28 May 2015

Porta Communications PLC
("Porta" or "the Porta Group")

Preliminary audited results for the year ended 31 December 2014

Porta Communications PLC, the AIM quoted international marketing and communications business, is pleased to announce its preliminary audited results for the year ended 31 December 2014.

Financial Highlights from continuing operations

	Year to 31 Dec 2014 £	Year to 31 Dec 2013 £ (Restated[3])
Revenue	**23,273,668**	9,277,758
Gross profit	**19,405,329**	8,272,444
EBITDA	**671,363**	(2,211,052)
Headline EBITDA[1]	**2,189,444**	738,133
Headline EBITDA margin[2]	**11.2%**	8.9%
EPS on headline EBITDA	**1.0p**	0.5p

[1] Headline EBITDA excludes start-up losses, acquisition 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
[3] Restated figure excludes TTMV which has since been closed.

Highlights

- Gross profit (fee income) up 135% to £19.4 million
- Average gross profit per employee £100,000 against £75,000 in 2013
- Organic growth in gross profit strong again in H2, with organic growth for the year at 75%
- Substantial turnaround to achieve maiden positive EBITDA after all costs
- Excluding acquisitions, client base has grown by approximately 140 to over 450 in the year
- Adjusted Headline EBITDA nearly three times higher than previous year

Outlook

- Strong first five months trading
- Organic growth expected to comfortably outperform sector in 2015
- Exceptional costs to be significantly lower in the current year
- Recent acquisitions fully integrated and making excellent contributions to Group

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

“The Group has achieved strong organic growth in the second half in gross income (fee income) for the year, which at around 75% on a continuing operations basis, is considerably higher than the sector average of single digit growth. Trading in the first five months would suggest that the Group is heading for another strong year and the board remains optimistic about future prospects, particularly with all the 2014 acquisitions performing very strongly.”

Issue of Shares

Today Porta Group completed the reorganisation of the Newgate companies and as part of this reorganisation the 49% minority interest in Newgate Communications LLP (and one other LLP) was bought out in consideration for the issue of 9,754,000 Porta Ordinary Shares. The Porta Ordinary Shares remain subject to a minimum 12 month lock-in period with a further 12 month orderly market period.

Application has been made to AIM for the Porta Ordinary Shares to be admitted to trading and admission is expected to take place on 3 June 2015. On admission of the Porta Ordinary Shares the Company will have 277,327,895 shares in issue. For the purposes of the Financial Conduct Authority's Disclosure and Transparency Rules ("DTRs"), the issued ordinary capital of the Company following this allotment consists of 277,327,895 ordinary shares with voting rights attached (one vote per share). There are no shares held in treasury. This total voting rights figure may be used by shareholders as the denominator for the calculations by which they will determine whether they are required to notify their interests in, or a change to their interest in, the Company under the DTRs.

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Notes to Editors:

- Porta has two divisions:
- Communications – financial, corporate and consumer public relations, investor relations, public affairs and research
  Marketing & Advertising - marketing communications, digital services and media planning and buying
- The Group currently has offices in Aberdeen, Abu Dhabi, Beijing, Brisbane, Bristol, Brussels, Canberra, Cardiff, Edinburgh, Frankfurt, Hong Kong, London, Manchester, Melbourne, Singapore and Sydney
- The brands and companies it owns are: Newgate Communications, Newgate Threadneedle, PPS Group, Publicasity, Redleaf Polhill, Thirteen Communications, 2112 Communications and Summit
- Further information is available at www.portacommunications.plc.uk

Chief Executive Report

The growing maturity of all our start-up companies, together with the success achieved by marketing Porta as a fully integrated group, has again produced outstanding growth, particularly in the communications division.

Gross profit, excluding TTMV (since closed), for the year ended 31 December 2014 rose from £8.3 million to £19.4 million, a gain of over 130% while organic growth (stripping out first time contributions from acquisitions) was 75% higher compared with single digit growth in the sector.

Porta is pleased to report positive EBITDA for the first time, which has been achieved despite the Group incurring higher property costs, with the acquisitions taking longer to complete than anticipated and almost £0.4 million of additional costs associated with the termination of the previous LLP structures which we had to close in line with HMRC guidance. Headline EBITDA was nearly three times higher at £2.2 million once the exceptional costs, particularly start-ups, are added back. Many of these exceptional costs will be eliminated in the current year.

With the exception of France and China, the Group has now completed its phase of start-ups with future growth expected to be from a mixture of organic and acquisition. Given the size of Porta and restricted access to funds, this strategy was the right course for the Group in the early years. Indeed these assets have been developed, albeit over a longer period, for a fraction of their present value if acquired today.

Communications

Trading during 2014 was particularly strong in Newgate globally, with organic growth of well over 70%. Newgate Australia, helped by the privatisation of Medibank, was the star performer. Fee income was up by nearly 200% in its first full year of operating. However, the weakness of the Australian dollar reduced Group EBITDA by £0.16 million in the year. Both Newgate Hong Kong and Newgate Singapore were profitable in very difficult markets, reflecting the quality of the teams in both areas.

In London, Newgate continued to show strong growth helped by the strength of the IPO market particularly at the beginning of the year. The former Threadneedle business has been restructured under new management and is now fully integrated into the Newgate capital markets offering. It is pleasing to see that Newgate maintains its position as the number one agency for number of AIM clients that it is retained by. Given the success of recent pitches, Newgate should not only maintain its strong ranking but also enjoy further success this year. Pitching with other disciplines in the Group has been a contributing factor behind the strong results showing elsewhere in Newgate globally.

Redleaf Polhill, of which 51% was acquired in the first half of 2014, has benefitted significantly from its strengthening reputation, evidenced by the number of awards that it has won during the year. Under its impressive management team, the agency goes from strength to strength and is expected to become increasingly important to the Group's overall performance.

On the consumer PR side, the start-up 13 Communications suffered from an initial lack of critical mass and has taken longer than anticipated to become profitable. However, with new client wins, including one large project, this business is now profitable.

The Group's consumer PR business has been bolstered by the acquisition of Publicasity at the end of 2014. Under its young and very enthusiastic management team, the company has won a number of new clients since becoming part of the Group which augurs well for 2015.

PPS, of the other acquisition made by Porta towards the end of 2014, is also making a major contribution to both Newgate and the Group. Ranked number one by fee income in the PR Week Public Affairs league table, PPS has not only become a major contributor to Group profits but has also materially strengthened the Newgate management structure including its accounting, marketing and HR functions.

Today Porta Group completed the reorganisation of the Newgate companies and as part of this reorganisation the 49% minority interest in Newgate Communications LLP (and one other LLP) was bought out in consideration for the issue of 9,754,000 Porta Ordinary Shares. The Porta Ordinary Shares remain subject to a minimum 12 month lock-in period with a further 12 month orderly market period.

Marketing and advertising

2112, the multi-media creative communications agency, has built a very impressive client base which has taken longer than expected to be reflected on the bottom line. More recently, however, the quality of the work and the quick turnaround of each project have led to a major upswing in the volume of business being generated from its key clients. The business is now trading profitably and a much better performance is expected in the current year.

TTMV, the media buying agency based in Tunbridge Wells, struggled as a result of the loss of its two major accounts and the Group took the view towards the end of the financial year that it could no longer continue to support the company financially. A decision was therefore taken to close the company.

Summit, the design studio also based in Tunbridge Wells, has always been profitable. Since the closure of TTMV, Summit has expanded its operation picking up new clients and making five new hires. We are anticipating an even better performance from Summit this year.

Outlook

Looking to the immediate future, the priority is to build on a very stable platform of businesses which the Board is confident will continue to generate strong organic growth. The main emphasis will be to:

- Widen the range of services and products
- Improve geographical coverage
- Double the size of the business through organic and acquisition growth
- Improve the market perception and rating

As for the current year, the performance in the first five months gives the Board every confidence that all the growth trends seen in 2014 will continue.

David Wright
Chief Executive Officer

Chairman's Statement

Performance

I am pleased to report that 2014 was an extremely exciting year in the relatively short history of the Porta Group. The consolidation of the Corporate and Capital Markets PR businesses under the single Newgate brand, with a strong and growing international footprint, has been particularly positive as it benefits from scale and brings together some of the best people in the industry.

Our consumer PR capabilities ramped up dramatically in the year with the acquisition of Publicasity. Both Redleaf and PPS, welcomed during the year, helped significantly to strengthen the Public Affairs, Corporate and crisis offer in the UK.

These acquisitions, together with WSM Print & Design and Digital, mean that Porta is successfully progressing its acquisition strategy to supplement the strong organic growth in our existing dynamic businesses. It also means that our London headquarters is near capacity, delivering clear benefits to the integrated offering as well as to the profitability, discussed later in this Report.

The Board and Governance

The Board has been active and efficient during the year, assessing the opportunities presented by management and assisting in the strategic direction of the Group and by referring new businesses to Porta companies. The overall contribution continues to be invaluable.

The Board in 2014 has focused upon the Group's strategic direction and performance particularly against challenging markets. We will continue to develop the Group's strategy and report upon progress. The Board has determined that the 2014 Annual Report as a whole is fair, balanced and understandable. It provides the information necessary for shareholders to assess the performance and the strategy of the Group.

Annual General Meeting

The Company's Annual General Meeting will be held on 11:00am, 25 June 2015 and the Notice of Meeting and explanatory notes which accompany this Annual Report can also be found on our website.

Our people

Finally, on behalf of the Board, I would like to thank all of our people for their significant contribution to our success over the past year. I would like to take this opportunity to welcome our new colleagues to Porta. Our people are our biggest asset so during the year the management team appointed a Group Head of Human Resources from within the Group to help with their personal development as well as strengthening our compliance. We also promoted a Group Head of Marketing and added capacity in the IT, accounting and front-of-house functions. Overall we have implemented major restructuring initiatives during 2014 and the successful and timely delivery of these as well as the financial performance of the Company has been down to the passion, hard work and effort of all our people.

Bob Morton
Chairman

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Notes	**Year ended 31 December 2014 £**	Year ended 31 December 2013 Restated £	Year ended 31 December 2013 £
Continuing operations				
Revenue	2	**23,273,668**	9,277,758	24,441,290
Cost of Sales		**(3,868,339)**	(1,005,314)	(13,249,742)
Gross profit		**19,405,329**	8,272,444	11,191,548
Operating and administrative expenses		**(20,182,469)**	(10,909,978)	(13,681,541)
Operating loss		**(777,140)**	(2,637,534)	(2,489,993)
Finance expense		**(689,288)**	(468,877)	(546,193)
Finance income		**1,261**	1,057	1,057
Share of loss in associate		**(7,287)**	(26,898)	(26,898)
Loss before taxation on continuing operations		**(1,472,454)**	(3,132,252)	(3,062,027)
Tax credit	3	**302,530**	669,124	592,035
Loss for the period on continuing operations		**(1,169,924)**	(2,463,128)	(2,469,992)
Discontinued operations				
Loss for the period from discontinued operations (all attributable to the owners of the Company)	4	**(2,480,674)**	(14,069)	(7,205)
Loss for the period		**(3,650,598)**	(2,477,197)	(2,477,197)
Profit /(loss) for the period attributable to:				
Owners of the Company		**(3,737,939)**	(2,726,206)	(2,726,206)
Non-controlling interests		**87,341**	249,009	249,009
		(3,650,598)	(2,477,197)	(2,477,197)
Other comprehensive income from continuing operations				
Exchange differences arising on items that may be subsequently reclassified to profit or loss		**(45,581)**	(104,338)	(104,338)
Total other comprehensive income, net of tax		**(45,581)**	(104,338)	(104,338)
Other comprehensive income from discontinued operations		**-**	-	-
Total comprehensive income for the period		**(3,696,179)**	(2,581,535)	(2,581,535)
Total comprehensive income for the period attributable to:				
Owners of the Company		**(3,767,767)**	(2,775,144)	(2,775,144)
Non-controlling interests		**71,588**	193,609	193,609
		(3,696,179)	(2,581,535)	(2,581,535)
Loss per share – basic and diluted	7			
On continuing operations		**(0.6p)**	(2.0p)	(2.0p)
On discontinued operations		**(1.1p)**	0.0p	0.0p
On continuing and discontinued operations		**(1.7p)**	(2.0p)	(2.0p)

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

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	2014 £	2013 £
Non-current assets			
Intangible assets	8	**18,582,868**	8,787,466
Fixed assets	9	**1,440,714**	323,157
Deferred tax asset	3	**1,449,871**	1,091,742
Other non-current assets	10	**923,775**	-
Other investments		**1,000**	1,000
Investment in associates		**119,435**	126,722
Total non-current assets		**22,517,663**	10,330,087
Current assets			
Current assets in relation to discontinued activities	4	**3,433,528**	-
Work in progress		**1,115,206**	2,320,205
Trade and other receivables	10	**7,760,659**	7,829,406
Cash and cash equivalents		**1,791,426**	2,544,802
Total current assets		**14,100,819**	12,694,413
Current liabilities			
Current liabilities in relation to discontinued activities	4	**(3,433,528)**	-
Trade and other payables	11	**(6,527,716)**	(9,819,605)
Current tax liabilities	3	**(665,338)**	(149,310)
Loans and borrowings	12	**(4,574,993)**	(2,815,160)
Total current liabilities		**(15,201,575)**	(12,784,075)
Net current liabilities		**(1,100,756)**	(89,662)
Non-current liabilities			
Deferred tax liabilities	3	**(2,318,616)**	(391,384)
Fair value of contingent consideration	12	**(981,379)**	(636,029)
Loans and borrowings	13	**(2,823,163)**	(2,889,243)
Total non-current liabilities		**(6,123,158)**	(3,916,656)
Net assets		**15,293,749**	6,323,769
Equity			
Share capital		**27,405,391**	16,860,101
Share premium		**4,788,547**	3,117,545
Retained losses		**(18,018,687)**	(13,883,454)
Translation reserve		**(78,195)**	(48,367)
Other reserves		**(978,075)**	(851,950)
Total equity shareholders' funds		**13,118,981**	5,193,875
Equity non-controlling interests	6	**2,174,768**	1,129,894
Total equity		**15,293,749**	6,323,769

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	**2014 £**	2013 Restated, £	2013 £
Cash flow from operating activities				
Loss before taxation on continuing activities		**(1,472,454)**	(3,132,252)	(3,062,027)
Adjusted for:				
Loss before taxation from discontinued operations		**(2,529,706)**	63,020	(7,205)
Depreciation and amortisation	8,9	**1,619,846**	595,323	595,323
Gain on acquisition of subsidiary		**(475,394)**	-	-
Share of losses of associate		**7,287**	26,898	26,898
Gift of capital to Limited Liability Partnership		**-**	24,000	24,000
Tax paid		**(219,353)**	(6,674)	(6,674)
Finance income		**(1,261)**	(1,057)	(1,057)
Finance costs		**712,897**	546,193	546,193
Loss on disposal of property, plant and equipment	8	**10,252**	-	-
Increase in work in progress		**(699,368)**	(403,423)	(2,180,596)
Increase in trade and other receivables		**(1,139,675)**	(2,998,386)	(4,483,712)
Decrease/(increase) in trade and other payables		**(767,154)**	368,123	4,002,834
Changes in working capital relating to discontinued operations		**(235,414)**	372,211	-
Net write off of assets in discontinued operations	4	**1,629,862**	-	-
Equity settled share based payments		**185,580**	99,678	99,678
Unrealised foreign exchange gain		**(23,430)**	(40,956)	(40,958)
Net cash outflow from operating activities		**(3,397,485)**	(4,487,303)	(4,487,303)
Cash flows from investing activities				
Acquisition of intangible assets		**(16,672)**	(77,627)	(77,627)
Acquisition of property, plant and equipment		**(627,165)**	(181,965)	(195,965)
Dividends paid to non-controlling interests		**(340,833)**	(62,500)	(62,500)
Acquisition of subsidiaries, net of cash acquired		**(3,117,205)**	(411,661)	(411,661)
Acquisition of other investments		**-**	(74,102)	(74,102)
Interest received		**1,261**	846	846
Interest paid		**(49,912)**	(80,171)	(152,650)
Net investing cash flow from discontinued operations		**(60,381)**	(86,479)	-
Net cash outflow from investing activities		**(4,210,907)**	(973,659)	(973,659)
Cash flows from financing activities				
Proceeds from the issue of Ordinary shares (net of issue costs)		**6,595,350**	5,433,640	5,433,640
Proceeds from loans and borrowings		**3,000,000**	2,800,000	2,800,000
Repayment of the loans and borrowings	13	**(2,577,292)**	(1,000,000)	(1,000,000)
Repayment of leases		**(96,944)**	-	-
Proceeds from exercise of share options		**-**	3,333	3,333
Net financing cash flow from discontinued operations		**(62,500)**	-	-
Net cash generated from financing activities		**6,858,614**	7,236,973	7,236,973
Net increase/(decrease) in cash and cash equivalents		**(749,778)**	1,776,011	1,776,011
Cash and cash equivalents at 1 January		**2,544,802**	777,870	777,870
Effect of exchange rate changes		**(3,598)**	(9,079)	(9,079)
Cash and cash equivalents at 31 December		**1,791,426**	2,544,802	2,544,802

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital	Share premium	Retained losses	Translation reserve	Other Reserves	Written put/call options over NCI	Total equity shareholders' funds	Non-controlling interests	Total equity
	£	£	£	£	£	£	£	£	£
Balance at 1 January 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	-	-	(3,737,939)	-	-	-	(3,737,939)	87,341	**(3,650,598)**
Other comprehensive income	-	-	-	(29,828)	-	-	(29,828)	(15,753)	**(45,581)**
Total comprehensive income	-	-	(3,737,939)	(29,828)	-	-	(3,767,767)	71,588	**(3,696,179)**
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	5,160,675	460,267	-	-	-	-	5,620,942	-	**5,620,942**
Issue costs	-	(404,650)	-	-	-	-	(404,650)	-	**(404,650)**
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(340,833)	**(340,833)**
Share based payments	-	-	-		185,580	-	185,580	-	**185,580**
Written put/call forward options over non-controlling interest	-	-	-	-	-	(1,791,746)	(1,791,746)	-	**(1,791,746)**
Equity component of the deferred consideration in business combinations	-	-	-	-	1,246,689	-	1,246,689	-	**1,246,689**
Equity component of the convertible loan issued	-	-	-	-	233,352	-	233,352	-	**233,352**
	10,545,290	1,671,002	-	-	1,665,621	(1,791,746)	12,090,167	(340,833)	**11,749,334**
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)**
Disposal of subsidiary with non-controlling interest	-	-	(297,294)	-	-		(297,294)	297,294	**-**
Total transactions recognised directly in equity	10,545,290	1,671,002	(397, 294)	-	1,665,621	(1,791,746)	11,692,873	973,286	**12,666,159**
Balance at 31 December 2014	**27,405,391**	**4,788,547**	**(18,018,687)**	**(78,195)**	**813,671**	**(1,791,746)**	**13,118,981**	**2,174,768**	**15,293,749**

	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 year	-	-	(2,726,206)	-	-	(2,726,206)	249,009	(2,477,197)
Other comprehensive income	-	-	-	(48,938)	-	(48,938)	(55,400)	(104,338)
Total comprehensive income	-	-	(2,726,206)	(48,938)	-	(2,775,144)	193,609	(2,581,535)
Transactions with owners of the Company, recognised directly in equity								
Contributions by owners:	-	-	-	-	-	-	-	-
Issue of ordinary shares	5,696,142	358,841	-	-	-	6,054,983	-	6,054,983
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)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(62,500)	(62,500)
Share based payments	-	-	-		99,678	99,678	-	99,678
Share options exercised	3,333	2,174	-	-	(1,653)	3,854	-	3,854
	5,968,705	375,425	-	-	98,025	6,442,155	(62,500)	6,379,655
Changes in ownership interests of subsidiaries:								
Disposal of subsidiary with non-controlling interest	-	-	(75,762)	(6,930)	-	(82,692)	82,692	-
Total transactions recognised directly in equity	5,968,705	375,425	(75,762)	(6,930)	98,025	6,359,463	20,192	6,379,655
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

1. Accounting policies

The financial information set out in this announcement does not comprise the Group's statutory accounts as defined in section 434 of the Companies Act 2006 for the year ended 31 December 2014 or 31 December 2013. The financial information has been extracted from the statutory accounts for the years ended 31 December 2014 and 31 December 2013. The auditors reported on those accounts; their reports were unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 in respect of the years ended 31 December 2014 and 31 December 2013 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The Group's statutory accounts for the year ended 31 December 2013 have been delivered to the Registrar of Companies, whereas those for the year ended 31 December 2014 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The accounting policies are consistent with those applied in the preparation of the interim results for the period ended 30 June 2014 and the statutory accounts for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial information is for the year ended 31 December 2014 and the comparatives are for the year ended 31 December 2013. The Group's statutory accounts incorporate the financial statements of Porta Communications plc and other entities controlled by the company ("the subsidiaries"). Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

The financial information is presented in Pounds Sterling which is the Company's functional currency.

2. Segmental reporting

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 & 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.

The Board considers the Group to have three reportable segments. Information regarding the results of each reportable segment is included below.

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

31 December 2014 **£**	Communications	Marketing & Advertising	Head Office	Other/ Consol.[1]	**Total**
External revenue	18,625,818	4,647,850	-	-	**23,273,668**
Inter-segment revenue	152,832	114,705	1,116,886	(1,384,423)	**-**
Reportable segment revenue	18,778,650	4,762,555	1,116,886	(1,384,423)	**23,273,668**
Gross profit	16,714,182	2,539,795	151,352	-	**19,405,329**
Depreciation and amortisation	(1,069,634)	(175,390)	(203,479)	-	**(1,448,503)**
Reportable segment result	885,053	261,375	(1,923,568)	-	**(777,140)**
Finance income	6,056	259	154,809	(159,863)	**1,261**
Finance expense	(136,066)	(56,472)	(656,613)	159,863	**(689,288)**
Taxation (expense)/credit	(207,593)	117,529	392,594	-	**302,530**
Reportable segment assets	25,303,801	3,659,710	12,454,647	(8,233,204)	**33,184,954**
Capital expenditure	171,238	20,064	826,019	-	**1,017,321**
Reportable segment liabilities	(9,065,447)	(7,184,801)	(9,874,161)	8,233,204	**(17,891,205)**

1. No discontinued operations are presented within Other/Consol. in the table above.

31 December 2013 Restated, £	Communications	Marketing & Advertising[2]	Head Office	Other/ Consol.[1]	Total
External revenue	7,817,772	1,452,458	7,528	-	9,277,758
Inter-segment revenue	474,122	121,923	448,299	(1,044,344)	-
Reportable segment revenue	8,291,894	1,574,381	455,827	(1,044,344)	9,277,758
Gross profit	7,387,819	1,000,868	6,251	(122,494)	8,272,444

Depreciation and amortisation	(309,737)	(10,629)	(106,116)	-	(426,482)
Reportable segment result	272,399	(783,562)	(2,126,371)	-	(2,637,534)
Finance income	4,501	-	87,687	(91,131)	1,057
Finance expense	(66,734)	(20,260)	(473,014)	91,131	(468,877)
Taxation (expense)/credit	70,553	2,174	596,397	–	669,124
Reportable segment assets	8,519,152	10,938,523	9,576,748	(6,009,923)	23,024,500
Capital expenditure	(138,240)	(19,313)	(38,020)	-	(195,573)
Reportable segment liabilities	(5,047,532)	(12,407,050)	(5,256,072)	6,009,923	(16,700,731)

2. The Marketing & Advertising segment for the year ended 31 December 2013 includes the results of Twenty20 Media group which have been treated as discontinued operations for the year ended 31 December 2014.

31 December 2013 £	Communications	Marketing & Advertising[2]	Head Office	Other/ Consol.[1]	Total
External revenue	7,817,772	16,615,990	7,528	-	24,441,290
Inter-segment 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
Gross profit	7,387,819	3,919,972	6,251	(122,494)	11,191,548
Depreciation and amortisation	(309,737)	(179,470)	(106,116)	-	(595,323)
Reportable segment result	272,399	(636,021)	(2,126,371)	-	(2,489,993)
Interest revenue	4,501	-	87,687	(91,131)	1,057
Interest expense	(66,734)	(97,576)	(473,014)	91,131	(546,193)
Taxation (expense)/credit	70,553	(74,915)	596,397	–	592,035
Reportable segment assets	8,519,152	10,938,523	9,576,748	(6,009,923)	23,024,500
Capital expenditure	(138,240)	(19,313)	(38,020)	-	(195,573)
Reportable segment liabilities	(5,047,532)	(12,407,050)	(5,256,073)	6,009,923	(16,700,731)

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 2014	UK £	Europe £	Asia- Pacific £	**Total £**
Revenue	15,160,367	509,122	7,604,179	**23,273,668**
Gross profit	11,867,995	467,872	7,069,462	**19,405,329**
Profit /(loss) on continuing operations before tax	(2,547,818)	(176,536)	1,251,900	**(1,472,454)**
Loss on discontinued operations before tax	(2,529,706)	-	-	**(2,529,706)**

Year ended 31 December 2013 – Restated	UK[1] £	Europe £	Asia- Pacific £	Total £
Revenue	6,105,811	671,553	2,500,394	9,277,758
Gross profit	5,332,702	643,518	2,296,225	8,272,444
Profit/(loss) on continuing operations before tax	(3,135,870)	(124,096)	127,714	(3,132,252)
Loss on discontinued operations before tax	(6,864)	(7,205)	–	(14,069)

Year ended 31 December 2013	UK[1] £	Europe £	Asia- Pacific £	Total £
Revenue	21,269,343	671,553	2,500,394	24,441,290
Gross profit	8,251,805	643,518	2,296,225	11,191,548
Profit/(loss) on continuing operations before tax	(3,065,644)	(124,096)	127,714	(3,062,026)
Loss on discontinued operations before tax	-	(7,205)	–	(7,205)

1. The UK geographical segment for the year ended 31 December 2013 includes the results of Twenty20 Media group which have been treated as discontinued operations for the year ended 31 December 2014.

Sales to customers based in the UK amounted to 64% (2013 restated: 57%) of Group revenue. Australian and USA based customers accounted for more than 10% of Group revenue however no individual customer sales were greater than 5% of Group revenue. Geographical split of the customer based revenue is presented below:

Customer based revenue	**2014**	**2013 Restated**	**2013**
United Kingdom	**64%**	57%	71%
Australia	**31%**	28%	11%
USA	**0%**	1%	12%
Europe	**2%**	8%	4%
Hong Kong and Singapore	**1%**	0%	0%
Other	**2%**	6%	2%

Year ended 31 December 2014	UK £	Rest of Europe £	Asia-Pacific £	Intercompany[1] £	**Total £**
Non-current assets	22,889,023	(362,997)	(4,739)	(3,624)	**22,517,663**
Current assets	9,770,147	388,944	2,860,247	(2,352,047)	**10,667,291**
Current liabilities	(12,260,633)	(386,106)	(1,476,979)	2,355,671	**(11,768,047)**
Long term liabilities	(6,056,338)	-	(66,820)	-	**(6,123,158)**
	14,342,199	(360,159)	1,311,709	-	**15,293,749**

Year ended 31 December 2013	UK £	Rest of Europe £	Asia-Pacific £	Intercompany[2] £	Total £
Non-current assets	10,242,433	2,368	85,286	-	10,330,087
Current assets	18,051,048	51,954	1,254,153	(6,662,742)	12,694,413
Current liabilities	(18,941,772)	(49,164)	(455,881)	6,662,742	(12,784,075)
Long term liabilities	(3,003,739)	(221,356)	(691,561)	-	(3,916,656)
	6,347,970	(216,198)	191,997	-	6,323,769

1. Assets and liabilities for the year ended on 31 December 2013 have been restated to disclose the gross amounts payable and receivable. In the previous years' financial statements these figures were shown net.

3. Income tax

Group

	Year ended 31 December 2014 £	Year ended 31 December 2013 Restated, £	Year ended 31 December 2013 £
Continuing activities:			
UK: Current tax charge	**(110,544)**	(72,183)	(69,567)
Deferred tax credit	**789,242**	764,495	684,790
Total UK tax credit	**678,698**	692,312	615,223
Overseas: Current tax charge	**(326,084)**	(23,188)	(23,188)
Deferred tax charge	**(50,084)**	-	-
Total overseas tax charge	**(376,168)**	(23,188)	(23,188)
Total income tax credit for the year	**302,530**	669,124	592,035

The total tax credit for the year on all activities is as follows:

	Year ended 31 December 2014 £	Year ended 31 December 2013 Restated, £	Year ended 31 December 2013 £
Tax credit on continuing activities (as above)	**302,530**	669,124	592,035
Tax credit/(charge) of discontinued activities	**49,032**	(77,089)	-

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 21.5% (2013: 23.25%) for the reasons set out in the following table:

	Year ended 31 December 2014 £	Year ended 31 December 2013 Restated, £	Year ended 31 December 2013 £
Loss before taxation on continuing activities	**(1,472,454)**	(3,132,252)	(3,062,027)
Income tax credit computed at the statutory tax rate on loss before taxation on all activities	**316,578**	728,249	711,921
Adjustments in respect of current income tax of prior periods	**(57,332)**	-	-
Expenses not deductible for tax purposes	**(220,557)**	(830,751)	(898,857)
Income not chargeable to taxation	**193,024**	-	-
Overseas profits taxed at differing rates	**(96,963)**	(8,624)	(8,624)
UK profits taxed at different rate	**2,614**	-	-
Unrecognised tax losses brought forward now utilised	**-**	755,985	795,780
Tax losses not relieved not recognised	**(59,041)**	(28,852)	(28,852)
Change in recognised temporary differences	**32,684**	21,403	22,085
Change in tax rate in respect deferred taxation	**13,768**	-	(1,418)
Group relief received in respect of discontinued operations	**177,755**	31,713	-
Total tax credit for the year	**302,530**	669,124	592,035

Unrecognised deferred tax assets

The Group has tax losses of approximately £3,400,000 (2013: £2,500,000) available to be utilised against future taxable profits in the relevant companies in their countries of operation.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

31 December 2014	Assets £	Liabilities £	Net £
Intangible assets	-	(2,184,076)	(2,184,076)
Fixed assets	-	(134,540)	(134,540)
Trade and other payables	119,038	-	119,038
Tax loss carry-forward	1,330,833	-	1,330,833
Net tax liabilities	1,449,871	(2,318,616)	**(868,745)**

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

31 December 2014	Balance at 1 January 2014	Recognised in profit or loss*	Exchange differences and transfers	Acquired in business combinations	Taken to disposal group	Balance at 31 December 2014
	£	£	£	£	£	£
Intangible assets	(361,871)	(45,386)	-	(2,334,150)	557,331	**(2,184,076)**
Fixed assets	(58,417)	(127,303)	2,514	-	48,666	**(134,540)**
Trade and other payables	52,206	129,759	-	-	(62,927)	**119,038**
Tax loss carry-forward	1,068,440	831,121	-	-	(568,728)	**1,330,833**
	700,358	**788,191**	**2,514**	**(2,334,150)**	**(25,658)**	**(868,745)**

* £739,158 of deferred tax credit recognised in the profit and loss relates to continuing operations and £49,032 to discontinued activities.

31 December 2013	Assets £	Liabilities £	Net £
Intangible assets	-	(361,871)	(361,871)
Fixed assets	(48,804)	(9,613)	(58,417)
Trade and other payables	72,106	(19,900)	52,206
Tax loss carry-forward	1,068,440	-	1,068,440
Net tax assets	1,091,742	(391,384)	700,358

31 December 2013	Balance at 1 January 2013	Recognised in profit or loss	Exchange differences and transfers	Acquired in business combinations	Taken to disposal group	Balance at 31 December 2013
	£	£	£	£	£	£
Intangible assets	(406,425)	88,721	-	(44,167)	-	(361,871)
Fixed assets	(20,292)	(38,125)	-	-	-	(58,417)
Trade and other payables	41,930	7,471	2,805	-	-	52,206
Tax loss carry-forward	441,717	626,723	-	-	-	1,068,440
	56,930	684,790	2,805	(44,167)	-	700,358

4. Discontinued operations

On 1 December 2014 the Board committed to a plan to discontinue the trading of Twenty20 Media group ('TTMG'), which was 90% owned by the Group. At 31 December 2014, TTMG, historically representing the major part of the media and advertising operating segment within the Porta Group, was classified as a disposal group and discontinued operations and therefore is excluded from the analysis of continuing operations in the Statement of Comprehensive Income and related notes.

The results of the discontinued operations for the year are as follows:

	Year ended 31 December 2014	Year ended 31 December 2013
	£	£
Revenue	**10,270,926**	15,163,532
Expenses*	**(11,170,770)**	(15,100,512)
Loss before tax on discontinued operations	**(899,844)**	63,020
Impairment of assets of the discontinued operations	**(1,629,862)**	-
	(2,529,706)	63,020
Taxation	**49,032**	(77,089)
Loss from discontinued operations after taxation	**(2,480,674)**	(14,069)

*Expenses include cost of sales which for 2014 amounted to £8,426,177 or 17.96% of total revenue (2013: £12,244,428 or 19.25%).

The assets and liabilities of Twenty 20 Media group classified as discontinued operations as at 31 December 2014 were as follows:

	Year ended 31 December 2014	Year ended 31 December 2013
	£	£
Assets		
Intangible assets	**3,266,518**	-
Fixed assets	**54,672**	-
Deferred tax asset	**25,658**	-
Current assets	**1,695,509**	-
Cash	**21,033**	-

Impairment of assets of the discontinued operations	**(1,629,862)**	
Assets relating to discontinued operations	**3,433,528**	
Liabilities		
Current liabilities	**(2,214,830)**	-
Loans and borrowings	**(1,037,500)**	-
Provisions	**(181,198)**	-
Liabilities relating to discontinued operations	**(3,433,528)**	-
Net assets directly associated with discontinued operations	**-**	-

Net cash flow incurred by TTMG is as follows:

	Year ended 31 December 2014	Year ended 31 December 2013
	£	£
Operating	**(444,049)**	341,729
Investing	**(60,382)**	(86,478)
Financing	**(62,500)**	-
Net cash (outflow)/inflow	**(566,931)**	255,251

Earnings per share (EPS):

	Year ended 31 December 2014	Year ended 31 December 2013
	£	£
Loss of discontinued operations	**(2,480,674)**	(14,683)
Basic EPS	**(1.1p)**	(0.00p)
Diluted EPS	**(1.1p)**	(0.00p)

Whilst the activities of TTMG were discontinued by 31 December 2014, final insolvency procedures relating to the remaining liabilities of the business were not entered into until shortly after the year end. In view of the timing of the formal procedures relating to extinguishing the debt and in order to comply with the derecognition criteria of IAS 39 '*Financial Instruments: Recognition and Measurement*' the Group has written down the net assets of TTMG to zero but continued to reflect the gross assets and liabilities in the Consolidated Statement of Financial Position.

Since the year end and until the date of this financial information no additional losses or gains have occurred.

5. Acquisition of subsidiaries and non-controlling interests

5.1 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 acquired incorporated 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 £1.3 million of fee income and a small profit in aggregate in the 11 month period to February 2014.

The former shareholders of these acquired businesses were not the same individuals. The two businesses were acquired for individually defined purchase consideration in accordance with the Share Purchase Agreement ('SPA') and both businesses had a clearly distinguished set of integrated activities and assets that were/are capable of being conducted and managed individually and separately from each other for the purpose of providing economic benefits to the owners. Initially the Group had intended to purchase only the profit making WSM Print business however given an exceptionally favourable asking price for the WSM Digital business, the Board decided to proceed with the purchase of both businesses. On this basis for the acquisition accounting purposes as well as for monthly internal reporting purposes the management team of Porta Group views both acquired businesses as two separate business acquisitions in the Group's marketing and advertising segment.

Transaction costs of £73,732 relating to acquisition of these businesses were expensed and are included within administrative expenses.

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**

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

10 Months period ended 31 December 2014	**WSM Digital**	**WSM Print**
	£	**£**
Revenue	**347,622**	**1,822,722**
Cost of sales	**(48,104)**	**(1,103,955)**
Gross Profit	**299,518**	**718,767**
Operating and administrative expenses	**(103,642)**	**(524,161)**
Operating profit	**195,876**	**194,606**
Finance income	**(510)**	**(220)**
Profit before taxation	**195,366**	**194,386**
Taxation	**97,736**	**21,014**
Profit for the period	**293,102**	**215,400**
Total comprehensive income for the period	**293,102**	**215,400**

100% of total comprehensive income for the period generated by each of these acquired businesses is attributed to the equity shareholder.

If the acquisition of WSM Digital had occurred on 1 January 2014, management estimates that the Group's consolidated revenue would have been approximately £78,500 higher and the loss on continuing activities before taxation would increase by £131,900. If the acquisition of WSM Print had occurred on 1 January 2014, management estimates that the Group's consolidated revenue would have been approximately £186,400 higher and the loss on continuing activities before taxation would decrease by approximately £14,300.

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 2014.

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

10 Months period ended 31 December 2014	**WSM Digital**	**WSM Print**
	£	**£**
Net cash from operating activities	**1,865**	**23,841**
Net cash from investing activities	**(669)**	**(6,230)**
Net cash from financing activities	**-**	**-**
Net increase in cash and cash equivalents	**1,196**	**17,611**
Cash and cash equivalents on acquisition	**2,897**	**68,129**
Effect of exchange rate changes	**(1)**	**1**
Cash and cash equivalents at the end of the year	**4,092**	**85,741**

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

WSM Digital - Identifiable assets acquired and liabilities assumed

	Book value of acquisition	Fair Value Adjustments	Fair Value
	£	£	£
Goodwill	-	-	-
Brand and customer relationships	-	510,000	510,000
Fixed assets	12,932	-	12,932
Trade and other receivables	217,562	-	217,562
Cash and cash equivalents	2,897	-	2,897
Total assets	233,391	510,000	743,391
Trade and other payables	(105,274)	-	(105,274)
Deferred tax liability	-	(107,100)	(107,100)
Total liabilities	(105,272)	(107,100)	(212,372)
Net assets acquired	**128,121**	**402,900**	**531,019**
Bargain purchase on acquisition			(475,394)
Net value attributable to parent			**55,625**

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 therefore the gain on this acquisition in the amount of £475,394 has been recognised in the Statement of Comprehensive Income.

WSM Print - Identifiable assets acquired and liabilities assumed:

	Book value of acquisition £	Fair Value Adjustments £	Fair Value £
Goodwill	-	594,295	594,295
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	1,184,295	1,686,260
Trade and other payables	(562,360)	-	(562,360)
Deferred tax liability	-	(123,900)	(123,900)
Total liabilities	(562,360)	(123,900)	(686,260)
Net assets acquired	**(60,395)**	**1,060,395**	**1,000,000**
Net value attributable to Group's equity shareholders			**1,000,000**

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.

5.2 Acquisition of Newgate Communications (Singapore) Pte. Ltd

Newgate Communications (Singapore) Pte. Ltd ('Newgate Singapore') is a start-up PR consultancy firm specialising in corporate communications, financial communications and public affairs 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 the 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.

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

	10 months period ended 31 December 2014
	£
Revenue	**632,525**
Cost of sales	**(33,282)**
Gross Profit	**599,243**
Operating and administrative expenses	**(524,890)**
Operating profit	**74,353**
Finance income	**(9,364)**
Profit before taxation	**64,989**
Taxation	**(48)**
Profit for the period	**64,941**
Total comprehensive income for the period	**64,941**
Attributed to:	
Equity Shareholders (45%)	**29,223**
Non-controlling interests (55%)	**35,718**

If the acquisition of Newgate Singapore had occurred on 1 January 2014, management estimates that the Group's consolidated revenue would have been approximately £66,800 higher and the loss on continuing activities before taxation would have increased by £42,600.

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 2014.

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

	10 months period ended 31 December 2014 £
Net cash from operating activities	**84,014**
Net cash from investing activities	**(1,208)**
Net cash from financing activities	**-**
Net increase in cash and cash equivalents	**82,806**
Cash and cash equivalents on acquisition	**44,002**
Effect of exchange rate changes	**2,567**
Cash and cash equivalents at the end of the year	**129,375**

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

Newgate Singapore - Identifiable assets acquired and liabilities assumed

	Book value of acquisition £	Fair Value Adjustments £	Fair Value £
Goodwill	-	429,138	429,138
Intangible assets	1,223	-	1,223
Fixed assets	52,662	-	52,662
Trade and other receivables	88,895	-	88,895
Cash and cash equivalents	44,002	-	44,002
Total assets	186,782	429,138	615,920
Trade and other payables	(99,115)	-	(99,115)
Total liabilities	(99,115)	-	(99,115)
Net assets acquired	**87,667**	**429,138**	**516,805**
Less: attributable to NCI*	-	-	(48,217)
Net value attributable to Group's equity shareholders			**468,588**

** The NCI was measured at a proportionate share of the net identifiable assets.*

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.

5.3 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 Purchase Agreement, non-controlling shareholders of Redleaf were granted put options over 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. The put options were accompanied by a grant of call options to Porta, on the same terms, 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 is to be satisfied 50% in cash and 50% in ordinary shares.

Transaction costs of £82,108 relating to acquisition of this business were expensed and are included within administrative costs.

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 shows the result of the acquired businesses since acquisition:

	9 months period ended 31 December 2014 £
Revenue	**2,359,365**
Cost of sales	**(102,871)**
Gross Profit	**2,256,494**
Operating and administrative expenses	**(2,083,199)**
Operating profit	**173,295**
Finance income	**(242)**
Profit before taxation	**173,053**
Taxation	**(31,934)**
Profit for the period	**141,119**
Total comprehensive income for the period	**141,119**
Attributed to:	
Equity Shareholders (51%)	**71,971**
Non-controlling interests (49%)	**69,148**

If the acquisition had occurred on 1 January 2014, management estimates that the Group's consolidated revenue would have been approximately £821,300 higher and the loss on continuing activities before taxation would have decreased by £305,000.

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

	9 months period ended 31 December 2014 £
Net cash from operating activities	**684,340**
Net cash from investing activities	**(300,317)**
Net cash from financing activities	**-**
Net increase in cash and cash equivalents	**384,023**
Cash and cash equivalents on acquisition	**-**
Cash and cash equivalents at the end of the year	**384,023**

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

Redleaf - Identifiable assets acquired and liabilities assumed

	Book value of acquisition £	Fair Value Adjustments £	Fair Value £
Goodwill		1,406,358	1,406,358
Customer relationships	-	1,990,000	1,990,000
Brand	-	685,000	685,000
Tangible fixed assets	190,855	-	190,855
Trade and other receivables	589,301	-	589,301
Total assets	780,156	4,081,358	4,861,514
Trade and other payables	(696,579)	(79,575)	(776,154)
Bank overdraft	(4,002)	-	(4,002)
Deferred tax liability	-	(561,750)	(561,750)
Total liabilities	(700,581)	(641,325)	(1,341,906)
Net assets acquired	**79,575**	**3,440,033**	**3,519,608**
Less: attributable to NCI*			(1,724,608)
Net value attributable to Group equity shareholders			1,795,000

**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. The fair value represents deemed NCI's proportion of the total consideration paid for controlling interest.*

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.

5.4 Acquisition of PPS Group Limited

On 1 October 2014, the Group acquired 100% of the share capital, including key staff and contracts, of PPS Group ('PPS') and its wholly owned subsidiaries, which together form a leading independent consultancy specialising in reputation management, community engagement and political consensus building, advertising on projects such as complex property, infrastructure and energy developments. The business is expected to operate as Newgate PPS and should become Porta's public affairs arm. The Group's existing, smaller public affairs division within Newgate Communications will be integrated into Newgate PPS.

PPS employs 45 staff from offices in London, Manchester, Bristol, Edinburgh, Aberdeen and Cardiff. In the year ended 30 April 2014, PPS's fee income was £3,647,299 with profits before taxation of £706,277; the balance sheet showed current assets of £2.67 million and net current assets of £1.6 million.

Transaction costs of £71,817 relating to the acquisition of this group were expensed and are included within administrative costs.

The total consideration of £6,161,270 was satisfied by

- cash of £2,930,635 paid on completion of the deal;
- issuance of unsecured loan notes with a face value of £850,000 which carry a coupon of 6 per cent redeemable 12 months from date of issue for cash; and
- issuance of 23,806,350 of Ordinary shares at par value of 10p per share for a total value of £2,380,653 which are subject to a lock-in agreement comprised of 24 months lock-in period and a further 12 months orderly market period.

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

	3 months period ended 31 December 2014
	£
Revenue	**1,368,647**
Cost of sales	**(214,961)**
Gross profit	**1,153,686**
Operating and administrative expenses	**(1,830,296)**
Operating loss	**(676,610)**
Finance income	**269**
Finance expense	**(810)**
Loss before taxation	**(677,151)**
Tax credit	**78,007**
Profit for the period	**(599,144)**
Total comprehensive income for the period	**(599,144)**

100% of total comprehensive income for the period generated by each of these acquired businesses is attributed to the equity shareholder.

If the acquisition had occurred on 1 January 2014, management estimates that the Group's consolidated revenue would have been approximately £3,666,850 higher and the loss on continuing activities before taxation would have reduced by £497,797.

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 2014.

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

	3 months period ended 31 December 2014
	£
Net cash from operating activities	**(1,163,990)**
Net cash from investing activities	**(5,131)**
Net cash from financing activities	**(1,865)**
Decrease in cash and cash equivalents	**(1,170,986)**
Cash and cash equivalents on acquisition	**1,383,388**
Cash and cash equivalents at the end of the year	**212,402**

The fair value of net assets acquired, goodwill and other assets and liabilities relating to the acquisition of PPS Group incorporated into these financial statements, using the acquisition method of accounting, are as follows:

	Book value on acquisition	Fair value adjustments	Fair value
	£	£	£
Goodwill	-	588,701	588,701
Brands and customer relationships	-	4,340,000	4,340,000

Tangible fixed assets	215,736	-	215,736
Trade and other receivables	1,133,527	-	1,133,527
Cash and cash equivalents	1,383,388	-	1,383,388
Total assets	2,732,651	4,928,701	7,661,352
Trade and other payables	(708,359)	-	(708,359)
Deferred tax liabilities	-	(911,400)	(911,400)
Total liabilities	(708,358)	(911,400)	(1,619,759)
Net value	**2,024,292**	**4,017,301**	**6,041,593**
Net value attributable to Group equity shareholders			**6,041,593**

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.

5.5 Acquisition of Publicasity

On 1 November 2014 Porta acquired ICAS Holding Limited and its 100% owned subsidiaries which trade as Publicasity, a consumer public relations group specialising in the food and drink, travel and tourism, retail, home and fashion sectors employing 28 members of staff. It was purchased by the Group with the purpose to extend the existing consumer PR service offering with a new area of expertise.

In 2013, Publicasity generated profit before tax of £527,567 on a gross profit of £3,073,712. Total assets less current liabilities were £2,165,714, including cash of £382,986.

The consideration of £2,808,000 was satisfied as £702,000 in cash, £702,000 in loan notes, with the balance of £1,404,000 provided in the form of 14,040,000 Porta Ordinary shares at 10p each. The loan notes carry a coupon of 6 per cent and are redeemable for cash 12 months from the date of issue. The share consideration is subject to a 24 month lock-in period with a further 12 months orderly market period. A further 2,457,000 Ordinary Shares may be issued as additional consideration subject to satisfaction of certain conditions in accordance with the Share Purchase Agreement ('SPA'). However, both parties do not expect additional shares to be issued.

Transaction costs of £40,014 relating to the acquisition of this business were expensed and are included within administrative costs.

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

	2 months period ended 31 December 2014
	£
Revenue	**742,571**
Cost of sales	**(303,885)**
Gross Profit	**438,686**
Operating and administrative expenses	**(734,039)**
Operating profit	**(295,353)**
Finance income	**82**
Finance expense	**(14)**
Profit before taxation	**(295,285)**
Taxation	**46,431**
Profit for the period	**(248,854)**
Total comprehensive income for the period	**(248,854)**

100% of total comprehensive income for the period generated by each of these acquired businesses is attributed to the equity shareholder.

If the acquisition had occurred on 1 January 2014, management estimates that the Group's consolidated revenue would have been approximately £4,104,689 higher and the loss on continuing activities before taxation would have reduced by £317,091.

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 2014.

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

	2 months period ended 31 December 2014
	£
Net cash from operating activities	**(228,562)**
Net cash from investing activities	**68**
Net cash from financing activities	**(140,000)**
Increase in cash and cash equivalents	**(368,494)**
Cash and cash equivalents on acquisition	**606,067**
Cash and cash equivalents at the end of the year	**237,573**

The fair value of net assets acquired, goodwill and other assets and liabilities relating to the acquisition of Publicasity incorporated into these financial statements, using the acquisition method of accounting, are as follows:

	Book value on acquisition £	Fair value adjustments £	Fair value £
Goodwill	-	100,105	100,105
Brands and customer relationships	-	3,000,000	3,000,000
Tangible fixed assets	76,672	-	76,672
Trade and other receivables	975,474	-	975,474
Cash and cash equivalents	606,067	-	606,067
Total assets	1,658,213	3,100,105	4,758,318
Trade and other payables	(1,371,522)	-	(1,371,522)
Deferred tax liabilities	-	(630,000)	(630,000)
Total liabilities	(1,351,522)	(630,000)	(2,001,522)
Net value	**286,691**	**2,470,105**	**2,756,796**
Net value attributable to Group equity shareholders			**2,756,796**

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.

5.6 Acquisition of additional interest in Newgate Threadneedle Limited

With effect from 1 March 2014, the Group acquired the remaining 20% interest in Newgate Threadneedle Limited ('Threadneedle'), 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**

6. Non-controlling interest

During the year ended 31 December 2014 the Group had two subsidiaries with material non-controlling interests: Redleaf Polhill Limited (see also note 10) and Newgate Communications Australia Pty Limited in both of which the Group has 51% ownership. Summarised financial information before intragroup eliminations in respect of these subsidiaries is presented in table below.

	Newgate Australia Pty Limited		***Redleaf Polhill Limited***	
	Year ended 31 December 2014 **£**	Year ended 31 December 2013 £	**Year ended 31 December 2014** **£**	Year ended 31 December 2013 £
Current assets	**1,975,307**	1,254,152	**719,531**	-
Current liabilities	**(785,107)**	(458,700)	**(671,531)**	-
Net current assets	**1,190,201**	795,452	**48,000**	-
Non-current assets	**143,675**	85,286	**3,919,526**	-
Non-current liabilities	**(620,422)**	(688,742)	**(483,958)**	-
Net non-current assets/(liabilities)	**(476,748)**	(603,457)	**3,435,568**	-
Net assets	**713,453**	191,996	**3,483,568**	-
Non-controlling interests	**349,592**	94,078	**1,706,949**	-
Revenue	**6,984,444**	2,500,394	**2,359,365**	-
Profit for the year	**799,018**	82,473	**141,119**	-
Other comprehensive income	**(24,821)**	(10,492)	**-**	-
Total comprehensive income	**774,197**	71,980	**141,119**	-
Attributable to non-controlling interests	**379,357**	36,710	**69,148**	-
Dividends paid to non-controlling interests	**115,034**	-	**125,779**	-

	Newgate Australia Pty Limited		*Redleaf Polhill Limited*	
	Year ended	Year ended	**Year ended**	Year ended
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	£	£	**£**	£
Cash flows from operating activities	**1,975,307**	1,254,153	**719,531**	-
Cash flows from investing activities	**(785,107)**	(458,700)	**(671,531)**	-
Cash flows from financing activities	**(620,422)**	(688,743)	**(483,958)**	-
Net increase/(decrease) of cash and cash equivalents	**(476,748)**	(603,457)	**3,435,568**	-

Further information about non-controlling interests is given in note 17 of the 2014 Annual Report.

7. 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 2014 number	Year ended 31 December 2013 number	Year ended 31 December 2013 number
Weighted average number of shares (ordinary and dilutive)	**219,820,830**	139,196,362	139,196,362
	£	Restated, £	£
Loss on continuing activities after tax	**(1,257,265)**	(2,712,137)	(2,719,001)
(Loss)/profit on discontinued activities after tax	**(2,480,674)**	(14,069)	(7,205)
Loss on continuing and discontinued activities after tax	**(3,737,939)**	(2,726,206)	(2,726,206)

No share options or warrants outstanding at 31 December 2014 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.

8. Intangible assets

Group

	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 the year – acquired with subsidiaries	835,085	150,000	35,000	-	1,020,085
Other additions in year	-	-	-	77,627	77,627
Translation differences	-	-	-	4	4
At 31 December 2013	**7,110,054**	**1,590,000**	**747,000**	**141,022**	**9,588,076**
Additions in the year – acquired with subsidiaries	3,118,597	8,330,000	2,785,000	1,223	14,234,820
Other additions in the year	-	-	-	49,822	49,822
Discontinued operations written off	(2,724,601)	(540,000)	(345,000)	(8,017)	(3,617,618)
Translation differences	12,900	-	-	37	12,937
At 31 December 2014	**7,516,950**	**9,380,000**	**3,187,000**	**184,087**	**20,268,037**
Amortisation	£	£	£	£	£
At 1 January 2013	-	276,662	66,183	19,221	362,066
Charge for the year	-	325,496	74,117	38,931	438,544
At 31 December 2013	**-**	**602,158**	**140,300**	**58,152**	**800,610**
Charge for the year	-	987,996	196,664	50,989	1,235,649
Discontinued operations written off	-	(256,833)	(86,250)	(8,017)	(351,100)
Translation differences	-	-	-	10	10
At 31 December 2014	**-**	**1,333,321**	**250,714**	**101,134**	**1,685,169**

Net book value	£	£	£	£	£
At 1 January 2013	6,274,969	1,163,338	645,817	44,170	8,128,294
At 31 December 2013	7,110,054	987,842	606,700	82,870	8,787,466
At 31 December 2014	**7,516,950**	**8,046,679**	**2,936,286**	**82,953**	**18,582,868**

The average remaining amortisation period for indefinite life intangible assets recognised at 31 December 2014 is approximately 9 years for brands (2013: 8 years) and 4 years for customer relationships (2013: 3 years).

Impairment testing for cash-generating units containing goodwill

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

Reporting Segment	***Cost***	**31 December 2014**	31 December 2013
		£	£
Communications	Newgate Threadneedle	**3,545,117**	3,545,117
Communications	Redleaf Polhill Limited	**1,406,358**	-
Communications	PPS Group Limited	**588,701**	-
Communications	ICAS Holding Limited (trading as Publicasity)	**100,105**	-
Communications	Other units without significant goodwill	**493,477**	493,477
Marketing	Twenty20 Media Group	**-**	2,724,601
Marketing	2112 Print Management and Creative Services Limited	**594,295**	-
Marketing	Summit Marketing Services Limited	**346,859**	346,859
	TOTAL	**7,516,950**	7,110,054

*Other comprise of Cauldron Consulting Limited, 13 Communications Limited (both belong to the communication division) and 2112 Direct LLP (formerly Crazy Horse Integrated LLP) which belongs to the marketing division. Details relating to the acquisitions of these units were disclosed in 2013 Annual Report in note 10.

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 14.0% (2013: 14.8%) 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 continuing Group's cash-generating units. The impairment in relation to the discontinued operations is disclosed in full in the financial statements.

9. Fixed assets

Group

Cost	Office improvements £	Fittings and equipment £	Computer equipment £	Motor vehicles £	Total £
At 1 January 2013	142,056	82,017	133,885	-	357,958
Additions in the year – acquired with subsidiaries	-	-	9,921	-	9,921
Other additions in the year	65,250	30,656	75,667	24,000	195,573
Translation differences	(7,859)	(3,045)	(3,845)	-	(14,749)
At 31 December 2013	**199,447**	**109,628**	**215,628**	**24,000**	**548,703**
Additions in the year – acquired with subsidiaries	184,398	274,807	58,838	34,728	**552,771**
Other additions in the year	760,563	151,107	105,651	-	**1,017,321**
Transfers between categories	(4,370)	(6,551)	10,921	-	**-**
Disposals in the year	-	(19,843)	-	-	**(19,843)**
Discontinued operations written off	(44,405)	(26,864)	(24,062)	-	**(95,331)**
Translation differences	(2,228)	(1,981)	(1,620)	-	**(5,829)**
At 31 December 2014	**1,093,405**	**480,303**	**365,356**	**58,728**	**1,997,792**
	£	£	£	£	£

Depreciation					
At 1 January 2013	15,380	12,127	43,691	**-**	71,198
Charge for the year	66,003	28,810	61,168	800	156,781
Translation differences	(1,355)	(525)	(553)	**-**	(2,433)
At 31 December 2013	**80,028**	**40,412**	**104,306**	**800**	**225,546**
Charge for the year	188,189	85,820	102,978	7,210	**384,197**
Transfers between categories	(1,035)	(1,521)	2,556	-	**-**
Disposals in the year	-	(9,591)	-	-	**(9,591)**
Discontinued operations written off	(14,805)	(22,829)	(3,025)	-	**(40,659)**
Translation differences	(1,155)	(484)	(776)	-	**(2,415)**
At 31 December 2014	**251,222**	**91,807**	**206,039**	**8,010**	**557,078**

Net book value	£	£	£	£	£
At 1 January 2013	126,676	69,890	90,194	-	286,760
At 31 December 2013	119,419	69,216	111,322	23,200	323,157
At 31 December 2014	**842,183**	**388,496**	**159,317**	**50,718**	**1,440,714**

10. Trade and other receivables

Group

	31 December 2014	31 December 2013
	£	£
Trade receivables	**5,743,807**	5,916,044
Less provision for impairment	**(211,299)**	(112,746)
	5,532,508	5,803,298
Loans	**793,633**	955,645
Other debtors	**669,730**	768,254
Prepayments	**764,788**	302,209
	7,760,659	7,829,406

The average credit period on sales of services is 87 days (2013: 87 days). No interest has been charged on trade receivables during the year.

The Group provides for the impairment of trade receivables on a customer-by-customer basis having regarded past payment experience and the probability of future payment.

During the year a charge for bad and doubtful debts of £133,167 (2013 restated: £971; 2013: £124,708) was made to the Statement of Comprehensive Income. Identified individual bad or doubtful debtors are provided for in full to the extent that they are deemed irrecoverable. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for impairment relating to doubtful debts. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

At 31 December 2014 there were no customers who individually represented more than 5% of the trade and other receivables balance. In 2013, the Group's two most significant debtors, a UK technology firm and UK retailer, accounted for £1,207,759 (21%) and £651,707 (11%) respectively, of the trade and other receivables balance at 31 December 2013.

A summary of trade receivables, excluding impaired balances, categorised by due date for payment is as follows:

	Year ended 31 December 2014	Year ended 31 December 2013
	£	£
Neither past due nor impaired	**2,070,468**	2,309,735
Past due but not impaired:		
Past due up to 3 months	**3,023,834**	3,082,896
Past due more than 3 months not more than 6 months	**255,370**	138,714
Past due more than 6 months not more than 1 year	**141,471**	258,713
Past due more than 1 year	**41,365**	13,240
	5,532,508	5,803,298

The movement on impairment for the year in respect of trade receivables was as follows:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Balance at 1 January	**112,746**	111,218
Acquired with subsidiaries	**31,458**	-
Amounts written off during the year	**(65,400)**	(123,180)
Provision made during period	**133,167**	124,708
Translation differences	**(672)**	
Balance at 31 December	**211,299**	112,746

Non-current other receivables

On 7th January 2014 the Company entered into a tenancy agreement relating to the new office premises located at 50 Basinghall Street, London. The initial deposit of £923,775 and related interest is retained by the Landlord in a separate bank account until the termination of the lease.

11. Trade and other payables

Group

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Trade payables	**1,970,894**	4,077,707
Bank overdrafts	**-**	1,211,051
Taxes and social security costs	**1,511,988**	943,691
Income received in advance	**795,813**	423,816
Other payables	**223,014**	1,513,295
Accrued expenses	**2,026,007**	1,650,045
	6,527,716	9,819,605

There were no non-current trade and other payables in 2014 (2013: £Nil).

12. Provisions and Contingent Liabilities

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. In accordance with the terms of the acquisition, the Group was required to pay an amount of the deferred consideration up to £1,530,000 which was heavily reliant on two year earn-out level of profits and which was to be satisfied based on the same proportion of cash and shares as the initial consideration.

For both previous reporting years ending on 31 December 2012 and 31 December 2013, management estimated and recognised a provision of £381,198 as the most likely level of exposure. In the current reporting year, Twenty20 Media Vision Limited business significantly declined and was eventually discontinued during the year as disclosed in note 9. Prior to the discontinuation of the business a sum of £200,000 was paid in cash as a final settlement re-negotiated between the parties. The remainder has been written off to the results from discontinued operations.

Following the acquisition of Summit Marketing Services Limited ('Summit') on 7 June 2013, the Group recognised a provision for a total amount of £254,831 related to deferred consideration capped up to a maximum of £446,868 dependent on two year performance results. On 31 July 2014, the Group announced that it had issued a total of 1,022,352 Ordinary Shares in satisfaction of the first tranche of deferred consideration payable to the vendors of Summit based on the financial performance of Summit for the year ended 30 April 2014. The remainder of the deferred consideration payable in relation to the second tranche amounts to £125,045 and is subject to Summit's performance for the year ended 30 April 2015. Further details are given in note 16.

On 23 April 2014 the Group has announced its acquisition of Redleaf (see note 5.3). The acquisition involves the grant of put and call options relating to the purchase by the Company of the remaining 49% of the issued share capital of Redleaf which 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. Any additional consideration payable under the put and call options will be satisfied 50% in cash and 50% in Ordinary Shares.

Management has evaluated Redleaf's three year forecasts for profit after tax in order to determine the liability component of deferred consideration and has discounted this using the Group's pre-tax weighted average cost of capital of 14.8% at the time of the acquisition. At 31 December 2014 the present value of the liability component of deferred consideration is £856,334.

13. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. Further information about the Group's exposure to interest rate, foreign currency and liquidity risk arising from these loans and borrowings is disclosed in the full financial statements.

Group

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Non-current liabilities		
Loans – related party	**2,518,550**	2,224,163
Secured bank loan	**-**	650,000
	2,518,550	2,874,163
Obligations under finance leases (note 24 in the financial statements)	**304,613**	15,080
	2,823,163	2,889,243
Current liabilities		
Loan notes issued in relation to business combinations (note 5)	**1,557,532**	-
Convertible loans	**2,936,680**	-
Loans – related party (see note 13)	**-**	450,000
Other loans	**-**	2,361,003
	4,494,212	2,811,003
Obligations under finance leases (note 24 in the financial statements)	**80,781**	4,157
	4,574,993	2,815,160

During March 2014, the Company repaid £2.4 million of loans (including interest) issued by Retro Grand Limited during 2013 and entered into a new loan agreement with Retro Grand Limited under which £3.0 million has been borrowed. The new loan is to be repaid or converted into 10p Ordinary Shares at the lender's choice by the end of 2015. Legal expenses in relation to this facility have been added to the £3.0m principal on the same repayment terms as the main loan.

Retro Grand Limited is a Jersey registered company which is wholly owned by the Edward Trust. The Edward Trust is a trust whose sole beneficiary is one of Bob Morton's sons, who is over the age of eighteen years, and is managed and administered by independent trustees. Bob Morton is neither a beneficiary nor a trustee of the Edward Trust, nor is he a director of Retro Grand Limited.

The secured bank loan issued by Lloyds TSB to Twenty20 Media Vision Limited and two of its subsidiaries was fully repaid during 2014. The Hawk Investment loan of £450,000, acquired with the Twenty20 Media group acquisition, will be handled by the administration process. This loan is an arrangement between Twenty20 Media Vision Limited and Hawk Investment in which the Group is not a party and therefore the Group does not expect to inherit any obligation with regard to this loan.

As a purchase consideration for acquisition of PPS Group Limited and ICAS Holdings Limited (trading as Publicasity) the Company issued loan notes bearing 6% coupon and redeemable in 12 months from the issue date.

Terms and debt repayment schedule

				2014		2013	
	Currency	Nominal interest rate	Year of maturity	**Face value**	**Carrying amount**	Face value	Carrying amount
Deep discounted bond - related party	GBP	12%	2016	**2,862,000**	**2,518,550**	2,862,000	2,224,163
Convertible loan	GBP	12%	2015	**3,007,450**	**2,936,680**	-	-
Loan notes	GBP	6%	2015	**1,552,000**	**1,557,532**	-	-
Loan	GBP	12%	2014	**-**	**-**	600,000	616,105
Loan	GBP	12%	2014	**-**	**-**	1,200,000	1,233,885
Loan	GBP	12%	2014	**-**	**-**	500,000	511,013
Loan - related party	GBP	12%	2015	**-**	**-**	300,000	300,000
Loan - related party	GBP	12%	2015	**-**	**-**	150,000	150,000
Secured bank loan	GBP	Base+2.75%	2014	**-**	**-**	650,000	650,000
				7,421,450	**7,012,762**	6,262,000	5,685,166

14. Related party transactions

Key management personnel – Group and Company

In the opinion of the Board, only the Executive Directors of the Company are regarded as key management personnel. The Executive Directors have service agreements which require 12 months' notice of termination from either party. Key management personnel compensation, including state taxes, comprised the following:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Short term employee benefits	**649,456**	445,749
Share-based payments	**174,932**	76,503
Post-employment benefits	**22,406**	24,000
	846,794	546,252

Other related party transactions

During the year the Company was invoiced £29,100 (2013: £31,200) by CICS Limited, a company of which Brian Blasdale is a Non-Executive Director, for Director's fees. At the year-end £861 was owed by Company in respect of his expenses (2013: £nil).

£30,000 was paid to Hawk Consulting Limited, a company of which Bob Morton is a Director, for non-executive director fees (2013: £30,000).

Prior to May 2013, Hawk Investment Holdings Limited ('Hawk Investment'), a company beneficially owned by Bob Morton and his wife, provided the Group with a number of short term loan facilities, the outstanding balance of which was restructured into one loan, the deep discounted bond, with a face value of £2,862,000 and 12% fixed interest payable, together with the principal of the loan, on its maturity on 28 February 2016. The Group has charged a total of £294,387 of finance costs to the statement of comprehensive income in relation to this loan (2013: £337,806).

During the year the Group paid £93,000 (2013: £113,000) to members of Directors' families employed by the Group.

The Group is in the process of migrating to a new accounting software package provided by Aqilla Limited in which the Group's Chairman, Bob Morton, is a controlling shareholder. The total amount charged by Aqilla Limited to the Group in 2014 was £31,902 (2013: £nil).

The following amounts were owed to or by Directors to the Company at the year-end in respect of expenses incurred or advances for expenses made in relation to expenses incurred on behalf of the Group's business:

	Max amount outstanding by Director during the year	Owed by Directors / (Owed to Directors)	
		2014	2013
	£	**£**	£
David Wright	**10,417**	**757**	(314)
Gene Golembiewski	**-**	**(35)**	(187)
Brian Blasdale (or CICS Limited)	**-**	**(861)**	-
Keith Springall (former Group FD)	**-**	**-**	9,531

All related party transactions were on normal commercial terms.

15. Dividends

No dividends were proposed by the Group during the period under review.

16. Subsequent events

During February 2015, the second tranche of the deferred consideration payable to the vendors of Summit Marketing Services Limited was settled by payment of £82,000 in cash in aggregate. No further deferred consideration is due and owing in respect of this acquisition.

On 13 May 2015 the Company granted options over an aggregate of 8,070,000 ordinary shares to certain employees of the Group, all with an exercise price of 10p per share under its Enterprise Management Incentive and Unapproved Share Option Plan ("EMI and Unapproved Plans"). The options vest in three equal tranches on the first, second and third anniversary of the grant of the options, and will expire on the tenth anniversary of grant.

On 28 May 2015 the Group completed the reorganisation of the Newgate companies and, as part of this reorganisation, the 49% minority interest in Newgate Communications LLP (and one other LLP) was bought out in consideration for the issue of 9,754,000 Porta Ordinary Shares. The Porta Ordinary Shares remain subject to a minimum 12 month lock-in period from the date of issue with a further 12 month orderly market period.

17. Availability of Annual Report and Accounts

Copies of the full set of Report and Accounts will be posted to shareholders on 1 June 2015 and will be available for download on the Group's website http://portacommunications.plc.uk/investor-relations