolidated Interim Financial Report

For the six months to 30 June 2012 (Unaudited)

12. 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 2012	Six months 30 June 2011	Year ended 31 December 2011
	Number	Number	Number
Weighted average number of shares (ordinary and dilutive)	**75,591,538**	3,725,600,000	42,290,304
- 2011 as restated – see below		37,256,000	
	£	£	£
Loss on continuing activities after tax	**(1,090,193)**	(375,782)	(1,439,809)
Profit on discontinued activities after tax	**-**	979,552	979,552
(Loss)/profit on continuing and discontinued activities after tax	**(1,090,193)**	603,770	(460,257)

The number of shares used in the 30 June 2011 calculation has been restated for the 1 for 100 share consolidation which occurred on 7 November 2011.

No share options or warrants outstanding at 30 June 2012, 30 June 2011, or 31 December 2011 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 and warrants outstanding are given in note 9.

13. Group Composition

During the six month period to 30 June 2012, the Group formed the following two entities which had commenced trading by 30 June 2012:

Name	*Interest*	*Country of Incorporation*
Newgate Communications LLP	Corporate Partner - 51% voting rights.	England and Wales
Twentyone Twelve Communications LLP	Corporate Partner – 60% voting rights	England and Wales

During the six month period to 30 June 2012, the Group formed the following entities which had not commenced trading by 30 June 2012:

Name	*Interest*	*Country of Incorporation*
Newgate Media Holdings Limited	100% owned – Ordinary share capital	England and Wales
Twenty Four Seven Studios LLP	Corporate Partner – 100% voting rights	England and Wales
21 Twelve Media LLP	Corporate Partner – 100% voting rights	England and Wales

Notes to the Condensed Consolidated Interim Financial Report

For the six months to 30 June 2012 (Unaudited)

14. Related party transactions

Key management personnel

During the six months to 30 June 2012, the Company has granted share-based payment awards to executive directors, David Wright (Chief Executive) and Keith Springall (Finance Director), the details of which are disclosed in note 9.

The nature and amounts of other related party transactions are consistent with those reported in the Group's consolidated statutory accounts for the year ended 31 December 2011.

15. Subsequent events

On 6 July 2012, the Company announced the acquisition of 90 per cent of the issued share capital of Twenty 20 Media Vision Limited ("Twenty 20"), a full service media planning and buying agency based in Tunbridge Wells, for a maximum consideration of £1.9 million. This acquisition is in line with the Group's stated strategy for expanding its presence in the advertising and marketing space. The initial consideration of £370,000 was satisfied by the payment of £40,000 in cash and the issue of 3,300,000 new ordinary shares of 10p each in the capital of the Company. Additionally, contingent consideration of up to £1,530,000 will be payable subject to Twenty 20 generating profits before tax for the year to 30 September 2013 of in excess of £500,000. The maximum deferred consideration will be satisfied by the payment of up to £300,000 in cash and the balance by way of the issue of new ordinary shares. If profits fall below £500,000 then the consideration will be scaled back: for every £50,000 shortfall in profit, the consideration will be reduced by £190,000 in the same cash to shares ratio as the maximum deferred consideration, until only the initial consideration is payable.

On 18 July 2012, the Company obtained a £1,250,000 short term loan facility to assist the Group with its acquisition plans and for general working capital purposes. The loan is repayable 364 days from the date of the agreement. Interest is charged on the loan at 1% per month. At the date on which these accounts were authorised for issue the Company had drawn down the full amount of the facility.

On 17 August 2012, the Company announced the terms of a recommended all-share offer to be made by the Company to acquire the entire issued and to be issued ordinary share capital of WFCA PLC (WFCA) for consideration of 1 ordinary share in the Company for every 21 WFCA shares. On 10 September 2012 the Company announced that it had received valid acceptances in respect of 429,983,671 WFCA shares (representing approximately 96.23 per cent) on the first closing on 7 September 2012, and, as a result, declared the deal unconditional in all respects. 20,475,412 new shares were admitted to trading on AIM in respect of the valid acceptances received on the first closing. Following the admission of new shares, the Company had a total of 101,632,420 ordinary shares in issue. As valid acceptances have been received by the Company in respect of more than 90 per cent of the WFCA, the Company has the right to issue compulsory acquisition notices to WFCA shareholders who do not accept the offer.

On 26 September 2012, the Company announced the appointment of Bob Morton to the Board of Directors. Bob Morton replaces David Wright as Chairman of the Board. David Wright remains on the Board and in the role of Chief Executive.

17. Publication

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