PORTA
COMMUNICATIONS PLC

Interim Results

For the six months ended 30 June 2011

29 September 2011

Porta Communications Plc

("Porta" or "the Company" or "the Group")

Interim Results
Six months ended 30 June 2011

CHAIRMAN'S STATEMENT

I am very pleased to be writing this report as your new Chairman and Chief Executive Officer.

As the previous Chairman wrote in his last annual report, the new strategy for the Group was unveiled at the Annual General Meeting on 17 December 2010 to move Porta forward in its development as an international communications and marketing group.

The first six months of the new strategy, as reflected in this interim report was a period of reorganisation and development. As previously reported, on 13 April 2011, we disposed of the TSE Consulting SA sports consultancy business to its management for a cash consideration of CHF 450,000 (£306,494). The results of this business are excluded from continuing operations both in the comparative figures and in the figures for the current six months.

During the period under review we were in discussion with a number of potential target companies and individuals, both in the UK and overseas, specialising in our sector. I am extremely pleased with our first proposed major acquisition, the acquisition of an 80 per cent controlling interest in Threadneedle Communications Limited, a UK based financial public relations company focussed on small and mid cap clients which was announced on 20 September 2011. This acquisition forms the first of a series of proposed steps through which we plan to build an international group with a wide range of marketing related services for an expanding base of clients. Importantly, we are also continuing discussions with other companies and individuals.

Also during the period under review we started two new businesses. The first is a sports media consultancy operation in Turkey, called Impact 34, which is focussed on activities in Turkey and Eastern Europe and Asia and which has contributed all the revenue for the period. The second is a media bartering business in the UK, Newgate Trading Europe which generated no revenue for the period but nevertheless started establishing the trading contacts it needs to build its business during the remainder of the year.

A profit has been recognised in the period as part of discontinued operations. This has resulted from the net foreign currency translation gains credited in past periods to the translation reserve as other comprehensive income but now transferred to the profit and loss account on the sale of TSE Consulting SA. After this transfer, there is a net reported profit for the six month period of £543,297 (year ended 31 December 2010: loss £3,166,351; six month period ended 30 June 2010: profit £32,060).

There was a loss on continuing operations for the six month period ended 30 June 2011 of £436,255 (year ended 31 December 2010: loss £523,104; six month period ended 30 June 2010: loss £55,802). This loss was incurred as a consequence of the costs of running what is, effectively, a new start-up business along with establishing two start-up subsidiaries. In contrast, except for certain overheads, the results for the previous periods derived entirely from the business which has now been sold and is shown as discontinued operations.

Under the AIM Rules for Companies ("AIM Rules"), given its size, the acquisition of Threadneedle Communications Limited is being treated as a reverse takeover transaction. Accordingly, the Company is preparing an admission document ("Admission Document"), as is required under the AIM Rules. The Admission Document, when published, will be posted to shareholders and the document will contain a notice convening a general meeting of the Company for the purposes of asking the Company's shareholders to approve the acquisition and related resolutions. I cordially invite all shareholders to attend this meeting or to vote by proxy.

David Wright
Chief Executive and Chairman

For further information, please contact:

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE 2011

	Notes	Unaudited 6 months ended 30 June 2011	Unaudited 6 months ended 30 June 2010 (restated – see note 1)	Audited Year ended 31 December 2010
		£	£	£
Continuing operations				
Revenue	2	**69,918**	-	-
Operating costs		**(508,147)**	(55,840)	(523,142)
Operating loss		**(438,229)**	(55,840)	(523,142)
Finance revenue		**1,974**	38	38
Loss before taxation on continuing operations		**(436,255)**	(55,802)	(523,104)
Income taxes		**-**	-	-
Loss for the period on continuing operations		**(436,255)**	(55,802)	(523,104)
Discontinued operations				
Profit/(loss) for the period from discontinued operations	3	**979,552**	87,862	(2,643,247)
Profit/(loss) for the period		**543,297**	32,060	(3,166,351)
Profit/(loss) for the period attributable to:				
Equity shareholders		**603,770**	32,060	(3,166,351)
Non-controlling interests	4	**(60,473)**	-	-
		543,297	32,060	(3,166,351)
Other comprehensive income				
Exchange differences on translating foreign operations		**1,603**	232,915	360,037
Exchange differences arising on sale of subsidiary included within profit/(loss) from discontinued operations	3	**(982,301)**	-	-
Total comprehensive (losses)/income for the period		**(437,401)**	264,975	(2,806,314)
Total comprehensive (losses)/income for the period attributable to:				
Equity shareholders		**(377,210)**	264,975	(2,806,314)
Non-controlling interests	4	**(60,191)**	-	-
		(437,401)	264,975	(2,806,314)
Earnings/(loss) per share – basic and diluted	5			
On continuing operations		**(0.010p)**	(0.007p)	(0.057p)
On discontinued operations		**0.026p**	0.011p	(0.289p)
On continuing and discontinued operations		**0.016p**	**(0.004p)**	**(0.347p)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	**Unaudited as at 30 June 2011**	Unaudited as at 30 June 2010	Audited as at 31 December 2010
		£	£	£
Non-current assets				
Intangible assets		**-**	2,422,210	-
Property, plant and equipment		**818**	55,143	-
		818	2,477,353	-
Current assets				
Trade and other receivables	6	**143,168**	729,321	146,072
Cash and cash equivalents		**2,023,352**	2,814	2,200,501
Assets of disposal group classified as held for sale		**-**	-	838,279
		2,166,520	732,135	3,184,852
Current liabilities				
Trade and other payables		**(185,089)**	(347,597)	(185,633)
Bank overdraft		**-**	(106,550)	-
Liabilities of disposal group classified as held for sale		**-**	-	(580,712)
		(185,089)	(454,147)	(766,345)
Net current assets		**1,981,431**	277,988	2,418,507
Total assets less current liabilities		**1,982,249**	2,755,341	2,418,507
Equity				
Issued share capital		**4,373,600**	1,457,600	4,373,600
Shares to be issued reserve		**-**	136,000	-
Share premium account		**2,742,120**	2,791,920	2,742,120
Retained losses		**(5,072,994)**	(2,483,751)	(5,677,907)
Translation reserve		**(286)**	853,572	980,694
Total equity shareholders' funds		**2,042,440**	2,755,341	2,418,507
Equity non-controlling interests		**(60,191)**	-	-
Total equity		**1,982,249**	2,755,341	2,418,507

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDED 30 JUNE 2011

	Unaudited 6 months ended 30 June 2011	Unaudited 6 months ended 30 June 2010 (restated see note 1)	Audited Year ended 31 December 2010
	£	£	£
Cash flow from operating activities			
Loss before taxation on continuing operations	**(436,255)**	(55,802)	(523,104)
Adjusted for:			
Profit/(loss) from discontinued operations	**979,552**	87,862	(2,643,247)
Depreciation	**36**	1,894	33,632
Goodwill impairment charge	**-**	-	2,277,076
Finance revenue	**(1,974)**	(38)	(38)
Loss on disposal of property, plant and equipment	**-**	-	647
Decrease/(increase) in trade and other receivables	**4,240**	(289,874)	(86,347)
(Decrease)/increase in trade and other payables	**(49,367)**	(11,309)	394,730
Share based payments	**1,143**	4,256	8,511
Foreign exchange previously recognised in other comprehensive income	**(982,301)**	-	-
Foreign exchange gain	**2,288**	-	9,406
Net cash outflow from operating activities	**(482,638)**	(263,011)	(528,734)
Cash flows from investing activities			
Purchase of property, plant and equipment	**(854)**	-	-
Sale of subsidiary	**306,494**	-	-
Interest received	**-**	2,125	38
Interest paid	**-**	(12,709)	-
Net cash inflow/(outflow) from investing activities	**305,640**	(10,584)	38
Cash flows from financing activities			
Proceeds from the issue of ordinary shares (net of issue costs)	**-**	-	2,680,200
Net cash generated from financing activities	**-**	-	2,680,200
Net (decrease)/increase in cash and cash equivalents	**(176,998)**	(273,595)	2,151,504
Opening cash and cash equivalents	**2,200,501**	48,997	48,997
Effect of exchange rate changes	**(151)**	120,862	-
Closing cash and cash equivalents	**2,023,352**	(103,736)	2,200,501

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2011

	Share capital	Shares to be issued reserve	Share premium	Retained losses	Translation reserve	Total equity shareholders' funds	Non-controlling interests	Total equity
	£	£	£	£	£	£	£	£
Balance at 1 January 2010	1,457,600	136,000	2,791,920	(2,520,067)	620,657	**2,486,110**	-	**2,486,110**
Profit for the period	-	-	-	32,060	-	**32,060**	-	**32,060**
IFRS2 charge – Credited to reserves	-	-	-	4,256	-	**4,256**	-	**4,256**
Exchange difference	-	-	-	-	232,915	**232,915**	-	**232,915**
Balance at 30 June 2010	1,457,600	136,000	2,791,920	(2,483,751)	853,572	**2,755,341**	-	**2,755,341**
Loss for the period	-	-	-	(3,198,411)	-	**(3,198,411)**	-	**(3,198,411)**
IFRS2 charge –							-	
Credited to reserves	-	-	-	4,255	-	**4,255**		**4,255**
Exchange difference	-	-	-	-	127,122	**127,122**	-	**127,122**
Proceeds from shares issued	2,916,000	(136,000)	120,000			**2,900,000**	-	**2,900,000**
Issue costs	-	-	(169,800)	-	-	**(169,800)**	-	**(169,800)**
Balance at 31 December 2010	**4,373,600**	**-**	**2,742,120**	**(5,677,907)**	**980,694**	**2,418,507**	**-**	**2,418,507**
Profit /(loss)for the period	**-**	**-**	**-**	**603,770**	**-**	**603,770**	**(60,473)**	**543,297**
IFRS2 charge – Credited to reserves	**-**	**-**	**-**	**1,143**	**-**	**1,143**	**-**	**1,143**
Exchange difference	**-**	**-**	**-**	**-**	**1,321**	**1,321**	**282**	**1,603**
Exchange differences arising on sale of subsidiary	**-**	**-**	**-**	**-**	**(982,301)**	**(982,301)**	**-**	**(982,301)**
Balance at 30 June 2011	**4,373,600**	**-**	**2,742,120**	**(5,072,994)**	**(286)**	**2,042,440**	**(60,191)**	**1,982,249**

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS

1. General Information

Porta Communications Plc is incorporated in the United Kingdom and registered in England and Wales under registration number 05353387. The registered office of the Company is 35 New Broad Street, London EC2M 1NH. The principal activity of the Company is the provision of international communication consultancy and marketing services.

The financial information in these interim results is that of the holding company and all of its subsidiaries. It has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs). The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its audited financial statements for the year ended 31 December 2010 and which will form the basis of the 2011 financial statements except for a number of new and amended standards which have become effective since the beginning of the previous financial year. These new and amended standards are not expected to materially affect the Group.

The financial information presented herein does not constitute full statutory accounts under Section 434 of the Companies Act 2006. This interim statement has not been audited but has been reviewed by the Company’s auditors, Kingston Smith LLP. The financial information in respect of the year ended 31 December 2010 has been extracted from the statutory accounts which 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.

The financial information for the six months ended 30 June 2010 has been restated in order to present the results, assets and liabilities of TSE Consulting SA on a comparable basis with those adopted at 31 December 2010. This presents those results as discontinued operations and the assets and liabilities as being held in a disposal group classified as held for resale. Further details of the disposal are given in note 3.

2. Segmental reporting

The Board considers that the Group has a single business segment which delivers international communications consultancy and marketing services. The revenue, expenditure and result reported in the income statement and the assets and liabilities reported in the balance sheet all relate to this single segment. All revenue in the period arose from sales within Europe.

There are no comparative figures for revenue as there was no revenue in 2010 for the continuing operations. The assets and liabilities as shown in the balance sheet at 31 December 2010 and 30 June 2010 all related to either to the previous business segment delivering international sports consultancy services (in respect of those assets and liabilities shown within the disposal group) or to the continuing common infrastructure of the business.

3. Disposal during the period

On 13 April 2011, the Company sold TSE Consulting SA for CHF 450,000 (£306,494) pursuant to an agreement approved by shareholders on 20 December 2010. Provision was made to write down the net investment in the company to estimated net realisable value in the financial statements for the year ended 31 December 2010. The profit in the six month ended 30 June 2011 arises as a result of the recognition of foreign currency exchange gains previously included in other comprehensive income being recognised within profit or loss for the period as a result of the sale.

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS

3. Disposal during the period (continued)

	Unaudited 6 months ended 30 June 2011 £	Unaudited 6 months ended 30 June 2010 £	Audited Year ended 31 December 2010 £
(Loss)/profit on discontinued trading operations	**(2,749)**	87,862	(278,552)
Loss recognised on the re-measurement of assets of disposal group	**-**	-	(2,364,695)
Exchange gain recognised on sale	**982,301**	-	-
Profit/(loss) for the period from discontinued operations	**979,552**	87,862	(2,643,247)

4. Acquisition of subsidiaries and minority interests

During the period the Company incorporated two subsidiary companies which have commenced trading. The details of these are as follows:

Name	*Interest*		*Country of Incorporation*
Impact34 Reklam ve Organizasyon Denişmanlik Hizmetleri Limited	Ordinary share capital	51% owned	Turkey
Newgate Trading Europe Limited	Ordinary share capital	51% owned	England and Wales
	Preference share capital	100% owned	

5. Earnings/(loss) per share

Earnings/(loss) per share have been calculated using the weighted average number of shares in issue during the relevant financial period. The weighted number of equity shares in issue and the earnings/(losses), being the profit/(loss) after tax attributable to equity shareholders, used in these calculations are as follows:

	Unaudited 6 months ended 30 June 2011 Number	Unaudited 6 months ended 30 June 2010 Number	Audited Year ended 31 December 2010 Number
Weighted average number of shares (ordinary and dilutive)	**3,725,600,000**	809,600,000	913,457,534
	£	£	£
Loss on continuing operations	**(436,255)**	(55,802)	(523,104)
Less non-controlling interests	**(60,473)**	-	-
Losses on continuing operations attributable to equity shareholders	**(375,782)**	(55,802)	(523,104)
Profit/(loss) on discontinued operations all attributable to equity shareholders	**979,552**	87,862	(2,643,247)
Profit/(loss) on continuing and discontinued operations attributable to equity shareholders	**603,770**	32,060	(3,166,351)

In the current period the basic and diluted earnings/(loss) per share are the same. The diluted earnings/(loss) per share per ordinary share are identical to those used for the basic earnings/(loss) per ordinary share as the exercise of share options and warrants would have an anti-dilutive effect.

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS

6. Trade and other receivables

Trade and other receivables include £50,000 unpaid share capital (30 June 2010: £nil; 31 December 2010: £50,000). This amount was received in full on 7 July 2011.

7. Events since the balance sheet date

On 20 September 2011 the Company announced that it had agreed to acquire 80 per cent of the issued share capital of Threadneedle Communications Limited, a financial public relations company based in the UK, conditional on certain terms of the acquisition agreement being satisfied including shareholder approval. The total consideration is £3.8 million, subject to adjustments, payable as to a mix of cash and new ordinary shares in the capital of the Company.

8. Publication

A copy of this announcement is available from the Company’s web site at www.portacomms.com.

INDEPENDENT REVIEW REPORT TO PORTA COMMUNICATIONS PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim report for the six months ended 30 June 2011 which comprises consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows and consolidated statement of charges in equity. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' Responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting,'' as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

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29 September 2011