9 May 2013

Porta Communications Plc
("Porta" or the "Company")

Preliminary results for the year ended 31 December 2012

Porta Communications Plc (AIM: PTCM), the international marketing and communications group is pleased to announce its audited results for the year ended 31 December 2012.

Key Metrics

	Year ended 31 December 2012 £	Year ended 31 December 2011 (as restated) £
Revenue	8,384,625	783,449
EBITDA from continuing operations	(4,083,122)	(1,111,265)
Adjusted headline EBITDA*	(591,635)	(255,516)
Cash at year end	777,870	979,070
Reported EPS on continuing operations	(5.3p)	(2.2p)
Year-end staff numbers	102	37

* refer to Chairman and Chief Executive's statement for calculation of adjusted headline EBITDA

Operational Highlights

- Results in line with management expectations
- Four acquisitions in the year (2011: 1) investing £2m (2011: £3.8m) and investment in three start-ups in the year delivering Group annualised revenue of £16m at year end
- Excellent operational and financial progress in the Communications division:
    - Newgate Communications client numbers increased to 43 at year end (2011: 6) and Newgate Threadneedle client numbers increased by 13 to 83, maintaining its position as the leading financial PR agency for AIM listed businesses
- Foundations laid for future growth in the Marketing and Advertising division:
    - The two advertising businesses acquired in the year have been combined under the Twenty20 brand, expected to be a major contributor in 2013 and beyond
- Additional geographical expansion, opening offices in Belgium (Brussels), Germany (Frankfurt) and Hong Kong
- Post period end: Institutional placing to raise £4.0m in March 2013 to fund, among other things, expansion into Asia Pacific and further recruitment

David Wright, CEO of the Group commented, "We believe that we have now placed ourselves in a strong position to move forward and build upon the foundations and successes of 2012 and to continue to increase our revenue run-rate further.

"In 2013 we will be launching Newgate Communications in Asia, where plans are well advanced to open an office in Beijing. In addition, a number of acquisitions and organic launches have been identified that will boost both the advertising and public relations businesses in the UK, Europe and Asia.

"The additional funds we secured from investors in March 2013 mean that we are well positioned to execute this next phase, and believe that 2013 will see the positive delivery of our strategy. We therefore look ahead with confidence and continue to trade in line with expectations."

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CHAIRMAN & CHIEF EXECUTIVE'S STATEMENT

Our objective since we created Porta Communications in 2011 has been to build a high-growth, international communications & marketing agency meeting the needs of clients with multi-disciplinary marketing capabilities across international markets.

Much of this growth will come from start-ups in both the Communications and Marketing and Advertising divisions. This strategy has required continuing cash investment, but we believe it is on track to deliver in the next year. It has brought together proven high quality teams, with hand-picked individuals thereby creating a lower risk approach than solely acquiring existing businesses. We believe this will create higher levels of shareholder value. All of the start-ups complement the acquired businesses offering multiple cross selling opportunities to more clients. Annualised revenues (based on December 2012) from continued operations were in excess of £16 million at the year-end compared to reported revenues of £0.8 million for the year ended 31 December 2011 and £8.4 million for the year ended 31 December 2012; with total revenues in the second half of 2012 over four times higher than in the first six months.

<u>Business Development</u>

Newgate Communications, our public affairs, financial and corporate public relations company, has gone from strength to strength over the year. Although formed in November 2011, this company only started operating in January 2012 as key executives came out of their restrictive covenants. Fee income grew steadily over the year and by December was running at over £2m of annualised revenue.

In addition, Newgate Threadneedle which was acquired towards the end of 2011 has enjoyed another strong year. Newgate Threadneedle has maintained its position as the leading agency for clients on the AIM market for the second year running, reflecting its success in winning new clients and offering a first class service to existing clients.

Our other major start-ups, namely, 21:12 Communications, an advertising agency specialising in the financial services sector and charities and 24-7 Studios, a full service 24 hour studio were also launched in the year. Like Newgate it took some time to become operational as executives came out of their restrictive covenants. The Managing Director of these agencies was only free to operate from January 2013 but the growth since then has been promising, with a number of high quality client wins. All these start-ups are expected to be profitable by the end of the first half of this year and we hope will make a positive contribution to the results for the year.

During the year we made two acquisitions in the consumer advertising sector. Twenty20 Media Vision based in Tunbridge Wells was bought in July 2012 and WFCA plc a loss making agency also based in Tunbridge Wells was bought in September 2012. These two agencies have been merged into one company trading as Twenty20, and are now operating from one location. The resulting cost savings together with the enhanced new business opportunities, given the greater size and better mix of services offered, has, we believe, changed the prospects of these two agencies to the extent that the new company will be a major contributor to revenues and results for the current year.

In January 2013, we started up Crazy Horse Integrated LLP a direct marketing operation specialising in Financial Services and Charities thereby making it a perfect addition to the 21:12 Communications agency. In March 2013, we acquired Cauldron Consulting Limited based in the City of London which specialises in media relations and market intelligence in the financial sector for a maximum consideration of £550,000 dependent on future performance.

A Geographic Footprint

From our initial London base, Porta and its subsidiaries have now opened offices in Belgium (Brussels), Germany (Frankfurt) and Hong Kong and have grown, by March 2013, to 122 staff and partners worldwide.

Whilst growth has been strong in all main divisions, we constantly review the best use of resources. As a result, we have decided not to pursue the media bartering business Newgate Trading or Impact34 the sports and entertainment company which was specialising in emerging markets. These businesses have been sold to their respective management teams.

Start-ups

The acquisitions made during 2012 have mainly been funded by share-for-share issues, however there has inevitably been a cash cost associated both with restructuring those companies and the new start-up operations.

The board does not believe that the size of the loss reported accurately reflects the efforts and progress made over the year. In this respect, to give an operational view of the progress made and the prospects for the current year, a number of one-off costs have been identified as follows:

	Year ended 31 December 2012 £	Year ended 31 December 2011 (as restated) £
EBITDA from continuing operations	(4,083,122)	(1,111,265)
Start-up losses*	1,539,155	185,228
Acquisition costs	197,165	200,907
Restructuring costs	79,000	-
Legal and professional consultancy costs	1,676,167	469,614
Adjusted headline EBITDA	(591,635)	(255,516)

* For the purposes of the above analysis, start-up losses are defined as the net operating result in the period of entities which are organically started businesses. Such businesses so defined will cease being separately defined at the earlier of two years from the commencement of the activity or when the activities show evidence of becoming sustainably profitable.

EPS reported on continuing operations	(5.3p)	(2.2p)
EPS based on adjusted headline EBITDA	(0.7p)	(0.6p)

Funding and Litigation

In March 2013, we were pleased to announc that we had raised a further £4 million (before expenses) to strengthen the Group's statement of financial position and continue the Group's expansion into new territories. At the same time, we extended our remaining loans with Hawk Investment Holdings Limited to February 2016. We have also settled the litigation between ourselves and MSQ Partners Limited, reported in the annual report last year. Although we were confident that we could defend our position vigorously, the settlement, which involved a cash payment to cover legal costs and certain disputed issues, removed a distraction to our management team.

Outlook

We believe that we have now placed ourselves in a strong position to move forward and build upon the foundations and successes of 2012 and build our revenue run-rate further.

In 2013 we will be launching Newgate Communications in Asia, where plans are well advanced to open an office in Beijing. In addition, a number of acquisitions and organic launches have been identified that will boost both the advertising and public relations businesses in the UK, Europe and Asia.

The additional funds secured from investors in March 2013, mean that we are well positioned to execute this next phase, and believe that 2013 will see the positive delivery of our strategy. We therefore look ahead with confidence and continue to trade in line with management expectations.

Bob Morton & David Wright

Chairman of the Board & Chief Executive Officer

OPERATING AND FINANCIAL REVIEW

Results for year:

	Year ended 31 December 2012 £	**Year ended 31 December 2011 (as restated) £**
Continuing operations		
Revenue	8,384,625	783,449
Cost of sales	(3,750,768)	(30,661)
Total operating and administrative expense	(9,085,841)	(1,931,139)
Operating loss	(4,451,984)	(1,178,351)
EBITDA	(4,083,122)	(1,111,265)
Loss before taxation on continuing operations	(4,627,532)	(1,171,901)
Loss after tax:		
Loss on continuing operations	(4,431,360)	(1,040,801)
Profit/(loss) on discontinued operations	(485,804)	580,544
Loss for the year after tax	(4,917,164)	(460,257)
EPS on continuing operations	(5.3p)	(2.2p)
Year-end staff numbers	102	37

	£	£
Analysis of total operating and administrative expense (continuing operations)		
Acquisition costs	(197,165)	(200,907)
Restructuring costs	(79,000)	-
Amortisation of intangible assets	(287,279)	(55,566)
Depreciation and amortisation of other assets	(81,583)	(11,520)
Legal and other consultancy costs	(1,676,167)	(469,614)
Other operating and administrative expense	(6,764,647)	(1,193,532)
	(9,085,841)	(1,931,139)

The Group has continued its strategy throughout the year to grow its business both through start-ups and the acquisition of income producing businesses.

A number of the new additions to the Group during the period were by way of new start-ups. Real shareholder value is being generated by avoiding the high goodwill element that these types of business tend to generate on acquisition. These businesses are not expected to be immediately profitable. Unlike the cost of investment for acquisitions, which are capitalised, start-up losses are reflected within the loss from continuing operations from incorporation. The Directors believe that it is relevant to analyse the results of the Group before start-up losses, acquisition costs, depreciation and amortisation and legal and professional consultancy costs in order to enable a full understanding of the Group's financial performance.

	Year ended 31 December 2012 £	Year ended 31 December 2011 (as restated) £
EBITDA from continuing operations	**(4,083,122)**	**(1,111,265)**
Start-up losses*	1,539,155	185,228
Acquisition costs	197,165	200,907
Restructuring costs	79,000	-
Legal and professional consultancy costs	1,676,167	469,614
Adjusted headline EBITDA	**(591,635)**	**(255,516)**
EPS based on adjusted headline EBITDA	(0.7p)	(0.6p)

* For the purposes of the above analysis, start-up losses are defined as the net operating result in the period of entities which are organically started businesses. Such businesses so defined will cease being separately defined at the earlier of two years from the commencement of the activity or when the activities show evidence of becoming sustainably profitable.

Divisional results:

31 December 2012 £	**Communications**	**Marketing & Advertising**	**Head Office**	**Other/ Consol** (note 1)	**Total**
Revenue	3,696,791	4,243,258	-	444,576	8,384,625
Operating profit	(739,012)	(592,019)	(3,120,953)	-	(4,451,984)
EBITDA	(494,105)	(517,955)	(3,071,062)	-	(4,083,122)
Loss from discontinued operations	-	-	-	(485,804)	(485,804)
Staff & partner numbers	40	52	10		102

31 December 2011 £ (as restated)	**Communications**	**Marketing & Advertising**	**Head Office**	**Other/ Consol** (note 1)	**Total**
Revenue	832,919	-	-	(49,470)	783,449
Operating profit	(19,621)	-	(558,450)	(600,279)	(1,178,350)
EBITDA	42,645	-	(553,631)	(600,279)	(1,111,265)
Profit from discontinued operations	-	-	-	580,544	580,544
Staff numbers	21	-	5	11	37

1. For the purpose of the above analysis, discontinued operations have been excluded from revenue, operating profit, and EBITDA within Other/Consol. Discontinued operations are included within Other/Consol in the operating segment note.

Communications

This division comprises Newgate Threadneedle, the AIM specialist PR agency, which recently won the UK Stock Market Award as Best Financial PR Advisor for 2013 and the Group's public affairs and public relations consultancies, Newgate Communications, which was a new start-up and commenced operations in December 2011.

As indicated in our interim results for 30 June 2012, the Newgate Communications operation only really became free to pitch for new business in the first half of 2012 as a result of restrictive covenants imposed on many of the executives joining the Group. As these restrictions fell away in the first quarter, Newgate Communications has been able to pitch for – and has won – new clients, with 43 clients on its books at 31 December 2012 compared with 6 at the start of the year. Newgate Communications contributed £1,287,245 (2011: £82,649) to revenue during 2012 and has annualised revenue, based on December 2012, of over £2 million with a complement of 25 staff and partners at the year-end (2011: 6). The operations are still building up to full capacity from a zero base and accordingly there was an operating loss for the year of £1,076,210 (2011: £185,230) which will continue to decline as new clients are won.

Newgate Threadneedle Limited, our AIM specialist PR agency, was acquired on 19 September 2011 and contributed the majority of the revenue for 2011. In January 2012, we acquired the Hansard portfolio for a cash payment of £148,093 and the issue of shares with a fair value of £223,438. Newgate Threadneedle has performed well throughout 2012 in extremely difficult market conditions. Despite the inevitable losses of some clients as AIM has contracted, Newgate Threadneedle has increased its number of clients by 13 in the year, whilst staff numbers did not increase. Trading conditions during the year have also meant a significantly higher than usual incidence of bad and doubtful debts with a charge against profits for the year of £174,147 (2011: £nil). The company contributed revenue of £2,409,546 in 2012 (compared to £706,411 for the period from acquisition to 31 December 2011) whilst contributing £337,198 (2011 from date of acquisition £164,323) to operating profit.

Marketing and Advertising

The Group made two acquisitions during the year in Marketing and Advertising, Twenty20 Media Vision Limited and WFCA plc. Both companies are located in Tunbridge Wells in Kent, England.

On 6 July 2012, we acquired 90% of the issued share capital of Twenty20 Media Vision Limited, a full service media planning and buying agency for an initial consideration of £370,000 and a maximum consideration of £1,900,000 based on earn out over the period to 31 December 2013, payable in a mixture of shares and cash.

On 10 September 2012, we acquired WFCA Plc, an AIM quoted company, pursuant to a share for share offer announced on 17 August 2012, with 1 Porta Communications plc share for every 21 WFCA plc shares held. This valued WFCA plc at approximately £1.3m. Like Twenty20, WFCA is a full service marketing communication agency.

We saw that there was a considerable opportunity to acquire an increased client portfolio at relatively low cost and to make savings on the combined operations bringing the loss making WFCA back into profitability. We have therefore, since acquisition, combined these two operations under the Twenty20 brand and, as a result, have been able to significantly reduce the overhead cost of the combined businesses and create an enlarged group, better placed to win new business. WFCA plc's costs of being a public company have been eliminated and administrative and premises costs have been cut by having both companies under one roof.

The division has a strong client base in a range of sectors including entertainment, retail and healthcare with clients such as Wren Kitchens, Gieves and Hawkes, Western Union, Mecca Bingo, Tilda and Mitsubishi Pharma. The companies employed 43 people at the end of the period.

The combined Twenty20 operations have contributed £4,197,765 to revenue since their acquisition and a £63,328 operating loss. The Directors are encouraged with this performance since the acquisition date as the operating result includes a non-recurring restructuring provision of £79,000 and a high level of depreciation and amortisation of £70,601 due to the acquired intangibles. When these items are added back the underlying EBITDA of the operations since acquisition, was a profit of £86,273. As many of the improvements in the cost base of the companies were implemented towards the end of 2012, we would expect to see the profit position improve during 2013. The combined annualised revenue run rate of these businesses at December 2012 was £12.6m.

In addition to these two acquisitions we have established two operations Twenty-One Twelve Marketing and Twenty-Four Seven Studios in our London office which announced trading in late December 2012. These businesses are start-up creative communication partnerships designed to behave like consultancies and deliver like full service agencies. These operations contributed £45,493 to revenue in the period. The initial costs of establishing these businesses and recruiting the right staff to move them forward meant that there was a loss on their operations of £528,691. These agencies are expected to be profitable in the second half of 2013. Nine staff were employed in these operations at the year end.

Head office (central costs)

The central costs of the Group comprise the on-going costs of running a public company. These have been significantly affected in 2012 by the expenses involved in acquiring the new subsidiaries and non-specific legal and administrative costs in establishing the Group. In addition, central costs for the year include the costs of, and settlement to be paid, in respect of the litigation between the group and MSQ Partners Limited which was agreed on 23 November 2012. As a result legal and other consultancy costs within central operations rose from £268,074 in 2011 to £1,505,044. Furthermore, central overheads include an element of office accommodation costs which, in the first years of operation cannot be fully recovered from the operating divisions, this amounted to £190,518 (2011: £63,054). Excluding both these elements, core central costs have risen from £642,179 to £1,228,225 which is in line which management expectations for the scale and nature of the growing Group.

Discontinued activities

Towards the end of the year we re-examined the concentration of our business sectors and decided to dispose of Newgate Trading, our media bartering division which was sold to its management in December 2012. Both the trading for the year and provisions for closure for the operation have been included in the results for the year as discontinued activities and the results for the year ended 31 December 2011 restated accordingly.

Prior to the year-end, management committed to a plan to dispose of its interest in Impact34, the specialist sports consultancy based in Istanbul, Turkey. The disposal was completed in January 2013. The trading results for the year have been included for the year as discontinued operations and the assets and liabilities of the company have been classified as held-for-sale.

Results for the year

The loss on continuing operations before depreciation and amortisation, interest and taxation (EBITDA) for the year was £4,083,122 (2011: £1,111,265) of which £1,676,167 (2011: £469,614) related to legal and other consultancy costs across the group and £197,165 (2011: £200,907) related to acquisition costs, and £79,000 (2011: £Nil) related to restructuring costs giving a core underlying loss, before these costs, of £2,130,790 (2011: £440,744). This core underlying loss includes start-up losses of £1,539,155 (2011: £185,228) relating to new start-ups.

After taking into account amortisation and depreciation, including a charge on intangible assets such as brands and customer lists acquired with Newgate Threadneedle, WFCA and Twenty20, the overall operating loss for the year amounted to £4,451,984 (2011: £1,178,351).

Net finance costs for the year, including movements on exchange rates, amounted to £177,201 (2011:£Nil) arising principally on the funding loans from Hawk Investment Holdings Limited, taken out during the year to fund operations, and on bank funding acquired with the WFCA group. Loss for the year before taxation on continuing activities was £4,627,532 (2011: £1,171,901).

In view of the Board's expectation that the Group will move into profitability in the foreseeable future, the Group has recognised the benefit of certain tax losses incurred during the year; combined with movements in deferred tax resulting in an overall credit to the statement of comprehensive income in the year of £196,172 (2011: £ 131,100) and a tax credit carried forward in the statement of financial position of £441,717 (2011: £142,432) In addition the Group has unrecognised tax losses carried forward amounting to approximately £5,200,000 (2011: £2,000,000) which it expects to be able to utilise in relieving tax payments moving forward.

Loss for the continuing group operations for the year after tax was £4,431,360 (2011: £1,040,801). After taking into account the results of the discontinued operations described above, the loss on all operations for the year was £4,917,164 (2011: £460,257).

The majority of Group subsidiaries, which include Limited Liability Partnerships, have non-controlling interests, either as shareholders or as partners, designed to retain and reward the management of those entities. In the case of the Limited Liability Partnerships, the partnership shares due to those partners are deducted in arriving at operating profit or loss above. However, in the case of incorporated subsidiary companies, the non-controlling shareholdings are shown as "non-controlling interests" and their share of dividends and profits or losses are deducted after arriving at the profit or loss after taxation. Taking these into account, the loss attributable to the equity shareholders of the Group itself for the year was £5,043,054 (2011: £182,677).

Loss per share was 5.3p for the year (2011: 2.2p loss) on continuing activities and 6.0p (2011: 0.4p loss) for the year on continuing and discontinued activities combined.

Financial position and cash flow

	31 December 2012 **£**	**31 December 2011** **£**
Non-current assets	8,886,148	4,554,904
Current assets, excluding cash	3,435,535	778,265
Cash	777,870	979,070
Current liabilities	(9,128,542)	(870,916)
Non-current liabilities	(1,445,362)	(264,420)
Equity shareholders' funds	1,609,556	4,474,818

Year ended 31 December 2012 **£**	**Communications**	**Marketing & advertising**	**Head Office**	**Other/ Consol**	**Total**
Non-current assets	4,553,688	3,908,563	423,897	-	8,886,148
Current assets, excluding cash	740,368	1,984,242	338,424	372,501	3,435,535
Cash	306,949	167,819	118,961	184,141	777,870
Current liabilities	(1,328,440)	(2,740,633)	(4,513,845)	(545,625)	(9,128,543)
Non-current liabilities	(223,652)	(1,218,116)	(3,593)	-	(1,445,361)
Net assets	4,048,913	2,101,875	(3,636,156)	11,017	2,525,649

Year ended 31 December 2011 **£**	**Communications**	**Marketing & advertising**	**Head Office**	**Other/ Consol**	**Total**
Non-current assets	4,353,757	-	201,147	-	4,554,904
Current assets, excluding cash	435,461	-	342,804	-	778,265
Cash	401,950	-	577,120	-	979,070
Current liabilities	(632,580)	-	(238,336)	-	(870,916)
Non-current liabilities	(45,930)	-	(218,490)	-	(264,420)
Net assets	4,512,658	-	664,245	-	5,176,903

Cash flows

	31 December 2012 £	31 December 2011 £
Cash outflow from operating activities	(3,513,227)	(1,710,859)
Cash inflow from investing activities	51,442	(1,442,518)
Cash inflow from financing activities	3,261,001	1,931,253
Taxes paid	(178,975)	(4,790)
Cash in hand at end of period	777,870	979,070

The consolidated statement of financial position at 31 December 2012 shows a marked change in composition, principally as a result of the acquisition of WFCA plc and Twenty20 Media Vision Limited, the core of the marketing and advertising division, during the year. The acquisition of these subsidiaries included an attributable value of £885,000 for brands and customer relationships and £2,724,602 as goodwill together with a deferred tax asset of £249,067. The nature of these businesses, which involves the re-selling of advertising space, also meant for the first time a significant increase in both working capital debtors and creditors.

The development of the group during the year has meant considerable cash outflows to fund start-up operations and to provide working capital for the growth of the Group. In the current economic climate where customers are extending the time taken to pay – the average credit period taken by customers has increased from 62 days at 31 December 2011 to 79 days at 31 December 2012 but, as many of our operating costs, particularly salaries, still need to be paid monthly, it was inevitable that growth would be constrained, to some extent, by the availability of funds to the Group.

Where possible the Group has also taken the advantage of extending the credit terms it receives from its suppliers in the marketing and advertising sectors.

An equity capital raise of £350,000 was made during the first half of the year. The two acquisitions during the year were principally acquired in share-for-share issues. This resulted in a positive net cash flow from investing activities due to the cash acquired, far exceeding the cash consideration, however, acquisition costs and re-organisation costs involved in returning WFCA to profitability impacted on our cash generation for the year.

The Group obtained £2,970,792 new loan facilities during the year from Hawk Investment Holdings Limited (Hawk), a company beneficially owned by our Chairman, Bob Morton, and his family, in addition a further £450,000 loan from Hawk was acquired with the WFCA PLC acquisition. The great majority of the working capital funding for the Group has been raised in the parent company, as a central cost, and this is reflected in group central liabilities at the year end.

Post year end

In March 2013 the Group was able to raise a further £4,000,000 on AIM by the issue of 40,000,000 shares at 10p per share. This issue was fully subscribed through a placing and was confirmed at a General Meeting of the Company on 18 March 2013. These funds enabled the Group to repay £500,000 of loans from Hawk, strengthen the Group statement of financial position, acquire Cauldron Consulting Limited; a UK based public relations company, and will enable Newgate Communications to expand into the Asia Pacific region. We have also announced, on 8 March 2013, the restructuring of our loans with Hawk, which stood at £2,750,000, following conversion of £500,000 into shares at 10p and a further £300,000 draw down post year end now repaid. Of this, £2,000,000 has been converted into a bond which is redeemable on 26 February 2016 at £2,862,000, equivalent to the current financing rate on the Hawk loans; £450,000 is repayable on or before 4 March 2014.

The changes in financing have considerably improved the Group's capital position for the forthcoming year as well as improving the Group's cash flow by reducing its monthly interest payments and will allow the Group to move forward with its planned expansion over the next few months.

On 8 March 2013, we also announced the acquisition of a media relation and market intelligence firm, Cauldron Consulting Limited, specialising in financial services which will form part of the Communications division. The initial consideration for the acquisition was settled through the issue of a £200,000 loan note by the Company payable in May 2013. Additional consideration of up to £350,000 may be payable dependent on the performance in the 12 month period from acquisition.

Keith Springall

Finance Director

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 December 2012 £	Year ended 31 December 2011 (as restated) £
Continuing operations			
Revenue	4	8,384,625	783,449
Cost of Sales		(3,750,768)	(30,611)
Gross Margin		4,633,857	752,788
Other operating and administrative expenses		(9,085,841)	(1,931,139)
Operating loss	4	(4,451,984)	(1,178,351)
Finance expense		(177,201)	-
Finance income		1,653	6,450
Loss before taxation on continuing operations		(4,627,532)	(1,171,901)
Tax credit	5	196,172	131,100
Loss for the period on continuing operations		(4,431,360)	(1,040,801)
Discontinued operations			
(Loss)/Profit for the period from discontinued operations	7	(485,804)	580,544
(Loss)/profit for the period		(4,917,164)	(460,257)
Loss for the period attributable to:			
Owners of the Company		(5,043,054)	(182,677)
Non-controlling interests		125,890	(277,580)
		(4,917,164)	(460,257)
Other comprehensive income			
Exchange differences arising on translating foreign operations		215	13,113
Exchange differences arising on sale of subsidiary		-	(982,301)
Total other comprehensive income, net of tax		215	(969,188)
Total comprehensive income for the period		(4,916,949)	(1,429,445)
Total comprehensive income for the period attributable to:			
Owners of the Company		(5,042,839)	(1,156,085)
Non-controlling interests		125,890	(273,360)
		(4,916,949)	(1,429,445)
Earnings/(loss) per share – basic and diluted	3		**(as restated)**
On continuing operations		(5.3p)	(2.2p)
On discontinued operations		(0.7p)	1.8p
On continuing and discontinued operations		(6.0p)	(0.4p)

Comparative amounts, including earnings per share, have been restated to reflect classification of activities between continuing and discontinued operations.

Consolidated Statement of Financial Position

	Notes	31 December 2012 £	31 December 2011 £
Non-current assets			
Intangible assets	8	8,128,294	4,329,089
Fixed assets		286,760	95,508
Deferred tax asset		471,094	130,307
Total non-current assets		8,886,148	4,554,904
Current assets			
Assets held for sale		26,007	-
Work in progress		186,694	16,577
Trade and other receivables		3,222,834	757,235
Current tax assets		-	4,453
Cash and cash equivalents		777,870	979,070
Total current assets		4,213,405	1,757,335
Current liabilities			
Liabilities held for sale		(30,070)	-
Trade and other payables		(5,693,765)	(711,113)
Current tax liabilities		-	(159,803)
Loans and borrowings		(3,404,707)	-
Total current liabilities		(9,128,542)	(870,916)
Net current (liabilities)/Assets		(4,915,137)	886,419
Non-current liabilities			
Fair value of contingent consideration	6	(381,198)	-
Deferred tax liabilities		(414,164)	(264,420)
Loans and borrowings		(650,000)	-
Total non-current liabilities		(1,445,362)	(264,420)
Net assets		2,525,649	5,176,903
Equity			
Share capital		10,891,396	7,723,701
Share premium		2,742,120	2,742,120
Retained losses		(11,081,486)	(5,999,432)
Translation reserve		7,501	7,286
Other reserves		(949,975)	1,143
Total equity shareholders' funds		1,609,556	4,474,818
Equity non-controlling interests		916,093	702,085
Total equity		2,525,649	5,176,903

Consolidated Statement of Cash Flows

	Year Ended 31 December 2012	Year Ended 31 December 2011
	£	(as restated) £
Cash flow from operating activities		
Loss before taxation on continuing activities	(4,627,532)	(1,171,901)
Adjusted for:		
(Loss)/Gain from discontinued operations	(485,804)	580,544
Depreciation and amortisation	379,358	67,086
Finance income	(1,653)	(4,387)
Tax paid	(178,975)	(4,790)
Gift of capital to Limited Liability Partnership	40,000	-
Capitalised interest	33,607	-
Loss on disposal of property, plant and equipment	9,505	-
Increase in work in progress	(170,117)	(16,577)
Increase in trade and other receivables	(359,395)	(340,999)
Increase in trade and other payables	1,777,792	171,035
Share based payments	69,987	1,143
Unrealised foreign exchange loss	-	(9,712)
Foreign exchange gain previously recognised in other comprehensive income	-	(982,301)
Net cash outflow from operating activities	(3,513,227)	(1,710,859)
Cash flows from investing activities		
Acquisition of intangible assets	(191,904)	(15,890)
Acquisition of property, plant and equipment	(181,972)	(82,016)
Dividends paid to non-controlling interests	(126,266)	-
Acquisition of subsidiaries, net of cash acquired	549,931	(1,655,493)
Sale of subsidiary company	-	306,494
Interest received	1,653	4,387
Net cash inflow/(outflow) from investing activities	51,442	(1,442,518)
Cash flows from financing activities		
Proceeds from the issue of ordinary shares (net of issue costs)	311,001	1,931,253
Proceeds from loans and borrowings	2,950,000	-
Net cash generated from financing activities	3,261,001	1,931,253
Net decrease in cash and cash equivalents	(200,784)	(1,222,124)
Cash and cash equivalents at 1 January	979,070	2,200,501
Effect of exchange rate changes	(416)	693
Cash and cash equivalents at 31 December	777,870	979,070

Consolidated Statement of Changes in Equity for the year ended 31 December 2011

In £ Sterling	Share capital	Share premium	Retained losses	Translation reserve	Other reserves	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								
Loss for the year	-	-	(182,677)	-	-	(182,677)	(277,580)	(460,257)
Other comprehensive income	-	-	-	(973,408)	-	(973,408)	4,220	(969,188)
Total comprehensive income	-	-	(182,677)	(973,408)	-	(1,156,085)	(273,360)	(1,429,445)
Transactions with owners of the Company, recognised directly in equity								
Contributions by owners:								
Issue of ordinary shares related to business combinations	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)
Share based payments	-	-	-	-	1,143	1,143	-	1,143
	3,350,101	-	(138,848)	-	1,143	3,212,396	-	3,212,396
Changes in ownership interests of subsidiaries:								
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	950,000	950,000
Non-controlling interests in subsidiaries established in the year	-	-	-	-	-	-	25,445	25,445
Total transactions recognised directly in equity	3,350,101	-	(138,848)	-	1,143	3,212,396	975,445	4,187,841
Balance at 31 December 2011	7,723,701	2,742,120	(5,999,432)	7,286	1,143	4,474,818	702,085	5,176,903

Consolidated Statement of Changes in Equity for the year ended 31 December 2012

In £ Sterling	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	(5,999,432)	7,286	1,143	4,474,818	702,085	5,176,903
Total comprehensive income								
Loss for the period	-	-	(5,043,054)	-	-	(5,043,054)	125,890	(4,917,164)
Other comprehensive income	-	-	-	215	-	215	-	215
Total comprehensive income	-	-	(5,043,054)	215	-	(5,042,839)	125,890	(4,916,949)
Transactions with owners of the Company, recognised directly in equity								
Issue of ordinary shares relating to business combinations	2,782,695	-	-	-	-	2,782,695	-	2,782,695
Fair value adjustment for shares issued as consideration in business combinations	-	-	-	-	(911,706)	(911,706)	-	(911,706)
Issue of other ordinary shares	385,000	-	-	-	-	385,000	-	385,000
Dividends paid to non-controlling interests	-	-	-	-	-	-	(126,266)	(126,266)
Issue costs	-	-	(39,000)	-	-	(39,000)	-	(39,000)
Share based payments	-	-	-	-	69,988	69,988	-	69,988
Equity component of convertible loan issued in period	-	-	-	-	28,900	28,900	-	28,900
Changes in ownership interests in subsidiaries:								
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	-	76,133	76,133
Disposal of subsidiary with non-controlling interest							(49)	(49)
Change in ownership interest of subsidiary whilst retaining control	-	-	-	-	(138,300)	(138,300)	138,300	-
Total transactions recognised directly in equity	3,167,695	-	(39,000)	-	(951,118)	2,177,577	88,118	2,265,695
Balance at 31 December 2012	10,891,396	2,742,120	(11,081,486)	7,501	(949,975)	1,609,556	916,093	2,525,649

Notes to the preliminary results for the year ended 31 December 2012

1. Basis of Preparation

The financial information for the year ended 31 December 2012 together with the comparative year has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union. While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs.

The information in this preliminary announcement does not constitute the statutory accounts of the Group within the meaning of Section 434 of the Companies Act 2006 for the year ended 31 December 2012 or 2011.

The financial information for the year ended 31 December 2011 and 31 December 2012 is derived from the statutory accounts for those years, which were prepared under IFRSs as adopted by the European Union. The auditors reported on those accounts, their report was unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditors drew attention by way of emphasis.

The statutory accounts for the year ended 31 December 2011 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 31 December 2012 will be delivered to the Registrar of Companies following the Company's annual general meeting on 18 June 2013.

2. Accounting policies

The accounting policies of the Group have been consistently applied from year to year and have been extended in order to reflect the new businesses commenced or acquired during the year. The adoption of the additional policies has no impact on the results, assets or liabilities of the Group for the prior year.

Certain comparative amounts in the consolidated statement of comprehensive income and notes to the financial statements have been reclassified to conform to the current year's presentation. Comparative amounts in the consolidated statement of comprehensive income and consolidated statement of cash flows have been restated to reflect operations which have been classified as discontinued operations during the year ended 31 December 2012.

Significant additional accounting policies adopted during the year are as follows:

Basis of consolidation

The Consolidated Statement of Comprehensive Income and Statement of Financial Position include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2012 and present comparative information for the year ended 31 December 2011. Certain subsidiaries have year ends which are not coterminous with that of the Company either as a result of their formation or acquisition during the year or where they are dormant. In each such case, the results, assets and liabilities for those companies have been included up to 31 December 2012, or the date of disposal if earlier, as appropriate.

The results of subsidiaries sold or acquired are included in the Consolidated Statement of Comprehensive Income up to, or from the date control passes. In the case of TSE Consulting SA which was disposed of in the comparative year to 31 December 2011, the Directors were unable to obtain information relating to the trading results or cash flows of that company between 1 January 2011 and the date of its ultimate disposal by the Group on 13 April 2011 and, accordingly, this information was not able to be included within the financial statements for the year ended 31 December 2011. The terms of the disposal, including the sale price, were determined prior to the commencement of the 2011 financial year and were not dependent on the trading during the period to 13 April 2011. The net investment was written down to estimated net realisable value at 31 December 2010. The absence of this information accordingly had no effect on the comparative results as presented in the Consolidated Statement of Comprehensive Income or the amount disclosed therein for the profit for the comparative year from discontinued activities, nor on the Consolidated Statement of Financial Position at 31 December 2011 or the components thereof.

Intra-group sales and profits are eliminated fully on consolidation.

A subsidiary is an entity controlled, directly or indirectly, by Porta Communications Plc. Control is regarded as the power to govern the financial and operating policies of the entity so as to obtain the benefits from its activities.

The Group's subsidiaries include Limited Liability Partnerships where the Group does not hold 100% of the partnership interests. In such instances, the classification of non-group interests between non-controlling interests and liabilities is determined based on an assessment of the member's rights and obligations under the relevant partnership agreement.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the date of acquisition and the amount of any non-controlling interest in the acquired entity. Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Acquisition costs incurred are expensed and included in administrative expenses except where they relate to the issue of debt or equity instruments in connection with the acquisition.

Intangible assets

Intangible assets comprise goodwill, certain acquired separable corporate brand names, acquired customer relationships and website development costs, software and other licences.

Goodwill represents the excess of fair value attributed to investments in businesses or subsidiary undertakings over the fair value of the underlying net assets, including intangible assets, at the date of their acquisition. Goodwill on acquisition of an entity is included in intangible assets. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the net present value of future cash flows derived from the underlying assets using a projection period of up to five years for each cash-generating unit. After the projection period a steady growth rate representing an appropriate long-term growth rate for the industry is applied. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Corporate brand names and customer relationships acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

Expenditure on website development, software and licences is initially stated at cost.

Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset, other than goodwill, on a straight-line basis over the estimated life of the asset. Estimated life and estimated residual value is calculated on an asset by asset basis having regard to the nature of the asset, and the cash flows generated, or to be generated, by the asset historically and projected.

Amortisation is calculated to write down the cost of these assets to their estimated residual value over their expected useful lives as follows:

Brands	10 years, straight line
Customer lists	4-5 years, straight line
Websites, software and licences	3 years, straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Statement of Comprehensive Income.

3. 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, being the loss after tax, used in these calculations are as follows:

	Year ended 31 December 2012	**Year ended 31 December 2011**
	Number	**Number**
Weighted average number of shares (ordinary and	83,723,938	42,290,304
	£	**£**
Loss on continuing activities after tax	(4,489,807)	(1,439,809)
(loss)/profit on discontinued activities after tax	(553,246)	979,552
Loss on continuing and discontinued activities after tax	(5,043,053)	(460,257)

No share options or warrants outstanding at 31 December 2012 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.

4. Segmental information

Business segments

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different resources and strategies. For each of the strategic divisions, the Group's CEO (the chief operating decision maker) reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments.

Corporate Communications includes public relations, public affairs and other corporate communication services.

Marketing and Advertising includes media buying, creative advertising, marketing and corporate branding services.

Head office includes services provided by the Group's corporate function, including group treasury and finance and management services.

Inter-segment pricing is determined on an arm's length basis.

In 2011, the Board considered that the Group was a single business segment. Due to changes in the composition of the Group and the information provided to the chief operating decision maker during the period, the Board now considers the Group to have three reportable segments. As a result, comparative amounts in the operating segment disclosure below have been reclassified to conform to the current year's presentation.

Information regarding the results of each reportable segment is included below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment result represents operating profit, which is the measure reported to the chief operating decision maker. All assets and liabilities are allocated to reportable segments with the exception of tax and other centrally managed balances. Goodwill is allocated to segments as described in note 8.

31 December 2012

£	Communications	Marketing & Advertising	Head Office	Other/Consol	Total	Reconciling amounts (note 1)	Total Consolidated
External revenue	3,538,566	4,237,693	-	806,025	8,582,284	(197,659)	8,384,625
Inter-segment revenue	158,225	5,565	-	(163,790)	-	-	-
Reportable segment revenue	3,696,791	4,243,258	-	642,235	8,582,284	(197,659)	8,384,625
Reportable segment result	(739,012)	(592,019)	(3,120,953)	(402,336)	(4,854,320)	402,336	(4,451,984)
Interest revenue	1,653	-	21,534	(21,534)	1,653	-	1,653
Interest expense	(19,612)	(30,427)	(146,703)	21,534	(175,208)	-	(175,208)
Depreciation and amortisation	(244,907)	(74,064)	(49,891)	-	(368,862)	-	(368,862)
Taxation (expense)/credit	(15,405)	48,815	162,762	-	196,172	-	196,172
Reportable segment assets	5,601,005	6,060,624	881,282	556,642	13,099,553	-	13,099,553
Capital expenditure	(18,813)	(14,889)	(147,989)	(281)	(181,972)	-	(181,972)
Reportable segment liabilities	(1,552,092)	(3,958,749)	(4,517,438)	(545,625)	(10,573,904)	-	(10,573,904)

31 December 2011 £ (as restated)	Communications	Marketing & Advertising	Head Office	Other/Consol	Total	Reconciling amounts (note 1)	Total Consolidated
External revenue	783,449	-	-	241,958	1,025,407	(241,958)	783,449
Inter-segment revenue	49,470	-	-	(49,470)	-	-	-
Reportable segment revenue	832,919	-	-	192,488	1,025,407	(241,958)	783,449
Reportable segment result	(19,621)	-	(558,450)	(987,519)	(1,565,590)	387,239	(1,178,351)
Interest revenue	320	-	4,067	-	4,387	-	4,387
Interest expense	-	-	-	-	-	-	-
Depreciation and amortisation	(62,267)	-	(4,819)	(2,621)	(69,707)	-	(69,707)
Taxation (expense)/credit	(72,153)	-	130,307	72,947	130,301	-	130,301
Reportable segment assets	5,172,212	-	1,055,039	84,988	6,312,239	-	6,312,239
Capital expenditure	(1,165)	-	(68,269)	(12,582)	(82,016)	-	(82,016)
Reportable segment liabilities	(161,361)	-	(675,316)	(298,659)	(1,135,336)	-	(1,135,336)

1. Reconciling amounts relate to discontinued operations. No discontinued operations formed part of a reportable segment and therefore are presented within Other/Consol in the table above.

Geographical segments

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

Year ended 31 December 2012	**UK**	**Rest of Europe**	**Less inter-company trading**	**Total**
	£	£	£	£
Revenue	8,338,113	46,512	-	8,384,625
Loss on continuing operations before tax	(4,553,953)	(73,579)	-	(4,627,532)
Loss on discontinued operations before tax	(354,517)	(131,287)	-	(485,804)

Sales to customers based in the UK amounted to 80% of Group revenue; no other individual country accounted for more than 10% of Group revenue.

31 December 2012	**UK**	**Rest of Europe**	**Less inter-company balances**	**Total**
	£	£	£	£
Non-current assets	8,986,293	3,978	(104,123)	8,886,148
Current assets	4,374,636	63,517	(224,748)	4,213,405
Current liabilities	(9,083,954)	(269,336)	224,748	(9,128,542)
Long term liabilities	(1,445,362)	(104,123)	104,123	(1,445,362)
	2,831,613	(305,964)	-	2,525,649

Year ended 31 December 2011 (as restated)	**UK**	**Rest of Europe**	**Less inter-company trading**	**Total**
	£	£	£	£
Revenue	783,449	-	-	783,449
Loss on continuing operations before tax	(1,171,901)	-	-	(1,171,901)
Profit on discontinued operations before tax	742,780	(162,236)	-	580,544

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

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. Taxation

	Year ended 31 December 2012	Year ended 31 December 2011
	£	£
Continuing activities		
UK: Current tax charge	(18,201)	-
Deferred tax credit	214,373	131,100
Total UK tax credit	196,172	131,100
Overseas: Current tax charge	-	-
Deferred tax credit	-	-
Total overseas tax credit	-	-
Total income tax credit for the year	196,172	131,100

Movements in deferred tax balances during the year were as follows:

31 December 2012	Balance at 1 January 2012	Recognised in profit or loss	Acquired in business combinations	Balance at 31 December 2012
	£	£	£	£
Intangible assets	(264,703)	130,678	(272,400)	(406,425)
Fixed assets	(11,842)	(8,450)	-	(20,292)
Trade and other payables	-	(7,140)	49,067	41,930
Tax loss carry-forward	142,432	99,285	200,000	441,717
	(134,113)	214,373	425,614	56,930

31 December 2011	Balance at 1 January 2011	Recognised in profit or loss	Acquired in business combinations	Balance at 31 December 2011
	£	£	£	£
Intangible assets	-	(283)	(264,420)	(264,703)
Fixed assets	-	(11,049)	(793)	(11,842)
Tax loss carry-forward	-	142,432	-	142,432
	-	131,100	(265,213)	(134,113)

6. Acquisition of subsidiaries and non-controlling interests

Acquisition of Twenty20 Media Vision Limited (name subsequently changed to Twenty20 Media Group Limited)

On 6 July 2012, the Group acquired a 90% interest in the share capital of Twenty20 Media Group Limited (previously called Twenty20 Media Vision Limited and renamed Twenty20 Media Group Limited on 30 October 2012), a full service media planning and buying agency based in Tunbridge Wells. The results of the company have been included from the date of acquisition being the date that control passed to the Group on 6 July 2012. The acquisition is in line with the Company'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. 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. Deferred consideration will be satisfied based on the same proportion of cash and shares as the initial consideration. 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 until only the initial consideration is payable. Management estimate that the contingent consideration to be paid will be in the range of £400,000-£750,000.

The following table shows the result of the acquired business since acquisition:

	Year ended 31 December 2012
	£
Revenue	1,425,586
Cost of sales	(1,070,831)
Gross Profit	354,755
Operating and administrative expenses	(357,694)
Operating loss	(2,939)
Finance revenue	-
Finance expense	-
Loss before taxation	(2,939)
Income taxes	-
Loss for the period	(2,939)
Total comprehensive income for the period	(2,939)

In the Group financial statements the profit for the period and total comprehensive income for the period since acquisition is attributable as follows:

	Loss for the period	**Total comprehensive income**
	£	**£**
Equity shareholders	(2,645)	(2,645)
Non-controlling interests	(294)	(294)
	(2,939)	(2,939)

If the acquisition had occurred on 1 January 2012, management estimates that the Group's consolidated revenue would have been £3,344,642 higher and the loss on continuing activities before taxation would have reduced by £26,871. In determining these amounts, it has been assumed that the fair value adjustments that arose on the date of acquisition would have been the same had the acquisition occurred on 1 January 2012.

The cash flows of the acquired business since acquisition were as follows:

	Year ended 31 December 2012
	£
Net cash from operating activities	(14,722)
Net cash used in investing activities	-
Net cash from financing activities	-
Decrease in cash and cash equivalents	(14,722)
Cash and cash equivalents on acquisition	283
Cash and cash equivalents at the end of the year	(14,439)

The values of goodwill and other assets and liabilities relating to the acquisition of Twenty20 Media Group Limited incorporated into these financial statements, using the acquisition method of accounting, are as follows:

	Book value on acquisition	Fair value adjustments	Fair value
	£	£	£
Goodwill	-	493,012	493,012
Brands and customer relationships	-	490,000	490,000
Tangible fixed assets	35,844	-	35,844
Trade and other receivables	742,881	-	742,881
Cash and cash equivalents	283	-	283
Total assets	779,008	983,012	1,762,020
Trade and other payables	(883,089)	-	(883,089)
Deferred tax liabilities	-	(117,600)	(117,600)
Total liabilities	(883,089)	(117,600)	(1,000,689)
Net value	(104,081)	865,412	761,331
Less: attributable to non-controlling equity interests	-	(76,133)	(76,133)
Net value attributable to group equity shareholders	(104,081)	789,279	685,198

The following table summarises the fair value on acquisition date of each major class of consideration transferred:

	£
Shares issued	264,000
Cash paid	40,000
Contingent consideration	381,198
Total fair value of consideration	685,198

The fair value adjustments relate to the valuation of customer relationships and trade names held by Twenty20 Media Group Limited. The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the acquired businesses and the synergies expected to be achieved from the integration of the acquired businesses into the Group's existing and projected business. The fair value adjustments are provisional and may be subject to adjustment in the following financial year.

Acquisition of WFCA Plc and subsidiaries (name subsequently changed to WFCA Limited)

On 17 August 2012, the Company announced the terms of a recommended all-share offer made by the Company to acquire the entire issued share capital of WFCA Limited (previously called WFCA Plc and renamed WFCA Limited on 18 December 2012) and its two 100% owned subsidiaries. On 10 September 2012 the Company declared the deal unconditional in all respects. The consideration for the share-for-share offer resulted in the issue of 21,276,953 ordinary shares of 10p each in the Company. The results of the company have been included from the date of acquisition being the date that control passed to Porta Communications Plc on 10 September 2012.

The acquisition of WFCA Limited provides a continuation of the Company's stated strategy for expanding its presence in the advertising and marketing space. Additionally the Board believes that there will be operational efficiencies and cost saving opportunities in combining the entities operations with Twenty20 Media Group and through the removal of costs associated with WFCA being a public quoted company.

The following table shows the result of the acquired business since acquisition:

	Year ended 31 December 2012
	£
Revenue	3,380,545
Cost of sales	(2,514,318)
Gross Profit	866,227
Operating and administrative expenses	(927,032)
Operating loss	(60,805)
Finance revenue	-
Finance expense	(28,505)
Loss before taxation	(89,310)
Income taxes	-
Loss for the period	(89,310)
Total comprehensive income for the period	(89,310)

In the Group financial statements the profit for the period and total comprehensive income for the period since acquisition is attributable as follows:

	Loss for the period	**Total comprehensive income**
	£	**£**
Equity shareholders	(85,456)	(89,299)
Non-controlling interests*	(3,854)	(3,854)
	(89,310)	(93,153)

*Subsequent to acquisition date, the Company sold its 100% investment in WFCA Limited to its 90% owned subsidiary Twenty20 Media Group Limited.

If the acquisition had occurred on 1 January 2012, management estimates that the Group's consolidated revenue would have been £3,373,683 higher and the consolidated loss on continuing activities for the year before tax would have been increased by £545,565. In determining these amounts, it has been assumed that the fair value adjustments that arose on the date of acquisition would have been the same had the acquisition occurred on 1 January 2012.

The cash flows of the acquired business since acquisition were as follows:

	Year ended 31 December 2012
	£
Net cash from operating activities	(409,672)
Net cash used in investing activities	(1,253)
Net cash from financing activities	-
Decrease in cash and cash equivalents	(410,925)
Cash and cash equivalents on acquisition	567,983
Cash and cash equivalents at the end of the year	157,058

The values of goodwill and other assets and liabilities relating to the acquisition of WFCA Limited and its subsidiaries incorporated into these financial statements, using the acquisition method of accounting, are as follows:

	Book value on acquisition	Fair value adjustments	Fair value
	£	£	£
Goodwill	-	2,231,590	2,231,590
Brands and customer relationships	-	395,000	395,000
Tangible fixed assets	65,095	-	65,095
Deferred tax asset	648,947	(399,880)	249,067
Trade and other receivables	1,021,833	-	1,021,833
Cash and cash equivalents	567,983	-	567,983
Total assets	2,303,858	2,226,710	4,530,568
Trade and other payables	(1,748,314)	-	(1,748,314)
Loans & Borrowings	(1,100,000)	(204,450)	(1,304,450)
Deferred tax liabilities	-	(94,800)	(94,800)
Total liabilities	(2,848,314)	(299,250)	(3,147,564)
Net value	(544,456)	1,927,460	1,383,004
Less: attributable to non-controlling equity interests	-	-	-
Net value attributable to group equity shareholders	(544,456)	1,927,460	1,383,004

The following table summarises the fair value on acquisition date of each major class of consideration transferred:

	£
Shares issued	1,383,004
Total fair value of consideration	1,383,004

The fair value adjustments relate to the valuation of customer relationships held by WFCA Limited and its subsidiaries, deferred tax and the recognition of a contingent liability. The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisitions is mainly attributable to the skills and knowledge within the acquired businesses and the synergies expected to be achieved from the integration of the acquired businesses into the Group's existing and projected business. The fair value adjustments are provisional and may be subject to adjustment in the following financial year.

Transactions with non-controlling interests

On 31 December 2012 the Company sold its 100% investment in WFCA Limited to its 90% owned subsidiary Twenty20 Media Group Limited. As a result there was a change in the Company's ownership interest of WFCA Limited whilst retaining control. A loss on the transfer of ownership interest to the non-controlling interest of £138,300 was recognised directly against reserves.

Acquisition of assets of Hansard Communications Limited

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 £148,093 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 acquisition provided a number of contracted retainer based clients and a good pipeline of new business opportunities which will contribute to the strong recurring revenue of Newgate Threadneedle.

The Hansard customer base has contributed £231,485 to revenue during the year ended 31 December 2012.

	Book value on acquisition	**Fair value adjustments**	**Fair value**
	£	**£**	**£**
Goodwill	-	195,237	195,237
Customer relationships	-	250,000	250,000
Total assets	-	445,237	445,237
Trade and other payables	-	(13,706)	(13,706)
Deferred tax liabilities	-	(60,000)	(60,000)
Total liabilities	-	(73,706)	(73,706)
Net Value	-	371,531	371,531

The following table summarises the fair value on acquisition date of each major class of consideration transferred:

	£
Shares issued	223,438
Cash paid	148,093
Contingent Consideration	-
Fair value of consideration	371,531

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

Acquisition of assets of Crazy Horse Brand Response

On 12 December 2012, the Company acquired the goodwill and client list from the former direct marketing agency Crazy Horse Brand Response Limited (Crazy Horse) for consideration of £5,250 in cash. The operations will trade out of a newly formed entity Crazy Horse Integrated LLP (formerly 21 Twelve Media LLP prior to name change to Crazy Horse Integrated LLP on 28 December 2012), as at 31 December 2012 the new entity had not commenced trading. The full amount of the consideration was capitalised as goodwill.

In addition, during the year the Company incorporated, or had transferred from company formation agents, the following subsidiary companies:

Newgate Media Holdings Limited
TwentyFour Seven Studios LLP
TwentyOne Twelve Communications LLP
Team Darwin LLP
Newgate Communications LLP
Crazy Horse Integrated LLP

Post balance-sheet date acquisition of Cauldron Consulting Limited

On 8 March 2013, the Company announced the acquisition of the entire issued share capital of the media relations and marketing intelligence firm, Cauldron Consulting Limited ("Cauldron") for a maximum consideration of £550,000 dependant on performance. The consideration was satisfied by the initial issue of loan notes due on 22 May 2013 of an aggregate principal amount of £200,000 issued by the Company. Deferred consideration of up to £100,000 is payable based on £1 in cash for every £1 of revenue for the 6 month period to 31 August 2013. Additionally, contingent consideration of up to £250,000 will be payable dependent on revenue exceeding certain levels in the year from acquisition. The acquisition is in line with the Company's stated strategy for expanding its presence in the financial services Public Relations sector. The Company is yet to finalise its provisional acquisition accounting for this acquisition.

The acquisition is in line with the Group's stated strategy for expanding its presence in the financial services Public Relations sector and it is believe that operational efficiencies will be able to be obtained through combining offices with Newgate Communications.

7. Discontinued operations

On 1 December 2012, the Company sold its investment in Newgate Trading Europe Limited for a nominal amount. Additionally, prior to year-end the Board committed to a plan to dispose of the Company's investment in Impact34 Reklam ve Organizasyon Denişmanlik Hizmetleri Limited. The results of both investments have been presented as discontinued operations for the year-ended 31 December 2012. Subsequent to year-end the Company completed the sale of Impact34 Reklam ve Organizasyon Denişmanlik Hizmetleri Limited for a nominal amount. Both disposals include an anti-embarrassment clause for the Company if the disposed companies become profitable in the future.

In the comparative period the Company sold TSE Consulting SA for 450,000 CHF on 13 April 2011 pursuant to an agreement approved by shareholders on 20 December 2010.

	Year ended 31 December 2012	**Year ended 31 December 2011**
	£	**(as restated) £**
Profit/(loss) relating to discontinued operations		
Revenue *	197,659	241,958
Expense *	(625,116)	(643,715)
Loss before tax on discontinued operations	(427,457)	(401,757)
Tax on discontinued operations	5,047	-
Loss after tax on discontinued operations	(422,410)	(401,757)
Loss recognised on the re-measurement of assets of disposal group	(63,394)	-
Exchange gain recognised on sale	-	982,301
Profit/(loss) for the year on discontinued operations	**(485,804)**	**580,544**

	Year ended 31 December 2012	Year ended 31 December 2011
	£	£
Cumulative income and expense recognised in other comprehensive income relating to discontinued operations		
Exchange differences arising on translating foreign operations	-	-
Exchange differences arising on sale of subsidiary	-	982,301
	-	982,301

	Year ended 31 December 2012	Year ended 31 December 2011
	£	(as restated) £
Cash flows relating to discontinued operations		
Operating cash flows *	(28,421)	(150,564)
Investing cash flows *	(726)	(21,082)
	(29,147)	(171,646)

* No information was available relating to the detailed trading results or cash flows of TSE Consulting SA between 1 January 2011 and the date of disposal. See Note 2 for further details.

	2012	2011
	£	£
Effect of discontinued operations on the financial position of the Group		
Current assets held in disposal group	26,007	-
Current liabilities held in disposal group	(30,070)	-
Net assets	(4,063)	-
Consideration received, satisfied in cash	1	306,494
Cash and cash equivalents disposed of	(2,053)	-
Net cash outflow	(2,052)	306,494
Costs relating to disposal	-	(48,927)
	(2,052)	257,567

8. Intangible Assets

	Goodwill	Customer relation-ships	Brands	Websites, software and licences	Total
Cost	**£**	**£**	**£**	**£**	**£**
At 1 January 2011	-	-	-	-	-
Additions in year – acquired with subsidiary	3,349,880	650,000	367,000	3,691	4,370,571
Other additions in year	-	-	-	15,890	15,890
At 31 December 2011	3,349,880	650,000	367,000	19,581	4,386,461
Additions in year – acquired with subsidiary	2,724,602	540,000	345,000	-	3,609,602
Other additions in the year	200,487	250,000	-	43,810	494,297
At 31 December 2012	6,274,969	1,440,000	712,000	63,391	8,490,360

Amortisation	**£**	**£**	**£**	**£**	**£**
At 1 January 2011	-	-	-	-	-
Charge for the year	-	43,333	12,233	1,806	57,372
At 31 December 2011	-	43,333	12,233	1,806	57,372
Charge for the year	-	233,329	53,950	17,415	304,694
At 31 December 2012	-	276,662	66,183	19,221	362,066

Net book value	**£**	**£**	**£**	**£**	**£**
At 1 January 2011	-	-	-	-	-
At 31 December 2011	3,349,880	606,667	354,767	17,775	4,329,089
At 31 December 2012	**6,274,969**	**1,163,338**	**645,817**	**44,170**	**8,128,294**

The average remaining amortisation period for indefinite life intangible assets recognised at 31 December 2012 is approximately nine years for brands and four years for customer relationships.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating entities. The aggregate carrying amount of goodwill is allocated to each cash-generating unit (CGU) as follows.

	Newgate Threadneedle (Communications segment)	**Twenty20 Media Group** (Marketing & Advertising segment)	**Other units without significant goodwill**	**Total**
Cost	**£**	**£**	**£**	**£**
31 December 2011	3,349,880	-	-	3,349,880
31 December 2012	**3,545,117**	**2,724,602**	**5,250**	**6,274,969**

On 1 November 2012 the trade of Twenty20 Media Group was transferred to WFCA Limited. As a result, for the purposes of goodwill impairment testing, both entities are considered to be a single cash-generating unit and the goodwill from both acquisitions has been allocated to this single cash-generating unit.

The recoverable amount of the cash generating units has been determined on a value-in-use basis, determined by discounting future cash flows to be generated from the continuing use of the cash-generating unit.

Key assumptions used in the calculation of recoverable amounts are discount rates, terminal value growth rates, and forecast EBITDA. The EBITDA forecasts are based on three year forecasts approved by the Board and based on management's estimate of the business within the cash-generating unit, for two years thereafter based on an average growth projection, and a long-term growth rate into perpetuity. For all cash-generating units the resulting cash flows have been discounted using a pre-tax weighted average cost of capital of 14.5% (2011: 14%), and a terminal growth rate of 2.5% has been applied in perpetuity. The discount rate was based on the risk-free rate obtained from UK Government Gilts, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk specific to the Group.

The results of the impairment testing indicated that there is no impairment for any of the group's cash-generating units.

9. Notice

A copy of this preliminary announcement has been published on the Company's website at http://www.portacommunications.plc.uk/investor_information.