16 September 2014

PORTA COMMUNICATIONS PLC

(the "Group" or "Porta")

Interim results for the six months ended 30 June 2014

Porta Communications PLC, the AIM quoted international marketing and communications business is pleased to announce its interim results for the six months ended 30 June 2014.

Financial Highlights

	June 2014 £	June 2013 £	Full year 2013 £
Revenue	16,130,000	8,484,000	24,441,000
Gross Profit	9,441,000	4,323,000	11,192,000
EBITDA	1,001,000	(1,058,000)	(837,000)
Headline EBITDA[1]	1,367,000	144,000	1,377,000
Headline EBITDA margin[2]	14.5%	3.3%	12.3%
EPS on headline EBITDA	0.7p	0.1p	1.0p
Pre-Tax Profit/(loss)	71,000	(1,581,000)	(3,062,000)

Rounded to the nearest thousand

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

[2] Headline EBITDA margin is headline EBITDA as a percentage of Gross Profit

Highlights

- Revenue almost doubled
- Gross profit up 118%
- Substantial turnaround to positive EBITDA after all costs
- Headline EBITDA around ten times higher than comparable period last year
- Headline EBITDA margin showing a sharp jump from the same period last year

Outlook

- Continued strong growth and further improvements in trading performance expected in second half
- Further acquisitions to help scale up certain business segments already in the pipeline

Commenting on the results, David Wright, Chief Executive of Porta, said:

"The Group continues to show rapid growth in both revenue and gross profit (fee income) reflecting the integrated product mix and the growing maturity of the start-up ventures together with the success of the expanding international capability. Organic growth is expected to be strong in the second half while the management team are looking to build critical mass in all the operational areas by selective quality acquisitions."

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Chief Executive Report

The rapid growth shown by Porta Communications PLC ("Porta") since its formation has continued into the first six months of the current year with revenue almost doubling and gross profit (fee income) some 118 per cent higher when compared with the same period last year. This has resulted in the Group delivering positive EBITDA after all costs for the first time while headline EBITDA is nearly 10 times higher than the comparable period of 2013.

This strong performance reflects the growing maturity of our start-up ventures, in particular the public relations companies, the quality of our international network, together with the success achieved by marketing Porta as a fully integrated Group - our stated objective from the outset. Our three largest recent new business wins have, between them, utilised nearly all of the Group's service offerings as well as the majority of our global offices. The performance in EBITDA after all costs is even more pleasing in that it comes at a time when the Group has taken on substantial extra costs, including the new premises in London to facilitate future growth, and the need to abolish our LLP structures in the UK, because of proposed government legislation. These two costs total £1.5m on an annualised basis.

The board previously expected that start-up losses would be eliminated in the first half of 2014, however the Group's new consumer PR company, 13 Communications, and its financial and charity advertising agency, 21:12 Communications, have taken longer than anticipated to break into profits. The board believes that both of these companies currently lack the scale and range of expertise they require and it is therefore management's intention to expand these two companies, particularly by way of acquisition. Notwithstanding the above, following a number of recent new business wins, both of these companies are expected to report improved profitability in the second half.

Newgate Communications, our main global public relations trading brand, has had a very strong first six months. In the UK, Newgate handled a number of IPO's while overseas there was growth in all our offices, particularly in Australia, which produced exceptional results.

Redleaf Polhill, of which 51 per cent was acquired by the Group in the first half, also benefited from the strong London market, and as we acquire the remaining 49 per cent over the next three years, it is expected to become an increasingly significant part of the Group.

Moving forward the Group intends to build on the success of the Newgate companies. Whilst strong organic growth should continue we are focused on extending our geographic coverage, and at the same time expanding some of our existing key areas. This is currently expected to involve further small start-ups and more importantly the acquisition of selective companies to add real value and synergy. Start-ups are expected in China, where the Group's Beijing wholly foreign owned enterprise is now established and suitable candidates are being sought, and in Qatar, where legal delays in forming the local company has necessitated expanding our team in Abu Dhabi to service business already won in Doha. Furthermore, on the acquisition front the Group is looking to step up its activity with a number of attractive opportunities already identified.

Trading conditions on the advertising side have been more difficult. In addition to the slower move into profits at 21:12 Communications, a certain amount of remedial action has been required to absorb the digital business, which was acquired along with the more successful print management division, from WSM Communications Group earlier in the first half. The benefits from the digital offering are now coming through and a number of new mandates have recently been won.

The acquisition of the WSM Digital business resulted in an estimated gain of £475,394 which has been included in the Income Statement in accordance with IFRS accounting requirements.

The Tunbridge Wells agency, TTMV, suffered from reduced activity from its two main clients. Whilst this has been offset to a certain extent by new business wins, it has been necessary to introduce a number of cost cutting measures. The board believes that the TTMV group now has a strong media capability which together with the studio operation offered by the Group's Summit Marketing Services business both extends, as well as compliments, the London advertising operation.

While the rapid growth of the Group continues to absorb working capital, the improving performance together with the fund raise in 2014 have enabled the Group to significantly reduce net debt from £3.1m at the end of 2013 to £1.9m as at 30 June 2014.

The effective tax rate has not substantially benefitted from the Group's significant tax losses, as the majority of these tax losses can only be utilised by UK domiciled companies. The current taxation expense recognised for the six month period ended 30 June 2014 is mainly attributable to taxable profits generated in Australia and the recently acquired Redleaf business, both of which currently fall outside the Group relief tax pool.

Outlook

Given the improvement expected on the advertising side together with continuing strong organic growth in the public relations businesses both in the UK and overseas, the Board remain optimistic about the Group's future prospects.

Executive Summary

	Six months ended 30 June 2014 £	Six months ended 30 June 2013 £	Year ended 31 December 2013 £
EBITDA from continuing operations	1,000,856	(1,058,309)	(1,894,670)
Start-up losses	237,426	850,000	2,160,125
Acquisition costs	107,200	15,855	64,069
Non-recurring property costs	323,536	-	-
Restructuring costs	28,000	159,636	337,441
Legal and professional consultancy costs	47,100	134,274	485,859
Share based payments	98,620	42,842	99,678
Bad debt expense	-	-	124,707
Gain on bargain acquisition	(475,394)		
Headline EBITDA	**1,367,344**	**144,298**	**1,377,209**
EPS reported on operating profit for continuing operations	**0.2p**	(1.0p)	(2.0p)
EPS based on headline EBITDA	**0.7p**	0.1p	1.0p

Interim results by division were as follows:

Six months ended 30 June 2014	Communications £	Marketing & Advertising £	TOTAL Operations	Head office	TOTAL £'000
External revenue	7,684,539	8,442,543	16,127,082	3,225	16,130,307
Gross profit (fee income)	7,037,929	2,399,805	9,437,734	2,823	9,440,557
Operating results	1,753,328	610,938	2,364,266	(1,928,357)	435,909
Depreciation & Amortisation	313,234	157,378	470,612	94,335	564,947
Reported EBITDA	2,066,562	768,316	2,834,878	(1,834,022)	1,000,856
Headline adjustments*	239,926	(449,894)	(209,968)	576,456	366,488
Headline EBITDA	**2,306,488**	**318,422**	**2,624,910**	**(1,257,566)**	**1,367,344**
Headline EBITDA margin					**14.5%**

David Wright

Chief Executive Officer

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014 (Unaudited)

		Six months ended 30 June 2014 £	Six months ended 30 June 2013 £	Year ended 31 December 2013 £
Continuing operations				
Revenue	5	16,130,307	8,484,785	24,441,290
Cost of sales		(6,689,750)	(4,161,043)	(13,249,742)
Gross Margin		**9,440,557**	4,323,742	11,191,548
Operating and administrative expenses		(9,004,648)	(5,657,596)	(13,681,541)
Operating profit/(loss)	4	**435,909**	(1,333,854)	(2,489,993)
Finance expense		(365,006)	(247,705)	(546,193)
Finance income		-	1,034	1,057
Share of profit/(loss) in associate		-	-	(26,898)
Profit/(loss) before taxation on continuing operations		**70,903**	(1,580,525)	(3,062,027)
Tax credit/(charge)	7	(194,373)	67,002	592,035
Loss for the period on continuing operations		**(123,470)**	(1,513,523)	(2,469,992)
Discontinued operations				
Loss for the period from discontinued operations		**-**	(7,205)	(7,205)
Loss for the period		**(123,470)**	(1,520,728)	(2,477,197)
(Loss) / profit for the period attributable to:				
Owners of the Company		(319,614)	(1,590,964)	(2,726,206)
Non-controlling interests		196,144	70,236	249,009
		(123,470)	(1,520,728)	(2,477,197)
Other comprehensive income				
Exchange differences arising on items that may be subsequently reclassified to profit and loss		28,078	(6,440)	(104,338)
Exchange differences arising on sale of subsidiary		**-**	-	-
Total other comprehensive income, net of tax		**28,078**	(6,440)	(104,338)
Total comprehensive income for the period		**(95,392)**	(1,527,168)	(2,581,535)
Total comprehensive income for the period attributable to:				
Owners of the Company		(305,294)	(1,595,714)	(2,775,144)
Non-controlling interests		209,902	68,546	193,609
		(95,392)	(1,527,168)	(2,581,535)
Earnings/(loss)per share basic and diluted	13			
On continuing operations		**(0.2p)**	(1.2p)	(2.0p)
On discontinued operations		**-**	(0.0p)	0.0p
On continuing and discontinued operations		**(0.2p)**	(1.2p)	(2.0p)
On operating profit/(loss) from continuous operations		**0.2p**	(1.0p)	(2.0p)
On headline EBITDA		**0.7p**	0.1p	1.0p

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

Condensed Consolidated Statement of Financial Position

As at 30 June 2014 (Unaudited)

	Notes	30 June 2014	30 June 2013	31 December 2013
		£	£	£
Non-current assets				
Intangible assets	12	14,517,905	8,350,716	8,787,466
Fixed assets	8	1,308,776	262,884	323,157
Investment in associates		126,721	-	126,721
Other investments		1,000	84,620	1,000
Non-current financial assets		923,776	-	-
Deferred tax asset		1,100,963	547,093	1,091,742
Total non-current assets		**17,979,141**	**9,245,313**	**10,330,087**
Current assets				
Work in progress		1,502,489	403,101	2,320,205
Trade and other receivables		7,994,763	5,131,450	7,829,406
Cash and cash equivalents		1,877,039	634,856	2,544,802
Total current assets		**11,374,291**	**6,169,407**	**12,694,413**
Current liabilities				
Bank overdrafts		(37,327)	(47,365)	(1,211,051)
Trade and other payables		(8,080,799)	(5,943,981)	(8,608,552)
Current tax liabilities		-	(49,144)	(149,310)
Loans and borrowings	11	(468,226)	(450,000)	(2,815,160)
Total current liabilities		**(8,586,352)**	**(6,490,490)**	**(12,784,075)**
Net current (liabilities)/assets		2,787,939	(321,083)	(89,662)
Non-current liabilities				
Trade and other payables		(82,968)	-	-
Fair value of contingent consideration		(1,285,326)	(481,198)	(636,029)
Deferred tax liabilities		(1,141,401)	(459,549)	(391,384)
Loans and borrowings	11	(3,335,866)	(2,726,969)	(2,889,243)
Total non-current liabilities		**(5,845,561)**	**(3,667,716)**	**(3,916,656)**
Net assets		**14,921,519**	**5,256,514**	**6,323,769**
Equity				
Share capital	9	23,518,520	15,391,396	16,860,101
Share premium		4,781,880	2,742,120	3,117,545
Retained losses		(14,303,068)	(13,032,721)	(13,883,454)
Translation reserve		(34,047)	(4,179)	(48,367)
Other reserves		(1,298,387)	(907,133)	(851,950)
Total equity shareholders' funds		**12,664,898**	**4,189,483**	**5,193,875**
Equity non-controlling interests		2,256,621	1,067,031	1,129,894
Total equity		**14,921,519**	**5,256,514**	**6,323,769**

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014 (Unaudited)

	Six months ended 30 June 2014 £	Six months ended 30 June 2013 £	Year ended 31 December 2013 £
Cash flow from operating activities			
Profit/(loss) before taxation on continuing activities	70,903	(1,580,525)	(3,062,027)
Adjusted for:			
(Loss)/gain from discontinued operations	-	(7,205)	(7,205)
Depreciation and amortisation	564,947	275,545	595,323
Equity settled share based payments	-	42,842	99.678
Gain on acquisition	(475,394)	-	-
Finance income	-	(1,034)	(1,057)
Finance costs	355,311	131,145	546,193
Share of losses of associate	98,620	-	26,898
Gift of capital to Limited Liability Partnership	-	-	24,000
Tax paid	(43,735)	(6,307)	(6,674)
Decrease/(increase)in work in progress	900,065	(184,013)	(2,180,596)
Increase in trade and other receivables	(252,890)	(1,803,888)	(4,483,712)
Increase/(decrease)in trade and other payables	(3,499,598)	188,920	4,002,834
Unrealised foreign exchange (gain)/loss	12,420	(6,440)	(40,958)
Net cash outflow from operating activities	**(2,269,351)**	(2,950,960)	(4,487,303)
Cash flows from investing activities			
Acquisition of intangible assets	(16,405)	(62,316)	(77,627)
Acquisition of property, plant and equipment	(477,484)	(32,792)	(195,965)
Dividends paid to non-controlling interests	(100,000)	-	(62,500)
Acquisition of subsidiary, net of cash acquired	(1,792,474)	(262,979)	(411,661)
Acquisition of other investments	-	(84,620)	(74,102)
Interest received	-	1,035	846
Interest paid	(40,885)	-	(152,650)
Net cash outflow from investing activities	**(2,427,248)**	(441,672)	(973,659)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares (net of issue costs)	6,595,350	3,715,191	5,433,640
Proceeds from loans and borrowings	-	487,062	2,800,000
Repayment of loans and borrowings	(2,569,716)	(1,000,000)	(1,000,000)
Proceeds from exercise of share options	-	-	3,333
Net cash generated from financing activities	**4,025,634**	3,202,253	7,236,973
Net decrease in cash and cash equivalents	**(670,965)**	(190,379)	1,776,011
Cash and cash equivalents at 1 January	2,544,802	777,870	777.870
Effect of exchange rate changes	3,202	-	(9,079)
Cash and cash equivalents at period end	**1,877,039**	587,491	2,544,802

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

Condensed Consolidated Statement of Changes in Equity

Statement of changes in equity for the six months ended 30 June 2014:

	Share capital	Share premium	Retained losses	Translation reserve	Other Reserves	Written Put/Call Options over NCI	Total equity shareholders' funds	Non-controlling interests ('NCI')	**Total equity**
	£	£	£	£	£	£	£	£	**£**
Balance at 1 January 2014	**16,860,101**	**3,117,545**	**(13,883,454)**	**(48,367)**	**(851,950)**	-	**5,193,875**	**1,129,894**	**6,323,769**
Total comprehensive income									
Loss for the period	-	-	(319,614)	-	-	-	(319,614)	196,144	(123,470)
Other comprehensive income	-	-	-	14,320	-	-	14,320	13,758	28,078
Total comprehensive income	**-**	**-**	**(319,614)**	**14,320**	**-**	**-**	**(305,294)**	**209,902**	**(95,392)**
Transactions with owners of the Company, recognised directly in equity									
Contributions by owners:									
Issue of ordinary shares	5,384,615	1,615,385	-	-	-	-	7,000,000	-	7,000,000
Issue of ordinary shares in relation to business combinations	1,273,804	453,600	-	-	-	-	1,727,404	-	1,727,404
Issue costs	-	(404,650)	-	-	-	-	(404,650)	-	(404,650)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(100,000)	(100,000)
Share based payments					98,620		98,620	-	98,620
Written put/call forward options over non-controlling interest						(1,791,746)	(1,791,746)	-	(1,791,746)
Equity component of the deferred consideration	-	-	-	-	1,246,689	-	1,246,689	-	1,246,689
Changes in ownership interests of subsidiaries:									
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	-	-	1,772,825	1,772,825
Acquisition of non-controlling interest without a change in control			(100,000)				(100,000)	(756,000)	(856,000)
Total transactions recognised directly in equity	6,658,419	1,664,335	(100,000)	-	1,345,309	(1,791,746)	7,776,317	916,825	8,693,142
Balance at 30 June 2014	**23,518,520**	**4,781,880**	**(14,303,068)**	**(34,047)**	**493,359**	**(1,791,746)**	**12,664,898**	**2,256,621**	**14,921,519**

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

Statement of changes in equity for the six months ended 30 June 2013:

	Share capital	Share premium	Retained losses	Translation reserve	Other Reserves	Total equity shareholders' funds	Non-controlling interests	**Total equity**
	£	£	£	£	£	£	£	**£**
Balance at 1 January 2013	**10,891,396**	**2,742,120**	**(11,081,486)**	**7,501**	**(949,975)**	**1,609,556**	**916,093**	**2,525,649**
Total comprehensive income								
Loss for the period	-	-	(1,590,964)	-	-	(1,590,964)	70,236	**(1,520,728)**
Other comprehensive income	-	-	-	(4,750)	-	(4,750)	(1,690)	**(6,440)**
Total comprehensive income	-	-	(1,590,964)	(4,750)	-	(1,595,714)	68,546	**(1,527,168)**
Contributions by owners:								
Issue of ordinary shares	4,500,000	-	-	-	-	4,500,000	-	**4,500,000**
Issue costs	-	-	(284,809)	-	-	(284,809)	-	**(284,809)**
Share based payments	-	-	-	-	42,842	42,842	-	**42,842**
Changes in ownership interest of subsidiaries:								
Disposal of subsidiary with non-controlling	-	-	(75,762)	(6,930)	-	(82,692)	82,692	**-**
Total transactions recognised directly in equity	4,500,000	-	(360,571)	(6,930)	42,842	4,175,341	82,692	**4,258,033**
Balance at 30 June 2013	**15,391,396**	**2,742,120**	**(13,033,021)**	**(4,179)**	**(907,133)**	**4,189,183**	**1,067,331**	**5,256,514**
Total comprehensive income								
Loss for the period	-	-	(850,433)	-	-	(850,433)	178,773	**(671,660)**
Other comprehensive income	-	-	-	(44,188)	-	(44,188)	(53,710)	**(97,898)**
Total comprehensive income	-	-	(850,433)	(44,188)	-	(894,621)	125,063	**(769,558)**
Contributions by owners:								
Issue of ordinary shares	1,196,142	358,841	-	-	-	1,554,983	-	**1,554,983**
Issue of ordinary shares in relation to business combinations	269,230	80,770	-	-	-	350,000	-	**350,000**
Issue costs	-	(66,360)	-	-	-	(66,360)	-	**(66,360)**
Dividends paid to non-controlling interest	-	-	-	-	-	-	(62,500)	**(62,500)**
Share based payments	-	-	-	-	56,836	56,836	-	**56,836**
Share options exercised	3,333	2,174	-	-	(1,653)	3,854	-	**3,854**
Total transactions directly recognised in equity	1,468,705	375,425	-	-	55,183	1,899,313	(62,500)	**1,836,813**
Balance at 31 December 2013	**16,860,101**	**3,117,545**	**(13,883,454)**	**(48,367)**	**(851,950)**	**5,193,875**	**1,129,894**	**6,323,769**

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

Notes to the Condensed Consolidated Interim Financial Report

For the six months to 30 June 2014 (Unaudited)

1. Corporate information

The interim condensed consolidated financial statements of Porta Communications PLC and its subsidiaries (collectively, the Group) for the six month period ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 15 September 2014.

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

2. Basis of preparation

(a) Statement of compliance

The condensed consolidated interim financial report for the six month period ended on 30 June 2014 has been prepared in accordance with IAS 34 *Interim Financial Reporting.* Selected explanatory notes are included to explain events and transactions that are significant to understand the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2013. This condensed consolidated interim financial report does not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The financial information presented herein does not constitute full statutory accounts under section 434 of the Companies Act 2006. This condensed consolidated financial report is unaudited. The financial information in respect of the year ended 31 December 2013 has been extracted from the consolidated statutory accounts of the Company for that period and have been delivered to the Registrar of Companies. The Group's Independent Auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

(b) Judgements and estimates

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

In preparing this condensed consolidated interim financial report, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

(c) Headline measures

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

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

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements, except for the adoption of new standards and interpretations effective as of 1 January 2014. No adjustment to comparative figures is required as a result of adopting these new standards and interpretations.

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

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	£	£	£
Operating profit / (loss)	435,909	(1,333,854)	(2,489,993)
Depreciation and amortisation	564,947	275,545	595,323
EBITDA from continuous operations	1,000,856	(1,058,309)	(1,894,670)
Start-up losses*	237,426	850,000	2,160,125
Acquisition costs	107,200	15,855	64,069
Non-recurring property costs	323,536	-	-
Restructuring costs	28,000	159,636	337,441
Share-based payments		42,842	99,678
Legal and professional consultancy costs	47,100	134,274	485,859
Bad debt expense	-	-	124,707
Gain on acquisition	(475,394)	-	-
Adjusted headline EBIDTA	**1,367,344**	**144,298**	**1,377,209**
EPS reported on operating profit from continuous operations	0.2p	(1.0p)	(2.0p)
EPS based on adjusted headline EBITDA	0.8p	0.1p	1.0p

*For the purpose of the above analysis, start-up losses are defined as operating results in the period of entities which are businesses that commenced trading as part of the Group. Such businesses so defined will cease being separately defined at the earlier of two years from the commencement of the activity or when the businesses show evidence of becoming consistently profitable.

5. Segmental reporting

Business segments

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

Six months ended 30 June 2014	Communications	Marketing and Advertising	Head office	Other / Consol.	**Total**
	£	£	£	£	**£**
Revenue	7,684,539	8,442,543	3,225	-	**16,130,307**
Inter-segment revenue	53,237	67,852	434,672	(555,761)	**-**
Reportable segment revenue	7,737,776	8,510,395	437,897	(555,761)	**16,130,307**
Reportable segment gross profit	7,037,929	2,399,805	2,823	-	**9,440,557**
Reportable segment results	1,753,328	610,938	(1,928,357)	-	**435,909**

Six months ended 30 June 2013	Communications	Marketing and Advertising	Head office	Other / Consol.	**Total**
	£	£	£	£	**£**
Revenue	2,283,007	6,196,296	5,482	-	**8,484,785**
Inter-segmental revenue	16,484	86,238	-	(102,722)	**-**
Reportable segment revenue	2,299,491	6,282,534	5,482	(102,722)	**8,484,785**
Reportable segment gross profit	2,280,114	2,042,517	1,111	-	**4,323,742**
Reportable segment results	(149,874)	(325,846)	(858,134)	-	**(1,333,854)**

Year ended 31 December 2013	Communications	Marketing and Advertising	Head office	Other / Consol.	**Total**
	£	£	£	£	**£**
Revenue	7,817,772	16,615,990	7,528	-	**24,441,290**
Inter-segmental revenue	474,122	121,923	448,299	(1,044,344)	**-**
Reportable segment revenue	8,291,894	16,737,913	455,827	(1,044,344)	**24,441,290**

Reportable segment gross profit	7,387,819	3,797,478	6,251	-	**11,191,548**
Reportable segment results	272,399	(636,021)	(2,126,371)	-	**(2,489,993)**

The following table below presents assets and liabilities information for the Group's operating segments as at 30 June 2014 and 31 December 2013 respectively:

Six months ended 30 June 2014	Communications £	Marketing and Advertising £	Head office £	Other / Consol. £	**Total £**
Reportable segment assets	12,185,363	5,137,482	19,557,993	(7,527,406)	**29,353,432**
Reportable segment liabilities	(6,222,378)	(11,205,905)	(4,531,036)	7,527,406	**(14,431,913)**

Year ended 31 December 2013	Communications £	Marketing and Advertising £	Head office £	Other / Consol. £	**Total £**
Reportable segment assets	8,519,153	10,938,523	9,576,748	(6,009,924)	**23,024,500**
Reportable segment liabilities	(5,047,532)	(12,407,051)	(5,256,073)	6,009,924	**(16,700,732)**

Geographical segments

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

Six months ended 30 June 2014	UK £	Rest of Europe £	Asia- Pacific £	**Total £**
Revenue	12,323,535	151,402	3,655,370	**16,130,307**
Gross profit	5,975,791	150,437	3,314,329	**9,440,557**
Profit/(loss) on continuing operations before tax	(581,823)	(75,835)	728,561	**70,903**
Loss on discontinued operations before tax	-	-	-	**-**

Six months ended 30 June 2013	UK £	Rest of Europe £	Asia- Pacific £	**Total £**
Revenue	8,211,226	263,559	-	**8,484,785**
Gross profit	4,083,384	240,358	-	**4,323,742**
Profit/(loss) on continuing operations before tax	(1,588,984)	8,489	-	**(1,580,495)**
Loss on discontinued operations before tax	-	(7,205)	-	**(7,205)**

Year ended 31 December 2013	UK £	Rest of Europe £	Asia- Pacific £	**Total £**
Revenue	21,269,343	671,553	2,500,394	**24,441,290**
Gross profit	8,602,391	292,932	2,296,225	**11,191,548**
Profit / (Loss) on continuing operations before tax	(3,238,002)	(124,096)	127,714	**(3,062,026)**
Loss on discontinued operations before tax	-	(7,205)	-	**(7,205)**

6. Acquisition of subsidiaries and associates

Acquisition of WSM Digital Communications Limited and WSM Print Management and Creative Services Limited

On 28 March 2014, the Group announced the acquisition of the entire issue share capital of two businesses from WSM Communications Group Limited - WSM Digital Communications Limited ("WSM Digital") and WSM Print Management and Creative Services Limited ("WSM Print"). The deal was financed by the issue of 7,500,000 ordinary shares of 10p each in Porta at a price of 14.075p per share (the "Consideration Shares"), with 5,723,802 of the Consideration Shares subject to a 12 month lock-in agreement and a further 12 month orderly market agreement. The remainder of the Consideration Shares were subject to a three month orderly market agreement.

The two businesses incorporate a digital team of 12 specialists and seven print management and design specialists, providing between them full studio design and art-working capabilities and a full digital design and production unit, servicing a range of blue-chip clients. The business units generated approximately £1.3m of fee income and a small profit in aggregate in the 11 month period to February 2014.

Consideration transferred

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

	WSM Digital	WSM Print
Consideration Shares allocated:	£	£
5,723,802 shares at 14.075p subject to a 12 month lock-in and further 12 month orderly market agreements	55,625	750,000
1,776,198 shares at 14.075p subject to a three month orderly market agreement	-	250,000
Total consideration	**55,625**	**1,000,000**

WSM Digital - Identifiable assets acquired and liabilities assumed

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

	Book value of acquisition £	Fair Value Adjustments £	Fair Value £
Brand and customer relationships	-	510,000	510,000
Fixed assets	12,932	-	12,932
Trade and other receivables	155,447	-	155,447
Accrued Income	62,115	-	62,115
Cash and cash equivalents	2,897	-	2,897
Total assets	233,391	510,000	743,391
Trade and other payables	(90,685)	-	(90,685)
Deferred Income	(2,000)	-	(2,000)
Accruals	(12,587)	-	(12,586)
Deferred tax liability	-	(107,100)	(107,100)
Total liabilities	(105,272)	(107,100)	(212,372)
Net assets acquired	**128,119**	**402,900**	**531,019**
Less: attributable to NCI	**-**	**-**	-
Net value attributable to parent	**128,119**	**402,900**	**531,019**

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

Goodwill / Gain on acquisition

The management has estimated that the skills and knowledge of the staff acquired in this deal and the synergies expected to be achieved incorporating the customer list and staff into the existing business resulted in a bargain purchase and thus a gain on this acquisition in amount of £475,394 has been recognised in the statement of comprehensive income.

Gain arising from the transaction has been recognised as follows:

	£
Total consideration transferred	55,625
Fair value of net identifiable assets	531,019
Goodwill/(gain on acquisition)	**(475,394)**

From the date of the acquisition until 30 June 2014, WSM Digital has contributed £164,000 of revenue and incurred £68,000 of operating losses from continuing operation for the Group. These losses were expected by the management as part of an on-going cost optimisation plan following completion of the deal. If this acquisition had taken place at the beginning of the year, revenue from continuing operations would have been £79,000 higher; however the losses from continuing operations also would have been £119,000 higher.

WSM Print - Identifiable assets acquired and liabilities assumed

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

	Book value of acquisition £	Fair Value Adjustments £	Fair Value £
Brand and customer relationships	-	590,000	590,000
Fixed assets	3,915	-	3,915
Trade and other receivables	429,921	-	429,921
Cash and cash equivalents	68,129	-	68,129
Total assets	501,965	590,000	1,091,965
Trade and other payables	(299,968)	-	(299,968)
Deferred Income	(58,488)	-	(58,488)
Accruals	(118,904)	-	(118,904)
Deferred tax liability	-	(123,900)	(123,900)
Total liabilities	(477,360)	(123,900)	(601,260)
Net assets acquired	**24,605**	**466,100**	**490,705**
Less: attributable to NCI	-	-	-
Net value attributable to parent	**24,605**	**466,100**	**490,705**

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

Goodwill

Goodwill arising from the transaction has been recognised as follows:

	£
Total consideration transferred	1,000,000
Fair value of net identifiable assets	490,705
Goodwill	**509,295**

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

From the date of the acquisition WSM Print has contributed £564,000 of revenue and £167,000 of profit from continuous operations before taxation to the Group. If this acquisition had taken place at the beginning of the year, revenue would have been £186,000 higher and the operating profit from continuous operations before taxation would have been £14,000 higher.

Acquisition of Redleaf Polhill Limited

On 23 April 2014, the Group announced the acquisition of 51% of the issued share capital of Redleaf Polhill Limited ("Redleaf"), a leading full service communications agency, from its shareholders, with an option to acquire the remaining 49% over the following three financial years.

Under the terms of the agreement, the total purchase consideration of £1,795,000 was satisfied by £897,500 in cash and the remaining balance through the issue of 6,998,050 ordinary shares of 10p each in Porta (the "Consideration Shares"), of which 1,760,010 will be issued following certain conditions under the Acquisition Agreement being satisfied. The Consideration Shares are subject to a lock-in agreement which provides for a 24 month lock-in period and a further 12 month orderly market period.

In accordance with the Share and Purchase Agreement, non-controlling shareholders of Readleaf were granted put options on the remaining 49% of the issued share capital in Redleaf. These options are exercisable in three tranches following the end of each of the next three full financial years of Redleaf on similar terms to the initial acquisition. On exactly the same terms, written put options were accompanied by the grant of call options to Porta over the remaining 49% non-controlling interest in Redleaf. A purchase call option allows Porta to purchase the remaining 49% in accordance with the terms and conditions of the call. Any additional consideration payable under the put and call options will be satisfied 50% in cash and 50% in ordinary shares.

Consideration transferred

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

	£
Cash	897,500
5,238,040 ordinary of 10p each at a price of 12.825p per share subject to a 24 month lock-in period and a further 12 month orderly market agreement	671,779
1,760,010 deferred shares of 10p each at a price of 12.825p per share following satisfaction of specific terms of the acquisition agreement	225,721
Total consideration	**1,795,000**

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

	Book value of acquisition £	Fair Value Adjustments £	Fair Value £
Customer relationships	-	1,990,000	1,990,000
Brand	-	685,000	685,000
Trade and other receivables	583,905	-	583,905
Cash and cash equivalents	51,176	-	51,176
Total assets	635,081	2,675,000	3,310,081
Trade and other payables	(635,081)	-	(635,081)
Deferred tax liability	-	(561,750)	(561,750)
Total liabilities	(635,081)	(561,750)	(1,196,831)
Net assets acquired	-	2,113,250	2,113,250
Less: attributable to NCI*	-	-	-
Net value attributable to parent	-	2,113,250	2,113,250

**Non-controlling interest was measured at fair value on the acquisition date in accordance with IFRS 3 ' Business Combinations' and recognised to the extent that the risks and rewards of ownership remain with the non-controlling shareholders.*

Goodwill

Goodwill arising from the transaction has been recognised as follows:

	£
Consideration paid in cash	897,500
Fair value of equity shares issued	897,500
Total consideration transferred	1,795,000

Fair value of non-controlling interest	1,724,608
	3,519,608
Less fair value of net identifiable assets	(2,113,250)
Goodwill	**1,406,358**

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

Acquisition of Newgate Communications (Singapore) Pte. Ltd

Newgate Communications (Singapore) Pte. Ltd ('Newgate Singapore') is a start-up PR consultancy firm specialising in brand building and capital markets services which has been operating under the 'Newgate' brand from the commencement of its trading activity in June 2013.

During 2013, the Group provided Newgate Singapore with a convertible loan facility of £531,066 for general working capital purposes. The loan facility is convertible into a maximum of 51% of the issued share capital of Newgate Singapore at the provider's discretion or repayable on demand.

On 1 March 2014, the Group acquired 45% ownership in Newgate Singapore through conversion of 88% of the outstanding loan. In view of the likelihood the Group will exercise its conversion rights over the remaining 12% of the loan, the Directors are of the opinion that the Group now exercises effective control over Newgate Singapore and accordingly its results have been consolidated within the Porta Communications group since date of acquisition on 1 March 2014.

Fair value of net assets acquired was deemed to be equal to their book value. The following table summarises the recognised amounts of assets and liabilities assumed at the acquisition date.

	At 1 March 2014
	£
Fixed Assets	53,884
Trade and other receivable	88,895
Cash and cash equivalents	44,002
Trade and other payable	(99,114)
Net assets acquired	**87,667**
Less: attributable to NCI*	**(48,217)**
Net value attributable to parent	**39,450**

Goodwill

Goodwill arising from the transaction has been recognised as follows:

	£
The value of converted loan as a total consideration	468,588
Less fair value of net identifiable assets	(39,450)
Goodwill	**429,138**

The goodwill is attributable mainly to the skills and knowledge of the staff acquired and the synergies expected to be achieved by extending the Newgate brand globally.

Acquisition of additional interest in Newgate Threadneedle Limited

With effect from 1 March 2014, the Group acquired 20% interest in Newgate Threadneedle Limited ('Threandeedle'), increasing its ownership interest to 100%. Cash consideration of £856,000 was paid to the non-controlling shareholders. The carrying value of the net assets of Threadneedle was £756,000. Below is the schedule of additional interest acquired in Threadneedle:

	£
Cash consideration paid to non-controlling shareholders	856,000
Carrying value of the additional interest in Threadneedle	(756,000)
Difference recognised in retained earnings within equity	**100,000**

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed statement of profit or loss are:

	Six months ended 30 June 2014	Six months ended 30 June 2013
Income taxes	£	£
Current income tax charge/(credit)	246,791	79,030
Deferred income tax charge/(credit)	(52,418)	(146,032)
Income tax charge/(credit)recognised in statement of profit or loss	**194,373**	(67,002)

8. Property, plant and equipment

Acquisitions and disposals

During the six months ended 30 June 2014, the Group acquired assets with a cost of £882,296 (six months to 30 June 2013: £32,792). Out of the total additions in the period, £404,812 of assets was funded through finance leasing and/or other non-cash arrangements.

No assets were disposed of during the six months ended 30 June 2013.

9. Capital and Reserves

Issues of ordinary shares

On 21 February 2014, we announced that the Group raised £7 million (before expenses) on AIM by way of an oversubscribed placing of 53,846,153 new ordinary shares at a price of 13p. The funds were partially used to acquire the remaining 20% of Newgate Threadneedle and to repay the £2.4m of loans (including interest) obtained during 2013 from Retro Grand Limited.

On 28 March 2014, we announced the acquisition of two businesses from WSM Communications Group which was funded by the issue of 7,500,000 ordinary shares of 10p each at a price 14,075p per share. Please refer to note 10 for more details.

On 23 April 2014, we announced the acquisition of 51% of Redleaf Polhill Limited, a leading full service communications agency, for £1,795,000, satisfied by £897,500 in cash and the issue of 5,238,040 ordinary shares. Please refer to note 10 for more details.

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

	Number	£ nominal value
At 1 January 2014	162,121,000	**16,212,101**
New issues during the year	66,584,193	**6,658,419**
At 30 June 2014	**228,705,193**	**22,870,520**

Deferred Shares

There has been no change in the number of, or rights relating to, the Deferred shares during the six months to 30 June 2014.

Allotted, called up and fully paid

30 June 2014	Number	£
Ordinary shares of 10p each	228,705,193	**22,870,520**
Deferred shares of 0.9p each	72,000,000	**648,000**
		23,518,520

31 December 2013	Number	£
Ordinary shares of 10p each	162,121,000	**16,212,101**
Deferred shares of 0.9p each	72,000,000	**648,000**
		16,860,101

30 June 2013	Number	£
Ordinary shares of 10p each	147,433,961	**14,743,396**
Deferred shares of 0.9p each	72,000,000	**648,000**
		15,391,396

10. Share-based payments

On 18 March 2014 the Board of the Company granted options over a total of 2,500,000 ordinary shares of 10p each in the Company to Gene Golembiewski, the Group Finance Director. The exercise price of the Options is 20p per share and, subject to the achievement of certain performance conditions, 50 per cent of the Options will vest on the first anniversary of the date of grant and the remaining 50 per cent will vest on the second anniversary of the date of grant.

There is no cash settlement of the options granted either during 2014 nor in earlier period.

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

	Share option plan 18 March 2014
Fair value at grant date	**6.95p**
Share price at grant date	**14.62p**
Exercise price	**20.00p**
Expected volatility	**72%**
Option life (expected weighted average life)	**6 years**
Expected dividends	**0%**
Risk-free interest rate	**2.81%**

For the six months ended 30 June 2014, the Group has recognised £98,620 of share based payment expense in the statement of profit and loss (30 June 2013: £42,842).

11. Loans and Borrowings

During April 2014, WFCA Limited ("WFCA"), a subsidiary of Porta, has repaid £50,000 of the £450,000 loan granted during 2013 by Hawk Investment Holdings Limited ('Hawk'), a company beneficially owned by Bob Morton (Non-Executive Chairman) and his wife. The remaining balance of this loan is to be repaid by 5 March 2015.

On 18 March 2014, the Group repaid all loans granted by Retro Grand Limited during 2013 with a total face value of £2,300,000. The final amount of the repayment including all outstanding interest due was £2,483,648.

During March and April 2014, the Group entered into four individual finance leasing arrangements to fund the fit out costs of new office premises for a total of £383,496. All new leases have purchase options available after five years. During the six month period ended 30 June 2014, the Group repaid £36,068 of its finance leasing arrangements.

	30 June 2014	30 June 2013	31 December 2013
	£	£	£
Non-current liabilities			
Loans – Related Parties	2,371,356	2,076,969	2,224,163
Secured Bank Loan	650,000	650,000	650,000
	3,021,356	2,726,969	2,874,163
Obligation under finance lease	**314,509**	-	15,080
	3,335,865	2,726,969	2,889,243

Current liabilities

Loans – Related Parties	400,000	450,000	450,000
Loans – Other	**-**	-	2,361,003
	400,000	450,000	2,811,003
Obligation under finance lease	**68,226**	-	4,157
	468,226	450,000	2,815,160

The related party loans are secured over all current and future assets of all companies within the Group. The secured bank loan is secured over all fixed assets, trade debtors and other assets of WFCA Limited and its two subsidiaries.

Terms and debt repayment schedule

			30 June 2014		30 June 2013		31 December 2013	
	Nominal Interest Rate	Year of maturity	Face Value	Carrying Amount	Face Value	Carrying Amount	Face Value	Carrying Amount
Discounted bond – Related Party	12%	2016	2,862,000	2,371,356	2,862,000	2,076,969	2,862,000	2,224,163
Loan	12%	2014	-	-	-	-	600,000	616,105
Loan	12%	2014	-	-	-	-	1,200,000	1,233,885
Loan	12%	2014	-	-	-	-	500,000	511,014
Loan – Related Party	12%	2015	300,000	300,000	300,000	300,000	300,000	300,000
Loan – Related Party	12%	2015	150,000	100,000	150,000	150,000	150,000	150,000
Secured Bank Loan*	Base + 2.75%	2015	650,000	650,000	650,000	650,000	650,000	650,000
			3,962,000	**3,421,356**	**3,962,000**	**3,176,969**	**6,262,000**	**5,685,166**

12. Intangible assets and goodwill

	Goodwill	Customer relationships	Brands	Websites, software and licences	Total
Cost	£	£	£	£	£
At 1 January 2013	6,274,969	1,440,000	712,000	63,391	**8,490,360**
Additions in period – acquired with subsidiary	184,066	150,000	35,000	-	**369,066**
Other additions in the period	-	-	-	62,316	**62,316**
At 30 June 2013	6,459,035	1,590,000	747,000	125,707	**8,921,742**
Acquisition in period – acquired with subsidiary	651,019	-	-	-	**651,019**
Other additions in the period	-	-	-	15,311	**15,311**
Translation differences	-	-	-	4	**4**
At 31 December 2013	**7,110,054**	**1,590,000**	**747,000**	**141,022**	**9,588,076**
Acquisition in period – acquired with subsidiary	2,344,791	2,690,000	1,085,000	1,223	6,121,014
Other additions in the period	-	-	-	16,405	16,405
Exchange differences	(1,998)			(15)	(2,013)
At 30 June 2014	**9,452,847**	**4,280,000**	**1,832,000**	**158,635**	**15,723,482**

Amortisation	£	£	£	£	£
At 1 January 2013	-	276,662	66,183	19,221	**362,066**
Charge for the period	-	145,298	35,600	28,062	**208,960**
At 30 June 2013	-	421,960	101,783	47,283	**571,026**
Charge for the period	-	180,198	38,517	10,869	**229,584**
At 31 December 2013	**-**	**602,158**	**140,300**	**58,152**	**800,610**
Charge for the period	-	311,415	67,808	25,753	404,976
Exchange differences	-	-	-	(9)	(9)
At 30 June 2014	**-**	**913,573**	**208,108**	**83,896**	**1,205,577**

Net book value	£	£	£	£	£
At 1 January 2013	6,274,969	1,163,338	645,817	44,170	**8,128,294**
At 30 June 2013	6,459,035	1,168,040	645,217	78,424	**8,350,716**
At 31 December 2013	7,110,054	987,842	606,700	82,870	**8,787,466**
At 30 June 2014	**9,452,847**	**3,366,427**	**1,623,892**	**74,739**	**14,517,905**

As described in note 6, during the six month period ended 30 June 2014 the Group acquired certain assets, including key staff and contracts, of WSM Communications Group Limited and Redleaf Polhill Limited. The fair values of identifiable assets and liabilities have been determined provisionally and may be subject to adjustment during the following 12 month period.

No cash generating units ('CGUs') were tested for impairment because there were no impairment indicators at 30 June 2014 for CGUs to which goodwill has been allocated.

13. Earnings/(loss) per share

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

	Six months ended 30 June 2014 Number	Six months ended 30 June 2013 Number	Year ended 31 December 2013 Number
Weighted average number of shares (ordinary and dilutive)	181,585,915	128,433,961	139,196,362
		£	£
Profit / (Loss) on continuing activities after tax	(319,614)	(1,583,730)	(2,719,001)
Profit / (Loss) on discontinued activities after tax	-	-	(7,205)
Profit / (Loss) on continuing and discontinued activities after tax	(319,614)	(1,090,193)	(2,726,206)

No share options outstanding at 30 June 2014, 30 June 2013, or 31 December 2013 were dilutive and all such potential ordinary shares are therefore excluded from the weighted average number of ordinary shares for the purposes of calculating diluted earnings per share. Details of share options outstanding are given in note 10.

14. Group Composition

During the six month period to 30 June 2014, the following entities were added to the group structure reported as at 31 December 2013:

Name	*Interest (*ordinary share capital)	*Country of Incorporation*
WSM Print Management and Creative Services Limited	100% owned	England and Wales

WSM Digital Communications Limited	100% owned	England and Wales
Redleaf Polhill Limited	51% owned	England and Wales
Newgate Communications (Singapore) Pte. Ltd	45% owned	Singapore

15. Related party transactions

Key management personnel

During the six months to 30 June 2014, the Company has granted share-based payment awards to executive director, Gene Golembiewski (Group Finance Director), the details of which are disclosed in note 10.

The nature and amounts of other related party transactions are consistent with those reported in the Group's consolidated statutory accounts for the year ended 31 December 2013.

The loans made by Hawk described in paragraph 11 above were also related party transactions.

16. Subsequent events

On 31 July 2014, the Group announced that it had issued a total of 1,022,352 ordinary shares with an average price of 10.65p per share in satisfaction of the first tranche of deferred consideration payable to the vendors of Summit Marketing Services Limited ('Summit') based on the financial performance of Summit for the year ended 30 April 2014. Summit was acquired by the Group on 7 June 2013.

17. Publication

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