



Communications with impact

5th August 2016

Porta Communications Plc
(**“Porta”, “the Group” or “the Company”**)

**Acquisition of further 15% of Redleaf Polhill
and
Proposed Share Capital Reorganisation**

Porta Communications (AIM:PTCM), the international marketing and communications group, announced on 23 April 2014 that it had acquired 51% of the issued share capital of Redleaf Polhill Limited ("Redleaf") and that the parties had agreed to the grant of put and call options over the remaining 49% of the issued share capital of Redleaf at the end of each of the next three full financial years.

In accordance with the terms of the put and call options, the first put option has been exercised by the vendors of Redleaf, requiring Porta to acquire a further 15% of the issued share capital of Redleaf. Under the terms of the put and call options, the additional consideration for the 15% of Redleaf is £805,427 which is to be satisfied (i) 50% in cash; and (ii) 50% in Porta ordinary shares at an issue price calculated with reference to the average of the mid-market closing price of Porta's ordinary shares for a period prior to the allotment date of such Porta ordinary shares (the "Further Consideration Shares").

Following the issue of the Further Consideration Shares, Porta's interest in the issued share capital of Redleaf will increase to 66%. The remaining 34% of the issued share capital of Redleaf remains subject to two further put and call options which are exercisable after the publication of the audited results for the financial years to 31 December 2016 and 31 December 2017 respectively.

The Company has made the cash payment of £402,714 to the vendors of Redleaf. In order to issue the Further Consideration Shares, the Company will undertake a capital reorganisation, as the nominal value of Porta's ordinary shares of 10 pence each ("Existing Ordinary Shares") is currently higher than the proposed issue price of the Further Consideration Shares. The Company is not permitted under company law to issue shares at an issue price which is below the nominal value. Therefore, the Company is proposing to undertake a share capital reorganisation with the effect of reducing the nominal value of its Existing Ordinary Shares.

Consequently, Porta and the vendors of Redleaf have agreed in a side letter an extension to the issue date for the Further Consideration Shares, to no later than 14 September 2016, to allow the Company to prepare and send notice of a general meeting to shareholders and seek shareholder approval for the share capital reorganisation. The side letter provides that the pricing of the Further Consideration Shares is to be with reference to the average mid-market closing price of Porta's Existing Ordinary Shares for a period prior to the allotment date, following shareholder approval of the share capital reorganisation. Once issued, the Further Consideration Shares are subject to a lock-in agreement which will provide for a lock-in period to 20 January 2017 and a further 6 month orderly market period.

Share Capital Reorganisation

It is proposed that each Existing Ordinary Share will be subdivided and re-designated as one ordinary share of 1 pence each, (a "New Ordinary Share") and 10 Deferred Shares of 0.9 pence each ("Deferred Shares" and the "Share Capital Reorganisation").

The New Ordinary Shares will continue to carry the same rights as are attached to the Existing Ordinary Shares.

The Deferred Shares will rank *pari passu* with the existing deferred shares in issue, which have very limited rights and effectively no economic value. They will have no voting rights and will have no rights as to dividends and only very limited rights on a return of capital. They will not be admitted to or listed on any stock exchange and will not be freely transferable.

Save for the dilution which will result from the issue of the Further Consideration Shares, the interests of the existing shareholders (both in terms of their economic interest and voting rights) will not be diluted by the implementation of the Share Capital Reorganisation.

Further details on the Share Capital Reorganisation will be included in a shareholder circular and notice of general meeting which the Company will publish in due course.

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Enquiries

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The information contained within this announcement is considered to be inside information prior to its release.

Notes to Editors:

Porta has two divisions:

- Communications - financial, corporate and consumer public relations, public affairs and research;
- Marketing & Advertising - multi-capability marketing, brand and creative communications.

The Group has offices in Abu Dhabi, Beijing, Brisbane, Bristol, Canberra, Cardiff, Edinburgh, Hong Kong, London, Manchester, Melbourne, Singapore and Sydney.

The brands and companies it owns are: Newgate Communications, PPS Group, Redleaf Communications, Publicasity, 13 Communications, Newgate Sponsorship, 2112 Communications and Summit Marketing Services.

Porta Communications' corporate website is - www.portacomms.com