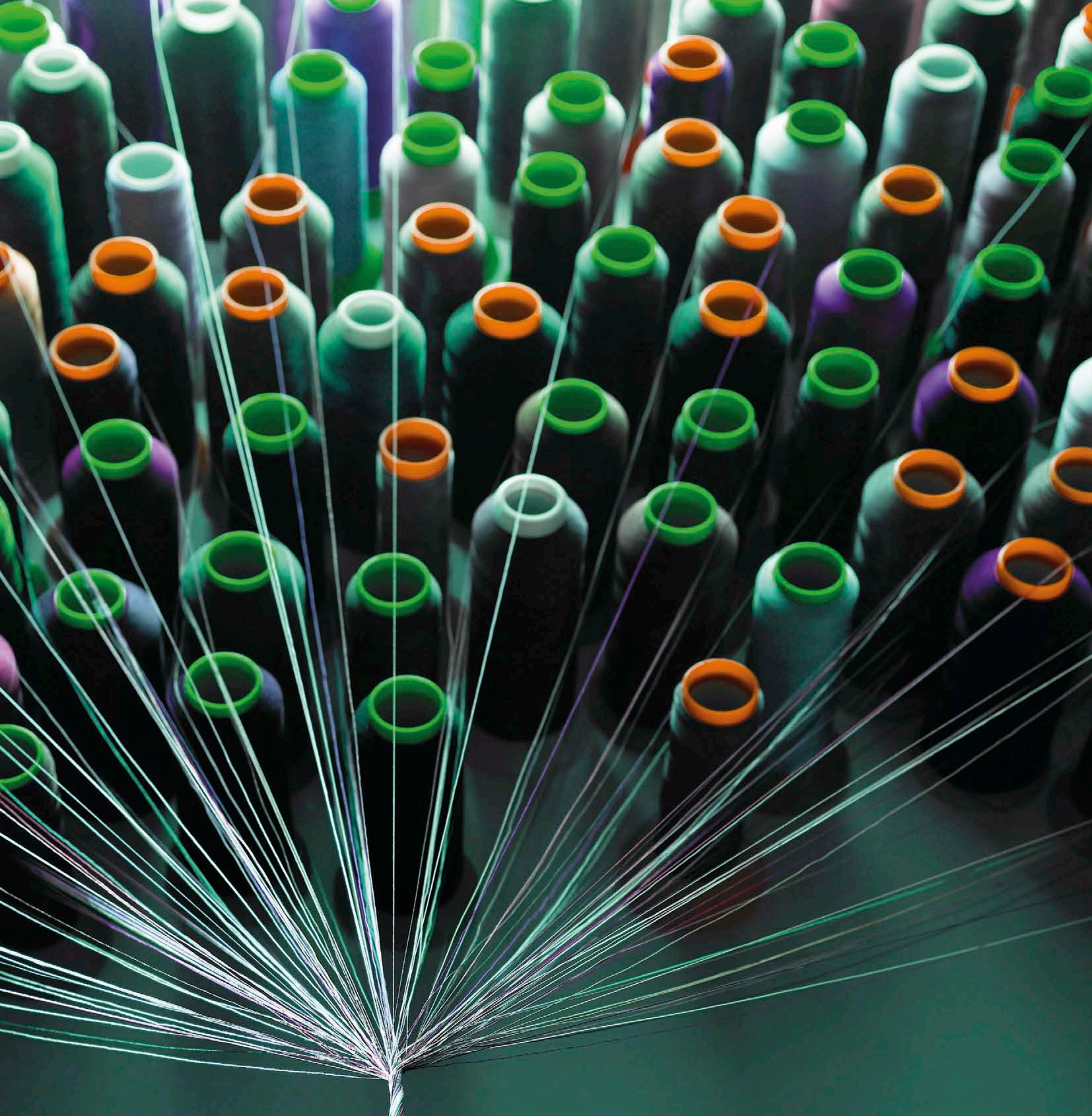

PORTA

Porta Communications Plc

Annual Report

For the year ended 31 December 2015

2015

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Highlights

Gross profit +39%

£26.9m

Organic growth

+14%

Client base up to 836

+38%

Reported EBITDA[1]

+447%

Headline EBITDA +27%

£2.6m

Headline pre-tax profit

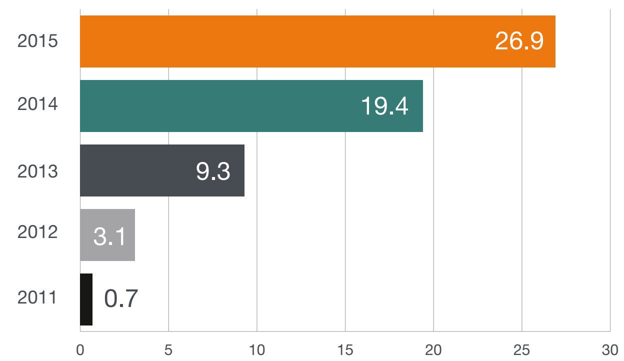
£0.8m

Operating cash flow

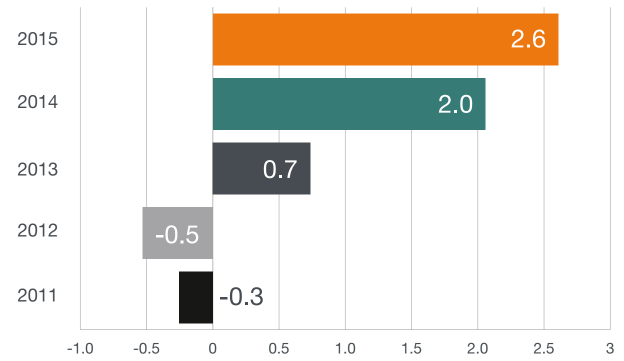
+£1.3m

[1] Reported EBITDA in 2014 included £0.5m gain on acquisition of WSM businesses.

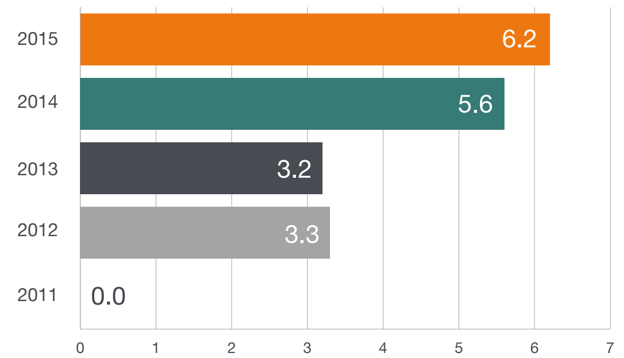
Gross Profit, £ million



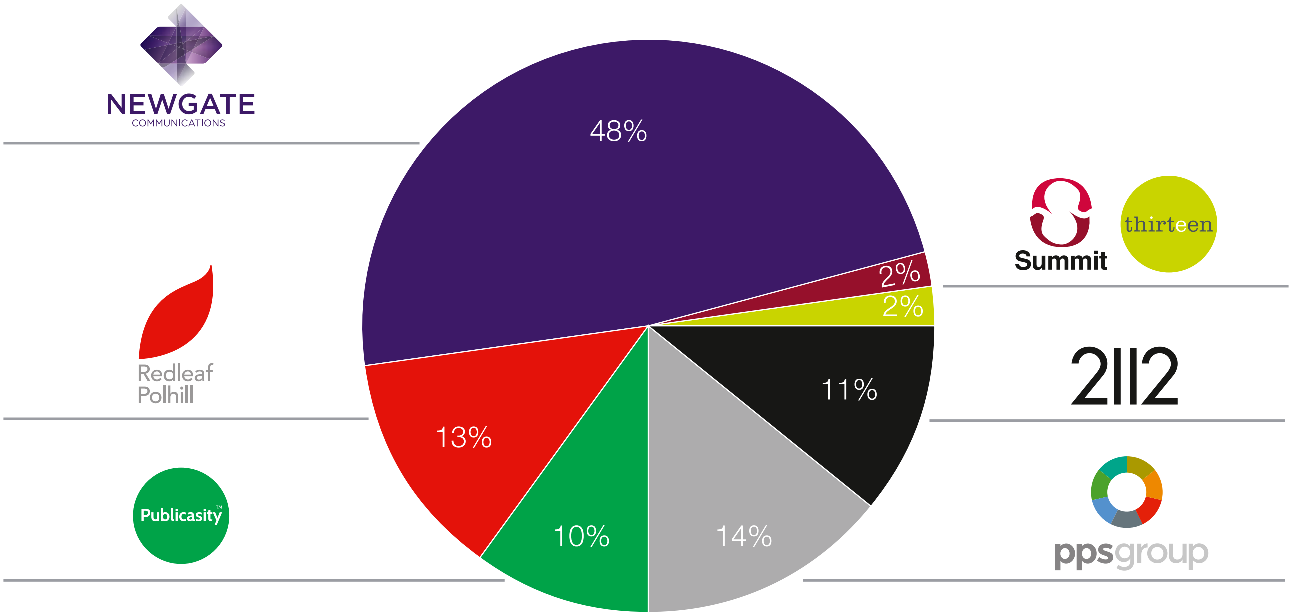
Headline EBITDA, £ million



Net debt, £ million



GROSS PROFIT BY BRANDS



GROSS PROFIT BY GEOGRAPHICAL SEGMENT

	2015	2014	2013
UK	**£18,090,899**	£11,867,995	£5,332,702
Europe	**–**	£467,872	£643,517
Asia-Pacific	**£8,858,006**	£7,069,462	£2,296,225
	£26,948,905	£19,405,329	£8,272,444

Our objectives

- Create a Porta brand differentiation against peer group
- Continue to develop our integrated model within our equity partnership structure
- Manage our group companies to drive revenue and reduce costs
- Bring the international network into marketing and revenue dialogue
- Promote a culture for talent attraction and retention
- Consider strategic acquisitions that add value, enhance the product mix and accelerate growth

PORTA

Our objectives

Chairman's Statement

For the year ended 31 December 2015

Bob Morton
Chairman

"I am pleased to report that 2015 was a hugely productive and progressive year for the Porta Group. Our financial results for the year clearly demonstrate the further progress that has been achieved."

Performance

Our strategy of developing operational and geographical diversity delivered high levels of organic growth combined with a positive cash performance. Two metrics stand out: gross profit from continuing operations up at almost 40 per cent to £26.9 million and reported EBITDA[1] nearly 5.5 times higher than in the previous year.

In essence, this was an important, pivotal period in which we saw the benefits of more internal integration of the acquired businesses coupled with cost optimisation achieved through a detail revision and revaluation of each operational unit. As a result, we saw a significant improvement in operating cash inflow at £1.3 million compared with an outflow the previous year of £3.4 million. A more detailed picture appears later in this report.

There is clear evidence that Porta can continue to sustain high levels of organic growth and maintain its positive cash performance. Since the company was established in 2011, organic growth has averaged 105 per cent, despite some underperforming operations. In 2015, for example, the client base grew by 231 or approximately 38 per cent to 836 – testimony to our "buy, build and grow strategy" and to the talent of our people.

The arrival of Steffan Williams, as Group Managing Director, and the appointment of Gavin Devine, as Chief Operating Officer, has increased the focus on organic growth from existing operations while freeing management resources elsewhere to focus on strategic expansion.

As I write this report, the forthcoming Brexit vote looms large and this has certainly meant some temporary slowdown in several industries we service in the UK economy. Nevertheless, the Board is confident that it has established a strong platform with an operational structure and international footprint across strongly performing markets and is well placed to take advantage of its unique positioning in marketing and communications services.

The Board and Governance

Membership of the board has been refreshed and during the year Steffan Williams joined us as a Group Managing Director. Steffan brings substantial experience working within the field of strategic communications both in the UK and internationally. The Board continued to be 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.

During the year the Board focused on the Group's strategic direction and performance. The Board has determined that the 2015 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 at 11:00am on 30 June 2016 and the Notice of Meeting and explanatory notes which accompany this Annual Report can also be found on our website.

Our people

Our people are our biggest asset. On behalf of the Board, I would like to thank all of our people for their loyalty, devotion, passion and the hard work over the past year.

I would also like to thank our shareholders for their continued support.

Bob Morton
Chairman

2 June 2016

[1] Reported EBITDA in 2014 included £475,394 gain on WSM acquisition.

Group Overview

Who we are, what we do

Porta Communications was founded in 2010 with the intention of quickly building an integrated global communications business through organic growth and by acquisition. It was a very ambitious project but the previous experience of senior management in running and growing some of the best known names in the industry, gave considerable grounds for optimism.

Today we are an international communications and marketing business with 16 offices in 6 countries. Through specialist advice we enable clients to maximise their communication competitive advantage on a global basis benefiting from our individual and integrated marketing services including public relations, advertising, digital and research. We constantly look to innovate new products and ideas to enhance and expand these services

With the huge impact of technology in the world today, we still believe the success of communication is about bringing people together.

With Porta there are currently two divisions which between them provide the synergy to build a successful international business. These divisions are Public Relations (including financial, corporate, consumer, public affairs research and digital) and Marketing and Advertising (including marketing communications, digital services and media planning & buying).

The success of the Company will continue to be delivered through:

- The continued development of our integrated model within our equity partnership structure
- The recruitment of key executives with proven track records within the industry, who are committed to the Board's and the CEO's vision

Our Values

Our values are the fundamental beliefs of our international organisation which guide our actions and behaviours. They influence the way we work with each other, treat our shareholders, customers, suppliers and the way we engage with our communities. Our values give us confidence. We use the same principles in our business across all international locations to help us make right choices and fair decisions.

1. Integrity, respect and fair treatment
2. Work together as one team effectively, sharing responsibility, accountability and reward
3. Building relationships with all stakeholders
4. Fostering and strengthening long-term strategic alliances with key partners

Our Purpose

Bringing good people together

… to meet our clients' demands and global ambitions

… to build a world class international marketing service group

… to drive innovation in a digital world

… to deliver specialist sector knowledge

… to deliver maximum shareholder value

Our Vision

Attract the best talent and develop that talent, building a world-class marketing services platform offering clients integrated communications solutions globally.

Our values

Our Offices and Network Companies

1 Brisbane
2 Canberra
3 Melbourne
4 Sydney
5 Hong Kong
6 Singapore
7 Abu Dhabi
8 United Kingdom
   Aberdeen
   Bristol
   Cardiff
   Edinburgh
   London
   Manchester
   Tunbridge Wells
9 Beijing
10 New York
11 Paris
12 Milan
13 Madrid
14 Toronto
15 Miami
16 Connecticut
17 Johannesburg
18 Doha
19 Shanghai
20 Lisbon
21 Hanoi
22 Ho Chi Minh City
23 Macau
24 Luanda (Angola)
25 Seoul
26 Taiwan
27 Jakarta
28 Kuala Lumpur
29 Manila
30 Taipei
31 Washington D.C.


8
Aberdeen
Bristol
Cardiff
Edinburgh
London
Manchester
Tunbridge Wells
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Porta Group offices
Associated network companies

Five year track record

July 2015
Capital Access Group

November 2014
Porta acquires Publicasity

October 2014
Porta acquires PPS Group

October 2014
Newgate Beijing office opens

April 2014
Porta acquires Redleaf Polhill

March 2014
Porta acquires Digital and Print & Design units from WSM Communications Group Limited

December 2013
Newgate Abu Dhabi office opens

November 2014
Porta acquires controlling stake in Thirteen Communications

August 2013
Newgate Australia opens

June 2014
Newgate Singapore office opens

January 2013
Newgate Hong Kong office opens

January 2013
Porta acquires assets from direct and digital marketing agency Crazy Horse

September 2012
Porta launches advertising and marketing business: 2112 Communications

November 2011
Porta acquires Threadneedle Communications Limited

September 2011
Newgate Communications established

November 2010
Porta Communications established

Over the period Porta has grown from:

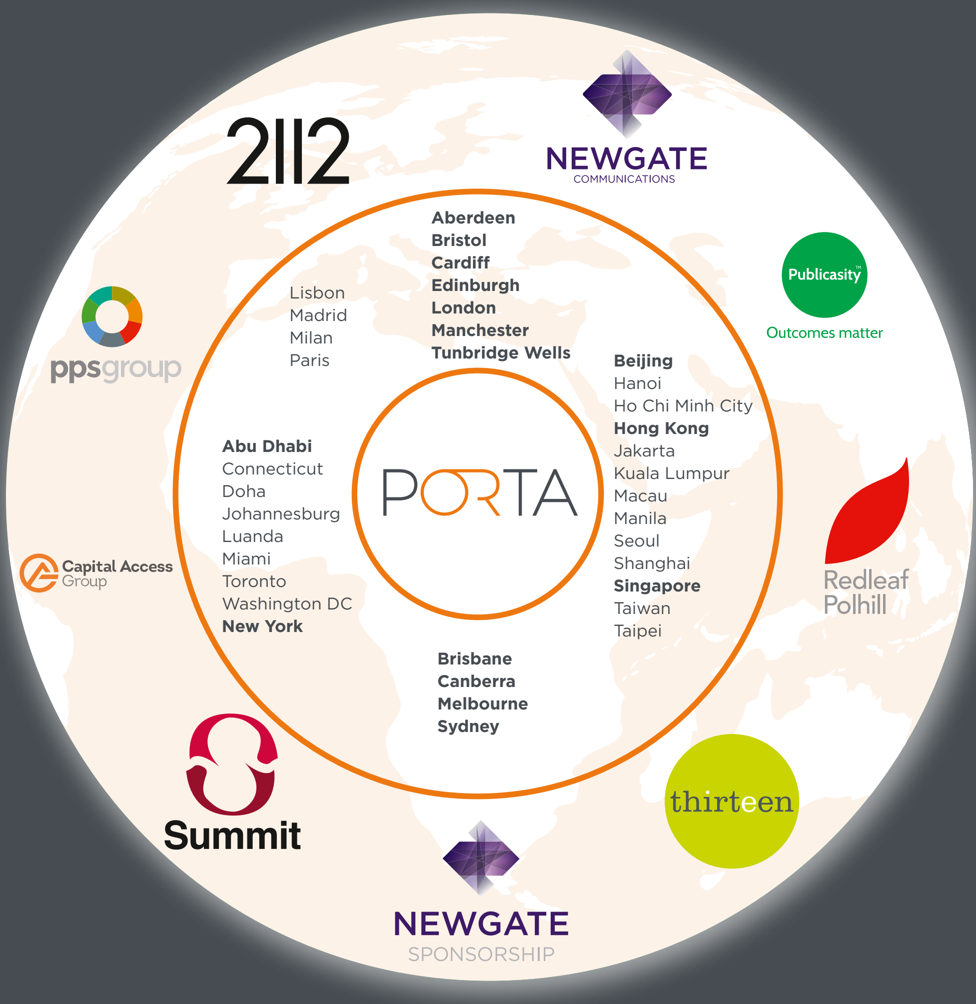
3 employees in 2010 to **292** in 2015

1 office to 16 **11 of which were start-ups**

Operating in 6 countries

Reported EBITDA of £1.1m

Headline pre-tax profit of £0.8m



Porta strategy

Build a diversified international communications and marketing group…

… with clear synergy between each division and office

Achieved by start-ups bolstered by income producing strategic acquisitions

1. Recruit the best quality people in our sectors
2. Growing international network
3. Provide a full range of services
4. Target large, multi-national clients

Helping clients to communicate more effectively as:

- Stakeholder groups are increasingly interwoven
- Communications challenges require multi-discipline, multi-territory solutions
- Social media increases the ‘noise levels’
- Technology enables new opportunities but also disrupts traditional communications techniques
- Changing stockbroker/quoted company relationships are effecting how companies deliver information to investors

Chief Executive's Business Review

For the year ended 31 December 2015

David Wright
Chief Executive Officer

"The success of the Group's integrated multi-service multi-product communications offering on a global basis continues to drive the growth at Porta. In just over four years we have built a very exciting integrated business platform that will fuel continued growth in the Group. Our reputation is growing in the market place to the extent that we are attracting some of the best talent in our industry which augurs well for the future."

The success of the Group's integrated multi-service multi-product communications offering on a global basis continues to drive the growth at Porta. All aspects of the Group covering financial, corporate, consumer public relations, public affairs and research together with the multi-media creative communications agency are increasingly pitching together with very encouraging results. This is reflected in the 39 percent growth in gross profit (fee income) to £26.9 million but more importantly the organic growth of 14 percent (stripping out first time contributions from acquisition) was considerably higher than the low single figure average for the sector.

Reported EBITDA[1] at nearly £1.1 million after all costs is nearly five and a half times higher than the £196k of 2014 maintaining the outstanding trend seen over the last four years. Exceptional costs continue to reduce in the absence of any start-up costs, while the level of reorganisation costs reflecting the closure of unprofitable offices and teams, is expected to be much lower in the current year. Operating cash flow of £1.3 million in the year was positive for the first time since the formation of Porta.

In just over four years we have built a very exciting integrated business platform that will fuel continued growth in the Group. Our reputation is growing in the market place to the extent that we are attracting some of the best talent in our industry which augurs well for the future.

Communications

In the UK the acquisition of PPS at the end of 2014 gave Newgate access to a network of regional offices in Aberdeen, Bristol, Cardiff, Edinburgh and Manchester. In addition the management team of the enlarged company took the opportunity to undertake a strategic review of its operations and decided to close its Brussels and Frankfurt offices as they lacked critical mass to make an impact in these markets and they had been loss making. As part of the strategic review, the growth company team was completely restructured and fully integrated. The benefits from these measures are now starting to flow through. Client wins towards the end of 2015 confirmed the success of this approach.

The integration of PPS into Newgate was successfully completed although it was decided that the PPS name should be maintained (at least for the medium term) given the strong brand value. Trading at PPS in its first full year was in-line with management expectations but more encouraging was the number of joint pitches undertaken with other parts of the Group.

[1] Reported EBITDA in 2014 included £475,394 gain on WSM acquisition.

Chief Executive's Business Review *(continued)*

For the year ended 31 December 2015

Outside of the UK Newgate has been particularly strong with Australia, Hong Kong and Singapore all enjoying a strong trading performance throughout the year.

Newgate Australia, in its second full year, had another exceptional 12 months expanding staff levels by around 30 percent while organic growth in fee income was over 12 percent and an EBITDA margin of 24 percent. Project highlights for the year included advising on the successful A$10.2bn long-term lease of power transmission operator Transgrid. The sale represented the largest government trade sale in Australian history. In addition Newgate Australia advised on the biggest infrastructure project in Australia, the Sydney Metro Project. The Group is now planning to double the size of its Australian operation.

Newgate Hong Kong, another start-up, also had a very strong year generating an EBITDA margin of 34 percent. The office was appointed to advise on a number of high profile contested situations including hedge fund Elliot's proxy battle with Samsung in South Korea.

Despite a difficult year for the South East Asia economy the Singapore office successfully built on the strong foundation of 2014, its first full year of operations. The corporate communications practice saw rapid growth driven by several large new clients in the financial services, professional services and real estate sectors. Capital markets remained weak throughout the year, although the investor relations business still showed growth.

Redleaf in its first full 12 months in the Porta stable reported a record year both in terms of fee income and profits. Strong growth was recorded across all of its three specialist teams, Capital Markets, Professional and Financial Services and Property. The success and quality of Redleaf was recognised with the agency winning Grant Thornton PR firm of the year and Best Adviser Financial PR in the KPMG UK Stock Market Awards.

In the current year Porta will be acquiring a further 15 percent of the Redleaf equity taking its stake up to 66 percent on terms outlined at the time of the acquisition in April 2014.

On the consumer PR side, Publicasity had a strong year under its new management team adding ten new brands to its client roster with an impressive conversion rate of 45 percent. The more noticeable wins included electronic cigarette brand Blu, the Caribbean tourist destination of St Lucia, and the German appliances manufacturer Bosch.

13 Communications increased fee income by over 50 percent, with a number of high profile new business wins but produced a loss on the year, albeit substantially down on the 2014 figure. Costs have now been brought in line with fees and the company is now trading profitably.

Marketing and Advertising

The multi-capability creative agency 2112 increased fee income by 27 percent in the year. BNY Mellon, the largest account in the agency, was developed further and now represents 30 percent of the agency's fee income. The relationship with Blind Veterans UK, the largest direct marketing client, has been particularly strong with the Christmas fundraising mailing achieving the best ever results in the charity's history. New business won included Henderson Global Investors, Pfizer and Towergate Insurance which are now making an impact in the current year.

Outlook

Although the current year has started well with growth ahead of budget in the first quarter a slowdown in project work in the UK ahead of the EU Referendum makes it difficult to predict the outcome for the next three or four months.

The Board remain confident that organic growth in fee income will remain strong, particularly as the planned recruitment of a number of high quality executives gains momentum, although these inevitably will have some impact on the bottom line in the short term.

David Wright
Chief Executive Officer

2 June 2016

Divisional Performance Review from the Chief Executive

For the year ended 31 December 2015

COMMUNICATIONS

MARKETING AND ADVERTISING

Divisional Performance Review

For the year ended 31 December 2015

COMMUNICATIONS

NEWGATE COMMUNICATIONS

Newgate London

Newgate Communications entered a new phase in its four year history when Porta acquired PPS Group at the end of 2014. This added to the range of services it could offer clients with its focus on local and national public affairs, local community consultation and a 25 year track record as one of the UK's leading property and infrastructure specialists.

The acquisition also gave Newgate access to a network of regional offices and it can now service clients with requirements in Aberdeen, Bristol, Cardiff, Edinburgh and Manchester.

In 2015 the management of the enlarged company took the opportunity to undertake a strategic review of its operations and decided to close its Brussels and Frankfurt offices as they did not have the scale to make an impact in those markets and they had been loss-making. Subsequently Newgate entered into an affiliate relationship in order to service its clients' needs in Brussels.

The company also restructured its senior management team to refresh its integrated communications approach that is able to target multiple audiences using a precise combination of content and channels. Client wins in 2015 confirmed the success of that approach as we were able to sell several services from within Newgate and companies within the wider Porta group to organisations ranging from FTSE 100s to young, growing companies.

The Growth Companies team secured client wins with managed hosting and cloud integrator Daily Internet, and fast growing UK and Switzerland based wealth management business, European Wealth. Further to this, the team was appointed to work on the successful AIM IPO of mobile security software company Defenx, to which it continues to provide financial PR services on an ongoing basis.

The team has also been successful in introducing new clients to other parts of Porta's business. This has resulted in retained business for Porta's investor relations business, Capital Access Group. The UK technology sector continues to be buoyant with London a key hub for investment in the sector. The Growth Companies team is well positioned to benefit from these trends as the leader in terms of number of AIM technology clients, and with extensive experience in supporting AIM admissions and IPOs.

This is already being borne out with the team having secured further client wins since year end in the technology space. In addition, the team is also currently engaged on several IPO transactions, which, if successful, are expected to complete in the coming months.

During the year Newgate established a series of industry sector marketing teams to enable it to gather together the expertise of its consultants. Newgate's strengths are in corporate reputation, capital markets communication, public policy, regulatory and crisis work. These, coupled with our industry expertise, give us the ability to help clients achieve a distinctive positioning whilst enhancing and protecting their reputation and maximising their value.

Newgate was appointed by the 2 Sisters Food Group, one of the UK's leading food manufacturers, as its first retained public relations consultancy. Newgate supports 2 Sisters, (which produces a third of the poultry products consumed in the UK every day and is the owner of well-known brands Fox's Biscuits and Goodfella's Pizza), in all its food safety programmes and animal welfare campaigns and its expansion and modernisation campaigns. Our role encompasses stakeholder and political outreach, media relations and capital market communications.

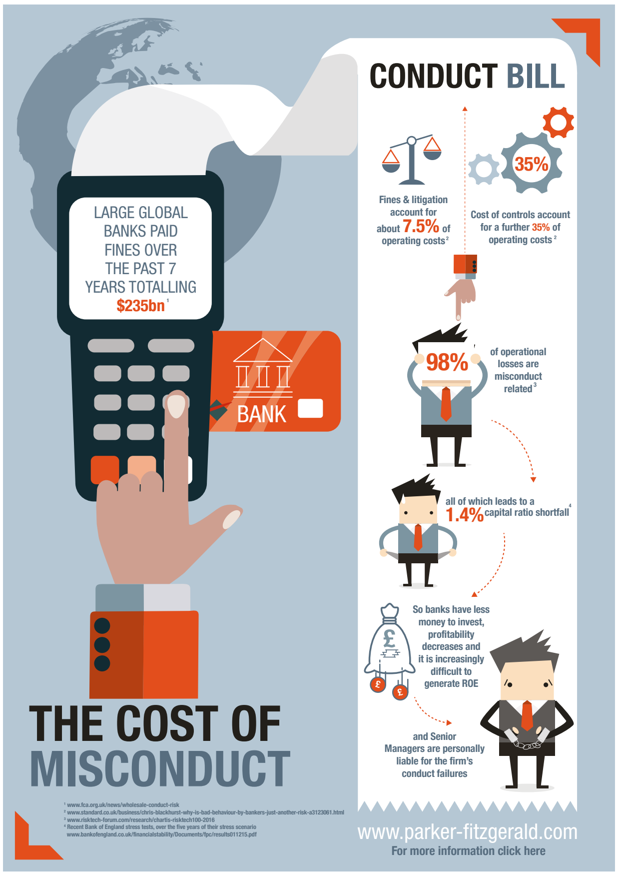
As part of Newgate's campaign to publicise 2 Sisters' wide-ranging sustainability plan with targets to cut carbon emissions by 20% by 2018 compared to 2008 levels and curb food waste by five per cent a year, we launched the world's first bio-energy plant that converts surplus mashed potato from its production line into electricity, producing enough to supply 850 homes with a year's electricity needs.

Newgate and its sister company 2112 were appointed by Civilised Investments to support the launch of a new UK-wide business and retail challenger bank. CivilisedBank, which is currently going through the final application for a banking licence, secured initial stage funding in March 2015. Both agencies are working closely with the board to ensure CivilisedBank has a distinctive positioning from the other challenger banks entering the market. An essential part of that positioning is to align Civilised with the values of fairness, transparency and responsibility. To reinforce this Newgate hosted an event with the ResPublica think-tank to support the introduction of the Banker's Oath WHICH and Civilised was the first financial services company to sign.

Our work across international borders has increased. A good example of this is our work for AlixPartners, the global business advisory firm. Newgate is the lead agency globally for AlixPartners, with teams in London, Hong Kong, New York and Abu Dhabi managing Asian, European and Middle East programmes.

In the fourth quarter of the year Newgate was appointed to handle financial and corporate communications for mining and commodities giant Glencore as it sought to gain understanding for its future business strategy at a time of financial market turmoil. Newgate's knowledge of financial regulation led to it being appointed by Parker Fitzgerald, the specialist risk management consultancy, to advise on its marketing and corporate communications. The team works closely with its sister firm, 2112, to design, develop and share compelling content with key stakeholders and influencers.

2015 was a year of renewal for the business with the introduction of new colleagues and new services and growing acceptance of the power of Newgate's integrated communications model.



Divisional Performance Review COMMUNICATIONS *(continued)*

For the year ended 31 December 2015

Newgate Australia

Newgate Australia completed its second full year of operation in 2015 concluding another highly successful year of growth and development. Kicking off the year with staff numbers just below 40, the company continued strong organic growth to finish the year with more than 50 staff – corresponding with a 12% growth in revenue and an EBITDA margin of 27%. The group in Australia has now exceeded its original 5 year growth strategy after just 2.5 years and is now working up a new strategy to take the business forward.

The key to the success of the business this year was again the integrated offering where the mixture of financial communications, corporate communications, public affairs and social and market research through Newgate Research has enabled the Group to provide a full service offering to both corporates and government in the strategic communications space.

Project highlights for the year included advising on the successful A$10.2 billion long-term lease of power transmission operator Transgrid. The sale, concluded late in the year, represents the largest government trade sale in Australian history. The team provided issues management, stakeholder and media communications advice in the first of what will be a series of power and generation asset divestments in New South Wales and potentially other states in Australia.

Corporate communications and public affairs were also very strong contributors to the business this year and the firm's four offices, Sydney, Melbourne, Brisbane and Canberra combined to advise on some 150 private and government sector clients on all manner of communications issues and projects. Our Newgate Melbourne office was engaged by the receivers for major consumer electronics retailer, Dick Smith, to manage media and issues around its receivership and closure of 393 stores with the corresponding loss of approximately 3,300 jobs across Australia and New Zealand. This was a sensitive, high profile brief and is ongoing. Newgate was also retained in 2015 by point to point transport business Uber to manage its entry into the Australian market and to facilitate political and regulatory change to enable it to successfully operate in various jurisdictions around the nation. Our Brisbane team was also engaged in supporting global sugar refining business Wilmar as it confronted a proposal to re-regulate the sugar industry in Australia.

Another major project for the business was the biggest infrastructure project in Australia, the Sydney Metro Project. This is a A$10 – A$20 billion undertaking and Newgate has five staff embedded in the organisation providing full-time advice on stakeholder and community relations for this milestone project.

Newgate Research had a particularly strong year. Research has underpinned Newgate's strategic offering and contributed A$2.5 million in revenue representing a significant 19% of Australia's total revenue for the year. In addition to its offerings in the qualitative and quantitative research areas, Newgate Research has developed an in-depth and sophisticated reputation measurement product for organisations to benchmark and drive reputation change. Called NewRep, the offering has been well received by the market.

Finally, as part of the proposed future growth plans, the company is developing a stand-alone business offering in stakeholder and community relations and late in 2015 made a dedicated hire of an industry expert to help drive this new business offering in 2016.

Transport for NSW new Sydney Metro Train.

Transport for NSW last tunnel boring machine being retrieved on Sydney Metro.

Newgate Hong Kong

Hong Kong was consolidated in the Porta accounts for the first time in 2015 and, after a solid and profitable first half with increasing momentum as the year progressed, the business generated an EBITDA margin of 34%.

The team has continued to grow, with a focus on broadening the capabilities it has to offer to clients and by hiring further experienced and seasoned consultants capable of providing advice at the most senior levels of client organisations. The business added to both its international and China market expertise and commenced the build-out of a digital capability to further enhance its existing practices. Geographically the business extended its reach with the opening of a wholly owned branch in Beijing. Though it is early days the business is already seeing the benefits of this small investment, in terms of client acquisition and Newgate's brand building.

Client retention remained strong through the year and was bolstered by further new retainer wins. The office was also appointed to advise on a number of contested situations around the region including work for hedge fund Elliott in its high profile proxy battle with Samsung in South Korea.

Several other mandates were secured from private equity firms, including from Asia's largest private equity firm, Baring Private Equity Asia. The Hong Kong office represented private equity firms on issues ranging from fundraisings to M&A as well as on communications issues within their portfolio companies. At the end of the year Newgate was appointed in Hong Kong by a number of offshore bondholders to provide both China-focused and international communications support in connection with Kaisa, China's largest yet real estate debt defaulter.

In addition to continued growth in Hong Kong, the office continues to export business and new business opportunities to the rest of the network, most recently including private equity client deals in Singapore and London.

Divisional Performance Review COMMUNICATIONS *(continued)*

For the year ended 31 December 2015

Newgate Singapore

Despite it being a difficult year for the Southeast Asian economies, 2015 saw the Singapore office build on the success and strong foundation of 2014, which had been the first year of operations in Singapore.

The corporate communications practice saw rapid growth, driven by several large new clients in the financial services, professional services and real estate industries. In contrast to previous years, the company also had a handful of client briefs that did not involve media relations which traditionally has been a mainstay of corporate communications mandates in their markets. These briefs instead focused on message and content development for predominantly digital dissemination. Similarly, several projects saw us advising clients behind-the-scenes with tactical execution work conducted by in-house teams or other agencies.

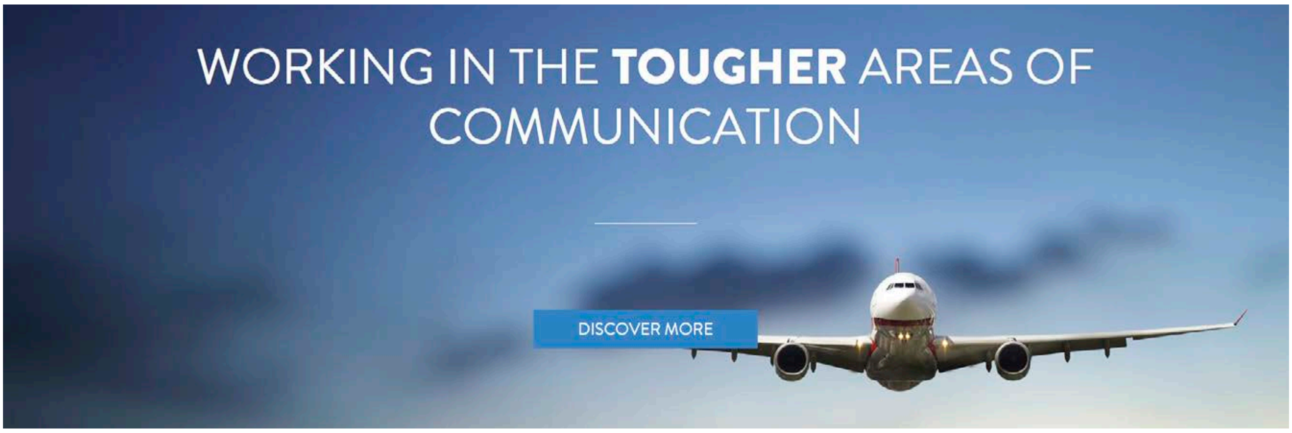
Capital markets remained weak throughout the year, with only a smattering of IPOs in Singapore, mainly on the Catalist secondary board, and with the benchmark Straits Times Index shedding about 15% over the year. Despite this, the investor relations client base continued to grow, with a number of new retained clients joining its roster, mainly ranging from medium to large cap entities. The weak markets also presented M&A opportunities for our clients, and we continued to strengthen our track record of advising private equity firms, and worked with Baring Private Equity Asia, KKR and Southern Capital on multiple transactions. We were also mandated by potential vendors on a number of high profile sell-side briefs, and handled a successful S$500 million retail bond offering by Frasers Centrepoint Limited.

Towards the end of 2015, we were pleased to announce that our client, UK transport operator Go-Ahead PLC, won a very competitive tender to operate a package of bus services in Singapore, as part of the government's new bus contracting model. This was the culmination of over a year's work for Go-Ahead, and laid the foundations for a higher level of activity in 2016 as the company moves towards starting operations.

The client mix remained stable during the year, and as with prior years, financial services firms, real estate groups and transport sector entities were the largest clients by revenue. The financial services clients covered investment banking, private banking, asset management, investment holdings, private equity, exchanges and related service providers, while the real estate clients covered most of the industry asset classes, including commercial, hospitality, industrial, residential and speciality assets, in Europe and throughout the Asia-Pacific region. The transport sector clients included logistics players, port operators and transport providers.

The year also saw the Group increasing its pro bono work for non-profit and charitable organisations, such as the Community Foundation of Singapore, which connects donors to charities based on philanthropic intents and also embarked on a programme to conduct talks at local tertiary education institutions, with a view to grooming the next generation of communicators and improving the depth of the local talent base.

Overall staffing levels grew incrementally from the previous year, and we were pleased to announce the well-deserved promotions of a number of consultants, all of whom had started as fresh graduates working with the senior team either at Newgate or at other agencies. We made several promising new hires towards the end of the year.



Newgate Abu Dhabi

Newgate Abu Dhabi, in its first year being part of the Porta group, achieved gross profit of AED 1.5 million. Over 20% of this gross profit was from new business won during the year. Approximately 60% of this gross profit came from retained income. Newgate Abu Dhabi, located in the Media Free Zone Authority – Two Four 54, provides strategic communications advice and execution services for a wide range of public relations activities in the United Arab Emirates(UAE), including finance, corporate, consumer, and public affairs.

With a team of consultants that have strong working relationships with the financial and business media in the region, both Arabic and English speaking, Newgate Abu Dhabi provides sound strategic advice on corporate positioning. As one of the newest offices in the Newgate network, Abu Dhabi has won prestigious mandates such as Abu Dhabi Racing, Abu Dhabi Finance and Sotheby's due to its high quality advice and work for its clients. The team prides itself on being nimble, innovative and always proactive and as a constituent of the Media Free Zone is advising public sector bodies in the Emirate. Given the strong economic fundamentals of the UAE and its geographical position midway between Europe and Asia-Pacific, Newgate Abu Dhabi consultants are well placed to advise internationals firms entering the region in terms of messaging and corporate positioning.

2015 was a mixed year for the Abu Dhabi office. Going into 2015 the office won AlixPartners as a retainer and had a good base of retainers with some project work keeping margins up. However as the year progressed, trading conditions deteriorated significantly caused by a localised recession combined with the crash in the oil price which caused budgets to be reassessed and projects put on hold region-wide. Most government departments and semi government entities had their budgets severely cut which lead to the loss of two major retainers.

Despite this the year ended on a positive note with the team winning a large 2 year retainer with the Abu Dhabi Department of Transport in late December.

Divisional Performance Review COMMUNICATIONS *(continued)*

For the year ended 31 December 2015

Redleaf Communications

Redleaf Communications takes a fully integrated approach to stakeholder communications, ensuring that corporate messaging, thoughts, ideas and content are effectively communicated to all target audiences. The Agency works around four core practice areas: Capabilities prepares our clients for dealing with the media; Strategic Advice covers how to achieve business objectives; Core Communications covers communicating with target stakeholders; and Thought Leadership focuses on delivering insight and ideas from our clients.

During 2015, the Agency's achievements in delivering meaningful and measurable campaigns for its clients were recognised in the following industry awards:

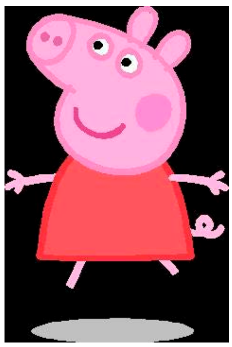
- Grant Thornton PR Firm of the Year 2015
- Best Adviser Financial PR in the KPMG UK Stock Market Awards 2015
- Reactions magazine PR Agency of the Year category (shortlisted)

During the year, Redleaf acted for 149 clients. Its top 10 clients accounted for 24% of its revenues and no individual client represented more than 3% of its revenues. 2015 was also a year of increased investment in the Agency's team, systems and infrastructure during the year. Staff retention levels remain very high at 4.16 years across the Agency and 9.58 years at the Leadership Team level.

The Agency acts for clients across a broad range of sectors but is organised under three core specialist teams to reflect core areas of expertise: Capital Markets, Professional & Financial Services and Property.

Capital Markets Team

Redleaf Capital Markets provides financial PR, corporate communications consultancy and investor relations services to high growth, ambitious companies. During the year, the team won 21 new briefs including PR mandates with Utilitywise PLC, Charles Stanley Group PLC, IMImobile PLC and Somero Enterprises. Alongside these, new Retail Investor Relations mandates included Market Tech Holdings Ltd, e-Therapeutics PLC and Oxford Pharmascience Group PLC. Notable transactions include Entertainment One Ltd's acquisition of the controlling stake in Peppa Pig and the IPO of Ranger Direct Lending. Pleasingly, client retention remained exceptionally high and the average size of client has increased significantly over the prior year.



Redleaf has continued to take advantage of the changing dynamics of the media and investor landscape, generating new and effective ideas for taking its clients' messages to targeted audiences. Alongside the campaigns undertaken, events have included a Tech Sector Day, headlined by a leading fund manager, with presentations from six companies to an audience of investors, analysts and journalists. Redleaf also organised a number of networking events between clients and investors at its offices, and welcomed over 50 wealth managers at its latest investor networking event.

Property

2015 was an exceptionally strong year for Redleaf's Property team. Revenues increased 27% to £725,900; profits increased 47% to £231,471; and fee income per head improved 21% to £172,913. As well as working on retainers and projects for a range of new clients (including Cain Hoy, The Atlas Building, Merchant Land, Bravo Investment House and JC Rathbone Associates), more excitingly, the team worked on more diverse briefs. For example, it handled the branding, design, content and media relations around the launch of JCRA Laxfield, a new property finance brand; and it arranged Redleaf's first ever major event, the Islington Square Festival of Culture, which saw almost 10,000 visitors to a three-day music, comedy and film festival on a central London building site.

Financial Services

Redleaf's Professional & Financial Services team delivered excellent performance in 2015. The team increased net profit 141%, fee income per head by 85.3% to £190,000/head, and net profit margin from 15% to 32%. The team introduced a new strategy in late 2014 to focus on higher margin business – diversifying from traditional media relations into strategic consultancy, crisis management and thought leadership. It also repositioned itself from focussing predominantly on core financial services businesses to develop a centre of expertise in FinTech and alternative finance.

In 2015, the team increased its client base by 40%, adding 14 new clients across a more diverse range of financial services verticals. This was achieved as the result of the introduction of a new structured marketing and business development plan. The team also organised a series of seminars during the year in conjunction with leading market practitioners; topics included thought leadership, effective issues management and social media for financial services companies.

2015 was a record year for Redleaf and 2016 looks extremely promising with a very healthy new business pipeline, and an exceptional, strong and motivated team in place to deliver another year of powerful, award-winning results.

Divisional Performance Review COMMUNICATIONS *(continued)*

For the year ended 31 December 2015

Publicasity

Under the first full year of Porta ownership, Publicasity delivered a strong 2015 financial performance. Annual fee income totalled £2.5 million, of which no one client represented more than 15%. Organic growth from across the client base remained strong with over £300k of new fee revenue and all major clients continued their partnership with Publicasity following a dedicated focus on client retention from the senior team following the acquisition. In 2015 the Publicasity team also started to work alongside other Porta group companies on integrated client briefs.

Key brand campaigns included a mixture of media relations, influencer engagement, celebrity and brand partnerships, events, experiential, design services, broadcast, video, content creation and community management to drive behavioural change, increased trust, community development and commercial impact – in line with the company's strapline 'Outcomes Matter'.

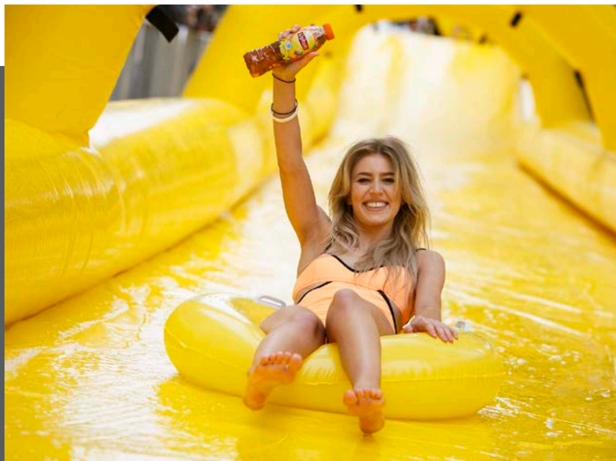
Ten new brands were added to the client roster from new business acquisition with an impressive conversion rate of 45%. The more noticeable wins included electronic cigarette brand blu, the Caribbean tourist destination of Saint Lucia and the German appliances manufacturer, B/S/H which includes household brands like Bosch, Siemens, Gaggenau and Neff. These additions to the client portfolio is in line with the business strategy to further develop and enhance its core sector skills of fast moving consumer goods (FMCG), Home and Lifestyle and Travel.

Following the acquisition by Porta and all the industry coverage that came with that, a concerted effort was made in the early part of 2015 to keep Publicasity's own PR levels high, with new business wins and other industry or thought-leadership pieces appearing. The Directors also made a concerted effort to maintain their own personal profile by joining the PRCA Council, judging various industry awards and attending PR industry networking events both in the UK and overseas.

Key Assignments & Creative Campaigns

Lipton Ice Tea – Day Breakers

Publicasity was tasked with amplifying a range of summer events targeting young, London-based adults, with the aim of transforming their view of Lipton Ice Tea. Amongst the six free to attend events was 'Rise and Slide' – a 100m water slide on Kings Cross Boulevard. The team created engaging content from video to influencer curated blogs to drive awareness and engagement with consumers and



media alike. This was underpinned by social amplification to drive ticket registrations and event reviews. For the waterslide alone, Publicasity gained coverage in seven national newspapers, 11 London-based media, one regional outlet and a variety of other online media. The coverage was 100% positive and all of the pieces featured the ‘Be a Daybreaker’ Lipton Iced Tea campaign messaging.

HomeSense CSR for Comic Relief

In January the Publicasity team were tasked with launching HomeSense’s involvement in Red Nose Day 2015. The core creative for the campaign was ‘Bake Something Funny for Money’, piggy-backing on the hugely popular Comic Relief Great British Bake Off. From organising photoshoots and media interviews with celebrities through to a masterclass with celebrated home baker, Georgia Green the team delivered a three month CSR campaign driving sales for HomeSense’s exclusive product. Over this short period our campaign reached over 76 million consumers and raised over £4.0 million for the Comic Relief charity.

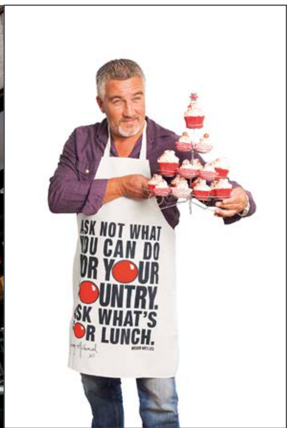
Launch of Regent Street Cinema

One of the more unusual briefs received was to re-launch the Regent’s Street Cinema after 35 years of being closed to the public. The campaign involved organising an open house for the media the day before the official launch where BBC Breakfast filmed live over five segments, Al Jazeera created a package that aired 24 times the following day, as well as many other national media all attend and cover with half to full page feature stories.

As a result, the cinema surpassed targets for opening week and was fully sold out. Following this, a red carpet gala event was organised to thank the supporters, including Sandi Toksvig and Tim Bevan, and invite others to come see the cinema for the first time, including Cultural Minister Ed Vaizey and Pink Floyd’s Nick Mason. Following the event requests were received from media as far afield as Japan wanting more details about the cinema. And the influencers read about the cinema and came forth to lend their support such as Stanley Tucci who came in on his own time for a Q&A before a screening of his favourite film.

Heineken Rugby World Cup

Heineken was one of the key sponsors of the 2015 Rugby World Cup, held in the UK, and Publicasity’s task was to excite and engage with retailers and publicans so they recognised the sales opportunity on offer. To get the trade engaged and keep the Heineken brand front of customers’ minds from launch until the end of the tournament, the strategy was to highlight the significant commercial opportunity that RWC2015 offered, through a range of expert advice which would help retailers and publicans drive incremental sales. The team were also privileged to enjoy access to Heineken’s rugby legends including Jonah Lomu, Will Carling, Matt Dawson, Scott Quinnell and John Smit who all helped host the official Heineken launch event at London’s Somerset House to mix with journalist guests and some lucky consumers. The campaign messages really got through with the Heineken brand being clearly seen at the heart of the action, helping to drive a commercially successful tournament. If only the home nation teams had been as successful on the pitch!



Divisional Performance Review COMMUNICATIONS *(continued)*

For the year ended 31 December 2015

ppsgroup

PPS Group

The integration of PPS into Newgate progressed well on the first full year trading as part of the Porta Group. The decision was made to retain the PPS name for at least the medium term, as it has significant brand value in the markets in which PPS operates – particularly property, residential, energy and infrastructure. There were no issues with client conflicts and not one client left our roster as a result of the acquisition.

Staff too have reacted well to the move to the Porta stable. Every member of the senior PPS team has remained with the business. They and the more junior members are enjoying the career opportunities that result from being part of a wider operation.

PPS's client base continues to include major blue-chip clients and the company carried out some first-rate and high profile work in 2015. The company continued to advise Severn Trent Water on its plans to safeguard Birmingham's water supply with a new water pipeline from the River Severn to Frankley Water Treatment works. This involved a two stage consultation process engaging communities and their political representatives along the route of this new pipeline.

The work advising London Paramount on its proposal to build a world class global entertainment destination in North Kent also continued. This is the first commercial project to be classified as a Nationally Strategic Infrastructure Project and we undertook extensive work positioning the scheme and consulting the affected communities.

National Grid was advised on various schemes, the most significant of which has been the IFA2 interconnector with France; we helped EDF Energy on Hinckley Point; Tarmac on quarries; E.On on windfarm sites across Scotland; Premier Inn on hotels; Hammerson on mixed use schemes; top 20 housebuilders such as Linden Homes, Redrow Homes and Barratt Homes and a range of clients on student accommodation, aged care facilities and distribution centres.

Important steps were also made in winning new business with our colleagues from other Porta companies. None of these would have been won by PPS had it remained a stand-alone business or by Porta companies without PPS. We secured a significant retainer contract with PRS for Music in conjunction with Thirteen and we are now working jointly with Newgate Communications for Crosslane Group, the student housing provider. Latterly we won, with Newgate, a significant contract helping the Rugby Football Union with its proposals to redevelop the East Stand of Twickenham Stadium and improve its broader engagement with the local community.

Thirteen

2015 was Thirteen's second full year in operation and saw the delivery of a number of high profile client campaigns, whilst securing important client wins that have set the business up for strong growth in 2016.

Our area of expertise is born out of the new technologies, new behaviours and new thinking that have helped forge the 'new economy'.

The team focus on creating intelligent campaigns that combine news, storytelling, reputation management and social impact. A key client, The Silvertown Partnership, saw planning permission secured in April 2015 and Thirteen supported this announcement by securing blanket coverage across key news. Through a successful PR programme, Thirteen demonstrated the project's ambition to create a 'new piece of city', by profiling senior spokespeople including Sir Stuart Lipton.

High profile work for QualitySolicitors saw Thirteen secure sensitive media coverage around the Lord Janner child abuse court case on behalf of its leading child abuse lawyer, Peter Garsden, to encourage other potential victims to come forward. Thirteen developed a twin strategy of releasing comment from Peter Garsden to top-tier media, alongside profiling alleged victims to encourage other victims to come forward.

Important new client wins included the UK's largest music licensing company, PRS for Music, following an integrated pitch between Thirteen and sister agency PPS. Among other highlights, 2015 saw the team create the Streamfair campaign for PRS to give them a platform to champion the rights of music creators and lobby for changes in EU policy.

The #Streamfair digital campaign, supported by strong b2b messaging, national and trade briefings, garnered support from leading songwriters including Michael Price and Jimmy Napes and saw widespread coverage across the music trade.

Following the successful launch of BMW's start-up DriveNow brand in late 2014, Thirteen proactively outreached to Ford and subsequently won the brief to create a b2b partnership programme for its 'GoDrive' car-sharing product, which saw a number of high profile shared economy, SME and 'mittelstand' businesses participate in the Alpha phase.

In November, Thirteen successfully delivered a project for newly re-branded tech industry recruiters, Dice, to generate social media buzz across its UK channels to support the launch of a new 'tongue in cheek' new outdoor ad campaign in Old Street. Over two days, more than 250,000 tech professionals were reached by the campaign and as a result Thirteen was hired on a retainer basis for 2016 with a PR and Social media remit.

Another key win in late 2015 was the national launch of Evander Holyfield's new betting brand 'Real Deal Bet' which saw the team secure high impact coverage across titles including the Daily Mail, TalkSport, Sky Sports News and Shortlist in early 2016.

Divisional Performance Review *(continued)*

For the year ended 31 December 2015

MARKETING AND ADVERTISING

2112

21:12 Communications

2015 was a year of consolidation and growth. We have managed the business to maximise efficiencies and create a good balance of experience and youth across all the agency's areas of expertise.

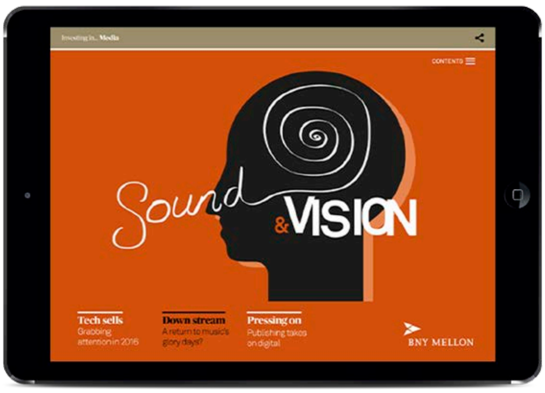
Financially, we have continued to grow year on year. In 2015 our income increased over 27% to £2.8 million. As a multi-channel creative agency it was encouraging that income was spread fairly evenly across the key service areas of digital, print and direct marketing.

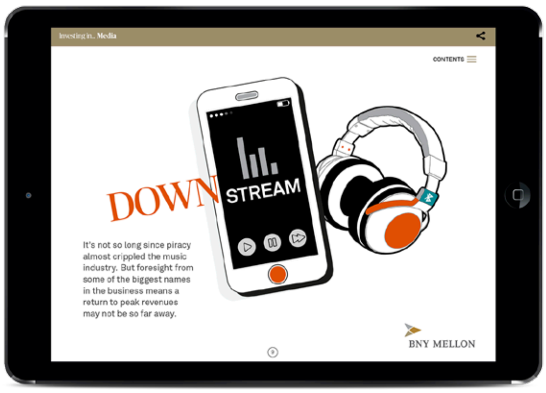
Clients

BNY Mellon is the largest account in the agency in terms of billing and activity and accounted for around 30% of our income in 2015. 2112 was appointed as the creative partner of BNY Mellon Investment Management EMEA in the middle of 2014 and the relationship grew during 2015. As one of the world's largest financial institutions and a multi-boutique investment house operating across US, EMEA and APAC, BNY Mellon's requirement for marketing and sales support material is massive. As part of an iterative, organic process 2112 has built a body of work that reflects the differing needs of the business while also building consistency. All of its work is designed to adapt for cross-channel usage that can be consumed in its entirety or as sections that can be deployed across earned, owned or paid for media.

The agency is also the creative partner of Hermes Investment Management, contracted to work on all of their marketing, sales and exhibition materials. Members of the team have also been regularly seconded to work at their offices during exceptionally busy periods, which has built an increasingly close relationship. The agency will be looking to build on its solid foundation.

Blind Veterans UK is a significant account for 2112 Direct, the direct marketing arm of the agency. In 2015, the Direct team created eleven mailing packs for the charity that helps the needs of ex-Service men and women suffering from partial sight loss and blindness. The account goes from strength to strength with the latest Christmas fundraising mailing achieving the best ever results in the charity's history.





New business

New business is important to any agency and we enjoyed a number of significant new business wins during 2015. The new clients were gained from diverse business sectors: charity, investment management, insurance, and pharmaceutical. New clients included The Children's Trust, Church House Investments, The Electoral Commission, Hargreave Hale, Henderson Global Investors, Legg Mason Global Asset Management, Neilson Financial Services, Pfizer, Rathbones, and Towergate Insurance.

A number of these clients have already made an impact in 2015 and we are looking to many of them for growth in 2016, particularly Henderson Global Investors, Pfizer and Towergate Insurance.

Group integration

We are great supporters of the integrated agency approach and partner with other parts of the Porta group whenever possible. During 2015 we were asked to support Newgate with print and binding for client annual general meeting documents, design and bespoke printing for new business presentations, info-graphics and digital build.

We also worked with Porta for several months on their rebrand project. We created their new brand identity and positioning, designed the logo and collateral material, and designed and built their new website.

Divisional Performance Review MARKETING AND ADVERTISING *(continued)*

For the year ended 31 December 2015

Summit Marketing Services

Summit had a successful 2015, taking positive steps to drive the business forward and reinvent itself – from an agency with its roots in artworking and design to a full-service marketing agency. To achieve this, they have established relationships with local digital and film production suppliers while at the same time actively marketing its brand and concept development capabilities.

AXA continued to be a very active account for Summit despite AXA PPP deciding to undertake the services of an in-house agency in September 2015. The agency managed to retain some key areas of this business – specifically Individual Acquisition marketing, which involves some high profile print and digital campaigns. AXA Assistance and AXA Travel Insurance also continue to use Summit as an extension to their marketing teams, relying on it to deliver creative, accurate work to increasingly tight timeframes.

Early in 2015 Western Union transferred across to Summit and the agency has worked with them on a day to day basis as an extension of their internal global team. Summit has been involved with launching and managing 26 new membership portal websites and worked on various other global campaigns including their Christmas and New Year Outdoor campaign, handling both the media and artworking the creative for this.

Extending our digital capabilities has started to materialise with numerous new website design projects coming to fruition in early 2016.

Group Finance Director's Review

For the year ended 31 December 2015

Gene Golembiewski
Group Finance Director

"2015 was a good financial year for the Group. This is the first year since formation that the Group generated £1.3m cash inflow from operating activities. We have reassessed the key drivers of operating costs across all operating units of the Group and took necessary actions. As a result, reported EBITDA after all costs of £1.1m was 447% higher than unadjusted EBITDA reported in 2014."

Gross Profit (continuing)	Reported EBITDA	Operating cash inflow
£26.9m	£1.1m	£1.3m
up 39%	up 447%	up 140%
[2014: £19.4m]	[2014: £0.2m[1]]	[2014: operating outflow £3.4m]

Results for the year

The Group's revenue for 2015 on continuing operations of £34.1 million was 46% higher than the prior year comparatives from continuing operations (2014: £23.3 million). This year's revenue includes £16 million from businesses acquired during 2014. Although the gross profit margin of 79% of total revenue in 2015 was 4% lower than the previous year, the gross profit of £26.9 million was 39% higher compared with gross profit generated by continuing operations in 2014. Of this, 14% was attributed to organic growth.

Administrative expenses of £28.6 million (2014: £20.2 million) were 42% higher mainly as a result of reporting a full 12 months for the first time and higher amortisation charges on acquired intangibles (in particular brands and customer lists acquired late in 2014). At 31 December 2015, the Group finished with 292 total staff (2014: 262).

The operating profit before depreciation and amortisation, interest and taxation ('EBITDA') from continuing operations of £1.1 million is a significant improvement from the £0.2 million in 2014 (or £0.7 million which includes 2014 gain on WSM acquisition). This positive improvement is down to cost reduction activities, organic growth and the contribution of new acquisitions in the year which are well established and profitable businesses.

However, the Board does not believe that the stated results truly reflect the underlying performance during the year as they include a number of exceptional and non-recurring costs. The Directors believe that it is more appropriate to analyse the results of the Group before start-up losses, acquisition costs, restructuring costs, non-recurring property costs, share based payments, impairment, legal and other professional costs, and amortisation of the acquired intangibles in order to help understand better the Group's financial performance. The Group no longer treats bad debts as an exceptional cost and hence it was removed from headline adjustments for comparative periods. Taking these adjustments into account gives a core underlying adjusted positive headline EBITDA of £2.6 million (2014: £2.1 million which does not include the bad debts) and headline PBT of £0.8 million (2014: £0.9 million).

The Group's key performance indicators are disclosed on page 2.

[1] Excluding the gain on WSM acquisition of £0.5m in 2014.

Group Finance Director's Review *(continued)*

For the year ended 31 December 2015

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
EBITDA from continuing operations	**1,071,612**	195,970[2]
Add back exceptional costs:		
Start-up losses[1]	**–**	613,327
Acquisition costs	**36,948**	271,947
Restructuring costs	**756,240**	189,500
Non-recurring property costs	**86,207**	323,536
Legal and other consultancy costs	**340,850**	276,418
Share based payment expense	**315,002**	185,580
Total exceptional costs	**1,535,247**	1,860,308
Adjusted headline EBITDA	**2,606,859**	2,056,278
Loss before tax from continuing operations	**(2,913,144)**	(1,947,848)[2]
Add back		
Exceptional costs[2]	**1,535,247**	1,860,308
Amortisation on acquired intangibles	**2,207,188**	1,042,160
Headline profit before tax	**829,291**	954,620

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

[2] For comparative purposes, reported EBITDA from continuing operations for comparative period excludes £475,393 gain on WSM acquisition. This gain has also been removed from headline EBITDA adjustments and pre-tax profits.

Results for year:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Continuing operations		
Revenue	**34,093,005**	23,273,668
Cost of sales	**(7,144,100)**	(3,868,339)
Total operating and administrative expenses	**(28,595,698)**	(20,182,469)
Operating loss	**(1,646,793)**	(777,140)
Reported EBITDA	**1,071,612**	671,363[1]
Loss before taxation on continuing operations	**(2,913,144)**	(1,472,454)
Loss after tax:		
Loss on continuing operations	**(3,100,938)**	(1,169,924)
Loss on discontinued operations	**(352,577)**	(2,480,674)
Loss for the year after tax	**(3,453,515)**	(3,650,598)
EPS on continuing operations	**(1.5p)**	(0.6p)
Year-end staff numbers	**292**	262

Analysis of total operating and administrative expense *(continuing operations)*	**£**	£
Acquisition costs	**(36,948)**	(271,947)
Restructuring costs	**(756,240)**	(189,500)
Amortisation of acquired intangibles	**(2,207,188)**	(1,042,160)
Depreciation and amortisation of other assets	**(511,217)**	(406,343)
Non-recurring property costs	**(86,207)**	(323,536)
Share based payments	**(315,002)**	(185,580)
Legal and other consultancy costs	**(340,850)**	(276,418)
Other operating and administrative expenses	**(24,342,046)**	(17,486,985)
	(28,595,698)	(20,182,469)

[1] Reported EBITDA in 2014 included £475,393 gain on WSM acquisition. If this gain is removed for comparative purposes, reported EBITDA would have been £195,970.

After taking into account amortisation and depreciation, including a charge on intangible assets such as brands and customer lists acquired with WSM, Redleaf, PPS and Publicasity, the overall operating loss for the year was £1,646,793 (2014: £777,140 loss).

Finance costs for the year, including movements on exchange rates, were £1,268,314 (2014: £689,288) arising principally on the discounted bond from Hawk Investment Holdings Limited and a loan from Retro Grand Limited granted during the year to fund acquisitions.

Group Finance Director's Review *(continued)*

For the year ended 31 December 2015

In view of the Board's expectation that the Group will be profitable going forward, the Group has recognised the benefit of certain tax losses incurred during the year, combined with movements in deferred tax, however outstanding performance of overseas subsidiaries as well as some UK based subsidiaries which fall outside the group tax pool resulted in an overall charge to the Statement of Comprehensive Income in the year of £187,794 (2014: credit £302,530) and a deferred tax asset carried forward in the Statement of Financial Position of £1,601,065 (2014: £1,449,871). In addition, the Group has unrecognised tax losses carried forward amounting to £3,400,000 (2014: £3,400,000) which it may be able to utilise in relieving tax payments going forward.

The loss after tax for the Group from continuing operations for the year was £3,100,938 (2014: £1,169,924). After taking into account the loss on discontinued operations for the year of £352,577 (2014: £2,480,674), the loss after tax on all operations for the year was £3,453,515 (2014: £3,650,598).

Several Group subsidiaries, which include Limited Liability Partnerships, have non-controlling interests, either as shareholders or as partners, designed to retain and reward the management of those entities. There are two subsidiaries that have material non-controlling interests, Newgate Australia and Redleaf Polhill (note 11). In the case of the Limited Liability Partnerships (applicable for comparative periods only), the Partnerships' shares due to those partners are deducted in arriving at operating profit or loss. However, in the case of incorporated subsidiary companies, the non-controlling shareholdings are shown as 'non-controlling interests' and their share of dividends and profits or losses are deducted after arriving at the profit or loss after taxation. Taking these into account, the loss attributable to the equity shareholders of the Group itself for the year was £4,363,548 (2014: £3,767,767). Loss per share was 1.5p for the year (2014: 0.6p loss) on continuing activities and loss of 1.6p (2014: 1.7p loss) for the year on continuing and discontinued activities combined.

Divisional results from continued operations:

31 December 2015 **£**	Communications	Marketing & Advertising	Head Office	Other/ Consol.[1,2]	**Total**
Revenue	28,671,416	5,826,220	353,795	(758,426)	**34,093,005**
Gross profit	23,533,409	3,415,496	–	–	**26,948,905**
Operating profit/(loss)	969,953	(593,949)	(2,022,797)	–	**(1,646,793)**
EBITDA	3,289,008	(386,636)	(1,830,760)	–	**1,071,612**
Loss from discontinued operations	–	–	–	(352,577)	**(352,577)**
Staff & partner numbers	207	71	14		**292**

31 December 2014 £	Communications	Marketing & Advertising	Head Office	Other/ Consol.[1,2]	Total
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
Operating profit/(loss)	885,053	261,375	(1,923,568)	–	(777,140)
EBITDA	1,954,687	436,765	(1,720,089)	–	671,363
Loss from discontinued operations	–	–	–	(2,480,674)	(2,480,674)
Staff & partner numbers	203	45	14	–	262

1. For the purpose of the above analysis, Other/Consol. column includes consolidation adjustments in relation to intercompany and results from discontinued operations.
2. The loss from discontinued operations related to additional expenses incurred during the course of administration of TTMG businesses which were discontinued in 2014 (see note 9 to the financial statements for the year ended 31 December 2014).

Communications

The Communications division has been particularly strong in Australia, Hong Kong and Singapore. The merger of Newgate Communications and Newgate Threadneedle expanded the service offering here in the UK and helped to significantly reduce the operating costs. The division overall has demonstrated an outstanding performance despite significant internal restructuring costs incurred, finishing the year reporting revenue of £28.7 million (2014: £18.8 million); gross profit of £23.5 (2014: £16.7 million); positive EBITDA of £3.3 million (2014: £1.95 million); operating profit of £0.97 million (2014: £0.88 million); and 207 staff employed (2014: 203).

Marketing and Advertising

The Marketing and Advertising division consists of 2112 Communications Group which comprises business activities of the former TwentyOne Twelve Communications LLP, TwentyFour Seven Studios LLP, the acquired in 2014 digital and print businesses of WSM and direct marketing agency 2112 Direct (formerly Crazy Horse) all of which were merged into a single operating unit under the legal name of 2112 Communications Limited during November 2015.

These businesses share the same office premises and operate closely together providing an integrated direct and digital marketing service including creative input, brand consultancy and advertising, strategic digital input, media planning and buying in the financial services, business services and not-for-profit sectors.

The division also includes Summit Marketing Services Limited, the marketing and advertising agency located in Tunbridge Wells which was acquired in 2013, and contributes to the professional expertise and quality of services offering of this division.

In total, the Marketing and Advertising division (continuing businesses) overall finished the year reporting revenue of £5.8 million (2014: £4.8 million); gross profit of £3.4 million (2014: £2.5 million); EBITDA loss of £0.39 million (2014: EBITDA profit of £0.44 million which was after the recognition of £0.5m gain on acquisition of WSM); operating loss of £0.6 million (2014: operating profit of £0.3 million, included £0.5 million gain on acquisition); and employed a total of 71 people (2014: 45).

Head office (central costs)

The central costs of the Group comprise the ongoing costs of running a growing international public company. These costs have been affected in 2015 by the expenses involved in acquiring companies, restructuring the business operations, relocating to new office premises in the UK and non-recurring legal and administrative costs in establishing the Group as it evolves into a global integrated business. Total central costs before taxation have slightly reduced from £2.3 million restated in 2014 to £2.2 million, with a £nil start-up costs incurred in 2015 compared to £0.6 million incurred in 2014, funded by the head office, and a 86% reduction (£0.23 million) in acquisition costs and 73% reduction (£0.24 million) in non-recurring property costs were offset by 70% increases (£0.13 million) in share based payments and a 23% (£0.06 million) increase in legal and professional consultancy costs. The increased levels of one-off and non-recurring costs were in line with management expectations for the scale and nature of the growing Group.

Group Finance Director's Review *(continued)*

For the year ended 31 December 2015

Financial position and cash flow

	31 December 2015 £	31 December 2014 £	31 December 2013 Restated, £
Non-current assets	**21,618,257**	22,517,663	10,330,087
Current assets, excluding cash	**8,250,876**	12,309,393[1]	10,149,611
Cash	**1,787,184**	1,791,426	2,544,802
Current liabilities	**(13,521,476)**	(15,201,575)	(12,784,075)
Non-current liabilities	**(6,516,005)**	(6,123,158)	(3,916,656)
Net assets	**11,618,836**	15,293,749	6,323,769
Equity shareholders' funds	**9,771,774**	13,118,981	5,193,875

31 December 2015 £	Communications	Marketing & Advertising	Head Office	Other/ Consol	**Total**
Non-current assets	16,565,383	1,982,800	3,070,073	–	**21,618,256**
Current assets, excluding cash	8,054,129	1,367,061	7,726,030	(8,896,343)	**8,250,877**
Cash	1,397,934	264,619	124,631	–	**1,787,184**
Current liabilities	(7,587,658)	(5,036,495)	(9,793,666)	8,896,343	**(13,521,476)**
Non-current liabilities	(1,689,228)	(362,908)	(4,463,869)	–	**(6,516,005)**
Net assets	16,740,560	(1,784,923)	(3,336,801)	–	**11,618,836**

31 December 2014 £	Communications	Marketing & Advertising	Head Office	Other/ Consol	Total
Non-current assets	17,333,656	2,140,206	3,043,801	–	22,517,663
Current assets, excluding cash	6,475,968	1,337,708	9,295,393	(8,233,204)	8,875,865
Cash	1,494,177	181,796	115,453	–	1,791,426
Current liabilities	(6,940,998)	(6,866,777)	(6,193,476)	8,233,204	(11,768,047)
Non-current liabilities	(2,124,449)	(318,024)	(3,680,685)	–	(6,123,158)
Net assets	16,238,354	(3,525,091)	2,580,486	–	15,293,749

31 December 2013 Restated, £	Communications	Marketing & Advertising	Head Office	Other/ Consol	Total
Non-current assets	5,086,575	4,135,185	1,108,327	–	10,330,087
Current assets, excluding cash	2,914,349	6,094,991	7,150,194	(6,009,923)	10,149,611
Cash	518,228	708,347	1,318,227	–	2,544,802
Current liabilities	(4,821,858)	(10,954,087)	(3,018,053)	6,009,923	(12,784,075)
Non-current liabilities	(225,674)	(1,452,963)	(2,238,019)	–	(3,916,656)
Net assets	3,471,620	(1,468,527)	4,320,676	–	6,323,769

	31 December 2015 £	31 December 2014 £	31 December 2013 £
Cash inflow/(outflow) from operating activities	**1,342,569**	(3,397,485)	(4,487,303)
Cash outflow from investing activities	**(1,017,022)**	(4,210,908)	(973,659)
Cash (outflow)/inflow from financing activities	**(319,798)**	6,858,614	7,236,973
Taxes paid	**(1,019,396)**	(219,353)	(6,674)
Cash in hand at end of period	**1,787,184**	1,791,426	2,544,802

[1] 2014 included current assets of the discontinued group.

The rapid growth of the Group has also had a significant impact on the cash flow position. For the first time since formation of the Group, we generated positive cash flow from operating activities of £1.3 million. The overall working capital cycle has been improved with both trade receivables and payables turnaround periods being significantly shorter compared with 2014. The receivables turnaround was reduced by 31 days or 38% and represented 56 days (2014: 87 days), while the trade payables turnaround decreased by 22 days to 65 days (2014: 87 days). Cash inflow from operating activities includes £1.0 million of taxes paid (2014: tax paid was £0.2 million).

Net cash outflow from investing activities is almost £3.2 million or 76% lower as a result of decrease in the number of acquisitions (net of cash acquired) made throughout 2014. However since all acquired subsidiaries in 2014 and their fair valued intangible assets such as customer lists and brands were amortised a full calendar year in 2015, the overall amortisation and depreciation charge has increased by £1.1 million or 68% compared with 2014.

During 2015, we repaid a total of £1.9 million of borrowings which related to the deferred consideration for the acquisition of Publicasity and PPS, together with interest accrued on other short term loans. This was financed through the restructuring of the existing £3.0 million loan from Retro Grand to which an additional £1.7 million was added. Overall £0.3 million cash has been consumed by the financial activities. During 2014 a total of £6.9 million cash was generated from financial activities principally as a result of a £7.0 million fund raising.

The net debt position has increased from £5.6 million at the beginning of the year to £6.2 million; the net debt to equity ratio was increased from 27% in 2014 to 35% at the end of the current reporting year.

Post year-end

On 15 March 2016, the Company adopted the Executive Share Incentive Plan (the “Plan”) wherein the Group Chief Executive Officer, Group Managing Director and Group Chief Financial Officer (“Management”) were awarded a number of A class Ordinary Shares in Porta Communications Midco Holdings Limited, (“Porta Midco”). On 17 March 2016 a Circular was sent to shareholders containing details of the Plan and calling a general meeting on 6 April 2016 to consider the proposed Plan which was approved at the general meeting.

On maturity of the Plan, the A Shares will be entitled to 15% of the growth in value of the Ordinary Shares above a market capitalisation of £36.3 million equal to a value of approximately 13p per Ordinary Share. Until this share price has been achieved Management will receive no value for their A Shares in Porta Midco. Full details can be found in the Circular sent to shareholders on 17 March 2016 which is available on Porta’s website, www.portacomms.com.

Prior to 31 December 2015, the Group agreed with Hawk Investment Holdings Limited to refinance its current borrowings. The refinancing agreements were completed on 14 April 2016. Under the new agreements, the £2.86 million deep discounting bond facility, which was initially due to be repaid on 26 February 2016, was renewed for a further three year period on materially the same terms as the original facility repayable on 26 February 2019. At the same time the £0.25 million bridging loan facility provided by Hawk Investment Holdings Limited, initially due to be repaid on 21 January 2016, was also renewed on materially the same terms as the original facility and repayable on 21 January 2017.

Principal Risks and Uncertainties

For the year ended 31 December 2015

The Group is exposed to a range of various risks which may affect its performance. The management team of the Group performs regular exercises to identify, evaluate and report new risks facing the business as well as reviews the appropriateness and relativity of earlier identified risks by the Board. The process is designed to manage these risks and to ensure all necessary mitigating actions are considered and undertaken on a timely manner. However no system of control or mitigation can completely eliminate the risks inherent in achieving the Group's business objectives. The existing risk management process adopted by the Board of Directors can therefore provide only reasonable and not absolute assurance against material misstatement or potential loss.

The Directors identified a number of risks and uncertainties which they believe may affect the Group's ability to deliver its strategic goals as at 31 December 2015. A list of these risks is summarised below. This list does not purport to be an exhaustive summary of the risks affecting the Group, is given in no particular order of priority and contains risks considered to be outside the control of the Directors.

Risk trend key:

↑ Increased from 2014 ↓ Decreased from 2014 ↔ No change

Specific Risks	Mitigation	
Acquisitions and disposals (strategic risk)		
The pursuit of our Group business strategy the Board of Directors views through economically sound development activities such as strategic investments, acquisitions and disposals. Whilst good progress has been made on acquisitions in the past, there can be no guarantee that the Directors will continue to be able to agree the acquisitions of further suitable companies and/or businesses on acceptable terms or any guarantee that the Group will be able to raise sufficient future finance at such time. There is also a risk that any acquisition or investment is based on inaccurate information or assumptions, or the new business is not integrated effectively which may result in less financially beneficial than anticipated post-acquisition performance. During the year we made one strategic investment in Capital Access Group Limited. Note 12 to the financial statements provides further information.	We mitigate these risks by having rigorous external and internal due diligence procedures to identify and evaluate potential risks prior to agreeing the acquisition or investment terms; applying robust valuation models; and agreeing suitable warranties and indemnities from the vendors. In addition, the consideration paid for any business typically includes an element of deferred consideration contingent upon future performance which mitigates the risk of overpaying for a business. There is a clear focus on integrating acquired businesses over the deferred consideration period and close monitoring of the post-acquisition performances.	↔

Specific Risks	Mitigation
Management of growth (strategic risk)	
The ability of the Group to implement its strategy requires effective planning and management control systems. The speed at which the business develops may place a significant strain on the Group's management, operational, financial and personnel resources. Failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a detrimental impact on the trading performance of the Group.	The Group has an experienced management team and a number of highly experienced external advisers. The Board of Directors continuously review and enhance the existing strategy for the integration and management of the expected business growth.
New markets and channels of service offering (strategic risk)	
As we enter new markets through acquisition of local businesses or starting up new offices overseas we may achieve lower than anticipated trading volumes or higher costs and resources requirements. This may impact overall group profitability and negatively reflect on cash flows.	We have a thorough process for assessing and planning the entry into new markets and related opportunities with the help of qualified and experienced advisers. We continuously assess our performance in those new markets and the related opportunities and risks.
Global economic trends and client dependency (economic risk)	
Our Group provides an integrated service offering to our clients across the globe. Poor economic conditions in home countries of our clients can increase the average debtor days' period and thus put pressure on the Group's working capital. There is also an increased risk of bad debts occurring as a result of clients' financial problems.	Due to a wide spread of clients across the world and various industry sectors, the Group reduces its reliance on any particular economic environment or particular client. The Group performs weekly reviews of cash flows from all operations as well as regular reviews of new business wins/losses across all Group companies. The Group closely reports and monitors aged debts and ensures the local management has an action plan in place to minimise the risks of any resulting loss. The Group also closely monitors the level of fees generated from each client and is continuously seeking opportunities to expand existing client portfolios. In 2015 no individual client represented 3% of the total revenue (2014: 5%). And our top 10 clients accounted for 21% (2014: 19%) of revenue.

Principal Risks and Uncertainties *(continued)*

For the year ended 31 December 2015

Specific Risks	Mitigation	
Future funding (strategic risk)		
Although there are currently no immediate plans, the Company may need to raise extra capital in the future to develop fully the Group's business and to take advantage of future acquisition opportunities. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favorable to the Company or the Shareholders. If further financing is obtained by issuing equity securities or convertible debt securities, the Shareholders' holdings of Ordinary shares may be diluted and the new securities may carry rights, privileges and preferences superior to the Ordinary shares. The Directors may seek debt finance to fund all or part of any future acquisition. There can be no assurance that the Company will be able to raise such funds, either on acceptable terms or at all. If debt financing is obtained, the Company's ability to raise funds and its ability to operate its business may be subject to restrictions. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond the Company's control) may make it difficult for the Company to obtain new financing on attractive terms or even at all. If the Company's borrowings become more expensive, then the Company's profits will be adversely affected.	The Group has a number of short-term and long-term borrowing facilities to fund working capital and/ or acquisitions. The Board of Directors and executive management team closely monitor the level of debt and ensure all borrowings are utilised appropriately in accordance with terms and conditions of issue. Rigorous cash reviews of expenditures and collections are performed on a weekly basis across all Group companies to ensure the targeted cash levels are maintained at each reporting date.	
Restructuring activities (strategic risk)		
Continuously increasing acquisitions and necessary integration of new businesses within the Group inevitably requires restructuring of our existing activities to streamline our business and reduce the cost base. This includes downsizing of under-performing divisions and business units as a part of an effective costs management program. During 2015 the Group undergone internal restructuring of the communication segment whereby underperforming business units operating in Europe have been closed down. These unites were neither material nor significant to the Group. Overall restructuring has progressed well and has had an immediate positive impact on the Group positioning going forward.	The Group continues to closely manage these activities by assigning specific internal teams responsible for regular and timely reporting of the progress and results against set targets and by using other internal and external expertise. The Group seeks to remain fair towards all members of staff affected by the changes through transparent and regular consultation with those members of staff during such periods. We are separately tracking the costs and benefits of these projects to ensure that we can compare their actual performance against our expectations while monitoring the underlying results of the business.	

Specific Risks	Mitigation
Attraction and retention of key employees (operational risk)	
The Group depends on the continued service and performance of the senior management team and whilst it has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of their services cannot be guaranteed. The loss of the services of the Group Chief Executive, Group Managing Director and the Group Finance Director or other key employees could damage the Group's business. Equally, the ability to attract new employees and senior executives with the appropriate expertise and skills cannot be guaranteed. The Group may experience difficulties in hiring appropriate employees and the failure to do so may have a detrimental effect upon the trading performance of the Group.	We recognise that it is important to motivate and retain talented people across our businesses to ensure that we are not exposed to the risk of unplanned staff turnover. The Group's policy is to recruit both senior management and staff of the highest quality and to remunerate them accordingly. The Group carries out a succession plan and provides promotion opportunities as well as operating both short-term and long-term incentive plans to motivate and retain key personnel. The Group takes employees' health and safety very seriously and has appropriate processes in place to monitor and address any issues accordingly. Recent new hires made in 2015 and 2016 indicate that the Group is becoming a 'destination work-place' thereby reducing the Group's risk of not being able to attract experienced and skilled executives.
Working capital (operational risk)	
Lack of timely cash collections from our clients may result in increased working capital requirements at an increased cash costs to the Group.	Working capital implications are an integral component of contract negotiations. The Group seeks to agree advance billing terms whenever possible.
Information systems (IT) and data security (operational and business risks)	
Any information system failure could negatively impact on the Group business operations, including delays to client work. Unauthorised access to confidential information due to inadequate security of the data could compromise our client relationships and have a detrimental effect on our reputation. Failure to maintain robust disaster recovery plans may result in significant loss of resources and cause a major disruption to overall business operations.	The Group maintains fit for purpose IT systems managed and reviewed by both in-house and third party IT specialists in a timely manner. All significant IT related investments are subject to business case assessments performed by the Group management and, where appropriate, by the Board. Extensive business and IT disaster recovery plans have been implemented by each company and are tested frequently to minimise any disruption in the event of an IT failure. It is local management's responsibility to perform regular reviews of those plans to ensure they remain dynamic and robust. External access to data is protected by the Group's IT security, which is frequently tested for malicious attacks and/or more general virus infections to ensure that the Group's network is as secure as possible. Internal access to data is restricted.

Principal Risks and Uncertainties *(continued)*

For the year ended 31 December 2015

Specific Risks	Mitigation
Failure to maintain an acceptable standard of business ethics (business risk)	
Both reputational and operational damage may arise if the Group engaged in actual or perceived unethical client work. Ethical matters that are not identified or managed appropriately could cause reputational damage to the Group.	The Board has implemented a robust governance framework including a Code of Business Conduct and Ethics that is incorporated into our Staff Hand Book and is communicated to all employees. The Code provides clear guidance on how the members of staff are expected to behave towards other colleagues, suppliers, customers, shareholders and on our wider responsibility to the communities within which we operate. All employees are expected to comply with the Code and any violations of it may be reported to local management or the Group HR.
Legal and regulatory compliance (compliance risk)	
Any failure to adhere to legislative requirements could affect both the reputation and performance as well as causing financial damage to the Group.	The Group is advised by external legal counsel throughout the world on local legal and regulatory requirements and minimises the risk of loss. Policies on gifts, entertainment, share trading and confidentiality are communicated to all employees through the Staff Hand Book. Appropriate training is given to employees to reduce the Group's risk of failure to comply with relevant legislative and regulatory requirements.

Financial risk management

Details of the Group's approach to financial risk management are disclosed in detail in note 7 to the financial statements.

Our Place in the Community

For the year ended 31 December 2015

Corporate Social Responsibility

The Board believes that acting responsibly should be a main consideration in everything that we do. The Group is therefore committed to demonstrating the importance of this, not only in our work for clients, but in our own working practices and the communities in which we live. We are involved in the business of managing brands and corporate reputations on behalf of clients and the Board acknowledges that being socially responsible while taking steps to minimise our impact on the environment through our actions and those of our many clients and suppliers is an important factor in the management of our own business.

Porta Communications Plc focuses on the key areas of the Community, Environment, our Marketplace and the Workplace we create for our teams.

Our Community

Porta's approach is centred on working hard to maximise the positive in all that we do.

The growing team of talented individuals within the business are encouraged to support our community in London and globally in the pro-bono work that we do supporting projects where we feel we can make a difference.

Porta has identified two charities where it believes it can make a difference:

centre point give homeless young people a future

HEART UK THE CHOLESTEROL CHARITY

Centrepoint's vision is to end youth homelessness and to give homeless young people a future. The organisation is the UK's leading charity for youth homelessness and provides housing and support for 1,000 homeless young people aged 16-25 each year. Porta is working to build a comprehensive partnership centred on sharing our key skills with the charity and our energy in fund raising and participating in major events.

HEART UK helps anyone affected by raised cholesterol by bringing people together providing information, support, education and campaigning for improved identification and standards of care. Their vision is that by 2016, the majority of UK adults will know their cholesterol levels, understand the impact and be taking any necessary action.

We believe that by working with these charities we can help make a difference and have an ongoing objective to support more industry initiatives and projects alongside our clients.

Environment

We work hard to understand our impact on the environment and take steps to reduce our impact through our actions, while promoting positive action on behalf of our clients.

We recycle, we reuse and we reduce our emissions where we can. The paper we use is recycled and FSC graded, our coffee Fairtrade, our water filtered and many of our team can be found walking, running and cycling into the office daily.

- The head office at 50 Basinghall Street has a responsive lighting system and is powered down at evenings and weekends to reduce any unnecessary power consumption and rainwater is used in the buildings waste disposal system.
- Recycling facilities including paper, glass and dry waste are provided through the offices.
- Participation in events such as Earth Hour are all part of our wider responsibility to reduce consumption and minimise waste.
- Office supplies – including paper – are provided by Bates Office which has IS014001 BSI accreditation.
- As a major buyer of print, we work with our supply chain to supply from environmentally sound sources including the use of FSC 55% recycled paper with many clients.

Our marketplace

Alongside our own activities, Porta Communications is a member of numerous industry bodies and participates in activities to improve our marketplace.

Business Community Market Principles

- Respect customers and support vulnerable customers
- Seek potential customers within excluded groups
- Manage the impact of product or service
- Actively discourage product misuse
- Actively manage responsibility in our supply chain
- Treat suppliers as partners
- Work with the rule makers
- Have consistent standards

Our Place in the Community *(continued)*

For the year ended 31 December 2015

Our workplace
As a thriving young global business, we are consistently innovating and creating, while maintaining a healthy and lively place to work.

- Volunteering – we actively support our people to give their skills and time to support the communities in which we live and work. The business is a member of Heart of the City and is actively developing a programme of support for some of the brilliant charities that serve the hugely disadvantaged communities on the doorstep of the City of London.
- Diversity – we have an active policy to be an equal opportunity employer and contractor and do not discriminate by gender, race, age, disability or faith.
- Wellness – our health cover for staff is provided by Pru Health in the UK which offers all staff a 50% discount on gym membership along with our association with Heart UK – we understand the value of supporting our people to prioritise their health and take a positive stance to promote wellbeing. More information is provided in page 48 of the Directors' Report.

Approval of the Strategic Report

Gene Golembiewski
Group Finance Director

2 June 2016

Chairman's Introduction to Corporate Governance

For the year ended 31 December 2015

Bob Morton
Chairman

"During 2015 we have strengthened the leadership of Porta by the addition of Steffan Williams to the Board and the creation of the Porta Executive Committee."

Dear Shareholder

Welcome to the Governance Section of Porta's 2015 Annual Report and Accounts. In this part of the Report and Accounts I intend to set out Porta's approach to good corporate governance, corporate responsibility and ethical standards.

The Board

The Remuneration and Nomination Committee continues to evaluate the Board to ensure that the Board has sufficient skills and experience and the right balance of skills and experience to provide effective leadership for the Company and the Group.

During the year we strengthened the Board with the addition of Steffan Williams in the capacity of Group Managing Director. He brings a huge wealth of knowledge in Financial PR and a new energy and direction to the Group and the Board. As well as recruiting Steffan Williams we also established the Porta Executive Committee which will initially comprise the Executive Directors and other senior Executives in the business. Since year end Gavin Devine has agreed to join the Group and he will sit on the Porta Executive Committee with David, Gene, Steffan and Brian Tyson, the Chief Executive of Newgate Australia.

We continue to apply strong and effective governance with the Board bearing the ultimate responsibility for the Group's performance and for overseeing the management of risk across the Group. My leadership role as Chairman is to encourage open discussions in board meetings with constructive debate and challenge.

Now that Steffan has joined the Board the Board comprises three Executive Directors and three Non-Executive Directors, including the Chairman.

Strategic Development

As I highlighted last year at this important stage in the Group's development the Board continues to focus on a monthly basis on our short-term and long-term strategic development. The investment in Capital Access Group which was secured during 2015 was an excellent opportunity to expand the Group into new complimentary services.

Remuneration Policy

The remuneration policy of the Group is designed to align the interests of the Executive Directors and senior management with those of shareholders and during the year the incentive packages offered to the Executive Directors remained under review as to their effectiveness. Following year end the Remuneration Committee made the recommendation that the Company adopt the Executive Share Incentive Plan, and on 6 April 2016 this plan was put to shareholders at a general meeting of the Company. The Executive Share Incentive Plan was overwhelmingly supported by our Shareholders. Further details of this Plan can be found in the Circular for the general meeting on our website and also on pages 55 to 60, Report of the Remuneration Committee.

Ethics and Values

All Directors and employees are required to act fairly, honestly and with integrity and to demonstrate that they have read and understand the Group's Code of Business Conduct and Ethics. Training is provided via a dedicated policy management system and all employees and Directors were required to carry out Anti-Bribery and Corruption training at the end of this year. Since year end a further course has been completed relating to Equality and Diversity.

Bob Morton
Chairman of the Board

2 June 2016

Board of Directors

For the year ended 31 December 2015

The following Directors have held office during the year:

Bob Morton; David Wright; Gene Golembiewski; Brian Blasdale; Raymond McKeeve; Steffan Williams (appointed 30 September 2015)

The Directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2015.

Bob Morton, Chairman, 74 years
Bob is a chartered accountant, successful entrepreneur and has substantial public company experience. He has served as Chairman to various companies including Systems Union, Maclellan and Vislink plc and is currently also Chairman of a number of other public and listed companies including Armour Group plc, Servoca plc and St Peter Port Capital Limited. In addition, he holds directorships in a wide range of private companies.

David Wright, Chief Executive, 71 years
David began his career as a journalist and left the Financial Times in 1978 to start a new career in Financial Public Relations. He became Chief Executive of Streets Financial Strategy from 1986 to 1988 before establishing Citigate in late 1988. In 1997 he reversed Citigate into Incepta plc. David became Chief Executive of the enlarged Group later becoming Chairman. Between 1997 and 2003 when David left Incepta plc he built the largest international financial communications company in the world through a series of key acquisitions and an active recruitment programme.

Gene Golembiewski, Finance Director and Company Secretary, 58 years
Gene started his career as a Certified Public Accountant in the U.S. at Touche Ross & Co. He switched to marketing services when he joined Omnicom-owned Ketchum, becoming International Finance Director responsible for growing its international network through acquisitions. Ten years on saw Gene become worldwide CFO and COO of Gavin Anderson & Company to help drive the firm's global development, culminating in the international merger of Gavin Anderson & Company with another firm in 2009. Gene left Gavin Anderson & Company three years later, becoming Porta Group Finance Director in July 2013.

Brian Blasdale, Non-Executive Director, 65 years
Following an early career with P&O Shipping Company, Brian held a number of senior sales & marketing roles with blue chip companies including Kodak Limited. Thereafter he formed his own IT outsourcing company, achieving success in attracting a number of major blue chip companies as clients. Subsequently he co-founded I-B Net Limited in March 2000 which was listed on AIM. Since this time Brian has actively been involved with a number of companies as Chairman and non-executive director for and on behalf of Lloyds Development Capital Private Equity.

Raymond McKeeve, Non-Executive Director, 44 years
Raymond is a partner at Jones Day. He is widely regarded as a leading private equity specialist. He advises many of the leading private equity houses, SWFs and their investee companies as well as some of the leading lenders into the leverage market across all areas of corporate practice, including acquisitions, disposals, restructurings and ECM work. His practice covers both the domestic UK market as well as a broad international offering including MENA and sub Saharan Africa. Raymond also sits in a personal capacity on the MOD Defence Reform Unit chaired by Lord Levene.

Steffan Williams, Group Managing Director, 48 years
Steffan has spent over 20 years working within the field of strategic communications. Most recently, he was a Partner at Finsbury where he worked on a number of high profile M&A transactions such as Holcim/Lafarge, Greene King/Spirit and Crown/Rexam. He previously founded Capital Communications in 2001, taking it to become a top ten player within the EMEA region. He then sold it to Publicis Groupe and went on to lead MSLGroup's Strategic Communications business across the EMEA region.

Steffan was educated at Lincoln College, Oxford University, and is now an Old Members Trustee. He is the Vice-Chairman of the PRCA, is a member of the Development Committee at the Legatum Institute, a Trustee of the National Botanic Garden of Wales, a member of Swansea University's Advisory Development Board and is a Special Adviser at the Iraq Britain Business Council. He provides communications advice to a number of charities pro bono and is a frequent guest speaker on communications.

Directors' Report

For the year ended 31 December 2015

Business review and future outlook

The review of the business for the year and the future outlook is given in the Chairman's Statement on page 5 and the Strategic Report on pages 13 to 44.

Risks and uncertainties

The Strategic Report deals with the principal risks and uncertainties. Our Group trades internationally both through its local offices and via direct contracts in countries where we do not have offices. This trade exposes the Group to political risks, foreign exchange risk and some locations physical risks. Other risks the Group is exposed to include client credit risk; the risk that the financial markets cause liquidity risks in addition to this client risks (given financial services clients); and cash flow risks. The Group mitigates such risks through monitoring, reviewing the available information and management's negotiations of contractual terms. Further details to our risks and risks management is given on pages 38 to 42.

Going concern

The Group's forecast and projections show that the Group should be able to operate within the level of its current financial means, for at least twelve months from the signing of these financial statements.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Company and the Group continue to adopt the going concern basis in preparing the financial statements.

Financial instruments

Details of the use of financial instruments and the Group's approach to financial risk management are disclosed in detail in note 7 to the financial statements.

Dividends

The Company is unable to pay a dividend for the year ended 31 December 2015 (2014: £nil).

Political contributions

During the year, the Group made no political donations and it incurred no political expenditures (2014: none).

Directors

The name and biography for each Director has been provided on page 46. This information can also be found on our website (www.portacommunications.co.uk).

Directors' interests

The Directors who served the Company during the year, together with their interests (including family interests) in the shares of the Company, were as follows:

Ordinary shares of 10p each	**31 December 2015 See note**	31 December 2014 See note[1]	31 December 2013 See note
Bob Morton	**42,936,318**	32,942,552	29,215,629
David Wright	**4,055,677**	2,743,727	2,471,000
Gene Golembiewski	**1,412,230**	769,230	–
Steffan Williams (appointed 30 September 2015)	**–**	–	–
Brian Blasdale	**3,117,322**	1,817,322	1,627,332
Raymond McKeeve	**4,651,618**	3,250,000	3,250,000

1. Or date of appointment if later.

The details of Directors' share options are given in the Report of the Remuneration Committee on pages 55 to 60.

On 25 May 2016 Bob Morton purchased, via Hawk Investment Holdings Limited, a further 1,500,000 ordinary shares in the capital of the Company increasing his holding in shares to 44,436,318.

There have been no changes in the interests of the other Directors in the shares of the Company between 31 December 2015 and the date of this report.

Directors' Report *(continued)*

For the year ended 31 December 2015

Substantial shareholdings

As at 2 June 2016, notification has been received for the following interests in 3% or more of the issued share capital of the Company:

	Number of Ordinary shares held	Percentage
Hawk Investment Holdings Limited[1]	43,586,318	14.92
Hargreave Hale	26,577,514	9.52
Fidelity	16,071,539	5.76
Ruffer LLP	13,714,413	4.91
Stephen Byfield	14,871,230	5.33
Gary Wyatt	9,000,000	3.22

1. Hawk Investment Holdings Limited is a company beneficially owned by Bob Morton and his wife.

Employment

The Directors view employees as the key asset of the Group. In 2015, the Group's management continued to focus time and resource on the Group's employees, including initiatives on subjects such as wellbeing, engagement and training.

As at 31 December 2015, the Group employed 292 people (2014: 262) globally in its continuing operations. The Group takes its responsibilities for its employees seriously and is committed to high standards of employment practice. The Group's aim is to develop successful employees who will grow with the Group as it expands and who see exciting future employment prospects with the Group.

Employee involvement

The Directors are committed to employee involvement throughout the business. Employees are kept informed of the performance and strategy of the Group through divisional and personal briefings, regular meetings, electronic correspondence, broadcasts and in-house presentations by the Chief Executive, members of the Board and other members of the executive management team(s) organised at key points in the year.

Managing executives from each operating unit across the Group are committed to encourage staff to engage proactively in gathering ideas and initiatives on a number of areas including how we can better serve our clients and operate more efficiently.

Share options are an important part of our reward package, encouraging and supporting employees share ownership. Full details of the current schemes are given in note 22.

Wellbeing information is provided by the administration team of every Group's office in specific staff-dedicated 'break out' areas. Information on topics such as healthy eating and exercise are provided as well as how to seek help for issues such as stress, financial challenges or achieving a positive work-life balance. The Group also welcomes staff wellbeing initiatives and encourages a number of sport activities to take place during the lunch hours.

Through our involvement with Heart UK, the Group offered cholesterol testing to employees in its London office.

Equal opportunities

The Group is committed to an equal opportunities policy from recruitment and selection, through training and development, performance reviews and promotion to retirement. It is the Group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merits. The Group is responsive to the needs of its employees, customers and the community at large. We are an organisation that uses everyone's talents and abilities and where diversity is valued.

Employees with disabilities

It is our policy that people with disabilities should have full and fair consideration for all vacancies. During the year we continued to demonstrate our commitment to interviewing those people with disabilities who fulfil the minimum criteria, and we endeavour to retain employees in the workforce if they become disabled during the employment. We will actively retrain and adjust their environment where possible to allow them to maximise their potential.

Auditors

A resolution is proposed at the forthcoming Annual General Meeting to appoint Grant Thornton UK LLP as auditors of the Company for the ensuing year.

Directors Indemnity Insurance

As permitted by Section 233 of the Companies Act 2006, the Company has purchased insurance cover on behalf of the Directors indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Disclosure of information to the auditors

The Directors who hold office at the date of approval of this report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make him aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Corporate governance

The Company's statement of corporate governance can be found in the Corporate Governance Report on pages 51 to 54 of this Report and Financial Statements. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

Directors' remuneration

The Report of the Remuneration Committee is on pages 55 to 60 of this Report and Financial Statements. The Report of the Remuneration Committee forms part of this Directors' Report and is incorporated into it by cross-reference.

Annual General Meeting

A notice convening the Annual General Meeting to be held on 30 June 2016 at 11.00 a.m. is included with this report. The Report of the Directors was approved by the Board on 2 June 2016 and signed by order of the Board by:

Gene Golembiewski
Company Secretary

2 June 2016

Statement of Directors' Responsibilities

For the year ended 31 December 2015

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate Governance Report

For the year ended 31 December 2015

Compliance

The Directors recognise the value of the Principles of the UK Corporate Governance Code. As an AIM company we are not required to comply with the Code and we do not comply with the Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Company, given its size and best practice.

The following statement describes how the Group as at 31 December 2015 sought to address the principles underlying the UK Corporate Governance Code.

Board composition and responsibility

Following the appointment of Steffan Williams as Group Managing Director, the Board consists of three Executive Directors and three Non-Executive Directors. All Directors are equally accountable for the proper stewardship of the Group's affairs.

The Board's primary objective is to focus on adding value to the assets of the Group by assessing the performance of the business units, business opportunities and ensuring that potential risks are identified, monitored and controlled. Matters reserved for Board decisions include strategic long-term objectives and capital structure of major transactions. The implementation of Board decisions and day-to-day operations of the Group are delegated to management. In making commercial assessments the Directors review detailed plans including financial viability reports that, among other things, detail the impact of proposals in respect of return on capital, return on cash and the likely impact on the statement of comprehensive income, cash flows and gearing. Strategy is determined after having taken due regard of forecast domestic and international developments.

The Board is responsible to the shareholders of the Company for the strategy and future development of the Group and the management of its resources. It has a formal schedule of matters specifically reserved to it for decision; other decisions are dealt with as day-to-day matters by management. In broad terms, the ongoing remit of the Board is as follows:

- Approval of the Group's annual budgets and forecasts and ongoing review of Group strategy and performance;
- Approval of the Annual Report and any statements made therein;
- Approval of any significant changes in accounting policies and practices;
- Appointment or removal of Directors or the Company Secretary;
- Approval of appointment of senior staff and setting of their remuneration;
- Approval of any material expenditure or capital commitments;
- Ensure maintenance of robust systems of internal control – including all operating and financial systems through annual review and assessment;
- Review of the Board's own effectiveness; and
- Ensure continued compliance with any regulatory requirements.

The Non-Executive Directors have particular responsibility to scrutinise and assess the strategy proposed by the executive management, to evaluate performance, business risk and the integrity of financial information and controls, and to ensure appropriate remuneration and succession arrangements are put in place for the Executive Directors. Brian Blasdale and Raymond McKeeve are considered to be independent Non-Executive Directors for the purpose of the Code.

Policy on election

All Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and are subject to re-election at least every three years thereafter. Non-Executive Directors are appointed for a specific term of office which provides for their removal in certain circumstances, including under Section 168 of the Companies Act 2006.

The Board does not automatically re-nominate Non-Executive Directors for election by shareholders. The terms of appointment of the Non-Executive Directors can be obtained, by request, from the Company Secretary.

Board meetings

The Board meets at the end of every month. Group and divisional budgets and quarterly financial forecasts including net assets and cash flow projections are formally reviewed by the Board on a quarterly basis. In addition, the Executive Directors monitor cash flows on a weekly basis. The Board holds other ad hoc meetings as required. The usual monthly agenda for the Board meeting typically contains (but is not limited to) the below items:

- Review of the minutes to the previous meeting;
- Review actions from the previous meetings;

Corporate Governance Report *(continued)*

For the year ended 31 December 2015

- Review progress against agreed Board objectives;
- Review the monthly performance reports from the heads of each division;
- Review reports from senior executives and the Group General Counsel on key aspects of the business including current trading, strategy, acquisitions and disposals, financial results, health and safety, governance and HR; and
- Review monthly actual performance against target KPIs.

Thirteen Board meetings were held in 2015 and there was one meeting of a duly appointed committee of the Board which was attended by David Wright and Gene Golembiewski. The Directors' attendance record during the year is:

	Year ended 31 December 2015		Year ended 31 December 2015	
	Maximum number of meetings available to be attended	**Number of meetings attended**	Maximum number of meetings available to be attended	Number of meetings attended
Bob Morton	**13**	**13**	12	12
David Wright	**13**	**13**	12	12
Gene Golembiewski	**13**	**13**	12	12
Brian Blasdale	**13**	**13**	12	12
Raymond McKeeve	**13**	**5**	12	8
Steffan Williams	**3**	**2**	0	0

Board effectiveness

The Board and its Committees have an appropriate balance of skills, experience, independence and knowledge of the Company which enable them to discharge their respective duties and responsibilities effectively. Each Director brings a complementary set of skills and diversity to the Board, having served in companies of varying size, complexity and market sector. Each of the Non-Executive Directors brings independent character and judgement to bear on strategic matters, the performance of the Group, the adequacy of the resources and standards of conduct. When combined, these skills give the Board the comprehensive skill set required to deliver strategic objectives of the Group and to ensure its continued success.

All Directors are able to take independent professional advice at the Company's expense in furtherance of their duties. During 2015, no Director felt the need to take such advice.

On a monthly basis and in advance of the Board Meeting, each Director receives the Board report and other relevant papers for consideration and their review giving all Board members time to read, prepare and, where appropriate, ask questions prior to the meeting about the information supplied. The information includes detailed budgets and reports of the performance on a divisional level, a review of the Group financial position including an updated cash forecast and operating performance and monthly reports from the heads of operational divisions.

The Board has the power at any time and from time to time to invite external advisers to the Board meetings where such invitation is deemed appropriate and necessary. During 2015, an experienced external financial adviser, Richard Feigen, was invited by the Board to attend 8 out of 13 Board meetings held. He was also invited and attended the Annual General Meeting held during the year. The Group General Counsel attends all Board meetings and minutes the proceedings.

For the time being, the Board itself considers its effectiveness, and that of its committees and Directors, on an ongoing basis. It considers this appropriate for a company of this size.

Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee comprises two Non-Executive Directors, Brian Blasdale (Chairman) and Raymond McKeeve. The external auditors as well as the Chairman of the Board, Chief Executive, Managing Director, Finance Director, Financial Controller and Group General Counsel could also be invited to attend these meetings as and when required.

The principal duties of the Committee are to review the half-yearly and annual financial statements before their submission to the Board and to consider any matters raised by the auditors. The Committee also reviews the independence and objectivity of the auditors and compliance with best practice in respect of corporate governance. The terms of reference of the Committee reflect current best practice, including authority to:

- recommend the appointment, re-appointment and removal of the external auditor;
- ensure the objectivity and independence of the auditors including occasions when non-audit services are provided; and
- ensure appropriate 'whistle-blowing' arrangements are in place.

During 2015, two Audit Committee meetings were held with the following attendances:

- Brian Blasdale – 2
- Raymond McKeeve – 0
- Bob Morton – 2
- Gene Golembiewski – 2
- Group Financial Controller – 2

The Audit and Corporate Governance Committee may seek information from any employee of the Group and obtain external professional advice at the expense of the Company if considered necessary. Due to the relatively low number of personnel employed within the Group, the nature of the business and the current control and review systems in place, the Board has decided not to establish a separate internal audit department.

Remuneration and Nomination Committee

The Company has established a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No Director is involved in deciding his own remuneration. The Remuneration and Nomination Committee comprises Brian Blasdale (Chairman) and Raymond McKeeve. The Committee considers the employment and performance of individual Executive Directors and determines their terms of service and remuneration. The Committee meets at least once a year. The Committee also evaluates the balance of skills, knowledge and experience on the Board and considers all new Board appointments and re-appointments against this evaluation.

During 2015, one Remuneration Committee was held with the following attendance:

- Brian Blasdale – 1
- Raymond McKeeve – 1
- Bob Morton – 1

Internal control and risk

The Directors are responsible for establishing and maintaining the Group's system of internal control and reviewing its effectiveness. By its nature, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group continually reviews its internal controls and procedures and corrective actions taken to mitigate risks are identified and implemented where deemed necessary.

Corporate Governance Report *(continued)*

For the year ended 31 December 2015

Shareholder communication

The Board encourages regular dialogue with the Group's shareholders and has a policy of making itself available to shareholders at all General Meetings of the Company to which all shareholders are invited to attend. In addition, in 2015 the Group Chief Executive, Group Finance Director and, following his appointment, the Group Managing Director, had face-to-face meetings with some of the Company's major shareholders following the publication of our full-year and half-year results.

Information is supplied during the year through announcements to the London Stock Exchange and, from time to time, the Chairman or other Directors, meet individual and institutional shareholders to facilitate a better understanding of the Group's business and operations.

Additionally, the Board receives shareholder feedback reports prepared by the Nominated Adviser and Capital Access Group following pre-arranged meetings with institutional fund managers and analysts.

Bob Morton
Chairman of the Board

2 June 2016

Report of the Remuneration Committee

For the year ended 31 December 2015

Brian Blasdale
Chairman of the Remuneration Committee

> "Attracting and retaining high calibre executives is a key Company objective. We seek to reward them in a way that encourages the creation of value for our shareholders."

The role and composition of the Remuneration Committee is set out on page 53.

Dear shareholder

I am pleased to present the Remuneration Committee's report on Directors' remuneration for the year ended 31 December 2015.

This Remuneration Report is presented across the following sections:

- Committee activities during 2015;
- Remuneration Policy Report; and
- Annual Remuneration Report setting out remuneration paid to Directors in 2015 including annual bonuses.

Committee activities

The Committee met once during the year, in addition to informal discussions following monthly board meetings. The appointment of Steffan Williams as Group Managing Director during the year ensured succession planning within the Board and added complimentary skills and experience to strengthen the Board.

Since year end I am pleased to note two further senior executives have agreed to join Newgate in London and Australia continues to attract high calibre applicants. The Porta Group is becoming a destination agency for high calibre, ambitious executives who want to be part of our exciting Group and we continue to welcome top executives to join our dynamic team.

Our key principles of 'Pay for performance' and 'no reward for failure' remain a focus, however as I said last year, pay and benefits must be at a level that will attract, retain and motivate high-calibre people with the skills necessary to achieve our goal of sustained growth and financial performance. Following year end we put in place the Executive Share Incentive Plan for the three key executives in the Group. Essentially this aligns the Executive Directors more closely to Shareholder interests and was approved by Shareholders at a General Meeting of the Company held on 6 April 2016.

During 2015, the Committee considered a range of issues including:

- Executive Directors' remuneration packages
- The appointment of Steffan Williams and other senior executives joining Newgate
- The Executive Share Incentive Plan.

Remuneration policy for Executive Directors

Remuneration packages are developed to attract, retain and motivate Executive Directors without being excessive, and to be aligned with both the interests of shareholders and the business strategy of the Company. They take into account the current life cycle stage of the Company, the level of responsibilities and risks involved and the remuneration packages of comparable companies that have similar international scale. Consideration of remuneration and benefits across the Group's employee population is also taken into account.

The current remuneration of the Executives consists of several elements including base salary, pension contribution, existing share options, and other taxable benefits as well as the awards made under the Executive Share Incentive Plan. The remuneration policy table below summarises each element of the current remuneration for Executive Directors including an explanation of the link to strategy, its operation, maximum opportunity and performance measures.

Report of the Remuneration Committee *(continued)*

For the year ended 31 December 2015

Remuneration policy table for Executive Directors (unaudited)

Type	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	Base salary is set at the level to secure the services of talented Executive Directors with the ability to develop and deliver a long-term growth strategy.	Fixed contractual cash amount usually paid monthly in arrears. Normally reviewed annually, with any increases taking effect from 1 January each year, although the Committee may award increases at other times of the year if it considers appropriate. This review is dependent on continued satisfactory performance in the role of an Executive Director. It also includes a number of other factors, including experience, development and delivery of Group strategy, as well as external market conditions and pay awards across the Group.	Whilst there is no set maximum level of salary, the Committee will usually award salary increases in line with average increases awarded across the Group. Larger increases may, in certain circumstances, be awarded where the Committee considers that there is a genuine commercial reason to do so, for example: – Due to a significant increase in the Executive Director's role and duties; or – As a result of a significant change in profitability of the Company.	Not applicable
Benefits	To provide Executive Directors with benefits to assist them in carrying out their duties effectively.	Executive Directors are entitled to a range of benefits including car and accommodation allowances, private health insurance and life assurance.	The maximum level of such benefits is not defined by the Committee as the cost may significantly vary depending on individual factors and circumstances relevant to each Director. The types and level of benefits granted are therefore thoroughly considered based on individual circumstances.	Not applicable

Type	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Enterprise Management Incentives ('EMI') and unapproved share options plan. No further awards will be made under the EMI share option plan to Executive Directors.	To provide a long-term performance and retention incentive for the Executive Directors and senior management team involving the Company's equity.	Under the current rules, options are awarded on a discretionary basis over a fixed number of years for a fixed number of shares at a specified strike price in accordance with the relevant legislation. Awards can only be settled in equity.	The maximum value of option awards in each given year is determined by the Committee on an individual basis.	Typically vest subject to satisfaction of both financial and share price based performance conditions as determined from time to time by the Committee.
Pension	To provide the benefit comparable with market rates, helping with the recruitment and retention of talented Executive Directors able to deliver a long-term growth strategy.	Usually paid monthly in arrears. Executive Directors may receive contribution into the Company's defined Contribution Plan, a personal pension arrangement and/or payment as a cash allowance.	The level of the pension contribution is determined by the Committee based on individual Executive Directors' circumstances but does not usually exceed 10% of the base salary. Salary is the only pensionable element of an Executive Director's remuneration.	None

Report of the Remuneration Committee *(continued)*

For the year ended 31 December 2015

Type	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual Bonus Plan – brief summary	To provide material incentive to drive Executive Directors to deliver stretching strategic and financial performance and to grow long-term sustainable shareholder value.	Paid annually based on performance in relevant financial year. The amount will be determined based on published full year results after the year end. Award levels and performance measured will be reviewed annually. The Committee's responsibility will be to ensure that the performance measures remain aligned to the Group's business objectives and strategic priorities for the year. Bonuses may be paid in cash or in the equivalent value of shares or be a mixture of both subject to the Committee's decision. The Committee retains full discretion to amend the bonus payout (upward or downward), if in its opinion any calculation of payout does not produce a fair result for either the individual or the Group, taking into account the overall business performance of the Group. Any such use of discretion will be clearly reported in the next published Remuneration Report.	A maximum of 125% base salary can be paid each year in cash	Measures and targets are set annually by the Committee. Annual bonus is based on achieving a certain percentage of increase from the previous period/budget of the Group's reported EBITDA and other key indicators. The Committee reserves the right to annually vary these proportions and also the measures to ensure the annual bonus remains appropriate and challenging.

Directors' remuneration (audited)

31 December 2015	Notes	Fees and salaries £	Bonuses £	Pension contri-butions £	Other benefits (note 4) £	Total £
Executive						
David Wright		250,000	–	62,000	6,483	**318,483**
Gene Golembiewski		250,000	–	62,500	21,436	**333,936**
Steffan Williams	1	78,250	–	7,825	657	**86,732**
Non-executive						
Bob Morton	2	30,000	–	–	–	**30,000**
Brian Blasdale	2	24,000	–	171	5,964	**30,135**
Raymond McKeeve	3	1	–	–	–	**1**
		632,251	**–**	**132,496**	**34,540**	**799,287**

1. Remunerated through a wholly owned subsidiary.
2. The majority of this remuneration was paid through Directors' service companies as detailed in note 26 to the financial statements.
3. Mr McKeeve's contract entitles him to a fee of £1 per annum.
4. Other benefits comprise payment in respect of healthcare and life insurance and similar benefits.

The remuneration of the Directors for the year amounted to £799,287 (2014: £588,586). The remuneration of the highest paid Director was £333,936 (2014: £271,633). No bonuses were paid to Directors for the year ended 31 December 2015 (2014: None). In addition to the amounts disclosed above, £87,227 was charged to the Statement of Comprehensive Income as share based payments expense in relation the share options held by Directors during the period (2014: £174,932). All of the above remuneration is accounted for within continuing operations. Further information in relation to share based payments is disclosed in note 22 to the financial statements.

31 December 2014	Notes	Fees and salaries £	Bonuses £	Pension contri-butions £	Other benefits (note 3) £	Total £
Executive						
David Wright		250,000	–	15,406	6,227	**271,633**
Gene Golembiewski		250,000	–	–	5,084	**255,084**
Non-executive						
Bob Morton	1	30,000	–	–	–	**30,000**
Brian Blasdale	1	29,100	–	–	2,768	**31,868**
Raymond McKeeve	2	1	–	–	–	**1**
		559,101	**–**	**15,406**	**14,079**	**588,586**

1. The majority of this remuneration was paid through Directors' service companies as detailed in note 26 to the financial statements.
2. Mr McKeeve's contract entitles him to a fee of £1 per annum.
3. Other benefits comprise payment in respect of healthcare and life insurance and similar benefits.

Report of the Remuneration Committee *(continued)*

For the year ended 31 December 2015

Service agreements

The Executive Directors have service agreements which require not more than 12 months' notice of termination. Non-Executive Directors are not entitled to service contracts but are appointed under letters of appointment which provide for three months' notice of termination.

Executive Share Incentive Plan

Following year-end, on 15 March 2016 awards were made to each of the Group Chief Executive, Group Managing Director and Group Finance Director under the terms of the Executive Share Incentive Plan which entitle them to be issued shares equal to 15% of the increase in Porta's market capitalisation over £36.3 million (equivalent to approx.13p per Porta Ordinary Share). Full details of the Executive Share Incentive Plan can be found in the Circular to shareholders dated 17 March 2016 and available on the Company's website.

On behalf of the Board

Brian Blasdale
Director, Chairman of the Remuneration Committee

2 June 2016

Independent Auditor's Report

to the members of Porta Communications Plc

We have audited the financial statements of Porta Communications Plc for the year ended 31 December 2015 which comprise the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 50, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mark Henshaw
Senior Statutory Auditor, for and behalf of
Grant Thornton UK LLP
Statutory Auditor Chartered Accountants

London
2 June 2016

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Notes	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Continuing operations			
Revenue	2	**34,093,005**	23,273,668
Cost of Sales		**(7,144,100)**	(3,868,339)
Gross profit		**26,948,905**	19,405,329
Operating and administrative expenses	3	**(28,595,698)**	(20,182,469)
Operating loss		**(1,646,793)**	(777,140)
Finance expense	5	**(1,268,314)**	(689,288)
Finance income	5	**27,267**	1,261
Share of loss in associate	12	**(25,304)**	(7,287)
Loss before taxation on continuing operations		**(2,913,144)**	(1,472,454)
Tax (charge)/credit	6	**(187,794)**	302,530
Loss for the period on continuing operations		**(3,100,938)**	(1,169,924)
Discontinued operations			
Loss for the period from discontinued operations (all attributable to the owners of the Company)	9	**(352,577)**	(2,480,674)
Loss for the period		**(3,453,515)**	(3,650,598)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(4,356,112)**	(3,737,939)
Non-controlling interests		**902,597**	87,341
		(3,453,515)	(3,650,598)
Other comprehensive income from continuing operations			
Exchange differences arising on items that may be subsequently reclassified to profit or loss		**(34,610)**	(45,581)
Total other comprehensive income, net of tax		**(34,610)**	(45,581)
Total comprehensive income for the period		**(3,488,125)**	(3,696,179)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(4,363,548)**	(3,767,767)
Non-controlling interests		**875,423**	71,588
		(3,488,125)	(3,696,179)
Loss per share – basic and diluted	13		
On continuing operations		**(1.5p)**	(0.6p)
On discontinued operations		**(0.1p)**	(1.1p)
On continuing and discontinued operations		**(1.6p)**	(1.7p)

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

Consolidated Statement of Financial Position

As at 31 December

	Notes	2015 £	2014 £
Non-current assets			
Intangible assets	15	**17,056,192**	18,582,868
Property, plant and equipment	16	**1,181,803**	1,440,714
Deferred tax asset	6	**1,601,065**	1,449,871
Other non-current assets	18	**923,775**	923,775
Other investments		**9,500**	1,000
Investment in associates	12	**845,921**	119,435
Total non-current assets		**21,618,256**	22,517,663
Current assets			
Current assets in relation to discontinued activities	9	**–**	3,433,528
Work in progress		**924,662**	1,115,206
Trade and other receivables	18	**7,326,215**	7,760,659
Cash and cash equivalents		**1,787,184**	1,791,426
Total current assets		**10,038,061**	14,100,819
Current liabilities			
Current liabilities in relation to discontinued activities	9	**–**	(3,433,528)
Trade and other payables	19	**(8,116,383)**	(6,527,716)
Current tax liabilities	6	**(448,824)**	(665,338)
Loans and borrowings	23	**(4,956,269)**	(4,574,993)
Total current liabilities		**(13,521,476)**	(15,201,575)
Net current liabilities		**(3,483,415)**	(1,100,756)
Non-current liabilities			
Trade and other payables	19	**(462,487)**	–
Deferred tax liabilities	6	**(1,832,413)**	(2,318,616)
Fair value of contingent consideration	20	**(1,179,302)**	(981,379)
Loans and borrowings	23	**(3,041,803)**	(2,823,163)
Total non-current liabilities		**(6,516,005)**	(6,123,158)
Net assets		**11,618,836**	15,293,749
Equity			
Share capital	21	**28,380,791**	27,405,391
Share premium		**4,788,547**	4,788,547
Retained losses		**(22,822,085)**	(18,018,687)
Translation reserve		**(85,631)**	(78,195)
Other reserves		**(489,848)**	(978,075)
Total equity shareholders' funds		**9,771,774**	13,118,981
Equity non-controlling interests	11	**1,847,062**	2,174,768
Total equity		**11,618,836**	15,293,749

The financial statements were approved by the Board of Directors and authorised for issue on 2 June 2015.

Bob Morton
Gene Golembiewski
Directors
Porta Communications Plc (company registration number: 05353387)
The accompanying notes are an integral part of these consolidated financial statements.

Company Statement of Financial Position

As at 31 December

	Notes	2015 £	2014 Restated, £
Non-current assets			
Intangible assets	15	**196,030**	47,944
Property, plant and equipment	16	**651,977**	768,414
Deferred tax assets	6	**1,298,290**	1,303,668
Investment in subsidiaries	17	**17,880,591**	16,235,664
Other non-current assets	18	**923,775**	923,775
Investment in associates	12	**751,790**	–
Trade and other receivables due from related parties	26	**7,107,778**	6,674,537
Total non-current assets		**28,810,231**	25,954,002
Current assets			
Trade and other receivables	18	**1,313,758**	1,397,189
Cash and cash equivalents		**124,631**	115,453
Total current assets		**1,438,389**	1,512,642
Current liabilities			
Trade and other payables	19	**(2,658,551)**	(1,643,723)
Loans and borrowings	23	**(4,948,480)**	(4,567,534)
Total current liabilities		**(7,607,031)**	(6,211,257)
Net current liabilities		**(6,168,642)**	(4,698,615)
Non-current liabilities			
Trade and other payables	19	**(462,487)**	–
Deferred tax liabilities	6	**(9,677)**	(29,204)
Loans and borrowings	23	**(3,021,295)**	(2,795,147)
Trade and other payable due to related parties	26	**(2,947,443)**	(1,260,679)
Total non-current liabilities		**(6,440,902)**	(4,085,030)
Net assets		**16,200,687**	17,170,357
Equity			
Share capital	21	**28,380,791**	27,405,391
Share premium		**4,788,547**	4,788,547
Retained losses		**(17,387,881)**	(14,954,584)
Other reserves		**419,230**	(68,997)
Total equity shareholders' funds		**16,200,687**	17,170,357

The financial statements were approved by the Board of Directors and authorised for issue on 2 June 2015.

Bob Morton
Gene Golembiewski
Directors
Porta Communications Plc (company registration number: 05353387)

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 £	2014 £
Cash flow from operating activities			
Loss before taxation on continuing activities		**(2,913,144)**	(1,472,454)
Adjusted for:			
Loss before taxation from discontinued operations		**(352,577)**	(2,529,706)
Depreciation and amortisation	3	**2,718,405**	1,619,846
Gain on acquisition of subsidiary	10.1	**–**	(475,394)
Share of losses of associate	12	**25,304**	7,287
Tax paid		**(1,019,396)**	(219,353)
Finance income		**(27,267)**	(1,261)
Finance costs		**1,268,314**	712,897
Loss on disposal of property, plant and equipment	16	**1,713**	10,252
Non-cash rent received		**(105,000)**	–
Change in estimate of goodwill on prior year acquisition		**(88,684)**	–
Decrease/(increase) in work in progress		**142,835**	(699,368)
Increase in trade and other receivables		**(76,027)**	(1,139,675)
Increase/(decrease) in trade and other payables		**1,493,184**	(767,154)
Changes in working capital relating to discontinued operations		**–**	(235,414)
Impairment of assets of the discontinued operations	9	**–**	1,629,862
Equity settled share-based payments		**315,002**	185,580
Unrealised foreign exchange gain		**(40,093)**	(23,430)
Net cash inflow/(outflow) from operating activities		**1,342,569**	(3,397,485)
Cash flows from investing activities			
Acquisition of intangible assets		**(188,141)**	(16,672)
Acquisition of property, plant and equipment		**(164,441)**	(627,165)
Acquisition of subsidiaries, net of cash acquired	10	**49,102**	(3,117,205)
Net investing cash flow from discontinued operations		**–**	(60,381)
Net cash outflow from investing activities		**(303,480)**	(3,821,423)
Cash flows from financing activities			
Proceeds from the issue of Ordinary shares (net of issue costs)		**–**	6,595,350
Proceeds from loans and borrowings		**1,711,561**	3,000,000
Repayment of loans and borrowings	23	**(1,896,861)**	(2,577,292)
Repayment of leases		**(134,498)**	(96,944)
Dividends paid to non-controlling interests		**(728,226)**	(340,833)
Interest received		**27,267**	1,261
Interest paid		**(12,583)**	(49,912)
Net financing cash flow from discontinued operations		**–**	(62,500)
Net cash (absorbed)/generated from financing activities		**(1,033,340)**	6,469,130
Net increase/(decrease) in cash and cash equivalents		**5,749**	(749,778)
Cash and cash equivalents at 1 January		**1,791,426**	2,544,802
Effect of exchange rate changes		**(9,991)**	(3,598)
Cash and cash equivalents at 31 December		**1,787,184**	1,791,426

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

Company Statement of Cash Flows

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Cash flow from operating activities			
Loss before taxation on continuing activities		**(2,317,194)**	(2,382,095)
Adjusted for:			
Loss before taxation from discontinued operations		**(244,328)**	(2,452,517)
Impairment of investments		**–**	111,685
Depreciation and amortisation		**192,038**	203,479
Finance costs		**1,174,716**	658,080
Interest received		**(26,433)**	–
Non-cash rent received		**(105,000)**	–
Dividends from subsidiary companies		**–**	(248,494)
Intercompany interest charge		**(92,502)**	(152,972)
Decrease/(increase) in trade and other receivables		**127,996**	(1,111,896)
Increase in amounts receivable from subsidiary companies		**(79,358)**	(1,098,134)
Increase in trade and other payables		**830,990**	990,340
Equity settled share-based payments		**179,029**	175,270
Unrealised foreign exchange loss		**42,636**	47,938
Impairment of assets relating to discontinued operations		**–**	2,452,517
Net cash outflow from operating activities		**(317,410)**	(2,806,799)
Cash flows from investing activities			
Acquisition of subsidiary company, net of cash acquired	10	**–**	(5,217,687)
Acquisition of intangible assets		**(178,944)**	(880)
Acquisition of property, plant and equipment		**(15,082)**	(442,524)
Net cash outflow from investing activities		**(194,026)**	(5,661,091)
Cash flows from financing activities			
Proceeds from the issue of Ordinary shares (net of issue costs)		**–**	6,595,350
Proceeds from loans and borrowings	22	**1,711,561**	3,000,000
Repayment of loans and borrowings		**(1,896,861)**	(2,532,371)
Repayment of leases		**(124,611)**	–
Interest received		**26,433**	–
Interest paid		**–**	(46,356)
Dividend received from subsidiary company		**804,092**	248,494
Net cash generated from financing activities		**520,614**	7,265,117
Net increase/(decrease) in cash and cash equivalents		**9,178**	(1,202,773)
Cash and cash equivalents at 1 January		**115,453**	1,318,226
Cash and cash equivalents at 31 December		**124,631**	115,453

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital £	Share premium £	Retained losses £	Translation reserve £	Other Reserves £	Written put/call options over NCI £	Total equity share-holders' funds £	Non-controlling interests £	Total equity £
Balance at 1 January 2015	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
Total comprehensive income									
Loss for the period	–	–	(4,356,112)	–	–	–	(4,356,112)	902,597	(3,453,515)
Other comprehensive income	–	–	–	(7,436)	–	–	(7,436)	(27,174)	(34,610)
Total comprehensive income	–	–	(4,356,112)	(7,436)	–	–	(4,363,548)	875,423	(3,488,125)
Transactions with owners									
Issue of ordinary shares in relation to business combinations	975,400	–	–	–	–	–	975,400	–	975,400
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(728,226)	(728,226)
Share based payments	–	–	–	–	315,002	–	315,002	–	315,002
Equity component of the convertible loan issued	–	–	–	–	173,225	–	173,225	–	173,225
Acquisition of subsidiary with non-controlling interest	–	–	–	–	–	–	–	53,211	53,211
Acquisition of non-controlling interest without a change in control	–	–	(668,727)	–	–	–	(668,727)	(306,673)	(975,400)
Adjustments in respect of prior year disposal of subsidiary with non-controlling interest	–	–	221,441	–	–	–	221,441	(221,441)	–
Total transactions with owners	975,400	–	(447,286)	–	488,227	–	1,016,324	(1,203,129)	(186,788)
Balance at 31 December 2015	28,380,791	4,788,547	(22,822,085)	(85,631)	1,301,898	(1,791,746)	9,771,774	1,847,062	11,618,836

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

Consolidated Statement of Changes in Equity *(continued)*

For the year ended 31 December 2015

	Share capital £	Share premium £	Retained losses £	Translation reserve £	Other Reserves £	Written put/call options over NCI £	Total equity share-holders' 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 year	–	–	(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									
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)	–	(406,650)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(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
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 with the owners of the Company	**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**

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

Company Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital £	Share premium £	Retained losses £	Other reserves £	Total equity shareholders' funds £
Balance at 1 January 2014	16,860,101	3,117,545	(10,598,122)	(713,650)	8,665,874
Loss for the year (restated)[1]	–	–	(4,356,462)	–	(4,356,462)
Issue of Ordinary shares	5,384,615	1,615,385	–	–	7,000,000
Issue of Ordinary shares related to business combinations	5,160,675	460,267	–	–	5,620,942
Issue costs	–	(404,650)	–	–	(404,650)
Share based payments	–	–	–	185,580	185,580
Equity component of the deferred consideration in business combinations	–	–	–	225,721	225,721
Equity component of the convertible loan issued	–	–	–	233,352	233,352
Balance at 1 January 2015 (restated)[1]	**27,405,391**	**4,788,547**	**(14,954,584)**	**(68,997)**	**17,170,357**
Total comprehensive income					
Loss for the year	–	–	(2,433,297)	–	(2,433,297)
Total comprehensive income	–	–	(2,433,297)	–	(2,433,297)
Transactions with owners of the Company					
Issue of ordinary shares in relation to business combinations	975,400	–	–	–	975,400
Share-based payments	–	–	–	315,002	315,002
Equity component of the convertible loan issued	–	–	–	173,225	173,225
Total transactions with the owners of the Company	975,400	–	–	488,227	1,463,627
Balance at 31 December 2015	**28,380,791**	**4,788,547**	**(17,387,881)**	**419,230**	**16,200,687**

1. Please refer to note 1 for more details in relation to restatement of 2014.

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

Notes to the Financial Statements

For the year ended 31 December 2015

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated. The Group's accounting policies have been extended in order to reflect the new businesses commenced or acquired during the year. The adoption of the additional policies has no impact on the results, assets or liabilities of the Group for the prior year.

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

During the current year it was identified that the accounting for the put/call option in place over the remaining 49% share capital of Redleaf Polhill had been accounted for in the parent company financial statements by reference to the treatment followed in the group accounts. The put/call option over the remaining non-controlling interest in the parent company financial statements should be treated as a derivative.

As a result the 'Written put/call option reserve' in the Company Statement of Changes in Equity for 2014 is no longer recognised. In addition no amount is recognised in other reserves for the 'Equity component of the deferred consideration in business combinations' in relation to this option in the Company Statement of Changes in Equity for 2014.

The impact of the prior year restatement on Other Reserves and Written put/call options over NCI in the Company Statement of Changes in Equity for the year ended 31 December 2014 is as follows:

	Other Reserves £	Written put/call options over NCI £	Total Other Reserves per the Statement of Financial Position £
Balance at 31 December 2013	(713,650)	–	(713,650)
Share based payments	185,580	–	185,580
Written put/call forward option over non-controlling interest	–	(1,791,746)	(1,791,746)
Equity component of the deferred consideration in business combinations	1,246,689	–	1,246,689
Equity component of the convertible loan issued	233,352	–	233,352
Balance at 31 December 2014 per prior year financial statements	**951,971**	**(1,791,746)**	**(839,775)**
Adjustment in respect of put/call forward option over non-controlling interest	(1,020,968)	1,791,746	770,778
Restated balance as at 31 December 2014	**(68,997)**	**–**	**(68,997)**

The impact on the Company Statement of Financial Position is a reduction in Other Reserves from £839,775 to £68,997 as disclosed above. The Fair Value of Continent Consideration has decreased from £856,334 to £nil as it is no longer being recognised with an adjustment to Retained losses of £85,556 as the amortisation of the put/call option previously recognised in the Statement of Comprehensive Income for the parent company is no longer being recognised.

No liability is recognised in 'fair value of contingent consideration' in the Company Statement of Financial Position for 2014.

There is no impact on the Statement of Financial Position as at 1 January 2014 and therefore a third Statement of Financial Position has not been presented.

(a) Basis of preparation of the financial statements

The Consolidated and Company financial statements of Porta Communications Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the parts of the Companies Act 2006 applicable to Companies reporting under IFRS.

The Consolidated and Company financial statements have been prepared under the historical cost convention, except for financial instruments and contingent consideration that have been measured at fair value.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

The financial statements have been prepared on a going concern basis in accordance with IFRS and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates.

It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated and parent company financial statements are disclosed under accounting policy (x).

New standards, interpretations and amendments that became effective as of 1 January 2015 adopted by the Group:

- IAS 19 (amendment) Employee contributions; and
- Annual improvements (2011-2013 Cycle)

None of the new standards, interpretations or amendments effective as of 1 January 2015 had any impact on the results, assets, liabilities or disclosures on the Group financial statements.

Standards, interpretations and amendments to published standards that are not yet effective and have not been adopted early by the Group

A number of the new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. Those which are/may be relevant to the Group and expected to have significant effect on the consolidated financial statements of the Group are set out below.

- IFRS 9 *Financial Instruments* addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Group is yet to assess IFRS 9's full impact.
- IFRS 15 *Revenue from contracts with customers* deals with revenue recognition and establishes principles for reporting useful information to users of financial statements. The standard replaces IAS 18 *Revenue* and IAS 11 *Construction contracts* and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. The Group is yet to assess the impact of applying IFRS 15.
- IFRS 16 *Leases* requires that operating leases be capitalised and an asset and a financial liability recognised in respect of those leases. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement if IFRS 15 is also applied. The Group has not yet assessed the impact of applying IFRS 16.
- IAS12 *Income Taxes* – amendments regarding the recognition of deferred tax assets for unrealised losses. The standard is effective for annual periods beginning on or after 1 January 2017.
- IAS 27 *Equity Method in Separate Financial Statements* – Amendments to IAS 27 allow an entity to use the equity method as an option to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements however must apply the same accounting for each category of investment. The amendment must be applied retrospectively and is effective for accounting periods beginning on or after 1 January 2016. Early adoption is permitted and must be disclosed.

With the exception of IFRS 15 and IFRS 16, the Directors do not expect that the adoption of the Standards and amendments listed above will have a material impact on the financial statements of the Group in the future periods.

The impact that IFRS 15 will have on the financial statements is yet to be quantified. The Group has different contractual arrangements with each of its clients which will require detailed review in order to assess the changes the Group will need to make to its revenue recognition policies once the standard is implemented.

The impact that IFRS 16 will have on the financial statements is also as yet to be quantified. As a result of the Group's diverse geographic portfolio of business, the Group has a significant number of leases which will need to be assessed individually against the requirements of the standard.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

(b) Basis of consolidation

The Consolidated Statement of Comprehensive Income and Statement of Financial Position include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2015 and present comparative information for the year ended 31 December 2014.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Profit or loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the parent of the Group and to non-controlling interests, even if this results in non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in the Statement of Comprehensive Income
- reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may require that the amounts previously recognised in other comprehensive income be reclassified to profit or loss.

(c) Going concern

The current economic conditions continue to create uncertainty particularly for (a) the level of demand for the Group's services; and (b) the availability of bank finance for the foreseeable future. The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current finance facilities. However, the Directors have sought and received assurance from the Group's major lenders that they will continue to provide financial support beyond the expiry of the existing loan facilities sufficient to enable the Board to conclude that the Group and the Company are going concerns.

In addition, during the first half of 2016 the Company renewed its £2.86m deep discounted bond facility, which initially was due to be repaid on 26 February 2016, for a further three year period on materially the same terms as the original facility repayable on 26 February 2019. The Company also renewed its £0.25m bridging loan facility, due to be repaid on 21 January 2016, from Hawk Investment Holdings Limited on materially the same terms as the original facility and repayable on 21 January 2017.

Therefore, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore the Company and the Group continue to adopt the going concern basis in preparing the consolidated financial statements.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

(d) Business combinations

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

When the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Any subsequent changes to the fair value of the contingent consideration are adjusted against the cost of the acquisition if they occur within the measurement period of 12 months following the date of acquisition. Any subsequent changes to the fair value of the contingent consideration after the measurement period are recognised in the Income Statement Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

When the Group enters into options and forward contracts over shares relating to NCIs at the same time as the business combination, the NCI is recognised to the extent the risk and rewards of ownership of those shares remain with them. Irrespective of whether the NCI is recognised, a financial liability (redemption liability) is recorded to reflect the forward or put option. All subsequent changes to the liability are recognised in profit or loss. Where the risks and rewards of ownership remain with the NCIs, the recognised financial liability is a reduction in the controlling interest equity. The NCI is then recognised and is allocated its share of profits and losses accordingly. Where significant risks and rewards of ownership reside with the NCIs, the difference between the financial liability and the NCI balance is debited to controlling interest equity if the liability is greater than the carrying value of the NCI, otherwise the difference is attributed to NCI. Dividends paid to the NCIs that do not reduce the contracted purchase price are deducted from the NCI carrying value. Profits and losses are allocated to NCI to the extent it is necessary to cover the dividend payment so that NCI does not become negative. In those situations when forward or put options state that dividend payments reduce the contracted future purchase price, then the dividend amount is deducted from the redemption liability.

Transactions with NCIs that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains and losses on disposal to NCIs are also recorded in equity.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

(e) Foreign currency translation

Amounts included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The Consolidated financial statements are presented in Pounds Sterling, the Company's functional and presentation currency. Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income except when deferred in equity as qualifying cash flow and net investment hedges.

The results and financial position of all Group companies that have a functional currency other than sterling are translated as follows:

- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction date, in which case income and expenses are translated at the date of the transaction);

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

- assets and liabilities are translated at the closing exchange rate at Statement of Financial Position date; and
- all resulting exchange differences are recognised as other comprehensive income which is a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and from borrowings, are taken to equity. When a foreign operation is sold such exchange differences are recognised in the Statement of Comprehensive Income as part of the gain or loss on sale. Goodwill and fair value adjustments on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate. Exchange differences arising are recognised in other comprehensive income.

(f) Revenue and revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue represents the fees and commissions, net of discounts, derived from services provided to and invoiced to clients.

Revenue is recognised in the period in which the service is performed, in accordance with contractual arrangements. Income billed in advance of the performance of service is deferred and income in respect of work carried out but not billed at period end is accrued. In these cases, revenue is recognised by reference to the stage of completion which is measured by reference to labour hours incurred to the period end as a percentage of the total estimated labour hours for the contract.

Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and provision for any impairment. Depreciation is calculated to write down the cost of all tangible fixed assets to estimated residual value over their expected useful lives as follows:

Office improvements	5 years, straight line (or length of lease, if shorter)
Fittings and equipment	5 years, straight line
Computer equipment	3 years, straight line
Motor vehicles	5 years, straight line

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

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

(h) Intangible assets

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

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

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

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

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

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

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

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

Brands	10 years, straight line
Customer relationships	5 years, straight line
Websites, software and licences	3 years, straight line

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

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

(i) Impairment of assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the present value of the future cash flows relating to the asset, and is determined over periods which are deemed to appropriately reflect the minimum expected period that the cash generating unit will operate for. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cashflows (cash generating units). Any impairment loss is immediately recognised as an expense in the Statement of Comprehensive Income.

(j) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations may include abandoned or closed operations which will not meet the held for sale criteria as they are not recovered principally through sale and therefore balance sheet presentation requirements will not be applicable to them.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Comprehensive Income.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

(k) Investments

Fixed asset investments in subsidiaries are shown in the Company Statement of Financial Position at cost less any provision for impairment.

Investments in associate entities over which the Group has significant influence are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control and/or joint control over those policies.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of Comprehensive Income reflects the Group's share of the results of operations of the associate. Any change in the Other Comprehensive Income ('OCI') of those investments is presented as part of the Group's OCI. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Statement of Comprehensive Income outside operating profit and represents profit or loss after tax and non-controlling interest in the subsidiaries of the associates.

At each reporting date, the Group determines whether it is necessary to recognise an impairment loss of its investment in its associates through examination of any objective evidence. The Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as 'share of profit of an associate' in the Statement of Comprehensive Income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investments at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(l) Available for sale ('AFS') investments

AFS financial investments include equity instruments and debt securities. Equity instruments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial instruments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain and loss is recognised in finance cost, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the Statement of Comprehensive Income in finance costs.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the partnership is unable to trade these financial assets due to inactive markets, the partnership may elect to reclassify these financial assets if members have the ability and intention to hold the assets for foreseeable future or until maturity.

For the financial assets reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate ('EIR'). Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the Statement of Comprehensive Income.

(m) Work in progress

Work in progress is valued at cost, which includes outlays incurred on behalf of clients and an appropriate proportion of directly attributable costs and overheads on incomplete assignments. Provision is made for irrecoverable costs where it is probable that such costs will not be recovered from future billing.

(n) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. Any change in the provision is recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

(o) Cash and cash equivalents

In the consolidated statement of cash flow, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Consolidated Statement of Financial Position, only bank overdrafts are shown within borrowings in current liabilities.

(p) Share capital and share premium

Ordinary shares are classified as equity. Share premium represents the amounts received in excess of the nominal value of the Ordinary shares less costs of the shares issued and is classified as equity.

(q) Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(r) Borrowings and compound instruments

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs. In cases where these costs are settled at the time of the borrowing maturity and was added to the principal subject to an additional interest charge, this fee is capitalised as prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings issued to the Group that can be converted into share capital at the option of the issuer, and where the number of shares to be issued does not vary with changes in their fair value are classified by the Group as compound financial instruments. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to a liability and an equity component in proportion to the initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

(s) Taxation including deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement except where it relates to items taken directly to the Consolidated Statement of Comprehensive Income or Equity. Tax on Company profits is provided for at the current rate applicable in each of the relevant territories. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax assets are recognised to the extent that the Group believes it is probable that future taxable profit will be available against which temporary timing differences and losses from previous periods can be utilised. The Group's assessment of the recoverability of deferred tax assets is based on a two year forecast of the future profitability of the Group.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset or liability is realised.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

(t) Share based payments

The Group makes equity-settled payments to its employees. Equity-settled share based awards are measured at fair value at the date of grant using an options pricing methodology and expensed over the vesting period of the award. At each Statement of Financial Position date, the Group reviews its estimate of the number of options that are expected to vest.

Shares issued to vendors in respect of the acquisition of interests in subsidiary undertakings are accounted for in accordance with accounting policy (d) above.

Equity-settled share based payments may also be made in settlement of professional costs in relation to costs incurred in the issue of new shares and in acquisition of subsidiary companies. In these cases, the payments are measured at fair value of services provided which will normally equate to the invoiced fees where those services are provided at arms' length in the normal course of trade. In the case of payments made for the issue of new shares, the fair value is charged against the share premium account or other reserves; charges in respect of other professional fees are expensed within the Statement of Comprehensive Income for the year.

(u) Leasing commitments

Group as a lessee

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases (net of any incentives received) are charged as operating costs to the Statement of Comprehensive Income on a straight-line basis over the lease term. Rental incomes under operating leases which are sub let are recognised over the lease term on a straight-line basis over the lease term.

Leases where significant risks and benefits incidental to ownership of the leased item have been transferred to the Group are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Comprehensive Income.

Each leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of estimated useful life of the asset and the lease term.

(v) Finance costs

Finance costs, including interest, bank charges and the unwinding of the discount on deferred consideration, are recognised in the Statement of Comprehensive Income in the year in which they are incurred using the effective interest rate method.

(w) Pensions and similar obligations

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis in respect of defined contribution plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Payments to a defined contribution pension plan were charged as an expense to the Statement of Comprehensive Income, as incurred, when the related employee service is rendered. The Group has no further legal or constructive payment obligations once the contributions have been made.

(x) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

- **Business Combinations**

The Group has recognised customer relationships and brands relating to acquisitions it has made (see note 10). The determination of estimated fair values of acquired intangible assets, as well as the expected useful life ascribed, requires the use of significant judgment. The Group has used the discounted cash flows and relief-from-royalty models in order to determine the fair value of acquired intangible assets.

Contingent consideration relating to acquisitions is recognised at fair value. This is determined based on management estimates of the most likely outcome, discounted to present value using an appropriate discount rate based on market inputs and management judgment.

- **Impairment of goodwill and intangible assets**

The carrying value of goodwill and brands are subject to an impairment review both annually and when there are indications that the carrying value may not be recoverable, in accordance with policies (i) and (j) stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of estimates.

- **Recoverability of investments and debts due from subsidiaries and related parties**

Whether the carrying value of the Company's investment in subsidiaries, balances due from those subsidiaries and balances due from related parties is recoverable or impaired requires judgments and estimates relating to the prospects of those subsidiaries. The Directors assess the recoverability of these balances at each year end. Particularly in the case of start-up businesses, such judgments and estimates are subject to the uncertainty inherent in projections of expected future growth in revenue.

- **Control in another entity with less than half of the voting rights**

The Group owns a 45% equity interest in Newgate Communications Singapore Pte. Ltd together with the right to acquire at any time a further 6% interest which right is deemed to be highly exercisable. After taking into account the Group's power over its investee, its exposure and rights to variable returns from its involvement with the investee, and its ability to use the power over the investee to affect the amount of investor's return, the Directors have concluded that the Group has a controlling interest in Newgate Communications Singapore Pte. Ltd and therefore the results of the acquired business since acquisition has been included in the Group's consolidated financial statements.

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 Chief Executive Officer (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, which is not an operating segment, includes services provided by the Group's corporate function, including group treasury and finance and management services.

The accounting policies of the reportable segments are the same as the Group's accounting policies, which are described in note 1.

Inter-segment pricing is determined on an arm's length basis. Segment result represents operating profit, which is the measure reported to the Chief Executive Officer. All assets and liabilities are allocated to reportable segments with the exception of tax and other centrally managed balances. Goodwill is allocated to segments as described in note 15.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

31 December 2015 **£**	Communications	Marketing & Advertising	Head Office	Other/ Consol.[1]	**Total**
External revenue	28,302,039	5,790,966	–	–	**34,093,005**
Inter-segment revenue	369,377	35,254	353,795	(758,426)	**–**
Reportable segment revenue	28,671,416	5,826,220	353,795	(758,426)	**34,093,005**
Gross profit	23,533,409	3,415,496	–	–	**26,948,905**
Depreciation and amortisation	(2,319,055)	(207,313)	(192,037)	–	**(2,718,405)**
Reportable segment result	969,953	(593,949)	(2,022,797)	–	**(1,646,793)**
Finance income	61,850	1,807	179,592	(215,982)	**27,267**
Finance expense	(143,692)	(62,520)	(1,278,084)	215,982	**(1,268,314)**
Taxation (expense)/credit	(273,171)	71,228	14,149	–	**(187,794)**
Reportable segment assets	26,017,446	3,614,480	10,920,734	(8,896,343)	**31,656,317**
Capital expenditure	140,746	8,613	44,742	–	**194,101**
Reportable segment liabilities	(9,276,886)	(5,399,403)	(14,257,535)	8,896,343	**(20,037,481)**

31 December 2014 Restated, £	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)

Geographical segments

Results

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

31 December 2015	UK £	Europe £	Asia- Pacific £	**Total £**
Revenue	24,140,370	–	9,952,635	**34,093,005**
Gross profit	18,090,899	–	8,858,006	**26,948,905**
Profit/(loss) on continuing operations before tax	(4,744,667)	(154,787)	1,986,310	**(2,913,144)**
Loss on discontinued operations before tax	(352,577)	–	–	**(352,577)**

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

31 December 2014 – Restated	UK[1] £	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)

The split of the customer based revenue as a percentage of Group revenue:

Customer based revenue	**2015**	2014
United Kingdom	**65%**	64%
Australia	**21%**	31%
USA	**4%**	0%
Europe	**2%**	2%
Hong Kong and Singapore	**6%**	1%
Other	**2%**	2%

No individual customer sales were greater than 5% of Group revenue.

Assets and liabilities

Year ended 31 December 2015	UK £	Rest of Europe £	Asia-Pacific £	Intercompany £	**Total £**
Non-current assets	20,497,660	–	1,120,596	–	**21,618,256**
Current assets	10,965,765	10,489	2,891,635	(3,829,828)	**10,038,061**
Current liabilities	(15,471,154)	(509,224)	(1,370,926)	3,829,828	**(13,521,476)**
Long term liabilities	(6,464,433)	–	(51,572)	–	**(6,516,005)**
	9,527,838	(498,735)	2,589,733	–	**11,618,836**

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

1. Excludes discontinued activities.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

3. Expenses – analysis by nature

The operating loss on continuing activities is stated after charging:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Employment costs (see note 4)	**19,962,814**	13,464,465
Auditor's remuneration:		
Fees payable to the Company's auditors for		
– The audit of the Group's consolidated financial statements	**61,740**	64,250
Fees payable to the Company's auditors and their associates for other services to the Group		
– The audit of the Company's subsidiaries pursuant to legislation	**36,260**	37,750
– Tax compliance services	**35,000**	–
– Other services	**–**	2,000
Legal and other professional consultancy costs	**438,157**	276,418
Operating lease expense (see note 25)	**1,244,148**	1,455,907
Depreciation and amortisation of acquired intangible assets	**2,207,188**	1,042,160
Depreciation and amortisation of other fixed and intangible assets	**511,217**	406,343
Acquisition costs paid (see note 10)	**36,948**	271,947
And after crediting:		
Rental income in respect of sub-leases	**183,958**	21,600

The amount shown for fees payable to the Company's auditors for the audit of the Group's consolidated financial statements includes £20,000 (2014: £19,000) in respect of the Company's own audit.

4. Employment benefit expense

Employment costs and staff numbers

Employment and guaranteed partner drawings costs relating to continuing activities during the year were as follows:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Continuing operations:		
Wages, salaries, guaranteed drawings and non-executive fees	**17,036,973**	11,420,492
Pension costs	**825,248**	472,915
Share based payments	**315,002**	185,580
Social security costs	**1,387,691**	1,101,584
Other employment related welfare costs	**397,900**	283,894
Charged to comprehensive income for continuing operations	**19,962,814**	13,464,465

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Discontinued operations:		
Wages and salaries	–	1,398,451
Social security costs	–	136,573
Other employment related welfare costs	–	21,076
Charged to comprehensive income for discontinued operations	–	1,556,100

Partners' drawings have been included in the above analysis whereby partners in Limited Liability Partnerships of the Group are entitled to receive guaranteed drawings in exchange for providing their services to the Group applicable for comparative periods only.

Employment costs include amounts paid to Directors' service companies as detailed in note 26.

The average monthly number of employees and partners during the year, including Executive Directors, was as follows:

Continuing operations:	Year ended 31 December 2015 number	Year ended 31 December 2014 number
Sales	**206**	127
Management	**40**	37
Administration	**43**	35
	289	199
Discontinuing operations:		
Sales	–	18
Management	–	3
Administration	–	5
	–	26

Directors' remuneration

The remuneration of the Directors for the year amounted to £799,287 (2014: £588,586). The remuneration of the highest paid Director was £333,936 (2014: £271,633). In addition to these amounts, £87,227 (2014: £174,932) was charged to the Statement of Comprehensive Income in relation to share options granted to Executive Directors during the period. All of the above remuneration is accounted for within continuing operations. Further details of share based payments are given in note 22.

Further details of Directors' remuneration are set out in the Report of the Remuneration Committee on pages 55 to 60 which are incorporated into these notes by way of reference.

Retirement benefits

The Company provides for retirement benefits for Executive Directors and certain employees through contributions to a defined contribution plan.

5. Finance expense and finance income

Continuing operations:	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Interest on financial liabilities measured at amortised costs	**1,189,937**	659,176
Net foreign exchange loss	**78,377**	30,112
Finance costs	**1,268,314**	689,288
Interest income on bank deposits	**27,267**	1,261
Finance income	**27,267**	1,261

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

6. Income tax

Group

Continuing operations:	Year ended 31 December 2015 £	Year ended 31 December 2014 £
UK: Current tax charge	**(269,264)**	(110,544)
Deferred tax credit	**549,653**	789,242
Total UK tax credit	**280,389**	678,698
Overseas: Current tax charge	**(549,528)**	(326,084)
Deferred tax credit/(charge)	**81,345**	(50,084)
Total overseas tax charge	**(468,183)**	(376,168)
Total income tax (charge)/credit for the year	**(187,794)**	302,530

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

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Tax (charge)/credit on continuing activities (as above)	**(187,794)**	302,530
Tax credit on discontinued activities	**–**	49,032

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 20.25% (2014: 21.5%) for the reasons set out in the following table:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Loss before taxation on continuing activities	**(2,913,144)**	(1,472,454)
Income tax credit computed at the statutory tax rate on loss before taxation on all activities	**589,912**	316,578
Adjustments in respect of current income tax of prior periods	**(50,804)**	(57,332)
Expenses not deductible for tax purposes	**(309,103)**	(220,557)
Income not chargeable to taxation	**–**	193,024
Overseas profits taxed at differing rates	**(148,179)**	(96,963)
UK profits taxed at different rate	**–**	2,614
Unrecognised tax losses brought forward now utilised	**175,931**	–
Tax losses not relieved not recognised	**(441,359)**	(59,041)
Change in recognised temporary differences	**(554)**	32,684
Change in tax rate in respect of deferred taxation	**(3,638)**	13,768
Group relief received in respect of discontinued operations	**–**	177,755
Total tax (charge)/credit for the year	**(187,794)**	302,530

Unrecognised deferred tax assets

The Group has tax losses of approximately £3,400,000 (2014: £3,400,000) available to be utilised against future taxable profits in the relevant companies in their countries of operation.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

31 December 2015	Assets £	Liabilities £	Net £
Intangible assets	–	(1,755,155)	(1,755,155)
Fixed assets	17,813	(25,686)	(7,873)
Trade and other payables	114,731	(51,572)	63,159
Tax loss carry-forward	1,468,521	–	1,468,521
Net tax liabilities	**1,601,065**	**(1,832,413)**	**(231,348)**

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

31 December 2015	Balance at 1 January 2015 £	Recognised in profit or loss* £	Exchange differences and transfers £	Acquired in business combinations £	Taken to disposal group £	Balance at 31 December 2015 £
Intangible assets	(2,184,076)	428,921	–	–	–	(1,755,155)
Fixed assets	(134,540)	120,268	6,399	–	–	(7,873)
Trade and other payables	119,038	(55,879)	–	–	–	63,159
Tax loss carry-forward	1,330,833	137,688	–	–	–	1,468,521
	(868,745)	**630,998**	**6,399**	**–**	**–**	**(231,348)**

* The deferred tax credit of deferred tax credit elates to continuing operations.

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 assets	1,449,871	(2,318,616)	(868,745)

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.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

31 December 2015	Assets £	Liabilities £	Net £
Tangible assets	–	(9,677)	(9,677)
Trade and other payables	112,947	–	112,947
Tax loss carry-forward	1,185,343	–	1,185,343
Net tax assets	**1,298,290**	**(9,677)**	**1,288,613**

31 December 2014	Assets £	Liabilities £	Net £
Tangible assets	–	(29,204)	(29,204)
Trade and other payables	118,325	–	118,325
Tax loss carry-forwards	1,185,343	–	1,185,343
Net tax assets	1,303,668	(29,204)	1,274,464

7. Financial Risk Management

Group

The Group's financial assets and financial liabilities, as defined by IAS 32, are categorised as follows:

	Notes	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Available for sale investments – at fair value through OCI			
Quoted equity shares		**9,500**	1,000
Financial assets at fair value through profit or loss:			
Non-current assets	18	**923,775**	923,775
Trade receivables	18	**5,205,521**	5,532,508
Other debtors	18	**898,313**	1,463,363
Cash and cash equivalents		**1,787,184**	1,791,426
		8,824,293	9,712,072
Financial liabilities – held at amortised cost			
Trade payables	19	**(2,233,856)**	(1,970,894)
Other liabilities	19	**(3,664,930)**	(2,249,021)
Loans and borrowings	23	**(7,668,140)**	(7,012,762)
Financial liabilities – held at fair value through profit or loss			
Contingent consideration	20	**(1,179,302)**	(981,379)
		(14,746,228)	(12,214,056)

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

Company

	Notes	Year ended 31 December 2015 £	Year ended 31 December 2014 Restated, £
Financial assets			
Financial assets at fair value through profit or loss:			
Non-current assets	18	**923,775**	923,775
Trade receivables	18	**30,432**	7,680
Other debtors	18	**320,933**	170,738
Cash and cash equivalents		**124,631**	115,453
		1,399,771	1,217,646
Financial liabilities – held at amortised cost			
Trade payables	19	**(868,607)**	(675,324)
Other liabilities	19	**(656,068)**	(1,237)
Loans and borrowings	23	**(7,668,140)**	(7,012,762)
		(9,192,815)	(7,689,323)

The management have assessed that the fair value of cash and short term deposits, trade receivables, trade payables and bank overdrafts and other current liabilities approximate to their carrying amounts as those items have short term maturities.

The quoted equity shares are categorised as a Level 1 investment for the purpose of the IFRS 13 fair value hierarchy and are valued using quoted prices in active markets for these investments at the reporting date. The value of quoted shares at 31 December 2015 is not materially different from original cost and hence no OCI movement arises.

Contingent consideration is categorised as a Level 3 investment for the purpose of the IFRS 13 fair value hierarchy, valued by reference to valuation techniques using inputs that are not based on observable market data. Details of changes in Level 3 financial liabilities and of the valuation process and inputs applied are given in note 20.

The fair value of other financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Long-term fixed rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors and the individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2015, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Board of Directors. The Board is responsible for the identification of the major business risks faced by the Company and for determining the appropriate courses of action to manage those risks. The most important types of risk are credit risk, liquidity risk, and market risk. Market risk includes currency risk, interest rate and other price risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers. Customers who wish to trade on credit terms are generally subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed collectively. The calculation is based on actual incurred historical data. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above.

Details of exposure to trade debtors is given in note 18.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The Group financed its operations during the year from reserves (see Statement of Changes in Shareholder Equity) and from new loan and convertible loan facilities (see note 23). Operating companies' cash requirements are monitored on a rolling working capital forecast basis and funded, where necessary, from Group funds.

Market risk

(a) Currency translation risk

The Group's subsidiaries operate in Europe, Australia, Singapore, Hong Kong and Abu Dhabi and revenues and expenses are denominated in Euro (EUR), Australian Dollar (AUD) and Singapore Dollar (SGD), Hong Kong Dollar. The Group's Sterling (GBP) Statement of Financial Position is not protected from movements in the exchange rate between these currencies and Sterling. The overall exposure to foreign currency risk is considered by management to be low.

The following table demonstrates the sensitivity to reasonably possible change in significant currencies to the Group such as EUR, AUD and SGD to GBP exchange rates, with all other variables held constant. The impact on the Group profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group exposure to possible changes in all other foreign exchange currencies is not deemed material.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

	2015		2014	
	+5%	-5%	+5%	-5%
Effect on profit before tax	£	£	£	£
Euro	**(7,892)**	**7,892**	(8,111)	8,111
Australian Dollar	**73,852**	**(73,852)**	58,757	(58,757)
Singapore Dollar	**145**	**(145)**	3,250	(3,250)
Hong Kong Dollar	**22,298**	**(22,298)**	–	–

	+5%	-5%	+5%	-5%
Effect on equity	£	£	£	£
Euro	**(24,937)**	**24,937**	(16,877)	16,877
Australian Dollar	**43,745**	**(43,745)**	77,575	(77,575)
Singapore Dollar	**30,089**	**(30,089)**	33,351	(33,351)
Hong Kong Dollar	**52,594**	**(52,594)**	–	–

(b) Interest rate risk

The interest rate risk profile of the Group's financial assets, excluding work in progress, trade and other receivables, was as follows:

Cash and cash equivalents: interest rate exposure	**Year ended 31 December 2015 £**	Year ended 31 December 2014 £
Floating rate	–	–
Fixed rate	**187,231**	84,148
Non-interest bearing	**1,599,953**	1,707,278
	1,787,184	1,791,426

The fixed rate cash deposits mature on various dates within one year of the year end and bear interest at 1.8% per annum (2014: rates between 1.8% and 2.5% per annum).

The interest rate risk profile of the Group's financial liabilities was as follows:

Loans and borrowings	**Year ended 31 December 2015 £**	Year ended 31 December 2014 £
Fixed rate convertible loans	**(2,812,935)**	(2,936,680)
Fixed rate loans and borrowings	**(5,185,137)**	(4,461,476)
Variable rate loans	**–**	–
	(7,998,072)	(7,398,156)

Fixed rate interest bearing loans and borrowings excluding finance leases are subject to interest at 12% per annum (2014: between 6% and 12% per annum). Further details of loans are given in note 23 and further details of finance lease arrangements in note 24.

Sensitivity Analysis

The Group was not exposed to any variable rate loans or borrowings at 31 December 2015 or 31 December 2014. The Group does not account for any fixed rate financial liabilities at fair value through profit or loss, therefore a change in interest rates at the end of the period would not affect profit or loss or equity.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

Maturity profile of financial liabilities

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Due in six months or less	**5,649,010**	3,061,055
Due between six months and 1 year	**4,851,386**	5,778,116
Due between 1 year and 2 years	**3,783,345**	2,518,549
Due between 2 and 5 years	**462,487**	856,336
	14,746,228	12,214,056

8. Capital risk management

The capital structure of the Group comprises the equity attributable to equity holders of the parent company, comprising issued share capital, reserves and retained earnings. Quantitative data on these are set out in the Consolidated and Company Statement of Changes in Equity.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors its capital structure on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Total borrowings (note 23)	**7,998,072**	7,398,156
Less: cash and cash equivalents	**(1,787,184)**	(1,791,426)
Net debt	**6,210,888**	5,606,730
Total equity	**11,618,836**	15,293,749
Total capital	**17,829,724**	20,900,479
Gearing ratio	**34.8%**	26.8%

The increase in the gearing ratio during 2015 resulted primarily from funding losses during the year.

9. 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.

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 the end of February 2015. 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 wrote down the net assets of TTMG to zero but continued to reflect the gross assets and liabilities in the Consolidated Statement of Financial Position for the year to December 2014. This does not apply for the current reporting period.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

In the course of the administration the Group incurred a number of unforeseen costs resulting in an additional loss from discontinued operations which was recognised in the current reporting period.

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

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Revenue	**–**	10,270,926
Expenses	**(352,577)**	(11,170,770)
Loss before tax on discontinued operations	**–**	(899,844)
Impairment of assets of the discontinued operations and provision for additional costs of closure	**–**	(1,629,862)
	(352,577)	(2,529,706)
Taxation	**–**	49,032
Loss from discontinued operations after taxation	**(352,577)**	(2,480,674)

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 £
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 was as follows:

	Year ended 31 December 2014 £
Operating	(444,049)
Investing	(60,382)
Financing	(62,500)
Net cash outflow	(566,931)

Since the year end and up to the date of approval of these financial statements no additional losses or gains have occurred in respect of the discontinued operations.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

10. Acquisitions

10.1 Acquisition of Newgate Communications (HK) Limited

Newgate Communications (HK) Limited ('Newgate Hong Kong') is a 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 late 2012.

On 1 November 2012, the Group provided Newgate Hong Kong with a revolving loan facility of up to £495,753 for general working capital purposes. On 1 January 2015, the Directors of both Porta and Newgate Hong Kong agreed to convert the full outstanding balance of the loan facility, including 1.5% annual interest accrued to that date, into 51% of the issued share capital of Newgate Hong Kong.

The fair value of net assets acquired at 1 January 2015 has been determined as equal to their book value. 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 £
Goodwill	–	451,259	451,259
Fixed assets	12,976	–	12,976
Work in progress	2,884	–	2,884
Trade and other receivables	77,178	–	77,178
Cash and cash equivalents	49,102	–	49,102
Total assets	142,140	451,259	593,399
Trade and other payables	(33,546)	–	(33,546)
Total liabilities	(33,546)	–	(33,546)
Net assets acquired	**108,594**	**451,259**	**559,853**
Less: attributable to NCI			(53,211)
Net value attributable to Group's equity shareholders			**506,642**

The goodwill arising on the transaction has been recognised as follows:

	£
The fair value of converted loan as total consideration	**506,642**
Less: the fair value of net identifiable assets (51%)	**(55,383)**
Goodwill	**451,259**

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

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

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

	12 months period ended 31 December 2015 £
Revenue	1,914,279
Cost of sales	(554,341)
Gross Profit	1,359,938
Operating and administrative expenses	(911,429)
Operating profit	448,509
Finance expense	(2,560)
Finance income	3
Profit before taxation	445,952
Taxation	(11,193)
Profit for the period	457,145
Total comprehensive income for the period	457,145
Attributed to:	
Equity Shareholders (51%)	233,144
Non-controlling interests (49%)	224,001

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

	12 months period ended 31 December 2015 £
Net cash from operating activities	377,247
Net cash from investing activities	(273,862)
Net cash from financing activities	–
Net increase in cash and cash equivalents	103,385
Cash and cash equivalents on acquisition	49,102
Effect of exchange rate changes	4,310
Cash and cash equivalents at the end of the year	156,797

10.2 Acquisition of additional interest in Newgate Communications Limited and 21:12 Direct LLP

On 28 May 2015, the Group completed the reorganisation of Newgate Communications LLP (‘Newgate’) and 21:12 Direct LLP (‘Direct’) and, as part of this reorganisation, acquired the outstanding 49% interests in Newgate and the outstanding 30% interest in Direct, thereby increasing the Group’s ownership interest in both businesses to 100%, for a total consideration of 9,754,000 Ordinary shares of 10p each in Porta.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

11. Non-controlling interest

During the year ended 31 December 2015 the Group had two subsidiaries with material non-controlling interests: Redleaf Polhill Limited and Newgate Communications 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 Communications Pty Limited		Redleaf Polhill Limited	
	Year ended 31 December 2015 £	Year ended 31 December 2014 £	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Current assets	1,983,696	1,975,307	1,017,605	719,531
Current liabilities	(526,685)	(785,107)	14,718	(671,531)
Net current assets	1,457,011	1,190,200	1,032,323	48,000
Non-current assets	118,765	143,675	3,446,150	3,919,526
Non-current liabilities	(700,877)	(620,422)	(1,259,594)	(483,958)
Net non-current assets/(liabilities)	(582,112)	(476,747)	2,186,556	3,435,568
Net assets	874,899	713,453	3,218,879	3,483,568
Non-controlling interests	428,701	349,592	1,577,251	1,706,949
Revenue	7,034,316	6,984,444	3,642,796	2,359,365
Profit for the year	993,649	799,018	456,390	141,119
Other comprehensive income	(62,554)	(24,821)	–	–
Total comprehensive income	931,095	774,197	456,390	141,119
Attributable to non-controlling interests	486,888	379,357	223,631	69,148
Dividends paid to non-controlling interests	346,453	115,034	381,773	125,779

	Newgate Communications Pty Limited		Redleaf Polhill Limited	
	Year ended 31 December 2015 £	Year ended 31 December 2014 £	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Cash flows from operating activities	852,005	464,067	667,572	684,340
Cash flows from investing activities	(385,428)	(237,591)	(363,739)	(169,383)
Cash flows from financing activities	–	–	(180,314)	–
Payment of dividend to parent Company	(423,260)	(119,729)	(339,699)	(130,934)
Net increase/(decrease) of cash and cash equivalents	43,317	106,747	(216,180)	384,023

Further information about non-controlling interests is given in note 17.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

12. Investment in associates

The following table summarises the financial information of the Group's investments in its associated companies at the end of the financial year.

The Group has a 29.5% interest in Capital Access Group ("Capital Access"), a corporate communications, investor access and equity research provider, which was acquired in a non-cash acquisition on 28 July 2015. Under the acquisition agreement, the Group provides Capital Access with office services for 3 ½ years from acquisition and guarantees a maximum of £2,000,000 of debt. Any calls on the guarantee will be satisfied by the issue of ordinary shares in Porta at the time. Porta has a call option over the remaining equity in Capital Access, exercisable in four tranches from 1 January 2018. The call option is payable in ordinary shares of Porta but Porta has no obligation to purchase the outstanding equity in the associate.

The Group also has a 25.1% interest in Team Darwin Limited, a community powered creative business, with a call option to purchase up to 40% of the outstanding share capital.

Group	Year ended 31 December 2015			Year ended 31 December 2014
	Capital Access £	**Team Darwin £**	**Total £**	Team Darwin £
Revenue	904,136	96,856	1,000,992	134,383
Cost of sales	(11,305)	(32,505)	(43,810)	(79,470)
Administration expenses	(867,491)	(36,243)	(903,734)	(83,943)
Net finance expense	(135,032)	–	(135,032)	–
Profit/(Loss) for the period	(109,692)	28,108	(81,584)	(29,030)
Group ownership	29.5%	25.1%		25.1%
Profit/(Loss) attributable to the Group	(32,359)	7,055	(25,304)	(7,287)
Carrying value of the investment at 1 January	–	119,435	119,435	126,722
Acquired during the year	751,790	–	751,790	–
Share of profit/loss in associate during the year	(32,359)	7,055	(25,304)	(7,287)
Carrying value of the investment at 31 December	**719,431**	**126,490**	**845,921**	119,435

Company	Year ended 31 December 2015			Year ended 31 December 2014
	Capital Access £	**Team Darwin £**	**Total £**	Team Darwin £
Carrying value of the investment at 1 January	–	–	–	–
Acquired during the year	751,790	–	751,790	–
Carrying value of the investment at 31 December	**751,790**		**751,790**	–

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

13. 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 2015	Year ended 31 December 2014
	number	number
Weighted average number of shares (ordinary and dilutive)	273,399,572	219,820,830
	£	£
Loss on continuing activities after tax	(4,003,535)	(1,257,265)
Loss on discontinued activities after tax	(352,577)	(2,480,674)
Loss on continuing and discontinued activities after tax	(4,356,112)	(3,737,939)

No share options or warrants outstanding at 31 December 2015 or 31 December 2014 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.

14. Profit accounted for in the parent company

As permitted under Section 408 of the Companies Act 2006, the Statement of Comprehensive Income for the Company is not presented as part of these financial statements. The Company's loss for the year, after tax, was £2,433,297 (Restated 2014: £4,356,462). The loss after tax for 2014 includes the impairment of investments related to discontinued operations.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

15. Intangible assets

Group

Cost	Goodwill £	Customer relationships £	Brands £	Websites, software and licences £	Total £
At 1 January 2014	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**
Additions in the year – acquired with subsidiaries	451,259	–	–	–	451,259
Re-estimate of previously acquired goodwill	88,684	–	–	–	88,684
Other additions in the year	–	–	–	188,141	188,141
Translation differences	10,035	–	–	(35)	10,000
At 31 December 2015	**8,066,928**	**9,380,000**	**3,187,000**	**372,193**	**21,006,121**
Amortisation	£	£	£	£	£
At 1 January 2014	–	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**
Charge for the year	–	1,888,496	318,692	57,595	2,264,783
Translation differences	–	–	–	(23)	(23)
At 31 December 2015	**–**	**3,221,817**	**569,406**	**158,706**	**3,949,929**
Net book value	£	£	£	£	£
At 1 January 2014	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
At 31 December 2015	**8,066,928**	**6,158,183**	**2,617,594**	**213,487**	**17,056,192**

The average remaining amortisation period for indefinite life intangible assets recognised at 31 December 2015 is approximately 8 years for brands (2014: 9 years) and 3 years for customer relationships (2014: 4 years).

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

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 2015 £	31 December 2014 £
Communications	ICAS Holding Limited (trading as Publicasity)	**188,789**	100,105
Communications	Newgate Communications Limited	**3,545,117**	3,545,117
Communications	Newgate Communications (HK) Limited	**470,197**	–
Communications	Newgate Communications (Singapore) Pte. Ltd	**433,135**	442,038
Communications	PPS Group Limited	**588,701**	588,701
Communications	Redleaf Polhill Limited	**1,406,358**	1,406,358
Marketing	2112 Communications Limited	**594,295**	594,295
Marketing	Summit Marketing Services Limited	**346,859**	346,859
	Other units without significant goodwill*	**493,477**	493,477
		8,066,928	7,516,950

*Other comprise of goodwill acquired with Cauldron Consulting Limited, the trade of which is now incorporated into Newgate Communications Limited and 13 Communications Limited (both belong to the communication division) and 2112 Direct LLP, the trade of which is now incorporated into 21:12 Communications Limited, which belongs to the marketing division.

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 five 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 13.0% (2014: 14.0%) and a terminal growth rate of 2.5% (2014: 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.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

Company

Cost	Websites, software and licences £	Total £
At 1 January 2014	70,681	70,681
Additions in the year	34,030	34,030
At 31 December 2014	**104,711**	**104,711**
Additions in the year	178,944	178,944
At 31 December 2015	**283,655**	**283,655**
Amortisation	£	£
At 1 January 2014	30,093	30,093
Charge for the year	26,674	26,674
At 31 December 2014	**56,767**	**56,767**
Charge for the year	30,858	30,858
At 31 December 2015	**87,625**	**87,625**
Net book value	£	£
At 1 January 2014	40,588	40,588
At 31 December 2014	47,944	47,944
At 31 December 2015	**196,030**	**196,030**

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

16. Property, plant and equipment

Group

Cost	Office improvements £	Fittings and equipment £	Computer equipment £	Motor vehicles £	Total £
At 1 January 2014	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
Additions in the year – acquired with subsidiaries	5,464	2,022	5,490	–	12,976
Other additions in the year	30,798	72,078	91,225	–	194,101
Disposals in the year	–	–	(2,266)	–	(2,266)
Translation differences	(7,236)	(5,386)	(3,426)	–	(16,048)
At 31 December 2015	**1,122,431**	**549,017**	**456,379**	**58,728**	**2,186,555**

Depreciation	£	£	£	£	£
At 1 January 2014	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
Charge for the year	240,556	119,181	81,005	12,880	453,622
Disposals in the year	–	–	(553)	–	(553)
Translation differences	(2,710)	(1,476)	(1,209)	–	(5,395)
At 31 December 2015	**489,068**	**209,512**	**285,282**	**20,890**	**1,004,752**

Net book value	£	£	£	£	£
At 1 January 2014	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
At 31 December 2015	**633,363**	**339,505**	**171,097**	**37,838**	**1,181,803**

Further details relating to additions in the year which were acquired with subsidiaries are given in note 10.

The net asset value of assets held under finance leases as at 31 December 2015 was £309,070 (2014: 372,817).

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

Company

Cost	Office improvements £	Fittings and equipment £	Computer equipment £	Motor vehicles £	Total £
At 1 January 2014	93,046	54,339	72,836	24,000	244,221
Additions in the year	718,018	91,639	16,363	–	826,020
At 31 December 2014	811,064	145,978	89,199	24,000	1,070,241
Additions in the year	15,665	2,190	26,887	–	44,472
At 31 December 2015	**826,729**	**148,168**	**116,086**	**24,000**	**1,114,983**
Depreciation	£	£	£	£	£
At 1 January 2014	59,414	19,345	45,461	800	125,020
Charge for the year	112,703	24,726	34,578	4,800	176,807
At 31 December 2014	172,117	44,071	80,039	5,600	301,827
Charge for the year	108,634	26,473	21,272	4,800	161,179
At 31 December 2015	**280,751**	**70,544**	**101,311**	**10,400**	**463,006**
Net book value	£	£	£	£	£
At 1 January 2014	33,632	34,994	27,375	23,200	119,201
At 31 December 2014	638,947	101,907	9,160	18,400	768,414
At 31 December 2015	**545,978**	**77,624**	**14,775**	**13,600**	**651,977**

17. Investment in subsidiaries – Company

Cost and net book value	**31 December 2015 £**
At 1 January 2014	4,332,177
Acquired during the year	11,917,977
Share based payments to subsidiary company employees	10,311
Exchange differences	(24,801)
At 31 December 2014	**16,235,664**
Acquired during the year	1,501,846
Share based payments to subsidiary employees (note 22)	135,974
Exchange differences	7,107
At 31 December 2015	**17,880,591**

Additions during the period were as follows:

Name	Note	£
Newgate Communications (HK) Limited (acquisition of subsidiary)	10.1	506,642
Newgate Communications Limited (acquisition of minority interests)	10.2	980,204
21:12 Direct LLP (acquisition of minority interests)	10.2	15,000
		1,501,846

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

Exchange differences incurred during the year relate to the investment in Newgate Communications Pty Limited which was made in Australian Dollars, the local currency of subsidiary.

At 31 December 2015, the Company held the following interests in subsidiaries, all of which have reporting dates of 31 December and are all incorporated in England and Wales, unless otherwise stated:

Name	Share capital held	Percentage held	Principal activity during year
13 Communications Limited	Ordinary	51%	Public Relations consultancy
Clare Consultancy Limited	Ordinary*	100%	Public Relations & Public Affairs consultancy
ICAS Limited	Ordinary*	100%	Public Relations & Public Affairs consultancy
Newgate Brussels SPRL (incorporated in Belgium)	Ordinary *	100%	Public Relations consultancy
Newgate Communications Limited (previously Newgate Integrated Limited)	Ordinary	100%	Public Relations consultancy (note 1)
Newgate Communications FZ-LLC (incorporated in the United Arab Emirates)	Ordinary*	76%	Public Relations consultancy
Newgate Communications Germany GmbH (incorporated in Germany)	Ordinary*	100%	Public Relations consultancy
Newgate Communications Pty Limited (incorporated in Australia)	Ordinary	51%	Public Relations consultancy
Newgate Communications (HK) Limited (incorporated in Hong Kong)	Ordinary	51%	Public Relations & Public Affairs consultancy
Newgate Communications (Singapore) Pte. Ltd (incorporated in Singapore)	Ordinary	45%	Public Relations & Public Affairs consultancy
Newgate Integrated LLP (previously Newgate Communications LLP)	Corporate Partner*	100%	Public Relations & Public Affairs consultancy (notes 1,2)
Newgate Sponsorship Limited (previously Newgate Sports Limited and Threadneedle Communications Limited)	Ordinary	85%	Public Relations consultancy
Newgate Threadneedle Limited	Ordinary	100%	Public Relations consultancy (notes 1,2)
PPS (Local and Regional) Limited	Ordinary *	100%	Public Relations consultancy
Redleaf Polhill Limited	Ordinary	51%	Public Relations consultancy
21:12 Communications Limited	Ordinary*	60%	Marketing and Advertising consultancy
21:12 Direct LLP	Corporate Partner	60%	Marketing and Advertising consultancy (notes 1,2)
21:12 Print Management and Creative Services Limited	Ordinary*	60%	Marketing and Advertising consultancy (note 1,3)
TwentyFour Seven Studios LLP	Corporate Partner*	60%	Marketing and Advertising consultancy (note 1,3)
TwentyOne Twelve Communications LLP	Corporate Partner *	60%	Marketing and Advertising consultancy (notes 1,2)
Summit Marketing Services Limited	Ordinary *	100%	Media buying
ICAS Holdings Limited	Ordinary	100%	Intermediate holding company (note 2)
Newgate Media Holdings Limited	Ordinary	100%	Intermediate holding company

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

Newgate PR Holdings Limited	Ordinary	100%	Intermediate holding company
Newgate Public Affairs Limited	Ordinary *	100%	Intermediate holding company
Newgate Public Relations Limited	Ordinary	100%	Intermediate holding company
PPS Group Holdings Limited	Ordinary *	100%	Intermediate holding company (note 2)
PPS Group Limited	Ordinary	100%	Intermediate holding company (note 2)
Twenty20 Media Group Limited	Ordinary*	90%	Non-trading (note 2)
Newgate Comms LLP	Corporate Partner*	100%	Dormant
Springall Gbr (incorporated in Germany)	Ordinary*	100%	Dormant
Velvet Consultancy Limited	Ordinary	100%	Dormant

*Indirectly held through another group company
Note 1: trade transferred to another group company
Note 2: filed for dissolution since the year end
Note 3: dissolved since the year end

Audit exemptions:

The following Group entities are exempt from audit by virtue of Section 479A of the Companies Act 2006

13 Communications Limited	21:12 Communications Limited
Newgate Sponsorship Limited	Newgate Media Holdings Limited
Clare Consultancy Limited	Summit Marketing Services Limited
Newgate PR Holdings Limited	Twenty20 Media Group Limited
Newgate Public Relations Limited	Newgate Public Affairs Limited
TwentyOne Twelve Communications LLP	Newgate Integrated LLP
	Newgate Threadneedle Limited

Preparation & filing exemptions:

The following Group entities are exempt from preparing/filing individual accounts by virtue of Sections 394A or 448A of the Companies Act 2006:

Velvet Consultancy Limited	PPS Group Holdings Limited
ICAS Holding Limited	PPS Group Limited
Newgate Comms LLP	

Statutory guarantees:

Porta Communications Plc has provided statutory guarantees to the following entities in accordance with Section 479C of the Companies Act 2006:

13 Communications Limited	21:12 Communications Limited
Newgate Sponsorship Limited	Newgate Media Holdings Limited
Clare Consultancy Limited	Summit Marketing Services Limited
Newgate PR Holdings Limited	Twenty20 Media Group Limited
Newgate Public Relations Limited	Newgate Public Affairs Limited
TwentyOne Twelve Communications LLP	Newgate Integrated LLP
	Newgate Threadneedle Limited

Porta Communications Plc has provided statutory guarantees to the following entities in accordance with Section 394C of the Companies Act 2006:

Velvet Consultancy Limited	PPS Group Holdings Limited
Newgate Comms LLP	PPS Group Limited
ICAS Holding Limited	

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

18. Trade and other receivables

Group

	31 December 2015 £	31 December 2014 £
Trade receivables	**5,336,814**	5,743,807
Less: provision for impairment	**(131,293)**	(211,299)
	5,205,521	5,532,508
Loans	**–**	793,633
Other debtors	**898,313**	669,730
Prepayments	**1,222,381**	764,788
	7,326,215	7,760,659

The average credit period on sales of services is 56 days (2014: 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 £176,578 (2014: £133,167) 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 2015, there were two customers who individually represented more than 5% of the trade receivables balance, an international drinks company and an international finance company which accounted for £442,324 (8.5%) and £325,324 (6.2%) of trade receivables respectively. At 31 December 2014 there were no customers who individually represented more than 5% of trade receivables.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

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

	31 December 2015 £	31 December 2014 £
Neither past due nor impaired	**2,141,047**	2,070,468
Past due but not impaired:		
Past due up to 3 months	**2,564,145**	3,023,834
Past due more than 3 months not more than 6 months	**361,275**	255,370
Past due more than 6 months not more than 1 year	**132,076**	141,471
Past due more than 1 year	**6,978**	41,365
	5,205,521	5,532,508

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

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Balance at 1 January	**211,299**	112,746
Acquired with subsidiaries	**–**	31,458
Amounts written off during the year	**(255,573)**	(65,400)
Provision made during period	**176,578**	133,167
Translation differences	**(1,011)**	(672)
Balance at 31 December	**131,293**	211,299

Company

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Trade receivables	**30,432**	7,680
Less provision for impairment	**–**	–
	30,432	7,680
Loans	**–**	792,113
Other debtors	**320,152**	169,981
Prepayments	**962,393**	426,658
Receivable owned by related party (note 26)	**781**	757
	1,313,758	1,397,189

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

Non-current other receivables

On 7 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.

19. Trade and other payables

Current liabilities

Group	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Trade payables	**2,233,856**	1,970,894
Taxes and social security costs	**1,550,381**	1,511,988
Income received in advance	**1,129,703**	795,813
Other payables	**433,663**	223,014
Accrued expenses	**2,768,780**	2,026,007
	8,116,383	6,527,716

Company

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Trade payables owing to third parties	**866,311**	674,428
Trade payables owing to related parties (note 26)	**2,296**	896
	868,607	675,324
Taxes and social security costs	**30,287**	34,950
Other payables	**193,581**	1,237
Accrued expenses	**1,566,076**	932,212
	2,658,551	1,643,723

The average credit period taken by the Company on trade purchases was 65 days (2014: 81 days). Interest may be charged on overdue trade payables at varying rates up to 13% per annum depending on the contractual terms and the legal requirements of the country of operation. The Company manages trade payables in accordance with customer terms and the cash flow requirements of the business. £45 interest was charged by suppliers during the year (2014: none).

Non-current liabilities

The Group and the Company recognised £462,487 of other non-current payables in respect of the acquisition of the equity interest in Capital Access Group Limited (see note 12). There were no non-current trade and other payables in 2014.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

20. Contingent Consideration

Group

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
At 1 January 2015	**981,379**	636,019
Additions: Put/call agreement	**–**	770,778
Utilised in the period	**(10,000)**	–
Charged/(released) in the period:		
Amortisation of put/call agreement	**114,076**	85,556
Other changes in the period	**93,847**	(329,786)
Transferred to discontinued operations	**–**	(181,198)
At 31 December 2015	**1,179,302**	981,379

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.

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 the end of February 2015. In the course of the administration the Group incurred a number of unforeseen costs and made a provision of £208,892 resulting in an additional loss from discontinued operations which was recognised in the current reporting period. The Directors expect no further costs to be incurred as a result of TTMG discontinued operations.

The acquisition of Redleaf in 2014 (see note 10 in the financial statements of the Group for the year ended 31 December 2014) involved 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 three full financial years beginning 31 December 2015 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 2015 the present value of the liability component of deferred consideration is £970,410 (2014: £856,334).

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

21. Share capital and Reserves

Share capital

Allotted, called up and fully paid

31 December 2015	Number	£
Ordinary shares of 10p each	**277,327,895**	**27,732,790**
Deferred shares of 0.9p each	**72,000,000**	**648,000**
		28,380,790

31 December 2014	Number	£
Ordinary shares of 10p each	267,573,895	26,757,390
Deferred shares of 0.9p each	72,000,000	648,000
		27,405,390

Ordinary shares

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

	Number	£ nominal value
At 1 January 2015	267,573,895	26,757,390
New issues during the year	9,754,000	975,400
At 31 December 2015	**277,327,895**	**27,732,790**

During the year the Company issued 9,754,000 Ordinary shares at 10p per share to acquire the outstanding non-controlling interests in two businesses. Further details are given in note 10.

Deferred shares

There has been no change in the number of, or rights relating to, the Deferred shares during the year. The special rights, privileges, restrictions and limitations attached to the Deferred shares are set out below.

a) A holder of Deferred shares shall have no right to receive notice of or to attend or vote at any General meeting of the Company.

b) A holder of Deferred shares shall have no right to receive any dividend or distribution.

c) A holder of Deferred shares shall, on a return of capital in a liquidation but not otherwise, be entitled to receive a sum equal to the amount paid up or credited on each share but only after the sum of £1,000,000 per Ordinary share has been distributed amongst the holders of the Ordinary shares.

d) The Company may redeem the Deferred shares at any time for the sum of £1 payable in aggregate to all Deferred shareholders as a class.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Other reserves

During the period, a net amount of £88,227 (2014: £1,665,621) was credited to other reserves relating to share based payments transactions (note 22) and the amortisation of the equity component of a convertible loan issued during the year (note 23).

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

22. Share based payments

Enterprise Management Incentive (EMI) & Unapproved Share Option Plan

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% of the options will vest on the first anniversary of the date of grant and the remaining 50% will vest on the second anniversary of the date of grant.

Following the acquisition of PPS Group Limited (note 10.4), the Company granted options over a total of 3,600,000 Ordinary Shares of 10p each in the Company to two key members of the PPS staff. The exercise price of the options is 10p per share and, subject to the achievement of certain performance conditions, 50% of the options will vest on the first anniversary of the date of grant and the remaining 50% will vest on the second anniversary of the date of grant.

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 expire on the tenth anniversary of grant.

On 9 December 2015 the Company granted options over 1,500,000 ordinary shares to Steffan Williams, Group Managing Director. The options are exercisable at 10p per share and vest in three equal tranches on the first, second and third anniversary of their grant and expire on the third anniversary of the grant.

The fair value of services received in return for the share options granted is based on the fair value of the share options granted measured using the Black-Scholes and Binomial models. Expected volatility is estimated by considering historical volatility over the period commensurate with the expected term. The following inputs were used in the measurement of the fair values at grant date of the share based payment plans.

Option Grant Year	2012		2013		2014		2015	
Option recipient	Employees	Directors	Employees	Directors	Employees	Directors	Employees	Directors
Fair value at grant date	4.96p	4.22p	9.50p	3.36p	4.93p	8.68p	4.24p	3.26p
Share price at grant date	8.00p	8.00p	14.00p	7.25p	8.25p	14.62p	7.63p	7.19p
Exercise price	10.00p	10.00p	14.00p	20.00p	10.00p	20.00p	10.00p	10.00p
Expected volatility	76%	76%	76%	76%	70%	72%	67%	66%
Option life*	6 years	6 years	6 years	6 years	6 years	6 years	6 years	6 years
Expected dividends	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate	1.1%	1.1%	3.01%	2.55%	2.25%	2.81%	2.10%	1.90%

* expected weighted average life

	Number	Weighted average exercise price
Balance at 1 January 2015	**11,141,096**	**14.90p**
Issued during the year	9,570,000	10.00p
Forfeited during the year	(2,273,333)	10.00p
Balance at 31 December 2015	**18,437,763**	**12.96p**

The weighted average remaining contractual lives of outstanding options is 8.6 years and exercise prices range from 10p to 20p. The weighted average fair value of options issued during the year was 4.00p.

£315,002 relating to share based payments has been recognised as an expense in the Statement of Comprehensive Income for the year ended 31 December 2015 (2014: £185,580). 2,273,333 share options were forfeited (2014: 1,585,750) and no options were exercised during the year (2014: Nil).

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

23. 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. For information about the Group's exposure to interest rate, foreign currency and liquidity risk arising from these loans and borrowings, see note 7.

Group

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Non-current liabilities		
Loans – related party	**2,812,935**	2,518,550
Obligations under finance leases (note 24)	**228,868**	304,613
	3,041,803	2,823,163
Current liabilities		
Loan notes issued in relation to business combinations (note 10)	**100,342**	1,557,532
Convertible loans	**4,754,863**	2,936,680
	4,855,205	4,494,212
Obligations under finance leases (note 24)	**101,064**	80,781
	4,956,269	4,574,993

During 2015, the Company entered into a new loan agreement with Retro Grand Limited under which £3.0 million was borrowed. Subsequently the Company borrowed a further £1.7 million from Retro Grand which was added to the existing £3.0 million loan principal. These are due to be repaid or converted into 10p Ordinary Shares at the lender's choice by the end of 2016.

In February 2016 the Company re-negotiated the terms of its £2.86 million deep discounted bond facility, due to be repaid on the 26 February 2016, and its £0.25 million bridging loan facility, due to be repaid on 21 January 2016, from Hawk Investment Holdings Limited which have been combined into an amended deep discounted bond repayable in 3 years.

Retro Grand 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.

During the year, the Company repaid the loan notes bearing 6% coupon which were issued as a purchase consideration for acquisition of PPS Group Limited and ICAS Holdings Limited (trading as Publicasity) in 2014. One of the former Publicasity's shareholders has extended £100,000 of his repayable balance on the same terms for another 12 months.

Prior to 31 December 2015, the Group agreed with Hawk Investment Holdings Limited to refinance its current borrowings. The refinancing agreements were completed on 14 April 2016. Under the new agreements, the £2.86 million deep discounting bond facility, which was initially due to be repaid on 26 February 2016, was renewed for a further three year period on materially the same terms as the original facility repayable on 26 February 2019. At the same time the £0.25 million bridging loan facility provided by Hawk Investment Holdings Limited, initially due to be repaid on 21 January 2016, was also renewed on materially the same terms as the original facility and repayable on 21 January 2017.

Terms and debt repayment schedule

				2015		2014	
	Currency	Nominal interest rate	Year of maturity	**Face Value**	**Carrying Amount**	Face value	Carrying Amount
Deep discounted bond – related party	GBP	12%	2019	**2,862,000**	**2,812,935**	2,862,000	2,518,550
Convertible loan	GBP	12%	2016	**4,867,450**	**4,754,863**	–	–

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

Loan notes	GBP	6%	2016	**100,000**	**100,342**	–	–
Loan notes	GBP	6%	2015	**–**	**–**	1,552,000	1,557,532
Convertible loan	GBP	12%	2015	**–**	**–**	3,067,450*	2,936,680
				7,829,450	**7,668,140**	7,481,450	7,012,762

* As agreed between the parties during 2015, 2% transaction costs together with £7,450 legal costs, which were capitalised in 2014, have been capitalised and added to the principal of £3,000,000.

Company

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Non-current liabilities		
Loans – related party	**2,812,935**	2,518,550
Obligations under finance leases (note 24)	**208,360**	276,597
	3,021,295	2,795,147
Current liabilities		
Convertible loans	**4,754,863**	2,936,680
Loan notes	**100,342**	1,557,532
	4,855,205	4,494,212
Obligations under finance leases (note 24)	**93,275**	73,322
	4,948,480	4,567,534

Terms and debt repayment schedule

				2015		2014	
	Currency	Nominal interest rate	Year of maturity	**Face Value**	**Carrying Amount**	Face value	Carrying Amount
Deep discounted bond – related party	GBP	12%	2019	**2,862,000**	**2,812,935**	2,862,000	2,518,550
Loan notes	GBP	12%	2016	**4,867,450**	**4,754,863**	–	–
Loan notes	GBP	6%	2016	**100,000**	**100,342**	–	–
Loan notes	GBP	6%	2015	**–**	**–**	1,552,000	1,557,532
Convertible loan	GBP	12%	2015	**–**	**–**	3,007,450	2,936,680
				7,829,450	**7,668,140**	7,421,450	7,012,762

The related party loans and convertible loan are secured over all current and future assets of both the Company and subsidiaries within the Group. The Group refinanced its related party borrowings, the details are given in note 27.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

24. Finance Leases

Finance lease commitments – as lessee

Group

	2015		2014	
	Minimum payments £	Present value of payments £	Minimum payments £	Present value of payments £
Within one year	140,836	101,064	128,260	80,781
Between one and five years	264,279	228,868	372,780	304,613
Total minimum lease payments	405,115	329,932	501,040	385,394
Less amount representing finance charges	(75,183)	–	(115,646)	–
Present value of minimum lease payments	329,932	329,932	385,394	385,394

	2015	2014
Analysed as:	£	£
Current liability	101,064	80,781
Non-current liability	228,868	304,613
Present value of minimum lease payments	329,932	385,394

Company

	2015		2014	
	Minimum payments £	Present value of payments £	Minimum payments £	Present value of payments £
Within one year	131,020	93,275	118,164	73,322
Between one and five years	242,404	208,360	341,299	276,597
Total minimum lease payments	373,424	301,635	459,463	349,919
Less amount representing finance charges	(71,789)	–	(109,544)	–
Present value of minimum lease payments	301,635	301,635	349,919	349,919

	2015	2014
Analysed as:	£	£
Current liability	93,275	73,322
Non-current liability	208,360	276,597
Present value of minimum lease payments	301,635	349,919

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

25. Operating leases

The Group operating leases mainly relate to office premises. The leases of office premises typically run for periods up to 10 years. Leases for other fixed assets typically run for a period of 3 to 5 years.

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Less than one year	897,650	984,495
Between one and five years	5,210,710	4,424,534
More than five years	3,098,867	4,108,265
	9,207,227	9,517,294

The Company received a two year rent free period as a lease incentive. The total minimum lease payments are allocated over the lease term evenly and therefore rent charge recognised in the Statement of Comprehensive Income is different to the contractually committed cash outflow.

The anticipated future charge to the Statement of Comprehensive Income in respect of operating leases is as follows:

	Year ended 31 December 2015 £
Less than one year	804,443
Between one and five years	3,217,774
More than five years	2,480,367
	6,502,584

26. 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 2015 £	Year ended 31 December 2014 £
Short term employee benefits	606,826	649,456
Share based payments	87,227	174,932
Post-employment benefits	132,325	22,406
	826,378	846,794

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

Other related party transactions

During the year, the Company was invoiced £24,000 by Blasdales Limited (2014: £29,100 by CICS Limited), a company of which Brian Blasdale is a director, for non-executive director's fees. At the year end, £1,516 was owed by the Company in respect of his expenses (2014: £861).

£30,000 was paid to Hawk Consulting Limited, a company of which Bob Morton is a Director, for non-executive director fees (2014: £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 (2014: £294,387) of finance costs to the Statement of Comprehensive Income in relation to this loan.

During the year, the Group paid £90,000 (2014: £93,000) to members of Directors' families employed by the Group.

Aqilla Limited, a company that produces accounting software packages, in which the Group's Chairman, Bob Morton, is a controlling shareholder, during 2015 charged the Group £61,302 including VAT (2014: £31,902).

The following amounts were owed to/by Directors to/by 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:

Director	Max amount outstanding by Director during the year £	Owed by Directors/ (Owed to Directors) 2015 £	Owed by Directors/ (Owed to Directors) 2014 £
Hawk investments Limited (Bob Morton)	–	(15,000)	–
David Wright	7,083	781	757
Gene Golembiewski	199	(780)	(35)
Brian Blasdale (and Blasdales Limited or CICS Limited)	3,974	(1,516)	(861)

All related party transactions were on normal commercial terms.

Transactions with subsidiary undertakings – Company

The parent Company incurs various expenses during the year which it recharges to subsidiary companies and certain subsidiary companies have incurred expenses or provided services during the year which have been recharged to the parent Company. A summary of these transactions during the year are as follows:

Subsidiary	Nature of transaction	2015 Charged by parent £	2015 Charged to parent £	2014 Charged by parent £	2014 Charged to parent £
13 Communications Limited	Expense recharges and consultancy fees	19,667	–	38,859	–
	Rent	49,000	–	25,900	–
	Interest	12,301	–	6,736	–
21:12 Communications Limited	Expense recharges, consultancy fees and group marketing and advertising services	81,620	–	64,374	–
	Rent	144,060	–	54,600	–
	Interest	9,336	347	33	–

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

21:12 Print Management and Creative Services Limited	Expense recharges, consultancy fees and group marketing and advertising services	**1,822**	**–**	59,944	–
	Rent	**5,600**	**–**	39,900	–
21:12 Direct LLP	Expense recharges and consultancy fees	**14,497**	**–**	53,100	–
	Rent	**21,560**	**–**	30,320	–
	Interest		**546**	–	259
ICAS Limited (t/a Publicasity)	Consultancy fees	**72,360**	**–**	286,610	–
	Rent	**170,800**	**–**	–	–
	Interest	**–**	**9,526**	–	–
Newgate Brussels SPRL	Expense recharges, consultancy fees	**613**	**–**	15,524	–
	Interest	**3,487**	**–**	6,571	–
Newgate Communications Limited	Expense recharges and consultancy fees	**120,078**	**–**	–	–
	Rent	**202,300**	**–**	–	–
	Interest	**18,652**	**14,122**	–	–
Newgate Comms LLP	Expense recharges and consultancy fees	**–**	**–**	63	–
	Interest	**–**	**–**	4,626	–
Newgate Communications FZ-LLC	Expense recharges	**1,345**	**–**	–	–
Newgate Communications Pty Limited	Consultancy Fees	**176,634**	**–**	213,068	–
	Interest	**55,263**	**–**	58,861	–
	Group dividend	**406,735**	**–**	117,560	–
Newgate Communications (HK) Limited	Expense recharges and consultancy fees	**40,431**	**–**	–	–
Newgate Communications (Singapore) Pte. Ltd	Expense recharges and consultancy fees	**20,120**	**–**	–	–
	Interest	**1,042**	**–**	6,114	–
Newgate Integrated LLP	Expense recharges and consultancy fees	**79,825**	**–**	683,846	2,097
	Rent	**104,300**	**–**	226,942	–
	Interest	**2,411**	**–**	15,681	111
Newgate Public Affairs Limited	Interest	**–**	**200**	–	1,022
Newgate Public Relations Limited	Interest	**1,329**	**–**	–	–
Newgate Sponsorship Limited	Expense recharges	**10**	**–**	–	–
Newgate Threadneedle Limited	Expense recharges, consultancy fees	**52,541**	**–**	139,978	37,959
	Rent	**57,820**	**–**	64,841	–
	Interest	**–**	**13,552**	–	–
PPS (Local and Regional) Limited	Consultancy fees	**100,604**	**–**	633,001	–
	Rent	**148,470**	**–**	–	–
	Interest	**–**	**22,364**	–	–
Redleaf Polhill Limited	Expense recharges and consultancy fees	**58,330**	**–**	56,637	6,000
	Group dividend	**397,357**	**–**	130,934	–
Summit Marketing Services Limited	Expense recharges and consultancy fees	**15,554**	**–**	–	–
TwentyOne Twelve Communications LLP	Expense recharges and group marketing and advertising services	**142,691**	**–**	77,138	8,656
	Rent	**190,540**	**–**	369,087	–
	Interest	**49,338**	**–**	97,141	–
		3,050,443	**60,657**	3,577,989	56,104

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

The Company also undertakes various group treasury functions receiving payments from group companies, funding group companies and making payments on their behalf and the net amount outstanding to or from the parent company at the year end is as follows:

	owed to parent/(owed by parent)	
	2015	2014
Subsidiary	**£**	£
13 Communications Limited	**639,293**	441,537
21:12 Communications Limited	**2,967,353**	34,183
21:12 Direct LLP	**–**	(5,770)
21:12 Print Management and Creative Services Limited	**–**	26,136
Clare Consultancy Limited	**(20)**	–
ICAS Limited	**(934,320)**	288,796
Newgate Brussels SPRL	**316,400**	280,635
Newgate Comms LLP	**224,217**	224,217
Newgate Media Holdings Limited	**538,999**	503,999
Newgate PR Holdings Limited	**345,421**	345,421
Newgate Public Affairs Limited	**(32,277)**	(32,076)
Newgate Public Relations Limited	**213,903**	212,574
Newgate Communications Limited	**565,076**	–
Newgate Communications FZ-LLC	**86,427**	–
Newgate Communications Pty Limited	**525,184**	568,135
Newgate Communications (HK) Limited	**(127,795)**	–
Newgate Communications (Singapore) Pte. Ltd	**70,542**	69,500
Newgate Integrated LLP	**–**	894,267
Newgate Sponsorship Limited	**(123,033)**	(124,940)
Newgate Threadneedle Limited	**–**	(455,111)
PPS (Local and Regional) Limited	**(873,351)**	(642,782)
Redleaf Polhill Limited	**(14,719)**	7,030
Summit Marketing Services Limited	**(226,965)**	–
TwentyOne Twelve Communications LLP	**–**	2,778,107
Velvet Consultancy Limited	**–**	218,490
Net amount owed to parent Company	**4,160,335**	5,632,348
Less provided as bad debt	**–**	(218,490)
Total	**4,160,335**	5,413,858

Analysed as:		
Non-current assets	**7,107,778**	6,674,537
Non-current liabilities	**(2,947,443)**	(1,260,679)
Total	**4,160,335**	5,413,858

The Company has given undertakings to certain subsidiary companies to provide financial support for a period of at least 12 months from the date of approval of these financial statements subject to group funding requirements.

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2015

The Board considers that the amounts disclosed in the table above will prove recoverable. However the timing of and ultimate repayment of these sums will depend on the performance and financing arrangements of the relevant subsidiary undertakings. Currently, the Company expects the amounts to be repaid over a number of years.

27. Subsequent events

Executive Share Incentive Plan

On the 15 March 2016, the Company adopted the Executive Share Incentive Plan (the "Plan") and each of the Group Chief Executive Officer, Group Managing Director and Group Chief Financial Officer ("Management") were awarded A Ordinary Shares in Porta Communications Midco Holdings Limited, ("Porta Midco"). On 17 March 2016 a Circular was sent to shareholders containing details of the Plan and calling a general meeting on 6 April 2016 to consider the proposed Plan which was approved at the general meeting shareholders approved the Plan.

On maturity of the Plan, the A Shares will be entitled to 15% of the growth in value of the Ordinary Shares above a market capitalisation of £36.3 million equal to a value of approximately 13p per Ordinary Share. Until this share price has been achieved Management will receive no value for their A Shares in Porta Midco. Full details can be found in the Circular sent to shareholders on 17 March 2016 which is available on Porta's website, www.portacomms.com.

Restructuring of the borrowings

Prior to 31 December 2015, the Group agreed with Hawk Investment Holdings Limited to refinance its current borrowings. The refinancing agreements were completed on 14 April 2016. Under the new agreements, the £2.86 million deep discounting bond facility, which was initially due to be repaid on 26 February 2016, was renewed for a further three year period on materially the same terms as the original facility repayable on 26 February 2019. At the same time the £0.25 million bridging loan facility provided by Hawk Investment Holdings Limited, initially due to be repaid on 21 January 2016, was also renewed on materially the same terms as the original facility and repayable on 21 January 2017.

Notice of Annual General Meeting

Porta Communications Plc

(incorporated and registered in England and Wales with registered number 05353387)
Registered office: Sky Light City Tower, 50 Basinghall Street, London EC2V 5DE

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (the "AGM") of Porta Communications Plc (the "Company") will be held at the offices of Porta Communications Plc, Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE, on 30 June 2016 at 11 a.m. for the following purposes:

Ordinary Business

To consider, and if thought fit, to pass the following resolutions, which will be proposed as ordinary resolutions:

1. Report and Accounts

To receive the audited annual accounts for the year ended 31 December 2015, together with the reports of the Directors and Auditor therein.

2. Re-election of Director

To re-elect Bob Morton, Chairman, who retires by rotation in accordance with the Company's articles of association and who, being eligible, offers himself for re-election as a Director of the Company.

3. Re-election of Director

To re-elect Brian Blasdale, a Director, who retires by rotation in accordance with the Company's articles of association and who, being eligible, offers himself for re-election as a Director of the Company.

4. Election of Director

To elect Steffan Williams as a Director of the Company who, having been appointed since the last Annual General Meeting, offers himself for election in accordance with the Company's articles of association.

5. Appointment of auditors

To appoint Grant Thornton UK LLP as auditors to the Company to hold office from the conclusion of this AGM until the conclusion of the next general meeting at which accounts are laid before the Company.

6. Auditor's remuneration

To authorise the Directors to determine the remuneration of the auditors.

Special Business

To consider, and if thought fit, to pass the following resolutions, of which resolutions 7, and 11 will be proposed as ordinary resolutions and resolutions 8, 9 and 10 will be proposed as special resolutions.

7. Directors' authority to allot shares

That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being 'relevant securities') up to an aggregate nominal amount of £9,302,930.10 provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 18 months after the date of the passing of this resolution, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

Notice of Annual General Meeting *(continued)*

8. Directors' power to issue shares for cash

That, in substitution for equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are empowered to allot equity securities (as defined in Section 560 of the Act) of the Company for cash pursuant to the authority of the Directors under Section 551 of the Act conferred by resolution 7 above (in accordance with Section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with Section 573 of the Act), in each case, as if Section 561(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to:

(a) the allotment of equity securities in connection with an offer, or invitation to apply for, equity securities:

  (i) in favour of, holders of Ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of Ordinary shares in the capital of the Company held by them; and

  (ii) to holders of any other equity securities as required by the rights of those securities or as the Directors consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange in any other matter whatsoever; and

(b) the allotment of approximately up to 3,500,000 equity securities in connection with consideration due to be paid to the vendors of Newgate Communications Pty Limited (Newgate Australia) pursuant to the terms of the Shareholders Agreement dated 30 September 2013 and in consideration for the acquisition by Porta Communications Plc of a further 6.86 percent. of the shares in Newgate Australia; and

(c) the allotment of approximately 4,111,220 equity securities in connection with consideration due to be paid to the vendors of Redleaf Polhill Limited pursuant to the terms of the Shareholders Agreement dated 23 April 2014 and in consideration for the acquisition by Porta Communication Plc of a further 15 percent of the shares in Redleaf Polhill Limited:

(d) the allotment, otherwise than pursuant to sub-paragraph (a), (b) or (c) above, of equity securities up to an aggregate nominal value equal to £2,790,879.10; and

unless previously renewed, revoked, varied or extended, this power shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 18 months after the date of the passing of this resolution, except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

9. Authority to purchase shares (market purchases)

That the Company be and is hereby unconditionally and generally authorised for the purposes of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of its Ordinary shares of 10p each ('Ordinary Shares') provided that:

(a) the maximum number of Ordinary Shares authorised to be purchased is 27,908,790;

(b) the minimum price which may be paid for any such Ordinary Share is 10p;

(c) the maximum price which may be paid for an Ordinary Share shall be an amount equal to 105% of the average middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and

this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

Notice of Annual General Meeting *(continued)*

10. Adoption of new Articles of Association of the Company

That the draft articles of association produced to the meeting and, for the purposes of identification initialled by the Chairman, be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association.

11. Political Donations

To authorise, the Company and all companies that are its subsidiaries at any time during the period for which this resolution has effect for the purposes of Section 366, Companies Act 2006:

(a) to make political donations to political parties or independent election candidates (as such terms are defined in Section 363 and 364, Companies Act), not exceeding £50,000 in aggregate;

(b) make political donations to political organisations other than political parties (as such terms are defined in Section 363 and 364, Companies Act), not exceeding £50,000 in aggregate;

(c) to incur political expenditure (as such terms are defined in Section 363 and 364, Companies Act), not exceeding £50,000 in aggregate

provided that this authority shall expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company and further provided that the maximum amounts referred to in sub-paragraph (a), (b) and (c) may comprise sums in different currencies that shall be converted at such rate as the Directors may in their absolute discretion determine to be appropriate.

BY ORDER OF THE BOARD

Gene Golembiewski
Company Secretary

2 June 2016

Notes:

1. As a member of the Company, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the AGM and you should have received a Form of Proxy with this notice of AGM. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.
2. A proxy does not need to be a member of the Company but must attend the AGM to represent you. If you wish your proxy to speak on your behalf at the AGM you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. To appoint a proxy using the Form of Proxy, the form must be: (i) completed and signed; (ii) sent or delivered to the Company's Registrars, SLC Registrars, 42-50 Hersham Road, Walton-on-Thames, Surrey, KT12 1RZ marked 'Proxy Return'; and (iii) received by the Company's Registrars no later than 11.00 a.m. on 28 June 2016.
4. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the form of proxy.
5. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in the notes above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.
6. As at 2 June 2016 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 279,087,905 Ordinary shares of 10p, carrying one vote each and 72,000,000 deferred shares of 0.9p which carry no right to vote. Therefore the total number of voting rights in the Company as on the date immediately prior to the publication of this Notice was 279,087,905.
7. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755) the Company has specified that only those members registered on the Register of Members of the Company at 6.00 p.m. on 28 June 2016 shall be entitled to attend and vote at the AGM in respect of the number of Ordinary shares registered in their name at that time. Changes to the Register of Members after 6.00 p.m. on 28 June 2016 shall be disregarded in determining the rights of any person to attend and vote at the AGM.

Notice of Annual General Meeting *(continued)*

8. There will be available for inspection at the Company's registered office during normal business hours from the date of this notice to the date of the AGM and for 15 minutes prior to and during the AGM the following:

(a) the Memorandum and Articles of Association;

(b) the proposed new articles of association; and

(c) copies of the Directors' Service Contracts with the Company or its subsidiaries and the terms and conditions of appointment of Non-Executive Directors.

Explanatory notes to the Resolutions:

Resolution 1 – Report and Accounts

All companies are required by law to lay their annual accounts and reports before a general meeting of the Company, together with the Directors' Report and Auditor's report on the accounts. At the AGM, the Directors will present these documents to the shareholders for the financial year ended 31 December 2015.

Resolution 2 – Re-election of Chairman

This resolution concerns the re-appointment of Bob Morton who is retiring at the meeting by rotation in accordance the Company's articles of association. A biography of Bob Morton is set out on page 46.

Resolution 4 – Re-election of director

This resolution concerns the re-appointment of Brian Blasdale who is retiring at the meeting by rotation in accordance the Company's articles of association. A biography of Brian Blasdale is set out on page 46.

Resolution 5 – Appointment of auditors

This resolution concerns the appointment of Grant Thornton UK LLP as auditors until the conclusion of the next general meeting at which accounts are laid that is, the next Annual General Meeting.

Resolution 6 – Auditor's remuneration

This resolution authorises the Directors to fix the auditor's remuneration.

Resolution 7 – Directors' authority to allot shares

This resolution grants the Directors authority to allot shares in the capital of the Company and other relevant securities up to an aggregate nominal value of £9,302,930.10, representing approximately 33.33% of the nominal value of the issued ordinary share capital of the Company as at 2 June 2016, being the latest practicable date before publication of this notice. The Directors do not have any present intention of exercising the authorities conferred by this resolution but they consider it desirable that the specified amount of authorised but unissued share capital is available for issue so that they can more readily take advantage of possible opportunities. Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or the date falling 18 months from the passing of the resolution, whichever is the earlier.

Resolution 8 – Directors' power to issue shares for cash

This resolution authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either: i) where the allotment takes place in connection with a rights issue; ii) the allotment of approximately up to 3,500,000 Ordinary Shares to vendors of Newgate Communications Pty Limited (Newgate Australia) in consideration for the acquisition by Porta Communications Plc of a further 6.86 percent. of the shares in Newgate Australia; iii) the allotment of approximately 4,111,220 Ordinary Shares to vendors of Redleaf Polhill Limited ("Redleaf") in consideration for the acquisition by Porta Communications Plc of a further 15 percent of the shares in Redleaf; and iv) the allotment other than pursuant to i) to iii) above of up to a maximum nominal amount of £2,790,879.10, representing approximately 10 percent of the nominal value of the issued ordinary share capital of the Company as at 2 June 2016 being the latest practicable date before publication of this notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or 18 months after the passing of the resolution, whichever is the earlier. The Directors consider that the power proposed to be granted by resolution 8 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power.

Notice of Annual General Meeting *(continued)*

Resolution 9 – Authority to purchase shares (market purchases)

This resolution authorises the Board to make market purchases of up to 27,908,790 Ordinary shares (representing approximately 10% of the Company's issued Ordinary shares as at 8 May 2016, being the latest practicable date before publication of this notice). Shares so purchased may be cancelled or held as treasury shares. The authority will expire at the end of the next Annual General Meeting of the Company or 18 months from the passing of the resolution, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent Annual General Meetings.

The minimum price that can be paid for an Ordinary share is 10p being the nominal value of an Ordinary Share. The maximum price that can be paid is 5% over the average of the middle market prices for an Ordinary Share, derived from the AIM Index of Daily Official List of the London Stock Exchange, for the five business days immediately before the day on which the share is contracted to be purchased.

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per share), they believe that such purchases are in the best interests of the Company and shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the Directors on the same basis at the time of the purchase.

Resolution 10 – Adoption of Articles of association

Under resolution 10 the Company is proposing to adopt new articles of association in substitution for the existing articles of association. The changes and, in particular charges, are to generally update the Articles of Association to reflect recent legislation and current best practice introduced by the new articles of association are summarized below:

(a) To allow two or more share certificates to be consolidated into one by a member at their request;

(b) To include provisions allowing members to nominate another person to enjoy or exercise all or any specified rights of the nominating member, in particular information rights;

(c) To allow the Company to contact members in electronic form and via the company's website;

(d) To clarify the cessation of position on a director ceasing to be a director;

(e) To increase the borrowing powers of the Company;

(f) To include provision to allow payments to be made through the uncertificated system;

(g) To allow the Company to publish information on its website relating to the Annual Report and Accounts and other documents; and

(h) To update the Articles regarding communications with members of the Company

A copy of the Company's existing articles of association and the proposed new articles of association will be available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at the Company's registered office and on the Company's website at www.portacomms.com from the date of this notice of meeting until the close of the meeting. The proposed new articles of association will also be available for inspection at the annual general meeting at least 15 minutes prior to the start of the meeting and up until the close of the meeting.

Notice of Annual General Meeting *(continued)*

Resolution 11 – Political Donations

This resolution seeks approval from shareholders to enable the Company to make donations to incur expenditure which it would otherwise be prohibited from making or incurring under the relevant provision of the Companies Act 2006 (the '2006 Act'). The Company's policy is not to make donations to political parties and there is no intention to change that policy.

However the 2006 Act defines political expenditure, political donations and political organisations very broadly such that normal business activities which might not be thought to be political expenditure or a political donation to a political organisation in the usual sense may be included. For example, sponsorship of industry forums, funding of seminars and other functions to which politicians are invited, matching employee's donations to certain charities, expenditure on organisations concerned with matters of public policy, law reform and representation of the business community and communicating with the Government and political parties at local, national and European level may fall under the terms of the 2006 Act.

Accordingly, the Company, in common with many other companies proposes to seek authority to incur a level of political donations to political parties, independent election candidates and political organisations as well as political expenditure, to cover these kinds of activities on a precautionary basis, in order to avoid possible inadvertent contravention of the 2006 Act. The authority does not purport to authorise any particular donation or expenditure but is expressed in general terms, as required by the 2006 Act. Furthermore, as permitted under the 2006 Act, the authority has been extended to cover any political donations made or political expenditure incurred by any subsidiaries of the Company. Therefore, as a precautionary measure, you will be asked to give the Company and each of its subsidiaries authority to make political donations to political parties or independent election candidates, to make political donations to political organisations (other than political parties) and to incur political expenditure. These authorities are limited to a maximum aggregate sum of £150,000.

If given, this authority will expire at the conclusion of the Company's next annual general meeting or 18 months after the date of passing of this resolution (whichever is earlier). It is the Directors' intention to renew this authority each year.

Any political donation made or political expenditure incurred which is in excess of £200 will be disclosed in the Company's Annual Report for the next financial year, as required by the Companies Act 2006. The authority will not be used to make political donations within the normal meaning of that expression.

Company Information

Directors:	Bob Morton David Wright Gene Golembiewski Steffan Williams Brian Blasdale Raymond McKeeve
Secretary:	Gene Golembiewski
Registered Office:	Sky Light City Tower 50 Basinghall Street London EC2V 5DE
Registered Number:	05353387 (Registered in England & Wales)
Auditors:	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Registrars:	SLC Registrars Limited 42-50 Hersham Road Walton-on-Thames Surrey KT12 1RZ
Nominated Adviser and Broker:	Allenby Capital Limited 3 St. Helen's Place London EC3A 6AB
Solicitors:	Osborne Clark One London Wall London EC2Y 5EB
Bankers:	HSBC Bank Plc 9 The Boulevard Crawley West Sussex RH10 1UT
Company website:	www.portacomms.com

Form of Proxy

For use at the annual general meeting of Porta Communications Plc (the 'Company) to be held at Sky Light City Tower, 50 Basinghall Street, London EC2V 5DE on 30 June 2016 at 11.00 a.m. (the 'AGM')

Resolutions	FOR	AGAINST	VOTE WITHHELD
ORDINARY BUSINESS:			
1. To receive the Report and Accounts for the year ended 31 December 2015 (ordinary resolution)			
2. To re-elect Bob Morton as a Director (ordinary resolution)			
3. To re-elect Brian Blasdale as a Director (ordinary resolution)			
4. To elect Steffan Williams as a Director (Ordinary Resolution)			
5. To appoint Grant Thornton UK LLP as auditors (ordinary resolution)			
6. To authorise the Directors to fix the remuneration of the auditors (ordinary resolution)			
SPECIAL BUSINESS:			
7. To authorise the Directors to allot relevant securities (ordinary resolution)			
8. To empower the Directors to allot equity securities for cash on a non pre-emptive basis in certain circumstances (special resolution)			
9. To authorise the Directors to make market purchases of its Ordinary shares (special resolution)			
10. To adopt new articles of association of the Company (special resolution)			
11. To authorise the Directors to make political donations (ordinary resolutions)			

I/We [insert name]..

of [insert address] ....

being a member of the Company:

(1) hereby appoint ....
or, failing him/her, the Chairman of the AGM to act as my/our proxy to vote for me/us and on my/our behalf at the AGM of the Company to be held on 30 June 2016 and at any adjournment thereof in relation to the resolutions specified in the notice of the AGM dated 2 June 2016 (the 'Resolutions') and any other business (including adjournments and amendments to the Resolutions) which may properly come before the AGM or any adjournment thereof;

(2) direct my/our proxy to vote as set out above in respect of the Resolutions: (PLEASE INDICATE WITH AN 'X' IN THE BOXES ABOVE)

Signature.. Date... 2016

Notes

1. Please indicate how you wish your votes to be cast on a poll in respect of the Resolutions to be proposed at the AGM. If you do not indicate how you wish your proxy to use your votes, the proxy will exercise his/her discretion both as to how he/she votes and as to whether or not he/she abstains from voting. Your proxy will have the authority to vote at his/her discretion on any amendment or other motion proposed at the AGM, including any motion to adjourn the AGM.
2. To appoint as a proxy a person other than the Chairman of the AGM insert the full name in the space provided. A proxy need not be a member of the Company. You can also appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. The following options are available:
   a. To appoint the Chairman as your sole proxy in respect of all your shares, simply fill in any voting instructions in the appropriate box and sign and date the Form of Proxy.
   b. To appoint a person other than the Chairman as your sole proxy in respect of all your shares, delete the words 'or, failing him/her, the Chairman of the AGM' and insert the name and address of your proxy in the space provided. Then fill in any voting instructions in the appropriate box and sign and date the Form of Proxy.
   c. To appoint more than one proxy, you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please indicate if the proxy instruction is one of multiple instructions being given. If you wish to appoint the Chairman as one of your multiple proxies, simply write 'the Chairman of the AGM'. All forms must be signed and should be returned together in the same envelope.
3. Unless otherwise indicated the proxy will vote as he/she thinks fit or, at his/her discretion, abstain from voting.
4. The Form of Proxy must arrive at SLC Registrars during usual business hours accompanied by any power of attorney under which it is executed (if applicable) no later than 11.00 a.m. on 28 June 2016.
5. A corporation must execute the Form of Proxy under either its common seal or the hand of a duly authorised officer or attorney.
6. The 'Vote Withheld' option is to enable you to abstain on any particular Resolution. Such a vote is not a vote in law and will not be counted in the votes 'For' and 'Against' a Resolution.
7. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, only those persons whose names are entered on the Register of Members of the Company at 6.00 p.m. on 28 June 2016 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the AGM.
8. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

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Designed and produced by 2112 Communications, London