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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER
8- 23757

FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2012 (MM/DD/YY) AND ENDING December 31, 2012 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Porter White & Company, Inc

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

15 Richard Arrington Jr. Blvd. North, Suite 400
(No. and Street)

Birmingham (City) AL (State) 35203 (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Marla McCully (205)458-9141
(Area Code – Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Sellers Richardson Holman & West, LLP
(Name – *if individual, state last, first, middle name*)

216 Summit Blvd. Suite 300 (Address) Birmingham (City) AL (State) 35243 (Zip Code)

SECURITIES AND EXCHANGE COMMISSION
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FEB 22 2013
REGISTRATIONS BRANCH
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CHECK ONE:

- [X] Certified Public Accountant
- [ ] Public Accountant
- [ ] Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

**Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)*

SEC 1410 (06-02)

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DD ~~2/27/13~~ 2/27/13

OATH OR AFFIRMATION

I, James H. White, III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Porter White & Company, Inc., as of December 31, 20 12, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Signature

Chairman of the Board, Chief Compliance Officer

Title

Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

***For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

SRHW

SELLERS RICHARDSON HOLMAN & WEST LLP

PORTER, WHITE & COMPANY, INC.

Financial Statements and
Supplementary Information
Year Ended December 31, 2012

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THE ADVICE YOU NEED.
THE ATTENTION YOU DESERVE.

PORTER, WHITE & COMPANY, INC.

Financial Statements and
Supplementary Information
Year Ended December 31, 2012

PORTER, WHITE & COMPANY, INC.

Table of Contents

Independent Auditor's Report	1
Statement of Financial Condition	3
Statement of Operations	4
Statement of Stockholder's Equity	5
Statement of Changes in Liabilities Subordinated to Claims of General Creditors	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Supplementary Information	
Schedule 1—Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	16
Schedule 2—Statement Relating to Certain Determinations Required Under Rule 15c3-3 of the Securities and Exchange Commission	18
Independent Auditor's Report on Internal Control Structure Required by SEC Rule 17a-5(g)(1) for a Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3	19

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SELLERS RICHARDSON HOLMAN & WEST LLP

CERTIFIED PUBLIC ACCOUNTANTS
ADVISORY | AUDIT | TAX

216 Summit Boulevard | Suite 300 | Birmingham, AL 35243 | 205-278-0001 Main | 205-278-0003 Fax | www.srhwcpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Porter, White & Company, Inc.
Birmingham, Alabama

Report on the Financial Statements

We have audited the accompanying statement of financial condition of Porter, White & Company, Inc. (Company) as of December 31, 2012, and the related statements of operations, stockholder's equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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The McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. The McGladreyAlliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in Schedules 1 and 2 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Schedules 1 and 2 is fairly stated in all material respects in relation to the financial statements as a whole.

Sellers Richardson Holman & West, LLP

February 15, 2013

PORTER, WHITE & COMPANY, INC.

Statement of Financial Condition
December 31, 2012

Assets

Cash	$ 157,676
Receivables	55,457
Receivable from affiliates	90,427
Short-term investment	220,754
Warrants (not readily marketable)	71,873
Investment in affiliate	8,582
Property and equipment, net	39,708
Other assets	9,145
Total assets	$ 653,622

Liabilities and Stockholder's Equity

Liabilities	
Accounts payable	$ 6,027
Accrued compensation and other expenses	103,624
Payable to affiliate	5,222
Accrued distributions	75,600
	190,473
Stockholder's Equity	
Common stock, $1 par value; 5,000 shares authorized, 1,500 shares issued and outstanding	1,500
Additional paid-in capital	1,976,930
Accumulated deficit	(1,515,281)
	463,149
Total liabilities and stockholder's equity	$ 653,622

See notes to financial statements.

PORTER, WHITE & COMPANY, INC.

Statement of Operations
Year Ended December 31, 2012

Revenues	
Investment banking and consulting	$ 766,943
Management fee income	5,994
Interest income	2
Dividend income	5,513
Unrealized gain on investments	12,388
	790,840
Expenses	
Salaries, commissions and related benefits	375,807
Occupancy and other office expenses	42,126
Communications	8,817
Promotional	26,141
Other expenses	43,633
Loss on disposal of equipment	42
Loss on sale of investments	1,395
	497,961
Net income	$ 292,879

See notes to financial statements.

PORTER, WHITE & COMPANY, INC.

Statement of Stockholder's Equity
Year Ended December 31, 2012

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholder's Equity
Balance at December 31, 2011	$ 1,500	$ 1,976,930	$ (1,732,560)	$ 245,870
Distributions to stockholder	-	-	(75,600)	(75,600)
Net income	-	-	292,879	292,879
Balance at December 31, 2012	$ 1,500	$ 1,976,930	$ (1,515,281)	$ 463,149

See notes to financial statements.

PORTER, WHITE & COMPANY, INC.

Statement of Changes in Liabilities Subordinated to Claims of General Creditors
Year Ended December 31, 2012

Year ended December 31, 2012	
Balance at January 1, 2012	$ -
Activity	-
Balance at December 31, 2012	$ -

See notes to financial statements.

PORTER, WHITE & COMPANY, INC.

Statement of Cash Flows
Year Ended December 31, 2012

Cash Flows From Operating Activities	
Net income	$ 292,879
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	9,764
Loss on disposal of equipment	42
Unrealized gain on warrants	(14,353)
Warrants received as compensation	(57,520)
Changes in assets and liabilities:	
Receivables	(34,052)
Receivable from affiliates	(82,394)
Short-term investment	2,847
Investment in affiliate	10,005
Other assets	(4,998)
Accounts payable	5,027
Accrued compensation and other expenses	(129,208)
Payable to affiliate	5,096
Total adjustments	(289,744)
Net cash provided by operating activities	3,135
Cash Flows From Investing Activities	
Capital expenditures	(11,524)
Net cash used in investing activities	(11,524)
Net decrease in cash	(8,389)
Cash	
Beginning of year	166,065
End of year	$ 157,676
Supplemental Disclosure of Noncash Financing Activities	
Distributions declared	$ 75,600

See notes to financial statements.

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Porter, White & Company, Inc. (Company), a wholly-owned subsidiary of Porter White Companies, Inc. (Parent), is a broker dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority. The Company provides investment banking and various consulting services. The Company's broker dealer operations do not carry security accounts for customers or perform custodial functions relating to customer securities. The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (GAAP) and to general practice within the brokerage industry.

Basis of Accounting

The Company reports the results of its operations and its financial condition using the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Investment Banking and Consulting Revenue

Revenue from investment banking and consulting projects is generated from fixed or contingent fee arrangements, hourly based fees, or a combination of both. Revenue generated from fixed or contingent fee arrangements is recognized when the projects are substantially complete or when milestones are reached and no material contingencies exist. Revenue generated from hourly based fees is recognized when earned. Customer billings are performed on a periodic basis consistent with the terms negotiated in the engagement agreement.

Securities Transaction Revenue

Security transactions, commission revenues and related gains, losses, and expenses are recorded on a settlement date basis by the Company. To conform to GAAP, the audited financial statements are adjusted to trade date accounting where appropriate.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2012, there were no cash equivalents.

Receivables

The Company uses the allowance method of accounting for uncollectible receivables whereby allowances are established at the time receivables are estimated to be uncollectible. Management analyzes delinquent

receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against the existing allowance or against earnings. Management feels that all of the receivables included in the accompanying statement of financial condition are collectible and no allowance for doubtful accounts has been recorded as of December 31, 2012.

Investments

The investment in the warrants and the short-term investment are stated at fair value. During the year, the Company received compensation in the form of warrants from a customer. The warrants are considered securities for which there is no market on a securities exchange or no independent publicly quoted market and as such, are classified as not readily marketable in the accompanying statement of financial condition. In determining fair value, the Company considers all relevant qualitative and quantitative information available. These factors are subject to change over time and are reviewed periodically. Estimated values may differ from the values that would have been used had a ready market for the investment existed. The Company evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. The Company employs a systematic methodology that considers available evidence in evaluating potential impairment of its investments. In the event that the cost of an investment exceeds its fair value, the Company evaluates, among other factors, the magnitude and duration of the decline in fair value; the expected cash flows of the securities; the financial health of and business outlook for the issuer; the performance of the underlying assets for interests in securitized assets; and the Company's intent and ability to hold the investment. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded in investment income and a new cost basis in the investment is established.

Investment in Affiliate

The Company is accounting for its investment in Porter White Investment Company, LP, a 7.31 percent interest, by the equity method of accounting under which the Company's share of the net income of the affiliate is recognized as income in the Company's statement of operations and added to the investment account. Additionally, any distributions from the affiliate are treated as a reduction of the investment account.

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized and depreciated over the estimated useful lives of the related assets. Gains and losses on disposals are credited or charged to operations.

Depreciation

Depreciation is computed principally using the accelerated or straight-line method designed to amortize costs over the estimated useful lives of the assets (or the lesser of the estimated useful life or lease term concerning leasehold improvements). The Company is using the following estimated useful lives:

	Estimated Useful Lives (in years)
Computer Equipment	5 to 10
Software	3
Leasehold improvements	7 to 39
Furniture and fixtures	7

Depreciation expense amounted to $9,764 for the year ended December 31, 2012, and is included in occupancy and other office expenses in the accompanying statement of operations.

Expense Sharing Agreement

The Company is part of an expense sharing agreement among the Parent and its subsidiaries such that non-project specific, indirect expenses are reasonably allocated to each subsidiary based on various metrics, primarily related to revenues of the affiliate. All appropriate allocations have been made as of December 31, 2012 and are included in the accompanying statement of operations.

Advertising Costs

The Company expenses all advertising costs during the period in which they are incurred. During 2012, the Company charged $2,201 to advertising expense, which is included in promotional expenses in the accompanying statement of operations.

Income Taxes

The Company, with the consent of its stockholder, has elected to be taxed under sections of federal and state income tax law as a qualified subchapter S subsidiary. In lieu of corporation income taxes, the stockholder separately accounts for its pro rata shares of the Company's items of income, deductions, losses, and credits. As a result of this election, no income taxes have been recognized in the accompanying financial statements.

Management has evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Company is no longer subject to income tax examinations by the United States federal, state, or local tax authorities for years before 2009.

Risk and Uncertainties

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the Company's financial condition.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through February 15, 2013, which represents the date the financial statements were available for issuance.

Recently Issued Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which converged the definition of fair value with that of the International Financial Reporting Standards (IFRSs) and substantially converged the requirements for measurement and disclosure. Nonpublic entities must disclose the facts and reasoning for the use of an asset that differs from the highest and best use. For nonpublic entities, the requirements of ASU 2011-04 are effective for annual periods beginning after December 15, 2011, with early adoption permitted for interim periods beginning after that date. The adoption of ASU 2011-04 had no impact on the Company's financial position or results of operations.

In October 2012, the FASB issued ASU 2012-04, *Technical Corrections and Improvements*, which clarifies the FASB Codification or corrects unintended application of guidance and includes amendments identifying when the use of fair value should be linked to the definition of fair value in Topic 820, *Fair Value Measurement*. Amendments to the FASB Codification without transition guidance are effective upon issuance for both public and nonpublic entities. For nonpublic entities, amendments subject to transition guidance will be effective for fiscal periods beginning after December 15, 2013. The adoption of ASU 2012-04 is not expected to have an impact on the Company's financial position or results of operations.

Note 2. Uninsured Cash Balances

The Company maintains its cash balances at high credit quality financial institutions. At various times throughout the year ended December 31, 2012, the Company had cash on deposit with the financial institutions in excess of federal depository insurance limits. The Company has not experienced and does not anticipate any credit losses on these deposits.

Note 3. Fair Value Measurements

Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 — Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 — Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be

corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

- Level 3 — Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

The Company has various processes and controls in place to ensure that fair value is reasonably estimated. A model validation policy governs the use and control of valuation models used to estimate fair value. This policy requires review and approval of models, and periodic re-assessments of models to ensure that they are continuing to perform as designed. Where market information is not available to support internal valuations, independent reviews of the valuations are performed and any material exposures are escalated through a management review process.

While the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the year ended December 31, 2012, there were no changes to the Company's valuation techniques that had, or are expected to have, a material impact on its statements of financial position or results of operations.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Short-term investment: The short-term investment is comprised of one mutual fund which is valued at the net asset value of shares held by the Company at year-end.

Warrants: The fair value of warrants were determined using the Probability Weighted Expected Return model with the following assumptions: discount rate of 35 percent and expected lives of 2.33 years. Since market quotations were not readily available, the warrants were valued at their fair value determined in good faith under procedures established by management. In determining fair value, the Company considers all relevant qualitative and quantitative information available. These factors are subject to change over time and are reviewed periodically.

Assets and liabilities measured at fair value as of December 31, 2012 are summarized as follows:

	Assets at Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Recurring Fair Value Measurements:				
Short-term investment	$ 220,754	$ -	$ -	$ 220,754
Warrants	-	-	71,873	71,873
Total financial assets	$ 220,754	$ -	$ 71,873	$ 292,627

The following table presents a reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 assets).

	Warrants
Balance, beginning of period	$ -
Total unrealized gains included in unrealized gain on investments in the accompanying statement of operations	14,353
Purchases, sales, issuances and settlements:	
Issuances	57,520
Balance, end of period	$ 71,873

The Company recognizes transfers into and out of levels at the end of the reporting period. There were no transfers between levels during the year.

Note 4. Investment in Affiliate

The Company owns a 7.31 percent partnership interest in Porter White Investment Company, LP. The Company is the general partner of the limited partnership and has the ability to exert significant influence over the limited partnership's operations. The book value of the investment when acquired was $90,615. The limited partnership engages in investment activities and had total assets and total liabilities of approximately $263,000 and $7,800, respectively, as of December 31, 2012, and net income of approximately $6,300 for the year ended December 31, 2012, and is accounted for using the equity method of accounting.

During 2012, the Company received a distribution in the amount of $10,005 from the affiliate and recorded the distribution as a reduction to the investment in affiliate account in the accompanying statement of financial condition.

Note 5. Commitments

The Company leases office space under a noncancelable operating lease from a related party through common ownership. Aggregate minimum future lease commitments are as follows:

Year Ended December 31,	
2013	$ 71,712
2014	71,712
2015	41,832
	$ 185,256

Rental expense amounted to $104,681 in 2012; however, a portion of the expense was allocated to affiliates that utilize this office space. The remaining amount of $20,936 is included in occupancy and other office expenses in the accompanying statement of operations.

Note 6. Property and Equipment, Net

Property and equipment, net of accumulated depreciation, consist of the following as of December 31, 2012:

	2012
Computer equipment	$ 73,289
Software	2,521
Leasehold improvements	22,049
Furniture and fixtures	9,055
Accumulated depreciation	(67,206)
	$ 39,708

Note 7. Profit Sharing Plan

The Company has a profit sharing plan that covers substantially all full-time employees. Contributions to the plan are made at the sole discretion of management. During the year ended December 31, 2012, an allocation of $25,450 related to these contributions to the plan was charged to operations.

Note 8. Related Party Transactions

The Company's receivable from affiliates is $90,427. The receivable is made up of $84,433 for amounts due from PW Management Co., Inc. (PW Mgmt. Co.), an affiliate, for amounts paid by the Company on behalf of PW Mgmt. Co. related to incentive compensation before year end. The additional $5,994 is for amounts earned in management fees due from Porter White Investment Company, LP, an affiliate. The management fees are included in management fee income in the statement of operations for the year ended December 31, 2012.

The Company has a noninterest bearing payable to an affiliate of $80,822 without a stipulated due date. Amount relates to allocation of operating expenses associated with affiliated companies pursuant to the expense sharing agreement and an accrued distribution payable.

Note 9. Regulatory Requirements

As a registered broker dealer, the Company is subject to the SEC's uniform net capital rule. The Company is prohibited from engaging in any securities transactions when its "net capital" is less than the greater of $50,000 or 6-2/3 percent of its "aggregate indebtedness." At December 31, 2012, the Company had net capital of $172,204, which was $122,204 in excess of the minimum of net capital required.

Note 10. Annual Audit Report

The audited financial statements of the Company for the most recent audit period are available at the principal office of the Company, and will be mailed upon written request pursuant to SEC Rule 17a-5.

PORTER, WHITE & COMPANY, INC.

Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission
As of December 31, 2012

Computation of net capital	
Total stockholder's equity qualified for net capital	$ 463,149
Deduct non-allowable assets:	
Petty cash	300
Receivables	55,457
Receivable from affiliates	90,427
Investment in affiliate	8,582
Warrants	71,873
Property and equipment, net	39,708
Other assets	9,145
Net capital before haircuts on securities positions	187,657
Haircuts on securities	
Money market accounts and mutual fund	(15,453)
Net capital	$ 172,204
Computation of basic net capital requirement	
Minimum net capital required (6-2/3 percent of aggregate indebtedness)	$ 12,698
Minimum dollar net capital requirement	50,000
Net capital requirement	50,000
Excess net capital	122,204
Excess net capital at 1,000 percent (net capital less greater of 10 percent of aggregate indebtedness or 120 percent of minimum net capital)	$ 112,204
Computation of aggregate indebtedness	
Total aggregate indebtedness from statement of financial condition	$ 190,473
Percentage of aggregate indebtedness to net capital	111%

See independent auditor's report.

PORTER, WHITE & COMPANY, INC.

Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission
As of December 31, 2012

Reconciliation with the Company's computation	
Net capital, as reported in Company's Part II (unaudited) FOCUS report	$ 172,204
Audit adjustments:	-
Net capital per calculation above	$ 172,204

See independent auditor's report.

PORTER, WHITE & COMPANY, INC.

Statement Relating to Certain Determinations
Required Under Rule 15c3-3 of the Securities and Exchange Commission
December 31, 2012

Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3 and Information Relating to the Possession or Control Requirements under Rule 15c3-3

Porter, White & Company, Inc. (Company), is exempt from Rule 15c3-3 under the provisions of subparagraph (k)(2)(i) inasmuch as the Company carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for or owe money or securities to customers and effectuates all financial transactions between the Company, as broker or dealer, and its customers through one or more bank accounts, each designated as "Special Account for the Exclusive Benefit of Customers of Porter, White & Company, Inc."

SRHW
SELLERS RICHARDSON HOLMAN & WEST LLP
CERTIFIED PUBLIC ACCOUNTANTS
ADVISORY | AUDIT | TAX
216 Summit Boulevard | Suite 300 | Birmingham, AL 35243 | 205-278-0001 Main | 205-278-0003 Fax | www.srhwcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17A-5(G)(1) FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15C3-3

Board of Directors
Porter, White & Company, Inc.
Birmingham, Alabama

In planning and performing our audit of the financial statements of Porter, White & Company, Inc. (Company), as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses and therefore, there can be no assurance that all material weaknesses have been identified. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2012, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies, which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be used by anyone other than these specified parties.

Sellers Richardson Holman & West, LLP

February 15, 2013

SRHW

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