

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or as to the action you should take, you should immediately consult a person authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") who specialises in advising on the acquisition of shares and other securities in the United Kingdom. The whole of the text of this Document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider the section entitled "Risk Factors" in Part III of this Document before taking any action.**

If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this Document, together with the accompanying Form of Proxy and Election Form, to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

This Document comprises an AIM admission document, which has been drawn up in accordance with the AIM Rules for Companies ("AIM Rules") and has been prepared in connection with, amongst other matters, the Acquisition, the Placing and the admission of the Enlarged Share Capital to trading on AIM. This Document does not constitute an offer to the public within the meaning of Sections 85 and 102B of FSMA or otherwise. This Document is not an approved prospectus for the purposes of the Prospectus Rules and a copy of it has not been, and will not be, reviewed or approved by the FSA or the London Stock Exchange.

The Directors, whose names appear on page 5 of this Document, and the Company, accept responsibility for the information contained in this Document, including collective and individual responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information. In connection with this Document, no person is authorised to give any information or make any representation other than as contained in this Document and, if given or made, any such information or representation must not be relied upon as having been authorised.

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on AIM on 8 November 2011.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UKLA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the UKLA nor the London Stock Exchange have examined or approved the contents of this Document. The AIM Rules are less demanding than those of the Official List of the UKLA. It is emphasised that no application has been made, or is being made, for admission of these securities to the Official List of the UKLA or to trading on the London Stock Exchange's market for listed securities.

## PORTA COMMUNICATIONS PLC

(Incorporated and registered in England and Wales with Registered Number 05353387)

### Proposed Acquisition of 80 per cent. of the issued share capital of Threadneedle Communications Limited Share Consolidation Adoption of New Articles of Association Placing of 23,195,050 New Ordinary Shares at 10p per share Admission of the Enlarged Share Capital to trading on AIM Notice of General Meeting



**NORTHLAND**  
CAPITAL PARTNERS LIMITED

**Nominated Adviser and Broker**

**HUB CAPITAL  
PARTNERS LIMITED**

**Financial Adviser**

#### Share capital immediately following Admission

<i>Issued and Fully Paid Ordinary Shares of 10p each:</i>	<i>Amount: £7,075,700.80</i>	<i>Number: 70,757,008</i>
<i>Issued and Fully Paid Deferred Shares of 0.9p each:</i>	<i>Amount: £ 648,000.00</i>	<i>Number: 72,000,000</i>

The New Ordinary Shares to be issued pursuant to the Acquisition and the Placing will, on issue, rank *pari passu* in all respects with the New Ordinary Shares in issue following the Share Consolidation, including the right to receive all dividends or other distributions declared, made or paid after Admission.

Northland Capital Partners Limited ("Northland") is authorised and regulated in the United Kingdom by the FSA and is acting as Nominated Adviser and Broker to the Company. Hub Capital Partners Limited ("Hub Capital") (which is an appointed representative of Optimus Capital LLP which is authorised and regulated by the FSA), is the Financial Adviser to the Company. Northland and Hub Capital are acting on behalf of the Company and no one else in connection with Admission and will not be responsible to any person other than the Company for providing the regulatory and legal protections afforded to customers (as defined by the FSA Rules) of Northland and Hub Capital, respectively, nor for providing advice in relation to the contents of this Document or any matter, transaction or arrangement referred to herein. The responsibilities of Northland as Nominated Adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this Document. No liability whatsoever is accepted by Northland or Hub Capital for the accuracy of any information or opinions contained in this Document or for the omission of any information from this document, for which the Company and the Directors are solely responsible.

For the purpose of Section 21 of FSMA, this Admission Document constitutes a financial promotion which has been issued by the Company, but whose content has not been approved by any person authorised by the FSA. Accordingly, it may only be used as a communication made to (i) persons authorised under FSMA and other categories of "investment professional" defined in accordance with article 19 of FSMA (Financial Promotion) Order 2005 (the "Order"); and (ii) high value entities as referred to in article 49(2) (a), (b) and/or (c) of the Order (or individuals in their capacities as directors, officers or employees of such entities). The Company has not sanctioned the use of this Admission Document for a financial promotion to any person not falling under articles 19 or 49 of the Order and no such person should place reliance upon this Admission Document for any purpose. Use of this Document other than in accordance with this restriction is not permitted and may contravene FSMA. No representation or warranty, express or implied, is made by the Company, Northland or Hub Capital to prospective purchasers of Ordinary Shares as to the contents of this Admission Document (without limiting the statutory rights of any person to whom this Admission Document is issued). The information contained in this Admission Document is not intended to inform or be relied upon by any subsequent purchasers of Ordinary (whether on or off exchange) and accordingly to the extent permitted by law no duty of care is accepted by the Company, Northland or Hub Capital.

This Document does not constitute an offer to sell or subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such an offer or solicitation is unlawful and is not for distributing within or into Australia, Canada, Japan, the Republic of Ireland or the United States or to any resident, national or citizen of such countries. The Ordinary Shares have not been, and will not be registered under the applicable securities laws of Australia, Canada, Japan, the Republic of Ireland or the United States. The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any jurisdiction.

A notice convening a general meeting of the Company to be held at the offices of Northland at 60 Gresham Street, London EC2V 7BB at 11.00 am on 7 November 2011 is set out at the end of this Document. To be valid, the Form of Proxy accompanying this Document must be completed and returned in accordance with the instructions printed thereon so as to be received by the Company's registrars, SLC Registrars Limited at Thames House, Portsmouth Road, Esher, Surrey KT10 9AD as soon as possible but, in any event, no later than 11.00 am on 3 November 2011. Completion of a Form or Proxy will not preclude a member from attending the meeting and voting in person. Copies of this document will be available from the Company's registered office free of charge during normal business hours on any weekday (except Saturdays and public holidays) at from the date of this Document and shall remain available for a period of one month from Admission and on the Company's website at [www.portacomms.com](http://www.portacomms.com).

#### FORWARD-LOOKING STATEMENTS

This Document includes "forward-looking statements" which includes all statements other than statements of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "believes", "estimates", "expects", "aims", "intends", "can", "may", "anticipates", "would", "should", "could", or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that would cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Among the important factors that could cause the Group's actual results, performance or achievements to differ materially from those in forward-looking statements include those factors in Part III of this document entitled "Risk Factors" and elsewhere in this Document. These forward-looking statements speak only as at the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward-looking statements in this Document may not occur either partially or at all.

Neither Porta, nor Northland, nor Hub Capital nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules), neither Porta, nor Northland nor Hub Capital is under any obligation, and each of them expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication date of this Document	12 October 2011
Latest time and date for receipt of Forms of Proxy	11.00 am on 3 November 2011
Date and time of General Meeting	11.00 am on 7 November 2011
Completion of Acquisition	8 November 2011
Admission of Enlarged Share Capital to trading on AIM	8 November 2011
CREST accounts to be credited with New Ordinary Shares	8 November 2011
Share certificates in respect of New Ordinary Shares despatched by	By 12 November 2011

## ACQUISITION AND ADMISSION STATISTICS

Placing Price per Placing Share	10p
Number of Existing Ordinary Shares in issue prior to Admission	3,725,600,000
Number of New Ordinary Shares in issue immediately following the Share Consolidation and prior to the issue of the Consideration Shares and the Placing Shares (subject to confirmation and prior to rounding of fractional entitlements)	37,256,000
Number of Consideration Shares to be issued pursuant to the Acquisition	10,305,958
Number of New Ordinary Shares to be issued pursuant to the Placing	23,195,050
Number of New Ordinary Shares in issue following Admission	70,757,008
New Ordinary Shares to be issued pursuant to the Acquisition and the Placing as a percentage of the Enlarged Share Capital	47.35 per cent.
Gross proceeds of the Placing to be received by the Company	£2,319,505
Estimated net proceeds of the Placing to be received by the Company	£1,856,369
Market capitalisation of the Company at Admission at the Placing Price	£7.1 million
AIM Ticker	PTCM
ISIN as at the date of this Document	GB00B0BFPD14
ISIN as at Admission (following the Share Consolidation)	GB00B71C7K21

*The Company has and will have 72,000,000 Deferred Shares in issue prior to and following Admission.*

## DIRECTORS, SECRETARY AND ADVISERS

<b>The Directors:</b>	<b>David Wright</b> ( <i>Executive Chairman and Chief Executive</i> ) <b>Keith Springall</b> ( <i>Finance Director</i> ) <b>Brian Blasdale</b> ( <i>Non-Executive Director</i> )
<b>Company Secretary:</b>	<b>Keith Springall</b>
<b>Registered Office:</b>	New Broad Street House 35 New Broad Street London EC2M 1NH
<b>Telephone Number:</b>	+44 (0) 20 7065 7045
<b>Nominated Adviser and Broker:</b>	<b>Northland Capital Partners Limited</b> 60 Gresham Street London EC2V 7BB
<b>Financial Adviser:</b>	<b>Hub Capital Partners Limited</b> 14 Kinnerton Place South London SW1X 8EH
<b>Solicitors to the Company:</b>	<b>newlawslegal</b> 21 Arlington Street London SW1A 1RN  ( <i>Authorised and regulated by the Solicitors Regulation Authority</i> )
<b>Solicitors to the Nominated Adviser and Broker and the Financial Adviser:</b>	<b>Pinsent Masons LLP</b> 30 Crown Place London EC2A 4ES
<b>Reporting Accountants:</b>	<b>Nexia Smith &amp; Williamson Audit Limited</b> 25 Moorgate London EC2R 6AY  ( <i>Member firm of the Institute of Chartered Accountants in England and Wales</i> )
<b>Auditors</b>	<b>Kingston Smith LLP</b> Devonshire House 60 Goswell Road London EC1M 7AD  ( <i>Member firm of the Institute of Chartered Accountants in England and Wales</i> )
<b>Registrars:</b>	<b>SLC Registrars Limited</b> Thames House Portsmouth Road Esher Surrey KT10 9AD
<b>Website:</b>	<b><a href="http://www.portacomms.com">www.portacomms.com</a></b>

## DEFINITIONS

In this Document, unless the context requires otherwise, the words and expressions set out below shall bear the following meanings:

“Acquisition”	the proposed acquisition by the Company of 80 per cent. of the issued share capital of Threadneedle
“Acquisition Agreement”	the conditional share purchase agreement dated 19 September 2011 between the Company and the Vendors, further details of which are set out in Part I of this Document and in paragraph 16.1 of Part VII of this Document
“Admission”	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules” or “AIM Rules for Companies”	the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time which sets out the rules, responsibilities and guidance notes in relation to companies whose shares are admitted to trading on AIM
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers published by the London Stock Exchange, as amended from time to time
“Articles”	the current articles of association of the Company
“Board” or “Directors”	the directors of the Company (each a “Director”) as listed on page 5 of this Document
“certificated” or in “certificated form”	a share or security which is not in un-certificated form (that is, not in CREST)
“City Code”	the City Code on Takeovers and Mergers, administered by the Panel on Takeovers and Mergers in the UK
“Companies Act”	the Companies Act 2006, as amended
“Company” or “Porta”	Porta Communications plc, a company incorporated in England and Wales with registered number 05353387
“Conditions”	the conditions relating to the Placing
“Consideration Shares”	the 10,305,958 New Ordinary Shares to be issued pursuant to the Acquisition Agreement
“Corporate Governance Code”	the UK Corporate Governance Code (previously the Combined Code) on the standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders published in June 2010 as appended to but not forming part of, the Listing Rules
“CREST”	the electronic system for the holding and transferring of shares and other securities in paperless form operated by Euroclear UK & Ireland Limited (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001, as amended

“Deferred Shares”	72,000,000 deferred shares of 0.9p each in the capital of the Company which carry no rights to vote at a general meeting of the Company
“Document”	this admission document
“Election Form”	the enclosed form of election for use by Shareholders, which relates to the different ways in which a Shareholder can choose to receive future communications from the Company
“Enlarged Group”	the Group, as enlarged following the Acquisition
“Enlarged Share Capital”	the issued Ordinary Shares at Admission following the Share Consolidation, the issue of the Consideration Shares and the issue of the Placing Shares
“Existing Ordinary Shares” or “Existing Share Capital”	the 3,725,600,000 Ordinary Shares in issue at the date of this Document
“Existing Shareholders”	holders of Existing Ordinary Shares
“Form of Proxy”	the form of proxy accompanying this document for use in connection with the General Meeting
“FSA”	the Financial Services Authority
“FSMA”	The Financial Services and Markets Act 2000 (as amended)
“General Meeting” or “GM”	the general meeting of the Company to be held at 11.00 am on 7 November 2011 at the offices of Northland at 60 Gresham Street, London EC2V 7BB for the purposes of approving the Proposals, notice of which is set out at the end of this Document
“Group”	the Company and its Subsidiaries as at the date of this Document
“Hub Capital”	Hub Capital Partners Limited, the Company’s Financial Adviser
“Impact34”	Impact34 Reklam ve Organizasyon Danışmanlık Hizmetleri Limited
“London Stock Exchange”	London Stock Exchange plc
“Ordinary Shares”	ordinary shares of 0.1 p each in the capital of the Company
“New Articles”	the new articles of association to be adopted pursuant to the Proposals by the Company in substitution for the Articles
“New Ordinary Shares”	the ordinary shares at Admission following the Share Consolidation, the issue of the Consideration Shares and the issue of the Placing Shares
“Newgate Public Relations”	Newgate Public Relations Limited
“Newgate Trading”	Newgate Trading Europe Limited
“Nexia”	Nexia Smith & Williamson Audit Limited, Reporting Accountants
“Nomad” or “Northland”	Northland Capital Partners Limited, the Company’s nominated adviser and broker
“Non Executive Director”	Brian Blasdale
“Notice of General Meeting”	the notice convening the holding of the General Meeting for the purposes of considering and approving the Resolutions

“Placees”	the subscribers for Placing Shares pursuant to the Placing
“Placing”	the conditional placing by Northland and Hub Capital of the Placing Shares at the Placing Price pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 11 October 2011 between the Company, the Directors, Northland and Hub Capital in relation to the placing arrangements, details of which are set out in paragraph 16.2 of Part VII of this Document
“Placing Price”	10p per Placing Share
“Placing Shares”	the 23,195,050 New Ordinary Shares to be issued pursuant to the Placing
“Proposals”	the Acquisition, the Placing, the Share Consolidation, the adoption of the New Articles, the passing of the Resolutions and Admission
“Prospectus Rules”	the prospectus rules published by the FSA from time to time for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated exchange
“Record Date”	6.00 pm on 3 November 2011 or, such later date as the Directors may determine and communicate to Shareholders via an appropriate Regulatory Information Service
“Regulatory Information Service”	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements
“Resolutions”	the resolutions to be proposed at the General Meeting (and each a “Resolution”) set out in the Notice of General Meeting at the end of this Document
“Share Consolidation”	the consolidation of every 100 Existing Ordinary Shares of 0.1p each into 1 New Ordinary Share of 10p pursuant to the Proposals
“Shareholders”	holders of Existing Ordinary Shares or the New Ordinary Shares, as the case may be
“Subsidiary”	a subsidiary undertaking (as defined by section 1162 of the Companies Act) of the Company and “Subsidiaries” shall be construed accordingly
“Threadneedle”	Threadneedle Communications Limited, a company incorporated in England & Wales with registered number 4880361
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	United Kingdom Listing Authority, being the FSA acting in its capacity as the competent authority for the purposes of FSMA
“Vendors”	Graham Herring, Felicity Herring, Jonathan Royston and Laurence Read, the shareholders of Threadneedle
“£” or “Pound”	UK pounds Sterling

## PART I

### LETTER FROM THE CHAIRMAN OF PORTA COMMUNICATIONS PLC

#### PORTA COMMUNICATIONS PLC

*(Incorporated and registered in England & Wales with Registered Number 05353387)*

*Directors:*

**David Wright** *(Executive Chairman and Chief Executive)*

**Keith Springall** *(Finance Director)*

**Brian Blasdale** *(Non-Executive Director)*

*Registered Office:*

New Broad Street House

35 New Broad Street

London EC2M 1NH

12 October 2011

*To the holders of Existing Ordinary Shares*

Dear Shareholder

**Proposed Acquisition of 80 per cent. of the issued share capital of Threadneedle  
Placing of 23,195,050 New Ordinary Shares at 10p per share  
Share Consolidation, adoption of New Articles of Association  
Admission of the Enlarged Share Capital to trading on AIM  
and  
Notice of General Meeting**

#### **Introduction**

On 20 September 2011, the Company announced that it had signed a contract to acquire 80 per cent. of the issued share capital of Threadneedle, a financial public relations company focussed on the AIM quoted and small cap market. The total consideration of £3.8 million for the Acquisition will be satisfied by the allotment to the Vendors of the Consideration Shares together with £2,520,000 in cash. The Consideration Shares will represent approximately 14.57 per cent. of the Enlarged Share Capital. £2.32 million has been conditionally raised pursuant to the Placing, as further explained below.

The Acquisition constitutes a reverse takeover of the Company under the AIM Rules and as such requires the prior approval of Existing Shareholders at the General Meeting. Irrevocable undertakings to vote in favour of the Resolutions at the General Meeting have been obtained in respect of holdings amounting in aggregate to 884,466,667 Existing Ordinary Shares representing 23.74 per cent. of the existing issued share capital of the Company. On Admission, the Existing Shareholders will hold approximately 52.65 per cent. of the Enlarged Share Capital.

In conjunction with the Acquisition, the Company proposes to consolidate its Existing Ordinary Shares into New Ordinary Shares in accordance with which every one hundred Existing Ordinary Shares shall be consolidated into one New Ordinary Share. If Resolutions 1 to 5 (inclusive) are duly passed at the General Meeting and subject to the conditions to the Acquisition Agreement having been satisfied, it is expected that trading in the Ordinary Shares will be cancelled and the Enlarged Share Capital will be admitted to trading on AIM immediately thereafter and that dealings on AIM in the New Ordinary Shares will commence on 8 November 2011.

The purpose of this Document, which comprises an admission document prepared in accordance with the AIM Rules, is to provide you with information on the Acquisition, the Placing and Admission and to explain why the Directors consider that the Proposals are in the best interests of the Company and why they recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, further details of which are set out below and notice of which is set out at the end of this Document.

#### **Background to and reasons for the Acquisition**

David Wright took over as Chief Executive Officer of Porta in November 2010, following a refocusing of the AIM quoted TSE Group PLC and the subsequent disposal of the Group's principal trading subsidiary, TSE Consulting SA, at which time the Directors set out a clear strategy to create an

international communications and marketing business. The acquisition of Threadneedle represents the first acquisition for the Company as it seeks to build a group with a wide range of services and skill sets that provide clear synergies for its client base.

The Directors believe that the Acquisition will give Porta a leading position in the financial public relations sector focussed on AIM quoted and small cap companies while at the same time providing strong recurring revenues and reliable cash flows. Over the 12 months to 31 August 2011, Threadneedle has been one of the fastest growing PR companies by number of clients in the AIM sector and is now currently ranked third in terms of number of clients listed in the Hemscott Financial Adviser tables. Porta intends to build upon the quality of Threadneedle (to be renamed “Newgate Threadneedle” following completion of the Acquisition) and the strength of its management team to create a strong brand in the small-mid cap market.

Since 31 August 2011, the date to which the last reported financial information for Threadneedle was prepared, contracts were agreed for an additional eleven clients which are contracted to monthly retained fees. The Directors are informed by the Vendors that the work in progress pipeline is healthy with a strong level of new business interest. Threadneedle’s revenue streams are not constrained to the successful outcome of future fundraisings though the company is fully aware that it is operating within a difficult financial environment. Fee income for the year to 31 August 2011 was £1,929,406 representing a 52 per cent. increase on the previous year.

During the year ended 31 August 2011 Threadneedle generated £1,929,406 of revenue and a profit before tax of £397,092. As at 31 August 2011, the company had net assets of £643,261, including cash of £862,656.

It is anticipated that Threadneedle, its employees and clients will in turn benefit from the increased scale and resources offered by being part of an enlarged group.

### **The Market**

The financial public relations market in the UK presents a significant opportunity for a consolidator. The role of financial PR consultancies is to offer high level strategic advice to the senior executives of quoted companies and other important organisations and businesses, supported by effective implementation and successful delivery of communications programmes. The vast majority of the consultancies are based in central London and the Directors believe the sector to be highly fragmented.

Most financial PR consultancies are built around a number of individuals working with their clients’ senior Board executives to support the specialist area of investor communications and the relevant related audiences, including opinion formers such as stockbroking analysts and the media. These businesses are often relatively small in terms of staff numbers and charge their clients through a combination of annual retainer fees and project fees relating to specific work such as mergers and acquisitions and company flotations.

A very small number of companies have built upon their Financial PR ‘roots’ and developed wider client offerings, embracing additional PR disciplines such as corporate, consumer and public affairs together with industry specific areas such as technology and healthcare as well, in some instances, as international networks. Typically this expansion has been driven by acquisition of either complete businesses or teams from other consultancies.

### **Information on Threadneedle**

Threadneedle was incorporated in August 2003 and offers a full range of communications services, including advising financial services and other capital markets companies on company flotations, admissions, mergers and acquisitions and corporate and business media relations.

Threadneedle is currently a successful exponent of the small/mid cap listed companies public relations model and is looking to develop this offering with a range of products.

**Information on Porta**

Porta is admitted to trading on AIM and acts as a holding company with the mandate to build an international communications and marketing business where there is clear synergy between the services offered, with the objective of maximising Shareholder value.

Porta currently has three trading operations: Impact34, Newgate Trading and Newgate Public Relations.

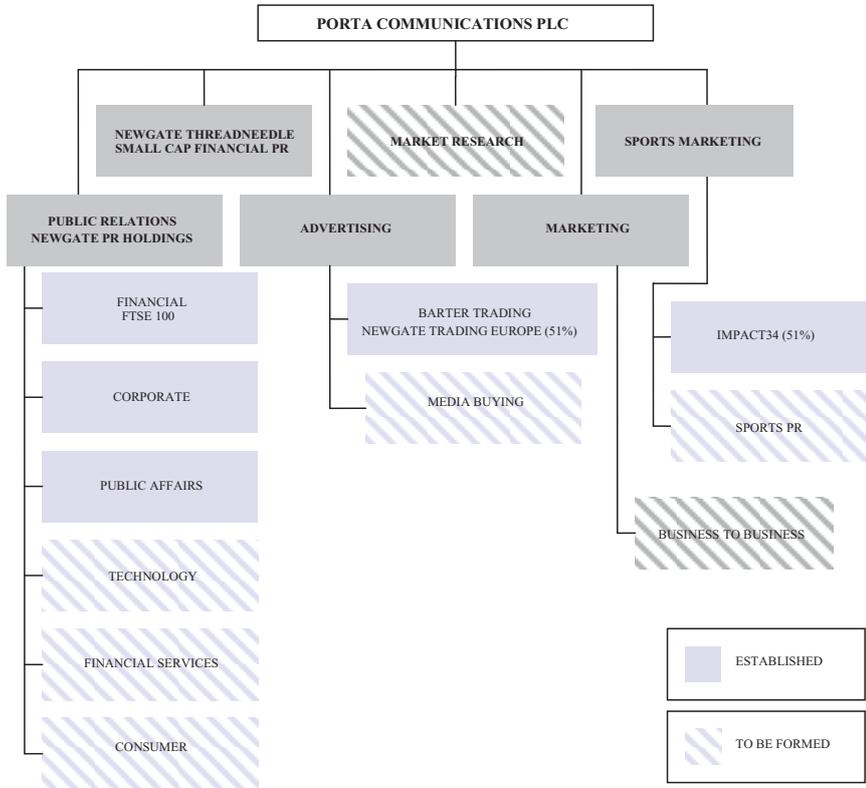
Impact34 was previously the Turkish office for TSE Consulting SA. Impact34 concentrates on marketing and consultancy services in the sports and entertainment sectors.

Newgate Trading is a media bartering company which offers clients the ability to use their obsolete or slow moving stock to finance their future advertising and marketing programmes via a barter transaction.

Newgate Public Relations is being established under the direction of Jonathan Clare, who joined the Group on 23 September 2011 to be Executive Chairman of Newgate Public Relations. Jonathan Clare was one of the founders, along with David Wright, and latterly chief executive and chairman of Citigate Dewe Rogerson. To build the Newgate Public Relations team the Company is undertaking an active recruitment programme of proven key public relations executives. The Directors’ current target is to recruit around 20 to 30 key executives in this division. In addition, the Company intends to expand on the development of the division through targeted acquisitions. A number of targets have been identified in both the UK and overseas.

The Acquisition represents the establishment by the Company of a new business area in the financial public relations sector focussed on AIM quoted and small-mid cap companies. On completion of the Acquisition, Threadneedle will trade under the new brand “Newgate Threadneedle” and will be managed as a separate division within the Group. Further information on Threadneedle is set out in Part II of this Document.

Following completion of the Acquisition and the implementation of the Directors’ strategy the Company intends to operate in distinct divisions, which are to be structured as follows:



All of the above operations will be headquartered in London, with the exception of Impact34. Most of the above intend to consider having activities internationally in due course subject to client demand.

It is anticipated that further development of the Company's public relations division, together with the advertising, media buying, market research and marketing divisions, will be achieved through selective acquisitions of companies offering corporate synergies, coupled with the Company's active recruitment programme. The Directors believe the industry to be highly fragmented. There are acquisition opportunities available as the Directors believe that both public and private companies are experiencing operational and development difficulties.

### **Summary financial information on Porta**

During the year ended 31 December 2010 the Company incurred a loss before tax of £523,104 and generated no revenue as a result of the classification of TSE Consulting SA as a discontinued operation. As at 31 December 2010, the Company had net assets of £2,418,507.

Your attention is drawn to the Company's audited report and accounts for the years ended 31 December 2010, 2009 and 2008 and the unaudited interim financial results for the six month period ended 30 June 2011 (together the "Accounts"). The Accounts are available to download in pdf format from the Company's website [www.portacomms.com](http://www.portacomms.com). The financial information on the Company is included in the Company's financial statements and the notes to them, further details of which are included in Part IV of this document.

Shareholders may request a hard copy of the Accounts from the offices of the Company at New Broad Street House, 35 New Broad Street, London EC2M 1NH.

### **Current trading of Porta**

Since the publication of the Company's unaudited interim financial results for the six month period to 30 June 2011, as announced on 29 September 2011, the Group has continued to trade in line with the Directors' expectations.

### **Grant of options**

The Company intends to adopt an enterprise management incentive scheme ("EMI Scheme") pursuant to which it will grant options to subscribe for new Ordinary Shares to eligible employees of the Enlarged Group, which currently includes the two Executive Directors of the Company. Further details on the EMI Scheme are set out at paragraph 15 of Part VII of the Document.

### **Intentions regarding the Enlarged Group**

The Directors believe that the Enlarged Group will be well positioned to take advantage of opportunities to grow its business through both its existing and planned activities, and through the acquisition of Threadneedle.

It is the Directors' intention to rename Threadneedle as Newgate Threadneedle Limited following completion of the Acquisition. The Enlarged Group will continue to allow Threadneedle to focus on its existing areas of expertise, taking advantage of opportunities to grow the business through the hiring of additional staff as the Directors feel is appropriate. The Directors believe that the profile of the Enlarged Group and its access to capital will be enhanced through Admission and this will assist in the retention and winning of new corporate clients, together with the retention and hiring of staff.

It is the Directors' intention that, following the Acquisition, the existing Threadneedle senior management, Graham Herring, Jonathan Royston and Laurence Read will be employed by Newgate Threadneedle Limited and that the existing staff of Threadneedle will be retained.

The Directors intend to have a wide share ownership amongst the executives across the Group. Creating an equity partnership ethos is, in the Directors' opinion, one of the key factors to the future growth of Porta, in particular the development of clients in a global diversified communications and marketing group.

It is the Directors' belief that the experience at Incepta/Citigate showed that executives with equity had a greater incentive to promote the synergies of the Group's different disciplines and geographical region to clients.

## **Principal terms and conditions of the Acquisition**

Under the terms of the Acquisition Agreement:

- (a) the Company has conditionally agreed to acquire 80 per cent. of Threadneedle from the Vendors for a total consideration of £3,800,000 payable as to £2,520,000 in cash on completion of the Acquisition and £1,280,000 to be satisfied by the issue to the Vendors of the Consideration Shares; and
- (b) completion of the Acquisition is conditional on the conditions of the Acquisition Agreement being satisfied, including Porta shareholder approval.

Further information in respect of the Acquisition and the Acquisition Agreement is provided in paragraph 16.1 of Part VII of this Document.

The Consideration Shares will represent approximately 14.57 per cent. of the Enlarged Share Capital.

## **Financial effects of the Acquisition**

An unaudited pro forma statement of consolidated net assets of the Enlarged Group, prepared for illustrative purposes only, showing the effect of the Acquisition is set out in Part VI of this Document.

## **The Placing**

In order to finance part of the cash consideration payable in respect of the Acquisition, to cover the costs of the Acquisition and Admission, and to provide additional working capital for the Enlarged Group, the Company proposes to raise £2,319,505 before expenses, through the issue of Placing Shares at the Placing Price pursuant to the Placing to supplement the Group's existing cash resources.

Pursuant to the terms of the Placing Agreement, further details of which are set out in paragraph 16.2 of Part VII of this Document, Northland and Hub Capital have agreed to use their reasonable endeavours to place the Placing Shares with institutional and other investors. Neither Northland nor Hub Capital are underwriting the Placing.

The Placing is conditional on, amongst other things, the Conditions being satisfied.

The Placing Shares will represent approximately 32.78 per cent. of the Enlarged Share Capital immediately following Admission. The Placing Shares will, upon issue, rank *pari passu* in all respects with the Existing Ordinary Shares following the Share Consolidation, including the right to receive any dividends and other distributions declared, made or paid following Admission and will be issued credited as fully paid.

## **Directors, Senior Management and Employees**

### ***Directors***

At the date of this Document and on Admission the Directors will be as follows:

*David Ernest Wright (Executive Chairman and Chief Executive) (Aged 67)*

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, Citigate reversed into Incepta Plc and David became chief executive of the enlarged group, later becoming chairman. In October 2002 David left Incepta Plc and in December 2003 he joined Bartercard UK Limited, the B2B trade exchange operating from 120 offices in 16 countries, as a non-executive director. In March 2005, Incepta Plc was merged with Huntsworth Plc in a transaction worth £195 million, with Incepta shareholders holding approximately 67 per cent. of the enlarged business.

*Keith John Springall (Finance Director) (Aged 55)*

Keith, a chartered accountant, is an experienced AIM company director. Keith was finance director of AIM quoted Bulgarian Property Developments plc and was Group Finance Director in 2005 of AIM quoted Bartercard plc. Prior to that he held a number of senior financial positions including that of

Commercial and Finance Director of Hi-Tec Sports International Limited, the £100m turnover footwear and clothing brand, and Finance Director of Jardine Matheson in Hong Kong, the Philippines and Australia.

*Brian John Blasdale (Non-Executive Director) (Aged 62)*

Following an early career with P&O Shipping Company, Brian held a number of senior sales and 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, which was admitted to the AIM market in March 2000, and is now known as Deal Media Group plc. 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.

Following Admission it is the Company's current intention to strengthen the Board with the appointment of one or more additional Non-Executive Directors.

### ***Senior Management and Employees***

Following Admission the senior management of Porta, in addition to David Wright and Keith Springall, will comprise the heads of the Group's business divisions.

Threadneedle employs 16 people who will continue to operate from Threadneedle's City of London Office.

### **Corporate Governance**

The Directors recognise the importance of high standards of corporate governance commensurate with the size and nature of the Group and the interests of Shareholders. Although, as an AIM company, compliance with the Corporate Governance Code is not required the Group seeks to apply the Corporate Governance Code when practicable and appropriate for a Group of its size.

The following statement describes how the Group addresses corporate governance issues.

### ***Board composition and responsibility***

The Board currently consists of two Executive Directors together with one Non-Executive Director. All Directors are equally accountable for the proper stewardship of the Group's affairs.

In broad terms, the on-going 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 Director has a 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, the Non-Executive Director, is chairman of the remuneration and audit committees of the Company.

After careful review, giving particular consideration to the provisions of the Corporate Governance Code in respect of the independence of the Non-Executive Director, the Board has concluded that Brian Blasdale, as the only Non-Executive Director at the date of signing the consolidated statement of financial position is independent in character, judgement and opinion.

### ***Policy on election***

Directors are required to offer themselves for election every three years and at least one third of the Board must offer itself for re-election each year.

### ***AIM Rules Compliance***

The Company intends to establish an AIM Rules Compliance Committee, the main role and responsibility of which will be, *inter alia*, to ensure that procedures, resources and controls are in place to ensure AIM Rules compliance by the Company are operating effectively at all times and that the executive directors are communicating as necessary with the Company's Nominated Adviser regarding ongoing compliance with the AIM Rules and in relation to all announcements and notifications and proposed or potential transactions. The Company has in place a share dealing code in order to ensure compliance with Rule 21 of the AIM Rules for Companies.

### **Consolidation**

The Company currently has a very large number of Existing Ordinary Shares. The Directors are therefore proposing to consolidate the Existing Ordinary Shares into New Ordinary Shares of a larger nominal value on the basis described below and with the intention that, following such consolidation, the number of shares in issue and the likely share price will be more appropriate for a company of the Company's size in the UK market.

The effect of the Share Consolidation will be that Shareholders on the Company's register of members at the Record Date will, on the implementation of the Share Consolidation, hold:

**one New Ordinary Share of 10p  
for every one hundred Existing Ordinary Shares of 0.1p each**

and in that proportion for any other number of Existing Ordinary Shares then held.

If a shareholding is not exactly divisible by 100, the Share Consolidation will generate an entitlement to a fraction of a New Ordinary Share. Any fractional entitlements arising on the Share Consolidation will be consolidated and sold in the market for the best price reasonably obtainable. The net proceeds will be retained by the Company in accordance with the Articles and will be donated to the charity 'Help for Heroes', which raises money to support members of the British Armed Forces who have been wounded in the service of their country.

The value of any Shareholder's fractional entitlement will not exceed the value of one New Ordinary Share.

Each Shareholder's proportionate interest in the Company's issued Ordinary Share capital will remain unchanged as a result of the Share Consolidation, except as affected by fractional entitlements. However, if you hold fewer than 100 Existing Ordinary Shares at the Record Date, you will not receive any New Ordinary Shares.

Aside from the change in nominal value, each New Ordinary Share will have the same rights (including voting and dividend rights and rights on a return of capital) and will be subject to the same restrictions as each Existing Ordinary Share prior to the Share Consolidation, and as set out in the New Articles.

The Share Consolidation will not affect the Company's net assets, nor the net assets of the Group.

Requests will be made to the London Stock Exchange to reflect the Share Consolidation on AIM.

New share certificates in respect of the New Ordinary Shares will be posted to those Shareholders who, on the Record Date, hold their Existing Ordinary Shares in certificated form. These will replace existing certificates which should then be destroyed. Pending the receipt of new certificates, transfers of New Ordinary Shares held in certificated form will be certified against the register of members of the Company.

The effect of the Share Consolidation on the Company's issued Ordinary Shares will be as follows:

	<i>Issued</i>	
	<i>No. of Ordinary Shares</i>	<i>Nominal Amount</i>
<i>At present:</i>		
Existing Ordinary Shares	3,725,600,000	£3,725,600.00
New Ordinary Shares		
<i>Immediately following the Share Consolidation*:</i>	37,256,000	£3,725,600.00
<i>On Admission**:</i>	70,757,008	£7,075,700.80

\* subject to confirmation and prior to rounding of fractional entitlements

\*\* following the Share Consolidation, the issue of the Consideration Shares and the Placing Shares

### **Adoption of New Articles**

The Directors are proposing to replace the current Articles of Association with the New Articles which will reflect the new provisions of the Companies Act and this will be effected by the passing of Resolution 4 to be proposed at the General Meeting.

The new provisions in the Companies Act, which were introduced on 20 January 2007 and 1 October 2007 allow, *inter alia*, the Company and the Shareholders to benefit from the broader use of electronic communication.

The Company will be able to communicate electronically with Shareholders who consent or who are deemed to have consented to receive shareholder documents electronically by placing shareholder documents (such as annual reports and notices or meetings) on the Company's website.

Shareholders will also find enclosed an Election Form which explains (subject to the passing of Resolution 4) the different ways in which you can choose to receive shareholder communications in future and sets out what you need to do in relation to each option. Please note that if you wish to continue to receive communications in hard copy you must return the Election Form to the Company's registrars, SLC Registrars Limited, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD by no later than 5.00 p.m. on 9 November 2011. If you do not return the Election Form by this date, you will be treated as having agreed to the Company supplying you with shareholder documents by means of the Company's website.

A summary of the New Articles and how they differ from the current articles of association of Porta and additional background to the changes are set out below. The summary has been prepared in order to assist Shareholders in understanding the rationale for and substance of the proposed amendments. Although the New Articles are in many respects largely unchanged from Porta's current articles of association it was felt preferable to adopt New Articles rather than propose amendments. A copy of the New Articles will be available at the General Meeting.

Explanatory summary for proposed amendments in New Articles

1. Exclusion of Model Articles (and any other prescribed regulations). If a company has not made provision for a given set of circumstances for which there is a rule in the Model Articles, the rule in the Model Articles will apply by default unless the company's articles make it clear that the default rule should not apply (section 20, Companies Act). Therefore it has been clearly stated in these articles that the Model Articles and any other prescribed regulations shall not apply.

2. Interpretation (Articles 2) – Article 2.1 is amended as follows:

New definition of "Act" to cater for the fact that the Companies Act 2006 is now in force with the Companies Act 1985 now repealed. Consequential amendments appear throughout the New Articles to reflect this.

The definition of "Electronic Communication" is deleted, as the previous definition related to the Electronic Communications Act 2000. Instead, the definition 'electronic form' and 'electronic means' are used to reflect the Companies Act.

A new definition of 'address' is inserted which corresponds with the relevant definition in the Companies Act and this is inserted because it is frequently used in the New Articles.

3. Article 43 'Calling & Postponement of General Meetings' is to stay in line with the provisions of the Companies Act regarding notice periods for general meetings.

The Companies Act reduces the minimum notice periods for general meetings (with the exception of annual general meetings) to 14 (fourteen) clear days and Article 43 allows the Company to take advantage of this.

4. Article 48 updates the provisions on adjournment by allowing the chairman to adjourn a general meeting without the consent of the meeting if in the chairman's opinion it is necessary to ensure the proper and orderly conduct of the meeting and to give those present an opportunity to speak.
5. Article 51 is proposed to allow for appropriate security measures to take place in order to ensure the safety of all attending a general meeting.
6. Article 61 ensures the New Articles reflect the Companies Act so that more than one proxy can be appointed by a shareholder in relation to the same meeting and the proxy can attend, vote and speak. In the Companies Act 1985 proxies could not vote on a show of hands.
7. Article 63 is amended in line with the provision of the Companies Act to allow appointment of multiple corporate representatives.
8. Article 64 relates to disclosure of interests as the Companies Act 1985 provisions, including those under s212 regarding company investigation powers, were repealed in 2007 and similar powers were brought into force by the Companies Act. The definitions of 'excepted transfer' in Article 64.4 is amended to reflect the definition of 'takeover offer' set out in section 974 and Part 23 of the Companies Act because the definition in the Companies Act 1985 was repealed and replaced by the one in the Companies Act in 2007.
9. Article 126 provides the Company with a general power to send or give any notice, document or information to any Shareholder by a variety of methods including in person and by electronic means (i.e. email) or by making it available on the Company's website.
10. Article 131 extends the indemnity afforded to directors of pension trustee companies extending the scope pursuant to the Companies Act.

### **Authority to allot securities and power to waive pre-emption rights**

Resolutions dealing with the authority of the Directors to allot shares will be proposed at the GM.

By law, directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by shareholders. In addition, directors require specific authority from shareholders before allotting new shares (or rights in respect of shares) for cash without first offering them to existing shareholders in proportion to their holdings.

Resolution 3 gives the Directors the necessary authority to allot securities within the limits specified in Resolution 3 until the date of the next annual general meeting or, if earlier, 15 months after the date of passing the resolution.

Paragraph (a) of Resolution 5 would also give the Directors authority to allot equity securities (as defined in section 560(1) of the Companies Act) in connection with a rights issue in favour of Shareholders.

Paragraph (b)(i) of Resolution 5 would also give the Directors authority to allot equity securities (as defined in section 560(1) of the Companies Act) in connection with the Placing and the Acquisition.

Paragraph (b)(ii) of Resolution 5 empowers the Directors until the date of the next annual general meeting or, if earlier, 15 months after the date of passing the resolution, to allot further equity securities for cash.

It is intended to renew the authority and power at successive annual general meetings. This limited authority will enable the Directors to issue shares when they believe it is in the interests of the Company to do so.

## **Admission, Settlement, Dealings and CREST**

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Admission of the Enlarged Share Capital to trading on AIM is expected to take place on 8 November 2011. The Ordinary Shares are in registered form.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles contain provisions concerning the transfer of shares which are consistent with the transfer of shares in dematerialised form under the CREST Regulations. Accordingly, settlement of transactions in the Ordinary Shares following Admission may continue to take place within the CREST system if Shareholders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

## **Lock-ins, Orderly Market Arrangements**

In respect of their Existing Ordinary Shares, each of the Directors has undertaken (in respect of himself and persons connected with him (within the meaning of section 252 of the Companies Act)) to the Company, Northland and Hub Capital not to dispose of any interest in their Existing Shares for a period of 12 months following the date of Admission, except in very limited circumstances.

In addition each of the Directors has undertaken (in respect of himself and persons connected with him (within the meaning of section 252 of the Companies Act)) not to dispose of their Existing Shares for a further 12 months other than through Northland in such orderly manner as Northland shall reasonably require with a view to the maintenance of an orderly market in the Ordinary Shares of the Company provided that:

- (a) at the time of the proposed disposal, Northland is the Company's broker; and
- (b) Northland offers terms for such disposal (other than time period) which are not materially more onerous or disadvantageous than those generally available in the market.

The Vendors have agreed under the Acquisition Agreement, not to dispose of the Consideration Shares for two years following completion of the Acquisition other than in order to satisfy a warranty claim against them under the Acquisition Agreement and in certain other limited circumstances.

## **General Meeting**

At the end of this Document, you will find a notice convening the General Meeting, which is to be held at the offices of Northland, at 60 Gresham Street, London EC2V 7BB on 7 November 2011 at 11.00 am. The Resolutions to be proposed at the General Meeting will be as follows:

- (1) Subject to Admission and Resolutions (2), (3), (4) and (5) being passed, to approve the Acquisition for the purposes of Rule 14 of the AIM Rules.
- (2) Subject to, *inter alia*, Admission, each of the Existing Ordinary Shares which at 6.00 pm on 3 November 2011 (or such later date as the Directors of the Company may determine and communicate to Shareholders via an appropriate announcement to a Regulatory Information Service) are shown in the books of the Company to be in issue or held in treasury shall be consolidated into New Ordinary Shares on the basis of 100 Existing Ordinary Shares being consolidated into one New Ordinary Share of 10p each, provided that:
  - (a) where such consolidation results in any member being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a New Ordinary Share to which other members of the Company may be entitled;
  - (b) the Directors of the Company be and are hereby authorised to sell (or appoint any other person to sell) to any person, on behalf of the relevant members, all the New Ordinary Shares representing such fractions at the best price reasonably obtainable, to retain the net proceeds of such New Ordinary Shares representing such fractions and to then donate such proceeds to charity.

- (c) any Director of the Company (or any person appointed by the Directors of the Company) shall be and is hereby authorised to execute an instrument of transfer in respect of such New Ordinary Shares on behalf of the relevant members and to do all acts and things the directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares.
- (3) Subject to, *inter alia*, Admission, the Directors be and are hereby authorised pursuant to section 551 of the Companies Act (replacing all subsisting authorities) to allot equity securities up to an aggregate nominal amount of:
  - (a) £3,350,101 in connection with the Acquisition and the Placing; and
  - (b) £2,358,567 in addition to the authority at 3 (a) above.
- (4) Subject to, *inter alia*, Admission, to approve the adoption of the New Articles in substitution for the Articles.
- (5) Subject to Admission and conditional on Resolution (3) being passed, to authorise the Directors pursuant to section 570 of the Companies Act, to allot equity securities up to an aggregate nominal amount of:
  - (a) £3,350,101 in connection with the Acquisition and the Placing; and
  - (b) otherwise than pursuant to paragraph 5 (a) above, the allotment of additional relevant securities up to an aggregate amount of £1,061,356,and in connection with a rights issue, in each case for cash pursuant to the authority given in Resolution (3) above as if section 561(1) of the Companies Act (which relates to pre-emption rights of existing shareholders) did not apply to the allotment.
- (6) To authorise the Company to make market purchases (within the meaning of Section 693(4) of the Companies Act) of its own shares.

Resolutions (1) to (3) will be proposed as ordinary resolutions while Resolutions (4) to (6) will be proposed as special resolutions. The passing of Resolution (1) is a condition of the Acquisition Agreement and the Proposals (other than proposing Resolution 6) will only proceed if this resolution is passed.

### **The City Code on Takeovers and Mergers**

The Company is registered in England and Wales, and its place of central management and control is within the UK and, accordingly, the Company is subject to the City Code and Shareholders are protected under the City Code.

Following Admission the place of central management will be within the UK as the majority of the Board will be UK resident and as such the City Code will apply.

### **Dividend Policy**

The Company has not paid any dividends since incorporation. The Directors intend to devote the Company's cash reserves to development activities in the short to medium term and intend to commence the payment of dividends only when they consider it commercially prudent to do so, having regard to the availability of the Company's distributable profits and the retention of funds required to finance future growth.

### **Taxation**

Your attention is drawn to paragraph 10 of Part VII of this Document. These details are intended only as a general guide to the current tax position under UK taxation law. If an investor is in any doubt as to his or her tax position he or she should consult his or her own independent financial adviser immediately.

### **Additional Information**

Your attention is drawn to the further information set out in the remainder of this Document and, in particular, to the Risk Factors set out in Part III of this Document.

### **Action to be taken**

Shareholders will find enclosed with this Document a Form of Proxy for use at the GM, to be held at the offices of Northland, at 60 Gresham Street, London EC2V 7BB at 11.00 am on 7 November 2011. Whether or not you intend to be present at the GM you are requested to complete the Form of Proxy and return it to the Company's registrars, SLC Registrars. The proxy appointment must be received by SLC Registrars by no later than 11.00 am on 3 November 2011, being 48 working hours before the time of the General Meeting.

You will also find enclosed an Election Form which explains the different ways in which you can choose to receive shareholder communications in future and sets out what you need to do in relation to each option. Please note that if you wish to continue to receive communications in hard copy you must return the Election Form to the Company's registrars, SLC Registrars Limited, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD by no later than 11.00 am on 9 November 2011. If you do not return the Election Form by this date, you will be treated as having agreed to the Company supplying you with shareholder documents by means of the Company's website.

### **Irrevocable undertakings**

In addition to the undertakings of the Directors set out below and representing an aggregate of 328,066,667 Existing Ordinary Shares, further irrevocable undertakings to vote in favour of the Resolutions have been received from certain other Shareholders in respect of their beneficial holdings amounting, in aggregate, to 556,400,000 Existing Ordinary Shares representing 14.93 per cent. of the Existing Ordinary Shares. In aggregate, therefore, irrevocable undertakings to vote in favour of the Resolutions have been received from holders of 884,466,667 Existing Ordinary Shares representing 23.74 per cent. of the Existing Ordinary Shares.

### **Recommendations**

The Directors consider the Proposals are fair and reasonable and in the best interests of the Company and its Shareholders.

**Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own beneficial and non-beneficial holdings amounting, in aggregate, to 328,066,667 Ordinary Shares, representing approximately 8.81 per cent. of the Existing Ordinary Shares.**

Yours faithfully

**David Wright**  
*Executive Chairman*

## PART II

### INFORMATION ON THREADNEEDLE

#### **1. Background and history**

Threadneedle is an award winning financial public relations company formed in 2003 which offers a full range of financial public relations services and private client broker communications.

Threadneedle was established by Graham Herring, after he left a leading PR firm, to address the needs of small and mid cap listed companies which he believed were receiving neither the attention nor service they warranted. Graham subsequently put together a team of former small cap stockbrokers, financial journalists and leading financial PR agency practitioners.

Since inception, the Directors are informed that Threadneedle has recruited selectively, adding people with the necessary blend of skills to provide a full service offering for its growing client list. The business model was built around recruiting large agency practitioners with FTSE company experience and sector specialism and transferring these skill sets to the small/mid cap arena, as confirmed by Graham Herring. By doing so, Threadneedle's management have emphasised that they have looked to differentiate the business from its peers by providing high level consultancy advice in niche sectors of the market that they believe are under serviced. Sector specialism enables the relevant teams to understand the key issues and trends in a client's industry and also provides them with greater access to the key commentators within those sectors.

In July 2010, Threadneedle acquired Investor Communication International Services Limited ("ICIS PR"), a financial PR company specialising in technology companies, with the aim of adding to the quality of both clients and staff.

In August 2010, to augment its offering, Threadneedle set up a retail investment division, based in Edinburgh, which introduces its clients to private client brokers in London, Edinburgh and major UK regions.

Threadneedle has grown to become the 3rd largest financial PR adviser by number of AIM companies with 66 clients. In the industry specialist Hemscott rankings, Threadneedle is rated as the leading adviser to AIM companies in both the technology and industrials sectors and ranked 4th in basic materials.

Threadneedle was recently voted Financial PR Company of the Year 2011 at the Growth Company Awards. The Directors feel that this has particular merit as the votes came from the Chairmen, CEOs and Finance Directors of publicly listed companies.

#### **2. Business Overview**

Threadneedle currently employs 16 staff, including consultants, headed by Graham Herring as Managing Director.

There are two distinct offerings to clients by the company: financial public relations services and private client broker communications.

The mainstay of the business, which operates out of offices in the City of London, involves advising public listed companies on all aspects of their financial communications including company flotations, mergers and acquisitions and financial calendar work. The key disciplines involve investor and analyst relations and media relations. Threadneedle's approach ranges from providing strategic advice which includes preparing key messages and strategic positioning to practical support in drafting announcements and marketing collateral.

Threadneedle operates within distinctly defined sectors which Graham Herring has said is in order for it to provide the best sector understanding and knowledge of the separate audiences. According to the industry specialist Hemscott rankings, Threadneedle is rated third in the August 2011 rankings by Hemscott as

public relations adviser to AIM companies by numbers of clients in both the technology and industrials sectors and ranked 4th in basic materials by Hemscoff. Threadneedle also advises various small and mid cap clients within the financial services, property and consumer sectors.

The second part of the business, which works either in tandem with or in isolation to the financial public relations is the private client broker (PCB) offering. According to APCIMS (the Association of Private Client Investment Managers) the PCB market manages in excess of £400 billion, employing approximately 30,000 personnel. Threadneedle introduces its public listed clients to key retail fund managers in different regions within the UK, including London, Edinburgh, Birmingham, Leeds and Bristol as well as several other cities. These introductions are designed to promote the clients' activities to the PCBs and highlight their operations and strategies. PCBs tend to acquire smaller parcels of stock than institutional fund managers and share purchases help increase the liquidity and awareness of a company's shares.

Threadneedle has a distinct division based in both Edinburgh and London dedicated to this part of the business as it requires specialist knowledge of the individuals involved. This team has been advising its clients for several years and has built up a considerable database of PCBs that invest in small and mid cap listed companies.

### **3. Summary Financial Information on Threadneedle**

During the year ended 31 August 2011 Threadneedle generated £1,929,406 of revenue and a profit before tax of £397,092. As at 31 August 2011, the company had net assets of £643,261 including cash of £862,656.

Further financial information on Threadneedle is set out in Part V of this document.

Threadneedle enjoys a strong recurring income stream with virtually all of its clients retained under a formal contract with a rolling three month notice period. The Directors believe that this provides good visibility of revenues and strong margins. Ad hoc contract fees are charged in addition to the retained fees for services such as IPOs, M&A transactions, crisis management and separate advisory projects. Whilst these additional charges cannot be predicted, they provide a further income stream to the retained monthly fees.

### **4. Current Trading of Threadneedle**

Since 31 August 2011, the date to which the last reported financial information for Threadneedle was prepared, the company has agreed contracts for an additional eleven clients which are contracted to monthly retained fees. The Directors are informed that the work in progress pipeline is healthy with a strong level of new business interest. The company's revenue streams are not constrained to the successful outcome of future fundraisings though the company is fully aware that it is operating within a difficult financial environment. Fee income for the year to 31 August 2011 was £1,899,000 representing a 49 per cent. increase on the previous year.

Threadneedle has also identified potential acquisition targets within its sector and certain key staff at some of its major competitors have expressed an interest in joining the company. The management expects to grow its client base both organically and by introducing new staff and/or teams.

Threadneedle has grown well in very difficult markets and its management believes it is well positioned to benefit from any uplift in the market.

David Wright and Keith Springall will be joining the board of Threadneedle following completion of the Acquisition. Porta is due to enter into a shareholders agreement with the Vendors with respect to their retained 20 per cent. shareholding in Threadneedle following completion of the Acquisition. This shareholders agreement contains standard tag along and drag along provisions and a schedule of matters reserved for approval by the board of Threadneedle, comprising Messers Wright, Springall and Herring.

## **PART III**

### **RISK FACTORS**

**Before making any investment decision, prospective investors should carefully consider all the information contained in this Document including, in particular, the risk factors described below.**

**An investment in the Ordinary Shares may not be a suitable investment for all recipients of this Document. If you are in any doubt about the Ordinary Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.**

**Prospective investors should be aware that an investment in the Company involves a high degree of risk and should only be made by financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested).**

**There can be no certainty that the Company will be able to implement successfully the strategy set out in this Document. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives.**

**In addition to the usual risks associated with an investment in a company, the Board considers that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this Document, prior to investing in the Ordinary Shares.**

**The list of risks set out below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority. It should also be noted that there may be additional risks and uncertainties not presently known to the Directors, or which they currently believe to be immaterial, which may also have an adverse effect on the Group.**

**If any of the events described in the following risk factors actually occur, the Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment.**

**The Group's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it operates or intends to operate as well as overall global financial conditions.**

#### **Strategy**

The Board believes there is a strategic opportunity for the Company to build an international communications and marketing business. Although the Board are confident in their stated strategy and have started to implement this process, there is no certainty that this strategy will be successfully implemented by the Company. If the strategy is not successfully implemented this is likely to have a detrimental impact on the trading performance of the Company.

#### **Management of Growth**

The ability of the Company 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 Company'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 Company's growth could have a detrimental impact on the trading performance of the Company. In mitigation the Company has an experienced management team and a clear strategy for the integration and management of the expected business growth.

#### **Attraction and Retention of Key Employees**

The Company will depend on the continued service and performance of the Chief Executive Officer and other executive directors and key employees and whilst it has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot

be guaranteed. The loss of the services of any of the Chief Executive Officer, executive directors or other key employees could damage the Company's business. Equally the ability to attract new employees and senior executives with the appropriate expertise and skills cannot be guaranteed. The Company may experience difficulties in hiring appropriate employees and the failure to do so may have a detrimental effect upon the trading performance of the Company.

### **Competition**

The Company will be engaged in business activities where there are a number of competitors. Many of these competitors are larger and have access to greater funds than the Company. However, the Directors believe that there is an opportunity to build a new financial communications and marketing business.

### **Performance of Threadneedle**

Threadneedle operates in a competitive market place and there can be no guarantee that its existing clients will continue to use the services of Threadneedle beyond their limited contractual period, which is typically three months. There are also risks that Threadneedle may suffer from delays or failure of its clients to pay contracted revenues. Threadneedle is also dependent on retaining its staff and the loss of key personnel may have a serious impact on its financial performance and its ability to retain and attract clients.

### **Acquisition Agreement**

The Acquisition Agreement contains limited warranties and indemnities given by the Vendors in connection with Threadneedle and its business offering limited protection to the Company.

Completion of the Acquisition Agreement is conditional on Admission and receipt of the Placing proceeds so as to enable the cash payment to be made on completion of the Acquisition.

Whilst it is intended that any time gap is kept to a minimum, it is possible that a material event may occur between the completion of the Placing and the proposed completion of the Acquisition and that such an occurrence could lead to termination of the Acquisition Agreement. In which case, the Company will not receive the Placing proceeds, which will then need to be returned to the placees.

### **Dilution of shareholders' interest as a result of additional equity issues**

The Group may need to raise additional funds in the future to finance, amongst other things, working capital, expansion of the business, new developments relating to existing operations or new acquisitions and/or may issue further shares as consideration for acquisitions. If additional equity or equity-linked securities of the Company are issued other than on a *pro rata* basis to Shareholders, the percentage ownership of the Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the New Ordinary Shares.

### **Economic and political risks**

It is anticipated that some of the Group's activities will be outside the UK and, accordingly, there are a number of risks over which it has little control.

Whilst the Group will make every effort to ensure it has robust commercial agreements covering its activities, there is a risk that the Group's activities are adversely impacted by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of licences or contracts, expropriation, war, terrorism, insurrection and changes to laws governing mineral exploration and operations. There is also the possibility that the terms of any licence or contracts the Group holds (including any favourable tax provisions) may be changed.

### **Currency risk**

Whilst the Company will report its results in Pounds sterling, it is expected that some of its costs and a small portion of its revenues will be denominated in currencies outside its reporting currency. This may result in additions to or reductions in the Company's reported costs or reductions in or increases to the Company's reported revenues.

### **Liquidity and cash flow risk**

The Group monitors its cash position on a daily basis and maintains a detailed rolling weekly cash flow forecast for three months ahead. The Group's annual budgets include a cash flow forecast. All of these financial documents are regularly reviewed by the Directors. The Group's assets were principally funded by equity and cash in bank at the balance sheet date.

### **Taxation Risk**

Any change in the Group's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Group, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this Document concerning the taxation of the Company and its investors are based upon tax law and practice at the date of this Document, which is subject to change.

### **Force Majeure**

The Group's operations now or in the future may be adversely affected by risks outside the control of the Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

### **General Economic Conditions**

Market conditions, particularly those affecting technology companies, may affect the ultimate value of the Company's share price regardless of operating performance. The Company could be affected by unforeseen events outside its control, including, natural disasters, terrorist attacks and political unrest and/or government legislation or policy. Market perception of technology companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by an issue of further shares in the Company. General economic conditions may affect exchange rates, interest rates and inflation rates. Movements in these rates will have an impact on the Company's cost of raising and maintaining debt financing.

### **Litigation Risk**

Legal proceedings may arise from time to time in the course of the Group's business. The Company cannot preclude the possibility that litigation may be brought against it or other companies in the Group.

### **Legal systems**

Some of the countries the Group may operate in could have legal systems that are less well developed than or different to those in the UK. This could result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulation, decrees, orders and resolutions; (v) relative inexperience of the judiciary and courts in such matters; and (vi) difficulty in the interpretation and enforcement of licences and other contracts. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangement in these jurisdictions cannot be assured.

### **AIM**

The Existing Share Capital is already admitted to AIM and it is emphasised that no application is being made for admission of any of the Ordinary Shares to the Official List or to any other stock exchange at this time. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. Further, the London Stock Exchange has not itself examined or approved the contents of this Document.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised for the purposes of FSMA who specialises in the acquisition of shares and other securities.

### **Liquidity and Possible Price Volatility**

The market price of the Ordinary Shares may be subject to significant fluctuations in response to many factors, including variations in the results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Company's sector and other events and factors outside of the Company's control. In addition, stock market prices may be volatile and may go down as well as up.

The price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Company and others of which are extraneous. These factors could include the performance of the Group's business, changes in the values of its investments, changes in the amount of distributions or dividends, changes in the Company's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Company encounters competition, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, legislative or regulatory or taxation changes and general economic conditions. The value of the Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value. Investors may realise less than the original amount invested.

The admission of the Ordinary Shares to trading on AIM should not be taken as implying that there is or will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise an investment in the Company than in a company whose shares are quoted on the Official List. In addition, the market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets.

### **Forward Looking Statements**

This Document includes "forward-looking statements" which includes all statements other than statement of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "believes", "estimates", "expects", "aims", "intends", "can", "may", "anticipates", "would", "should", "could", or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that would cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Among the important factors that could cause the Group's actual results, performance or achievements to differ materially from those in forward-looking statements include those factors in Part III of this document entitled "Risk Factors" and elsewhere in this Document. These forward-looking statements speak only as at the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward-looking statements in this Document may not occur either partially or at all. Neither Porta, nor Northland nor Hub Capital nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules), neither Porta, nor Northland nor Hub Capital is under any obligation, and each of them expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## PART IV

### FINANCIAL INFORMATION ON PORTA COMMUNICATIONS PLC

#### 1. Statutory Accounts for Financial Periods Ended 31 December 2008, 2009 and 2010

Statutory accounts of Porta prepared in accordance with international financial reporting standards for the financial periods ended 31 December 2008, 2009 and 2010 have been delivered to the Registrar of Companies. In respect of those accounts, Porta's auditors, Kingston Smith LLP, gave reports that were unqualified and did not contain a statement under section 237 of the Companies Act.

#### 2. Published Report and Accounts for Financial Periods Ended 31 December 2008, 2009 and 2010

##### (a) *Historical financial Information*

The published annual report and audited accounts of Porta for the financial periods ended **31 December 2008, 2009 and 2010**, and the unaudited interim results of Porta for the six month period ended **30 June 2011** (which have been incorporated in this Document by reference) included, on the pages specified in the table below, the following information:

<i>Nature of information</i>	<i>For the year to 31 December 2008 Page No(s)</i>	<i>For the year to 31 December 2009 Page No(s)</i>	<i>For the year to 31 December 2010 Page No(s)</i>	<i>For the six month period to 30 June 2011 (unaudited) Page No(s)</i>
Independent auditor's report	13-14	13-14	14-15	10
Consolidated Income Statement	15	15	16	3
Group and Company Balance Sheet	Group: 16 Company: 17	Group: 16 Company: 17	Group: 17 Company: 18	Group: 4
Cash Flow Statements	Group: 18 Company: 19	Group: 18 Company: 19	Group: 19 Company: 20	Group: 5
Consolidated Statement of Changes in Equity	Group: 20 Company: 21	Group: 20 Company: 21	21	6
Accounting Policies	22-24	22-26	22-27	7
Notes to the Financial Statements	25-37	27-38	27-38	7-9

(b) The published accounts can be viewed at [www.portacomms.com](http://www.portacomms.com). Recipients of this Document may request a hard copy of the financial information of Porta by writing to The Company Secretary, Porta Communications Plc, New Broad Street House, 35 New Broad Street, London EC2M 1NH. Relevant documents will be posted within two business days of receipt of such a request.

## PART V

### ACCOUNTANTS' REPORT ON THREADNEEDLE

#### **Nexia Smith & Williamson**

12 October 2011

The Directors  
Porta Communications Plc  
New Broad Street House  
35 New Broad Street  
London  
EC2M 1NH

Dear Sirs

#### **Threadneedle Communications Limited (“Threadneedle” or the “Company” for the purposes of this report)**

We report on the historic financial information of the Company for the three years ended 31 August 2009, 31 August 2010 and 31 August 2011 and as at those dates (the “Historic Financial Information”) set out on pages 27 to 44. This Historic Financial Information has been prepared for inclusion in the AIM admission document dated 12 October 2011 (the “Admission Document”) of Porta Communications plc on the basis of the accounting policies set out in Note 1 to the Historic Financial Information. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that schedule and for no other purpose. Save for any responsibility arising under Schedule Two of the AIM Rules to any person as and to the extent provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any responsibility to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

#### **Responsibilities**

The Directors of Threadneedle are responsible for preparing the Historic Financial Information on the basis of preparation as contained within the accounting policies set out in Note 1 to the Historic Financial Information.

It is our responsibility to form an opinion on the Historic Financial Information as to whether the Historic Financial Information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

#### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historic Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Historic Financial Information and whether the accounting policies are appropriate to Threadneedle’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historic Financial Information is free from material misstatement whether caused by fraud, other irregularity or error.

**Opinion on Historic Financial Information**

In our opinion, the Historic Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in Note 1 to the Historic Financial Information.

**Declaration**

For the purposes of Paragraph a of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

**Nexia Smith & Williamson**

Chartered Accountants

Registered Auditors

25 Moorgate

London EC2R 6AY

**Statement of Comprehensive Income  
for the years ended 31 August 2009, 2010 and 2011**

	<i>Notes</i>	<i>Year ended 31-08-2011 £</i>	<i>Year ended 31-08-2010 £</i>	<i>Year ended 31-08-2009 £</i>
Revenue		1,929,406	1,267,113	874,274
Cost of sales		<u>(83,749)</u>	<u>(105,061)</u>	<u>(84,681)</u>
<b>Gross profit</b>		1,845,657	1,162,052	789,593
Marketing costs		(10,985)	(42,848)	(39,385)
General administrative expenses		(1,130,059)	(585,255)	(499,047)
Share-based payments		(37,547)	—	—
Bad debts		(140,482)	(69,655)	—
Exceptional item: impairment of investment in subsidiary	11	<u>(129,543)</u>	<u>—</u>	<u>—</u>
Total administrative costs		<u>(1,437,631)</u>	<u>(654,910)</u>	<u>(499,047)</u>
<b>Operating profit before exceptional item</b>		526,284	464,294	251,161
<b>Operating profit after exceptional item</b>	5	<u>397,041</u>	<u>464,294</u>	<u>251,161</u>
Finance costs	8	(913)	(272)	(1,257)
Other non-operating income		964	247	135
<b>Profit before taxation</b>		397,092	464,269	250,039
Income tax expense	9	<u>(149,022)</u>	<u>(110,915)</u>	<u>(52,879)</u>
<b>Profit for the period being total comprehensive income</b>		<u><u>248,070</u></u>	<u><u>353,354</u></u>	<u><u>197,160</u></u>

**Statement of Financial Position  
as at 31 August 2011**

	<i>Notes</i>	<i>31-08-2011</i> £	<i>31-08-2010</i> £	<i>31-08-2009</i> £
<b>Non-current assets</b>				
Property, plant and equipment	10	13,355	40,345	38,758
Investments in subsidiaries at cost less impairment	11	81,907	159,000	—
		<u>95,262</u>	<u>199,345</u>	<u>38,758</u>
<b>Current assets</b>				
Trade and other receivables	13	208,381	302,742	78,360
Prepayments		28,297	18,760	—
Cash and cash equivalents	14	862,656	311,174	257,503
		<u>1,099,334</u>	<u>632,676</u>	<u>335,863</u>
<b>Total assets</b>		<u>1,194,596</u>	<u>832,021</u>	<u>374,621</u>
<b>Equity</b>				
Share capital	15	200	100	100
Retained earnings		643,061	437,444	209,090
<b>Total equity</b>		<u>643,261</u>	<u>437,544</u>	<u>209,190</u>
<b>Current liabilities</b>				
Trade and other payables	16	551,335	394,477	165,431
<b>Total equity and liabilities</b>		<u>1,194,596</u>	<u>832,021</u>	<u>374,621</u>

Approved by the Board of Directors on 11 October 2011 and were signed on its behalf by:

Mr G Herring  
*Director*

**Statement of Changes in Equity  
for the years ended 31 August 2009, 2010 and 2011**

	<i>Issued capital</i> £	<i>Retained earnings</i> £	<i>Total equity</i> £
Balance at 1 September 2010	<b>100</b>	<b>437,444</b>	<b>437,544</b>
Profit for the year	—	248,070	248,070
Total comprehensive income for the year	—	248,070	248,070
<b>Share-based payment</b>	100	37,547	37,647
<b>Equity dividends</b>	—	(80,000)	(80,000)
Balance at 31 August 2011	<b>200</b>	<b>643,061</b>	<b>643,261</b>
Balance at 1 September 2009	<b>100</b>	<b>209,090</b>	<b>209,190</b>
Profit for the year	—	353,354	353,354
Total comprehensive income for the year	—	353,354	353,354
<b>Equity dividends</b>	—	(125,000)	(125,000)
Balance at 31 August 2010	<b>100</b>	<b>437,444</b>	<b>437,544</b>
Balance at 1 September 2008	100	136,930	137,030
Profit for the year	—	197,160	197,160
Total comprehensive income for the year	—	197,160	197,160
<b>Equity dividends</b>	—	(125,000)	(125,000)
Balance at 31 August 2009	<b>100</b>	<b>209,090</b>	<b>209,190</b>

**Statement of Cash Flows  
for the years ended 31 August 2009, 2010 and 2011**

	<i>Year ended 31-08-2011 £</i>	<i>Year ended 31-08-2010 £</i>	<i>Year ended 31-08-2009 £</i>
<b>Cash flows from operating activities</b>			
Profit for the year	248,070	353,354	197,160
Income tax expense	149,022	110,915	52,879
Share based payments	37,547	—	—
Finance costs	(964)	(247)	(135)
Depreciation	31,803	4,331	3,802
Impairment of non current assets	129,243	—	—
<b>Cash flows before changes in working capital</b>	<u>594,721</u>	<u>468,353</u>	<u>253,706</u>
<b>Increase/(decrease) in working capital</b>			
Decrease/(Increase) in trade and other receivables	94,361	(224,382)	35,797
Increase in prepayments	(9,537)	(18,760)	—
(Decrease)/Increase in trade and other payables	(42,921)	6,173	18,281
Increase in accruals	3,500	—	—
(Decrease)/Increase in tax payable	(59,948)	(40,461)	(35,184)
Increase in other liabilities	107,205	152,666	(591)
<b>Increase/(decrease) in working capital</b>	<u>92,660</u>	<u>(124,764)</u>	<u>18,303</u>
<b>Cash flows from operating activities</b>	<u>687,381</u>	<u>343,589</u>	<u>272,009</u>
<b>Cash flows from investing activities</b>			
Payments to acquire property, plant and equipment	(4,813)	(5,918)	—
Payments to acquire subsidiaries	(52,150)	(159,000)	—
Interest received, classified as investing	964	—	—
<b>Net cash flows used in investing activities</b>	<u>(55,999)</u>	<u>(164,918)</u>	<u>—</u>
	631,381	178,671	272,009
<b>Cash flows from financing activities</b>			
Gross proceeds from issue of equity share capital	100	—	—
Dividends paid, classified as financing, to equity holders of parent	(80,000)	(125,000)	(125,000)
<b>Net cash flows used in financing activities</b>	<u>(79,900)</u>	<u>(125,000)</u>	<u>(125,000)</u>
<b>Increase/decrease in cash and cash equivalents</b>	551,482	53,671	147,009
Cash and cash equivalents as at 1 September	<u>311,174</u>	<u>257,503</u>	<u>110,494</u>
<b>Cash and cash equivalents as at 31 August</b>	<u><u>862,656</u></u>	<u><u>311,174</u></u>	<u><u>257,503</u></u>

## **NOTES TO THE HISTORIC FINANCIAL INFORMATION for the years ended 31 August 2009, 2010 and 2011**

### **1 General**

Threadneedle Communications Ltd (“the Company”) is a limited liability company which is incorporated and domiciled in the UK. The Company’s registered number is 4880361.

The principal activities of the Company are that of financial public relations consultancy services.

The Company has one subsidiary (see Note 11). Group accounts have not been prepared because the principle business of the subsidiary was transferred to the parent. In addition, due to the size of the group, the Company has not been required to prepare group accounts by UK law.

### **2 Presentation under IFRS**

The Company has historically prepared its accounts under Generally Accepted Accounting Principles in the United Kingdom (“UK GAAP”). For the purposes of the Historic Financial Information, International Financial Reporting Standards as adopted in the European Union (“IFRS”) have been used, except in respect of the following matter:

- The Historic Financial Information does not constitute a set of general purpose financial statements under paragraph 3 of IFRS 1, “First-time Adoption of International Financial Reporting Standards” and consequently the Company does not make an explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 14 of IAS 1, “Presentation of Financial Statements”. A company is only permitted to apply the first-time adoption rules of IFRS 1 in its first set of financial statements where such an unreserved statement of compliance has been made. Although such a statement has not been made here, the Historic Financial Information has been prepared as if the date of transition to IFRS was from the beginning of the first period presented, and the requirements of IFRS 1 have been applied since that date. In other respects IFRS as adopted by the EU have been applied.

The Company concluded that, in respect of the Historic Financial Information of the Company, no material differences exist between UK GAAP and IFRS in terms of shareholder’s equity as of 31 August 2011, net earnings for the years ended 31 August 2011 and shareholder’s equity as of 31 August 2011. As such, no reconciliation table or detailed disclosures are considered necessary.

### **3 Accounting policies**

#### ***Basis of preparation***

The Historic Financial Information of the Company has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS Interpretations Committee and the Companies Act 2006 applicable to companies reporting under IFRS.

The Company’s Historic Financial Information has been prepared under the historical cost convention and on a going concern basis.

The Historic Financial Information has been prepared in accordance with IFRS and IFRS Interpretations Committee issued and effective or issued and early adopted as at the time of preparing these statements.

The preparation of Historic Financial Information in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company Historic Financial Information are disclosed under accounting policies in note 3 below.

### ***International Financial Reporting Standards in Issue but not yet Effective***

At the date of authorisation of these Consolidated Historic Financial Information, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Company. Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, these Consolidated Historic Financial Information; the following may have a material impact going forward.

<i>New/Revised International Financial Reporting Standards</i>		<i>Effective Date: Annual periods beginning on or after:</i>	<i>EU adopted</i>	<i>Impact on Threadneedle</i>
IFRS 7 (Amended)	Financial Instruments: Disclosure	1 July 2011	No	Disclosure only
IFRS 10	Consolidated Financial Statements	1 January 2013	No	Provides a single consolidation model with control being the basis for consolidation
IFRS 11	Joint Arrangements	1 January 2013	No	Establishes the principles for financial reporting by parties to a joint venture
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013	No	Disclosure only
IFRS 13	Fair Value Measurement	1 January 2013	No	Defines fair value and sets out a single framework for measuring fair value
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2013	No	Classification and measurement of financial instruments
IAS 24	Revised IAS 24 Related Party Disclosures	1 January 2011	Yes	Disclosure only
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	Yes	Future exchange of financial liabilities for equity

### ***Revenue recognition***

Revenue represents the turnover, net of discounts, derived from services provided to and invoiced to customers.

Both fee income and recharged costs are billed in the period in which the work was completed or the costs incurred. Income billed in advance is credited to deferred income and released to revenue to match costs incurred. For projects falling over the financial year end, income is recognised to reflect the partial performance of the contractual obligations.

### ***Segment reporting***

The Board considers that the Company has a single business segment which delivers public relations consultancy services. The revenue, expenditure and result reported in the statement of comprehensive income and the assets and liabilities reported in the statement of financial position all relate to this single segment.

### ***Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of assets to their residual values, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	–	Over the length of the lease
Office equipment	–	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

### ***Investments in subsidiaries***

Investments in subsidiaries are stated at cost less any provision for impairment.

### ***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 cash flows (cash generating units).

### ***Leases***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. At the year end date all leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

### ***Trade receivables***

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company 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. The amount of the provision is recognised in the statement of comprehensive income.

### ***Cash and cash equivalents***

Cash and cash equivalents comprise current bank balances which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the statement of cash flows.

### ***Finance costs***

Finance costs, which include interest and bank charges are recognised in the statement of comprehensive income in the year in which they are incurred.

### ***Share capital***

Ordinary shares are classified as equity.

### ***Pension costs***

Contributions to defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

### ***Taxation including deferred taxation***

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 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 is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This is reviewed annually.

### ***Deferred consideration for acquisitions***

Deferred consideration for acquisitions includes deferred and contingent consideration. Deferred payments for historical business acquisitions are generally contingent on the future revenue and/or profits achieved by the acquired business. On acquisition date, estimates are made of the expected future revenue and profit based on forecasts made by management. These estimates are re-assessed at each reporting date and adjustments are made to the deferred consideration where necessary. Amounts of deferred consideration payable after one year are discounted, if material, using discount rates that reflect the current market assessment of the time value of money and, where appropriate, the risks specific to the acquired business.

### ***Share-based payments***

The Company makes equity-settled share-based payments to its employees. Equity-settled share-based awards are measured at fair value at the date of grant using an appropriate pricing methodology and expensed over the vesting period of the award.

### ***Critical accounting estimates and judgements***

Estimates and judgements 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 Company 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.

### ***Bad debt provisions***

The trade receivables balances recorded in the Company's statement of financial position comprise a relatively small number of large balances. A full line by line review of trade receivables is carried out at the year end. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

### ***Investments in subsidiaries***

In determining the fair value of Investments in subsidiaries the Company makes assumptions that affect the reported amounts of assets. Investments are reviewed regularly on an individual basis to determine impairment status.

### ***Share-based payments***

In determining the fair value of equity-settled share-based payments and the related charge to the statement of comprehensive income, the Board makes assumptions about the value of the Company. Such assumptions are based on publicly available information and reflect market expectations and advice taken from qualified personnel. Different assumptions about these factors to those made by the Company could materially affect the reported value of share-based payments.

## 4 Segmental Reporting

### Operating segments

The Company has only one operating segment: the provision of financial PR services.

### Geographical areas

The UK is the home country of the Company and revenue is generally generated in the UK. Revenue is allocated below based on the country in which the customer is located.

	<i>Year ended</i> <i>31-08-2011</i>	<i>Year ended</i> <i>31-08-2010</i>	<i>Year ended</i> <i>31-08-2009</i>
	£	£	£
UK	1,562,718	850,008	516,881
Rest of the world	366,688	426,105	357,393
Total	<u>1,929,406</u>	<u>1,276,113</u>	<u>874,274</u>

### Major Customers

No single customer contributes more than 10 per cent. of revenue.

## 5 Operating profit

is stated after charging/(crediting):

	<i>Year ended</i> <i>31-08-2011</i>	<i>Year ended</i> <i>31-08-2010</i>	<i>Year ended</i> <i>31-08-2009</i>
	£	£	£
Operating leases:			
Present value of minimum lease payments	<u>87,235</u>	<u>44,208</u>	<u>32,235</u>
<b>Included in administrative expenses:</b>			
Employee benefits expense	819,611	439,027	359,654
Impairment of investment	129,543	—	—
Depreciation and amortisation	<u>31,803</u>	<u>4,331</u>	<u>3,802</u>
	<u>980,957</u>	<u>443,358</u>	<u>363,456</u>

## 6 Staff costs

	<i>Year ended</i> <i>31-08-2011</i>	<i>Year ended</i> <i>31-08-2010</i>	<i>Year ended</i> <i>31-08-2009</i>
	£	£	£
Wages and salaries	695,088	383,713	311,992
Pension costs	10,200	11,200	12,000
Share-based payments transactions	37,547	—	—
Other employee benefits	1,045	960	—
Social security costs	<u>75,731</u>	<u>43,154</u>	<u>35,662</u>
	<u>819,611</u>	<u>439,027</u>	<u>359,654</u>

Average monthly number of persons (including directors) employed by the Company during the year were:

	<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>
Financial PR	11	7	5
Administration	<u>1</u>	<u>1</u>	<u>1</u>
	<u>12</u>	<u>8</u>	<u>6</u>

## 7 Directors' remuneration

	<i>Year ended 31-08-2011</i>	<i>Year ended 31-08-2010</i>	<i>Year ended 31-08-2009</i>
	£	£	£
Aggregate remuneration	<u>26,918</u>	<u>26,340</u>	<u>26,361</u>

## 8 Finance costs

	<i>Year ended 31-08-2011</i>	<i>Year ended 31-08-2010</i>	<i>Year ended 31-08-2009</i>
	£	£	£
Bank charges	<u>913</u>	<u>272</u>	<u>1,257</u>

## 9 Taxation

	<i>Year ended 31-08-2011</i>	<i>Year ended 31-08-2010</i>	<i>Year ended 31-08-2009</i>
	£	£	£
Current tax	149,022	110,915	52,879
Deferred tax	—	—	—
Total tax expense for the period	<u>149,022</u>	<u>110,915</u>	<u>52,879</u>

Tax has been calculated using an estimated annual effective tax rate of 37.5 per cent. for the year ended 31-08-2011 (Year ended 31-08-2010 23.9 per cent.) on profit before tax.

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Profit before taxation	397,092	464,269	250,039
Effects of:			
Interest received	(964)	(172)	(35)
Expenses not allowable for taxation	(6,052)	(7,467)	(2,002)
Impairment of investments in subsidiaries	129,243	—	—
Impairment of property, plant and equipment	27,352	—	—
Depreciation	4,451	4,331	3,802
Legal fees	8,062	—	—
Assessable profit	<u>599,184</u>	<u>460,961</u>	<u>251,804</u>
Tax on assessable profit at standard UK corporation tax rate (26% for the financial year 2011 and 28% for the financial year 2010 and 2009)	<u>149,022</u>	<u>110,915</u>	<u>52,879</u>

## 10 Property, plant and equipment

	<i>Leasehold improvements</i> £	<i>Office equipment</i> £	<i>Total</i> £
<b>At 31 August 2011</b>			
<b>Cost</b>			
At 1 September 2010	27,352	33,466	60,818
Additions	—	4,813	4,813
At 31 August 2011	<u>27,352</u>	<u>38,279</u>	<u>65,631</u>
<b>Depreciation</b>			
At 1 September 2010	—	(20,473)	(20,473)
Charge for the year	<u>(27,352)</u>	<u>(4,451)</u>	<u>(31,803)</u>
At 31 August 2011	<u>(27,352)</u>	<u>(24,924)</u>	<u>(52,276)</u>
<b>Net book value</b>			
At 1 September 2010	<u>27,352</u>	<u>12,993</u>	<u>40,345</u>
At 31 August 2011	<u>—</u>	<u>13,355</u>	<u>13,355</u>
<b>At 31 August 2010</b>			
<b>Cost</b>			
At 1 September 2009	27,352	27,548	54,900
Additions	—	5,918	5,918
At 31 August 2010	<u>27,352</u>	<u>33,466</u>	<u>60,818</u>
<b>Depreciation</b>			
At 1 September 2009	—	(16,142)	(16,142)
Charge for the year	<u>—</u>	<u>(4,331)</u>	<u>(4,331)</u>
At 31 August 2010	<u>—</u>	<u>(20,473)</u>	<u>(20,473)</u>
<b>Net book value</b>			
At 1 September 2009	<u>27,352</u>	<u>11,406</u>	<u>38,758</u>
At 31 August 2010	<u>27,352</u>	<u>12,993</u>	<u>40,345</u>
<b>At 31 August 2009</b>			
<b>Cost</b>			
At 1 September 2008	27,352	27,548	54,900
At 31 August 2009	<u>27,352</u>	<u>27,548</u>	<u>54,900</u>
<b>Depreciation</b>			
At 1 September 2008	—	(12,340)	(12,340)
Charge for the year	<u>—</u>	<u>(3,802)</u>	<u>(3,802)</u>
At 31 August 2009	<u>—</u>	<u>(16,142)</u>	<u>(16,142)</u>
<b>Net book value</b>			
At 1 September 2008	<u>27,352</u>	<u>15,208</u>	<u>42,560</u>
At 31 August 2009	<u>27,352</u>	<u>11,406</u>	<u>38,758</u>

## 11 Investments in subsidiaries

	<i>Year ended</i> 31-08-2011 £	<i>Year ended</i> 31-08-2010 £	<i>Year ended</i> 31-08-2009 £
At 1 September	159,000	—	—
Additions	52,150	159,000	—
Impairment	(129,243)	—	—
At 31 August	<u>81,907</u>	<u>159,000</u>	<u>—</u>

On 30 June 2010, the Company obtained control of Investor Communications International Services Ltd ('ICIS') through the purchase of 100 per cent. of the share capital of that company. ICIS' principal activity was PR Consultancy services.

At the 31 August 2011, the Directors impaired the investment to a carrying amount equal to the net assets of the subsidiary at the 31 August 2011, based on the recoverable amounts indicated by the unaudited management accounts of the subsidiary at that date. The major cost and revenue streams of the subsidiary were transferred into the Company on acquisition.

Additions to the cost of investment in 2011 represent a deferred consideration due from the original purchase agreement. Included in payables at the year end 31 August 2011 is the final payment due to the previous owner of ICIS. No written agreement has been reached with the former owner of ICIS and the deferred consideration represents the Directors' best estimate of the amount due.

In the opinion of the Directors, the aggregate value of the investments in subsidiaries is not less than the amount at which it is stated above and in the statement of financial position.

At 31 August 2011 the subsidiaries were as follows:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>% ownership interest</i>	<i>% voting rights</i>
Investor Communications International Services Ltd	England	100	100

## 12 Financial instruments – Risk management

The Company does not use or trade in derivative financial instruments.

	<i>31-08-2011</i> £	<i>31-08-2010</i> £	<i>31-08-2009</i> £
<i>Financial assets categorised as loans and receivables</i>			
Trade and other receivables	208,381	302,742	78,360
Cash and cash equivalents	862,656	311,174	257,503
	<u>1,071,037</u>	<u>613,916</u>	<u>335,863</u>

All of the above financial assets' carrying values approximate to their fair values, as at 31 August 2009, 2010 and 2011, given their nature and short times to maturity

*Financial liabilities measured at amortised cost*

Trade payables	50,915	93,837	87,664
Other payables	263,371	152,666	—
Taxes and social security	237,049	147,974	77,767
	<u>551,335</u>	<u>394,477</u>	<u>165,431</u>

All of the above financial liabilities' carrying values approximate to their fair values, as at 31 August 2009, 2010 and 2011, given their nature and short times to maturity.

The main risks arising from the financial instruments of the Company are credit risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing these risks and they are summarised below. These policies have remained unchanged throughout the financial period.

### ***Credit risk***

The exposure to credit risk of the Company is limited to the carrying values of financial assets recognised at the statement of financial position date, as summarised below:

	<i>31-08-2011</i>	<i>31-08-2010</i>	<i>31-08-2009</i>
	£	£	£
<i>Classes of financial assets – carrying amount</i>			
Cash and cash equivalents	862,656	311,174	257,503
Trade and other receivables	208,381	302,742	78,360
	<u>1,071,037</u>	<u>613,916</u>	<u>335,863</u>

The maximum exposure to credit risk in relation to trade receivables is equivalent to the year end balance. It is the policy of the Company to assess the credit risk of its customers. The Company closely monitors the credit worthiness of customers and other counterparties, and will require an advance payment if necessary. The Company will terminate business with a customer with a poor credit history.

The Directors consider that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, based on financial information and past trading history, including those that are past due.

The Company is not exposed to any significant credit risk exposure to any single counterparty or Group of counterparties having similar characteristics. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

### ***Liquidity risk***

The objectives of the Company are to maintain a balance between continuity of funding and flexibility through cash pooling and shareholder funding. The Company monitors its liquidity risk on an ongoing basis by undertaking rigorous cash flow forecasting procedures.

The financial liabilities of the Company have contracted maturities, which are summarised below:

	<i>31-08-2011</i>	<i>31-08-2010</i>	<i>31-08-2009</i>
	£	£	£
Trade payables, within 6 months	<u>50,915</u>	<u>93,837</u>	<u>87,664</u>

### ***Interest rate risk***

The Company finances itself using its own cash balances which comprise cash and short-term deposits, and therefore has no significant fair value interest rate risk.

### ***Capital risk management***

The Company defines capital as the Equity shown in the statement of financial position.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital

## **13 Trade and other receivables**

	<i>31-08-2011</i>	<i>31-08-2010</i>	<i>31-08-2009</i>
	£	£	£
Receivable from trade customers	192,196	301,616	77,614
Other receivables	16,185	1,126	746
	<u>208,381</u>	<u>302,742</u>	<u>78,360</u>

Trade receivables are non-interest bearing and generally have a 30 – 90 day term. Due to their short maturities, the fair value of trade receivables approximates their book value.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will be unable to collect all amounts due according to the original terms. The Company considers factors such as default or delinquency in payment, significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy in deciding whether the trade receivable is impaired.

***Provision for impairment of trade receivables***

	<i>31-08-2011</i>	<i>31-08-2010</i>	<i>31-08-2009</i>
	£	£	£
As at 1 September	—	—	—
Charge for the period	40,053	—	—
Uncollected amounts written off, net of recoveries	—	—	—
As at 31 December	40,053	—	—
Bad debts written off	100,429	69,655	—
Total bad debt expenses	<u>140,482</u>	<u>69,655</u>	<u>—</u>

As at 31 August 2011, trade receivables of £40,053 were impaired (2009: £nil, 2008: £nil).

As at 31 August 2011 trade receivables of £180,760 (2009: £168,771, 2008: £32,277) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	<i>31-08-2011</i>	<i>31-08-2010</i>	<i>31-08-2009</i>
	£	£	£
Up to 3 months past due	168,990	250,679	75,314
3 to 6 months past due	18,853	35,710	2,300
Over 6 months past due	4,353	15,227	—
	<u>192,196</u>	<u>301,616</u>	<u>77,614</u>

**14 Cash and cash equivalents**

	<i>31-08-2011</i>	<i>31-08-2010</i>	<i>31-08-2009</i>
	£	£	£
Cash on hand	147	—	—
Cash at bank	862,509	311,174	257,503
	<u>862,656</u>	<u>311,174</u>	<u>257,503</u>

**15 Share capital**

	<i>31-08-2011</i>	<i>31-08-2010</i>	<i>31-08-2009</i>
	£	£	£
<b><i>Authorised share capital</i></b>			
1,000 shares of £1 each	1,000	1,000	1,000
<b><i>Allotted, called up and fully paid:</i></b>			
160 Ordinary shares of £1 each	160	100	100
40 Redeemable shares of £1 each	40	—	—
	<u>200</u>	<u>100</u>	<u>100</u>

On 1 September 2010 60 additional £1 ordinary shares were issued. In addition, 40 redeemable £1 shares were issued by the Company on the same day. The redeemable shares do not entitle the holder to dividends and are redeemable at par at the option of the Company.

## 16 Trade and other payables

	31-08-2011	31-08-2010	31-08-2009
	£	£	£
Trade payables	50,915	23,222	34,591
Deferred income	110,113	70,615	53,073
Other payables	86,977	152,666	—
Accrued liabilities	3,500	—	—
Tax payable	237,049	147,974	77,767
Payable to related parties	62,781	—	—
	<u>551,335</u>	<u>394,477</u>	<u>165,431</u>

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The Directors consider that the carrying amount of trade payables approximates to their fair value.

Other payables include the deferred consideration for the purchase of ICIS. This balance has not been discounted as the impact is considered to be immaterial.

## 17 Operating lease commitments

At the year end date, the Company had lease agreements in respect of properties and equipment for which the payments extend over a number of years. The future minimum lease payments under non-cancellable leases are as follows:

	31-08-2011	31-08-2010	31-08-2009
	£	£	£
<b>Due:</b>			
Within one year	64,891	87,235	32,235
Within two to five years	110,000	174,891	42,126
	<u>174,891</u>	<u>262,126</u>	<u>74,361</u>

At 31 August 2011, the minimum lease payments receivable expected for the sublease of the property were £10,010.

## 18 Contingent liabilities

### *Dilapidations*

The Directors have considered the need for a dilapidation provision for a leasehold property. The Company believes no liability on the Company will crystallize, however this will not be confirmed until the lease has ended.

### *Deferred consideration*

A liability has been accrued for the Company's calculation of the final consideration due on the purchase of ICIS and this has been included in other liabilities at the 31 August 2011. However, this final consideration due has not been confirmed by the counterparty and thus some uncertainty over the final liability remains.

## 19 Related party transactions

### *Payable to parent undertakings*

	<i>31-08-2011</i>	<i>31-08-2010</i>	<i>31-08-2009</i>
	£	£	£
Investor Communications International Services Ltd	62,781	—	—

### *Transactions with parent undertakings in the year*

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>31-08-2011</i>	<i>31-08-2010</i>	<i>31-08-2009</i>
	£	£	£
Investor Communications International Services Ltd	74,810	—	—

### *Key management compensation*

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>31-08-2011</i>	<i>31-08-2010</i>	<i>31-08-2009</i>
	£	£	£
Wages and salaries	24,000	24,000	24,000
Social Security costs	—	2,340	2,361
	<u>24,000</u>	<u>26,340</u>	<u>26,361</u>

## 20 Share based payments

On 1 September 2010, two employees were offered and purchased 20 redeemable £1 shares each at par.

The shares are redeemable at par at the option of the Company. The shares do not entitle the holder to dividend payments. The shares were valued at £37,547, based on an earnings based valuation model after discounting for various factors including the lack of a market in the shares and their restricted rights compared to ordinary shares.

There were no share options exercisable at the year end.

## PART VI

### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

The following unaudited pro forma statement of net assets of the Group (the “pro forma financial information”) is based on the consolidated net assets of the Porta Communications plc Group as at 30 June 2011 as, set out in the unaudited consolidated interim financial statements and the net assets of Threadneedle Communications Limited at 31 August 2011 as set out in Part V.

The pro forma financial information has been prepared to illustrate the effect on the consolidated net assets of the Group as if the proposed share issue and group restructure were completed on 31 August 2011 as detailed in notes 3 and 4 of this pro forma.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Group’s actual financial position or results.

The pro forma financial information has been prepared under International Financial Reporting Standards and on the basis set out in the notes below. The pro forma financial information is stated on the basis of the accounting policies adopted in the last consolidated financial statements of Porta Communications plc and in the Accountants report set out in Part V on Threadneedle Communications Limited.

	<i>Porta</i> <i>30-06-2011</i> <i>(note 1)</i> £	<i>Threadneedle</i> <i>31-08-2011</i> <i>(note 2)</i> £	<i>Proposed</i> <i>share issue</i> <i>(note 3)</i> £	<i>Pro forma</i> <i>adjustments</i> <i>(note 4)</i> £	<i>Unaudited</i> <i>pro forma</i> <i>net assets of</i> <i>the enlarged</i> <i>Group</i> £
			<i>Adjustments</i>		
<b>Non-current assets</b>					
Intangible assets	—	—	—	5,475,652	5,475,652
Investment in subsidiaries	—	81,907	—	(81,907)	—
Property, Plant and Equipment	818	13,355	—	10,979	25,152
	818	95,262	—	5,404,724	5,500,804
<b>Current assets</b>					
Inventories	—	—	—	—	—
Trade and other receivables	143,168	208,381	—	36,123	387,672
Prepayments	—	28,297	—	—	28,297
Cash and cash equivalents	2,023,352	862,656	1,856,369	(2,520,000)	2,222,377
	2,166,520	1,099,334	1,856,369	(2,483,877)	2,638,346
<b>Current liabilities</b>					
Trade and other payables	185,089	551,335	—	(34,085)	701,619
Current portion of long term liabilities	—	—	—	—	—
	185,089	551,335	—	(34,085)	701,619
<b>Net current assets</b>	1,981,431	547,999	1,856,369	(2,449,072)	1,936,727
<b>Deferred tax</b>	—	—	—	(1,368,913)	(1,368,913)
<b>Net assets</b>	1,982,249	643,261	1,856,369	1,586,739	6,068,618

**Notes:**

1. The net assets of Porta Communications plc (“Porta”) at 30 June 2011 have been extracted from the interim unaudited financial statements of Porta Communications plc for the period ended 30 June 2011 as referenced in Part IV.
2. The net assets of Threadneedle Communications Limited (“Threadneedle”) at 31 August 2011 have been extracted from the financial information in Part V.
3. An adjustment has been made to reflect the proposed issue of shares for consideration of £2,319,505 by way of a placing, as set out in Part I less expenses of £463,136.

4. An adjustment has been made to reflect the consideration for the proposed purchase of Threadneedle consisting of a payment of cash consideration of £2,520,000 and the share capital of £1,280,000, a total consideration of £3,800,000. No fair value exercise has been completed on the book values of Threadneedles' assets and liabilities and the difference between the cost of investment in Threadneedle and its net assets are presented as intangible assets. An adjustment for deferred tax arising on the recognition of the intangible assets has also been made. The intangible assets have been grossed up to reflect the Non-controlling interest's share of such assets including the related deferred tax, assuming there is no goodwill, after accounting for those assets. Net assets are stated before deducting Non-controlling interests from Total equity attributable to the owners of the Company. The effect of the assumptions made is that the Non-controlling interest in Threadneedle in the Net Assets shown in the pro-forma Statement of Net Assets is £950,000.

An adjustment has also been made the purposes of this pro-forma to eliminate the cost of investment in Investor Communications International Services Limited ("ICIS") held by Threadneedle of £81,907 and to reflect other net assets of £81,907 derived from the unaudited management accounts of ICIS which have been added to Property, Plant and Equipment; Trade and other receivables and Trade and other payables, Intercompany balances reflected in Trade and other receivables and Trade and other payables of £62,781 have also been eliminated.

5. No account has been taken of the financial performance of Porta since 30 June 2011 or Threadneedle since 31 August 2011, or of any other event save as disclosed above.

## PART VII

### ADDITIONAL INFORMATION

#### 1. Directors' Responsibility

- 1.1. The Directors, whose names appear on page 4 of this Document, accept responsibility for all the information contained in this Document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Incorporation and Status of the Group

- 2.1. The Company was incorporated and registered in England and Wales on 4 February 2005 under the Companies Act 1985 with registered number 05353387 as a public company limited by shares with the name Media Steps plc.
- 2.2. By a special resolution dated 26 March 2007, it was resolved to change the name of the Company to Sandford plc.
- 2.3. By a special resolution dated 20 August 2007, it was resolved to change the name of the Company to TSE Group plc and by special resolution dated 17 December 2010 to Porta Communications plc.
- 2.4. The Company's registered office and its principal place of business in the United Kingdom is New Board Street House, 35 New Broad Street, London EC2M 1NH.
- 2.5. The liability of the members of the Company is limited.
- 2.6. The Company is the holding company of the Group. The subsidiary undertakings of the Company are listed below:

<i>Name of Subsidiary</i>	<i>Country of Incorporation</i>	<i>Proportion of Share Capital Beneficially Held</i>
Newgate PR Holdings Limited	UK	100%
Newgate Public Relations Limited	UK	100%
Impact 34 Limited	UK	100%
Newgate Threadneedle Limited	UK	100%
Newgate Trading Europe Limited	UK	51%
Newgate Public Affairs plc	UK	100%
BComp 416 Limited	UK	100%
Impact34 Reklam ve Organizasyon Danışmanlık Hizmetleri Limited	Turkey	51%
Wilton International Consulting Limited	UK	100%

#### 3. Share Capital

- 3.1. On 1 October 2009 companies were no longer required to have an authorised share capital by virtue of the Companies Act.
- 3.2. As at the date of this Document and immediately following Admission, the Company's issued share capital is and will be as set out below. All the issued share capital of the Company has been fully paid up. The Company does not have an authorised share capital.

##### At the date of this Document

	<i>Nominal Value</i>	<i>Number</i>
<i>Ordinary Shares</i>		
Issued & Paid	£3,725,600	3,725,600,000
<i>Deferred Shares</i>		
Issued & Paid	£ 648,000	72,000,000

### **Immediately following Admission**

	<i>Nominal Value</i>	<i>Number</i>
Issued & Paid Ordinary Shares	£7,075,700.80	70,757,008
Deferred Shares Issued & Paid	£648,000.00	72,000,000

Following admission, the Existing Ordinary Shares will represent 52.65 per cent. of the Enlarged Share Capital.

- 3.3. Beaumont Cornish Limited (“Beaumont”) currently hold 7,500,000 warrants and each warrant entitles Beaumont to receive, upon exercise of the warrants, one Existing Ordinary Share, at an exercise price of 0.85p per Existing Ordinary Share. The warrants are exercisable within five years of the date of grant, being August 2007, thus will lapse in August 2012.
- 3.4. Save for the warrants held by Beaumont referred to in paragraph 3.3 above, there are no options, warrants relating to Ordinary Shares or any convertible securities which have been issued or granted by the Company and which are outstanding.
- 3.5 The following changes have taken place in the issued share capital of the Company during the period covered by the historical financial information of the Company (as referenced in Part IV of this document) and up to the date of this Document:

#### ***Year to 31 December 2008***

- 3.5.1 During the year 217,700,000 Ordinary Shares were issued at a premium of 0.07p each, raising £370,090 excluding expenses, taking the aggregate nominal value of the issued share capital of the Company to £1,449,600 comprising 801,600,000 Ordinary Shares and 72,000,000 Deferred Shares of 0.9p each.
- 3.5.2 During the year 8,000,000 Ordinary Shares were issued at a premium of 0.75p each, as part consideration for the acquisition of the entire issued share capital of Wilton International Consulting Limited, taking the aggregate nominal value of the issued share capital of the Company to £1,457,600, comprising 809,600,000 Ordinary Shares and 72,000,000 Deferred Shares of 0.9p each.

#### ***Year to 31 December 2009***

- 3.5.3 No changes to the issued share capital during this period.

#### ***Year to 31 December 2010***

- 3.5.4 On 17 December 2010 the following Ordinary shares were issued:
  - 3.5.4.1 2,750,000,000 Ordinary Shares were issued at par;
  - 3.5.4.2 16,000,000 Ordinary Shares were issued as part of deferred consideration agreed on 20 August 2007 relating to the acquisition of TSE Consulting SA. The shares were issued equally to Robin Courage and Lars Haue-Pedersen, both former Directors of the Company; and
  - 3.5.4.3 150,000,000 Ordinary Shares were issued to the new Director, David Wright, in settlement of fees due under a consultancy agreement. These shares are held in an escrow account and will revert back to the Company if David Wright’s service contract is terminated within 24 months of its commencement date.
- 3.5.5 As at 17 December 2010, the aggregate nominal value of the issued share capital of the Company was £4,373,600 comprising 3,725,600,000 Ordinary Shares of 0.1p each and 72,000,000 Deferred Shares of 0.9p each.

#### ***As at the date of this Document***

- 3.5.6 Since 31 December 2010 there have been no further changes to the issued share capital of the Company.

3.5.7 The Consideration Shares and the Placing Shares will be created under the provisions of the Companies Act.

#### **4. Articles of Association**

4.1. The Company amended its current Articles by special resolution at a general meeting on 17 December 2010.

4.2. The Articles contain, *inter alia*, provisions to the following effect:

##### **4.2.1. Voting Rights**

Subject to any special rights or restrictions relating to voting which may be attached to any Ordinary Shares which are issued, on a show of hands or on a poll, every member who (being an individual) is present in person or by proxy not being himself a member or (being a corporation) is present by a representative or by proxy not being himself a member shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. The Company shall not be entitled to vote in respect of any shares which it holds in treasury.

##### **4.2.2. Restrictions on Voting**

No member of the Company shall be entitled to vote at any general meeting of the Company or at any separate class meeting of the Company in respect of any Ordinary Share held by him unless all calls or other sums payable by him in respect of that Ordinary Share have been paid.

##### **4.2.3. General Meetings of Shareholders**

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company, shall be called by twenty one days' notice in writing at the least and any other extraordinary general meeting by fourteen days' notice in writing at the least (save as otherwise agreed). The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to the auditors, all the directors and all members other than such as are not under the provisions of the Articles entitled to receive such notices from the Company.

Notwithstanding that a general meeting has been called by a shorter notice than that specified above, such general meeting shall be deemed to have been duly called if it is so agreed:

- (a) in the case of an annual general meeting by all the members entitled to attend and vote thereat;
- (b) in the case of an extraordinary general meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right;
- (c) every notice calling a general meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company; and
- (d) the notice shall specify the general nature of the business to be transacted at the meeting and if any resolution is to be proposed as an extraordinary resolution or as a special resolution, the notice shall contain a statement to that effect.

##### **4.2.4. Dividends**

Subject to the Companies Act and the provisions of all other relevant legislation, the Company may by ordinary resolution declare dividends in accordance with the respective rights of members but no such dividend shall exceed the amount recommended by the Directors. If, in

the opinion of the Directors, the profits of the Company available for distribution justify such payments, the Directors may pay fixed dividends payable on any shares of the Company with preferential rights, half-yearly or otherwise, on fixed dates and from time to time pay interim dividends to the holders of any class of shares. Subject to any special rights attaching to or terms of issue of any shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. No dividend shall be payable to the Company itself in respect of any shares held by it as treasury shares.

The Company may, upon the recommendation of the Directors, by ordinary resolution, direct payment of a dividend wholly or partly by the distribution of specific assets.

All dividends unclaimed after a period of 12 years from the date when such dividend became due for payment shall be forfeited and shall revert to the Company.

The Directors may, if so authorised by ordinary resolution passed at any general meeting of the Company, offer any holders of Ordinary Shares the right to elect to receive in lieu of that dividend an allotment of Ordinary Shares credited as fully paid.

#### **4.2.5. *Deferred Shares***

The holders of deferred shares shall not be entitled to receive or participate in any dividend in respect of the deferred shares nor to vote or receive notice of or attend a general meeting. On a return of capital on winding up each holder of a deferred share shall be entitled to receive a sum equal to the nominal value of each deferred share paid up after £1,000,000 per Ordinary Share has been distributed amongst the holders of Ordinary Shares.

#### **4.2.6. *Return of Capital***

On a winding up of the Company (whether the liquidation is voluntary, under supervision or by the Court), the liquidator may with the authority of a special resolution of the Company and any other sanction required by legislation in force in the United Kingdom from time to time, divide among the Company's members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any assets to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with that sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator with the relevant authority determines and the liquidation of the Company may be closed and the Company dissolved, but so that no members shall be compelled to accept any shares or other property in respect of which there is a liability.

#### **4.2.7. *Variation of Rights***

Subject to the provisions of the Companies Act and of the Articles, the special rights attached to any class of share in the Company may be varied or abrogated:

- (a) in such manner (if any) as may be provided by such rights; or
- (b) in the absence of any such provisions either with the consent in writing of the holders of three quarters in nominal value of the issued shares of that class or group or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class or group (but not otherwise).

#### **4.2.8. *Transfer of Shares***

All shares in the Company may be transferred by a transfer in any usual or common form or any form acceptable to the Directors and permitted by the Companies Act and the London Stock Exchange (as appropriate).

The Directors may decline to register a transfer of an Ordinary Share which is:

- (i) not fully paid up or on which the Company has a lien provided that in the case of shares admitted to the Official List of the UKLA, such discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis; or

- (ii) to be made to a bankrupt or person who is mentally disordered or a patient for any purpose of any statute relating to mental health; or
- (iii) (except where a certificate has not been issued) not accompanied by the certificate of the Ordinary Share to which it relates or such other evidence reasonably required by the Directors to show the right of the transferor to make the transfer; or
- (iv) in respect of more than one class of Ordinary Share; or
- (v) in the case of a transfer to joint holders of an Ordinary Share, where the number of joint holders to whom the Ordinary Share is to be transferred exceeds four; or
- (vi) (except where a certificate has been issued) if the Un-certificated Securities Regulations 2001 allows it to do so and much do so where Un-certificated Securities Regulations 2001 so require.

#### 4.2.9. ***Alteration of Capital***

The Company may:

- (a) by ordinary resolution, consolidate and/or divide all or any of its share capital into shares of a larger amount;
- (b) by ordinary resolution and subject to the Companies Act and the Articles, sub-divide all or any of its shares, determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other rights over, or may have such deferred or qualified rights or be subject to any such restrictions as compared with, the other or others as the Company has power to attach to unissued or new shares;
- (c) by ordinary resolution, cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled; and
- (d) by special resolution and subject to the Companies Act, reduce its share capital, any capital redemption reserve, any share premium account or other undistributable reserve.

#### 4.2.10. ***Purchase of own shares***

The Company may, subject to the provisions of the Companies Act and to any rights for the time being attached to any shares, purchase any of its own shares of any class (including redeemable shares).

#### 4.2.11. ***Untraced Shareholders***

The Company shall be entitled to sell any share of a member or any share to which a person is entitled by transmission if, and provided that, during a period of 12 years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the member or to the person entitled by transmission to the share at his address on the Register or the last known address given by the member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no cash dividend payable on the share has been satisfied by the Company by the transfer of funds to a bank account designated by the member or person entitled by transmission to the share and no communication has been received by the Company from the member or the person entitled by transmission provided that in any such period of 12 years the Company has paid at least three cash dividends whether interim or final and no such dividend has been claimed.

#### 4.2.12. ***Borrowing powers***

Subject to the provisions of any relevant legislation, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present or future) and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the

Company or of any third party subject to the aggregate amount at any one time owing by the Group not at any time, without the previous sanction of an ordinary resolution of the Company, exceeding a sum equal to the greater of seven times the aggregate of the amounts standing to the credit of the consolidated reserves of the Group whether distributable or undistributable and including (without limitation) share premium account, capital redemption reserve and retained earnings, all as shown in a consolidation of the then latest audited balance sheet of the Group subject to the adjustments, exclusions and deductions as set out in the Articles.

#### **4.2.13. Directors**

The number of Directors shall not be less than two and not more than fifteen in number. No shareholding qualification for Directors shall be required.

The remuneration of the Directors for their services as such (excluding amounts payable under other provisions of the Articles) shall be determined by the Board, but shall not exceed in aggregate the sum of £450,000 per annum or such greater sum as the Company may from time to time determine by ordinary resolution.

No Director shall vacate his office or be ineligible for appointment or re-appointment as a Director by reason only of his having attained the age of 70 or any particular age.

### **5. New Articles**

5.1 The New Articles proposed to be adopted at the GM contain the following provisions, among others, to the following effect:

#### **5.1.1 Voting Rights**

Subject to any special rights or restrictions as to voting attached to any shares and subject to any suspension or abrogation of voting rights pursuant to the New Articles at a general meeting, on a show of hands every member who (being an individual) is present in person and every member (being a corporation) who is present by a duly authorised representative not being himself a member, shall have one vote, so however that no individual shall have more than one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

Every member is entitled to appoint one or more proxies to attend a general meeting and exercise their voting rights. On a show of hands each proxy present at the general meeting shall have one vote (insofar as it is in accordance with the Companies Act) and on a poll every proxy present shall have one vote for every share of which he is the holder.

#### **5.1.2 General Meetings of Shareholders**

An annual general meeting shall be held in each year at such time (within a period of not more than six months after the accounting reference dates of the Company) and place as may be determined by the directors.

All general meetings other than annual general meetings are called general meetings.

The directors may convene a general meeting whenever they think fit. On the requisition of members in accordance with the Companies Act, the directors shall convene a general meeting. Whenever the directors convene a general meeting on the requisition of members, they shall convene it for a date not more than seven weeks after the date when the requisition is deposited at the office (unless the requisitions consent in writing to a later date being fixed). If there are not within the United Kingdom sufficient directors capable to acting to form a quorum, any director or any two members the of Company may convene a general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.

In the case of the annual general meeting at least 21 clear days' notice and in the case of other general meetings at least 14 clear days' notice must be given to convene the meeting (exclusive in each case of the day on which the notice is served or deemed to be served and

of the day for which the notice is given). The notice shall specify the meeting as such) and state with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies, who need not also be a member, to attend and vote instead of him. In the case of special business, the notice must specify the general nature of the business (and, in the case of a meeting convened for passing a special resolution, the intention to propose the resolution as a special resolution). The notice shall be given to the Auditors and the directors and to such members as are, under the New Articles, entitled to receive notices from the Company. With the consent in writing of all, or such less number as is required by the Statutes, of the members entitled to attend and vote, a meeting may be convened by a shorter notice and in such manner as those members think fit. The Company shall comply with the provisions of the Statutes, as to giving notice of resolutions and circulating statements on the requisition of members.

#### 5.1.3 *Class Rights*

The special rights attached to any class of shares may, subject to any applicable law, be altered or cancelled, either with the consent in writing of the holders of three fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class.

The provisions of the New Articles applicable to general meetings apply *mutatis mutandis* to class meetings but the necessary quorum is two persons holding or representing by proxy not less than one third of the issued shares of that class except where there is only one holder of the relevant class of shares in which case the quorum shall be that holder.

#### 5.1.4 *Changes to Share Capital*

The Company may by ordinary resolution, consolidate and divide all or any of its shares, cancel any shares not taken or agreed to be taken by any person and sub-divide its shares.

#### 5.1.5 *Reduction of Share Capital*

The Company may by special resolution (and, with court approval where required) reduce its authorised or issued share capital or any capital redemption reserve and any share premium account in any way subject to any authority required by law. Subject to applicable law, the Company may purchase its own shares.

#### 5.1.6 *Directors*

A director is not required to hold any qualification shares.

The amount of any fees payable to directors shall be determined by the directors provided that they shall not in any year exceed an aggregate amount of £450,000 or such other sum as may from time to time be approved by ordinary resolution. The directors are also entitled to be repaid all expenses properly incurred by them in the performance of their duties. Any director holding an executive office or otherwise performing services which in the opinion of the directors are outside the scope of his ordinary duties as a director may be paid such remuneration as the directors may determine.

The directors may establish and maintain or procure the establishment and maintenance of any non contributory pension or superannuation funds for the benefit of, and give donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or services of the Company or any other company which is a subsidiary of the Company or is allied to or associated with the Company or any such subsidiary of any such other company (“associated companies”) and the families and dependents of any such persons and the directors shall have power to purchase and maintain insurance against liability for any persons who are or were at any time directors, officers, employees or auditors of the Company, its associated companies and for trustees of any pension fund in which employees of the Company or its associated companies are interested.

The directors may from time to time appoint one or more the their body to be the holder of any executive office (including the office of chairman, deputy chairman, managing director or chief executive) on such terms and for such period as they may determine.

Subject to applicable law and provided that he has disclosed to the board the nature and extend of any material interest of his, a director notwithstanding his office:

- (a) May be a party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) May be a directors or other office of, or employed by, or party to, any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
- (c) May hold any other office or place or profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of Director an may act in a professional capacity to the Company on such terms as to remuneration and otherwise as the directors may arrange; and
- (d) Shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such contract, transaction or arrangement or from any interest in any such body corporate, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

Save as specifically provided in the New Articles, a director may not vote in respect of any contract, transaction or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company. A director will not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

5.1.7 Subject to applicable law, a director is (in absence of some material interest other than as indicated below) entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (a) The giving of any guarantee, security or indemnity to a third party or to himself in respect of money lent or obligations incurred by him at the request or for the benefit of the Company of any of its subsidiary undertakings;
- (b) The giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) Any contract, transaction, arrangement or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer lie is or is to be interested as a participant in the underwriting thereof;
- (d) Any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company;
- (e) Any contract or arrangement in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise, provided that lie does not hold an interest (as defined in Part 22 of the Companies Act) in one percent or more of the issued shares of any such body corporate;
- (f) Any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the directors and employees of the Company or any of its subsidiaries;

- (g) Any arrangements for the benefit of employees of the Company or any of its subsidiaries under which the director benefits in a similar manner to employees; and
- (h) Any proposal, contract, transaction or arrangement concerning the purchase or maintenance of insurance for the benefit of directors or persons who include directors.

Questions arising at any meeting of the directors shall be determined by a majority of votes and in any case of an equality of votes the chairman shall have a second or casting vote.

Subject to any applicable law, the Company may by ordinary resolution suspend or relax the provisions summarised under sub-paragraphs 5.1.7 above either generally or in relation to any particular matter, or ratify any transactions not duly authorised by reason of a contravention of such provision.

Each Director shall retire at the third annual general meeting after the annual general meeting or meeting appointing him.

#### 5.1.8 *Transfer of Shares*

Subject to the restrictions referred to below, any member may transfer all or any of his certified shares by instrument in writing in any usual or common form, or in such other form as the directors may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, in the case of a partly paid up share, by or on behalf of the transferee. The directors may, in their absolute discretion and without assigning any reason, refuse to register a transfer of any share, not being a fully paid up share, or being in respect of a share on which the Company has a lien. They may also refuse to register any transfer of any share (whether fully paid or not) to be held jointly by more than four persons. The directors may also decline to register any instrument of transfer unless:

It is deposited duly stamped, at the registered office of the Company, or such other place as the directors may appoint, accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer; and

It is in respect of only one class of certificated share.

The registration of transfers may be suspended by the directors for any period not exceeding 30 days in any year as the directors determine.

#### 5.1.9 *Dividends*

Subject to the provisions of the Companies Act, the Company may by ordinary resolution declare a dividend to be paid to the members according to their respective rights and interest, but no dividend shall exceed the amount recommended by the directors. Subject to the provisions of the Act, the directors may pay such interim dividends as appear to them to be justified by the profits of the Company available for distribution. No dividend shall be payable except out of the profits of the Company.

All dividends shall be declared and paid according to the amounts paid on the shares in respect of which the dividend is paid, but no amount paid on a share in advance of calls shall be treated as paid up on the share. All dividends shall be apportioned and paid proportionately to the amounts paid on the shares during any portion of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividends as from particular dates such share shall rank for dividend accordingly.

#### 5.1.10 *Deferred Shares*

The holders of deferred shares shall not be entitled to receive or participate in any dividend in respect of the deferred shares nor to vote or receive notice of or attend a general meeting. On a return of capital on winding up each holder of a deferred share shall be entitled to receive a sum equal to the nominal value of each deferred share paid up after £1,000,000 per New Ordinary Share has been distributed amongst the holders of New Ordinary Shares.

#### 5.1.11 ***Borrowing Powers***

The directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future), including its uncalled capital and, subject to the Companies Act, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party. The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (but as regards subsidiary undertakings only insofar as, by the exercise of the rights or powers of control, the directors can secure) that the aggregate principal amount outstanding of all borrowings by the Company (exclusive of borrowings owing by one member of the Company to another member) does not, without the previous sanction of an ordinary resolution, exceed the greater of £10 million or an amount equal to four times the adjusted capital and reserves (as defined in the New Articles)

#### 5.1.12 ***Rights of Shares***

The Ordinary Shares rank *pari passu* as a class in terms of preference, restriction and all other rights. The Ordinary Shares have no redemption or conversion provisions.

#### 5.1.13 ***Winding up***

On a winding up of the Company, the balance of the assets available for distribution, after deduction of any provision made under section 247 of the Companies Act and subject to any special rights attaching to any class of shares, shall be applied in repaying to the members of the Company the amounts paid up on the shares held by them together with any premium paid up or credited as paid up on the issue of such shares. Any surplus assets will belong to the holders of any ordinary shares then in issue according to the numbers of shares held by them in proportion to the amounts paid up on the shares held by them together with any premium paid up or credited as paid up on the issue of such shares or, if no ordinary shares are then in issue, to the holders of any unclassified shares then in issue according to the numbers of shares held by them.

If the Company is wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of an extraordinary resolution, divide among the members in specie or kind the whole or any part of the assets of the Company, whether or not, the assets consist of property of one kind or of properties of different kinds. He may for that purpose set such value as he deems fair upon any one or more class or classes of property and may determine how the division is carried out as between the members of different classes of members. He may, with the same authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the same authority thinks fit, but no contributory shall be compelled to accept any shares in respect of which there is a liability.

#### 5.1.14 ***Electronic Communication by the Company***

In addition to the methods of service set out above, any notice or other document may be sent or supplied by the Company to any members or other person entitled to receive it by electronic communication (defined as being in “Electronic Form” as defined by the Companies Act) to an address notified by the member (or other person entitled to receive it) in writing or by similar means for such purposes.

Where a notice or other document is given or sent in Electronic Form, it shall be deemed to be given at 9:00 am on the day following that on which the electronic communication was sent or supplied.

Any member may notify the Company of an address for the purpose of receiving an electronic communication from the Company to the extent that it is permitted by the Companies Act, and having done so shall be deemed to have agreed to receive in Electronic Form notices and other documents from the Company of the kind to which the address relates.

The Company may satisfy its obligation to send or supply members with any notice or other document by:

- (a) Publishing such notice or other document on a website; and
- (b) Notifying him by e-mail to that e-mail address that such notice or document has been so published, specifying the address of the web site on which it has been published, in the place on the web site where the notice may be accessed, how it may be accessed and (if the notice relates to a shareholders' meeting) stating:
  - (1) That the notice concerns a notice of a company meeting served in accordance with the Companies Act;
  - (2) The place, date and time of the meeting;
  - (3) Whether the meeting is to be an annual or general meeting; and
  - (4) Such other information as the Companies Act may prescribe

Nothing contained in the New Articles shall oblige the Company to use an Electronic Communication, the use of which is, subject to the Companies Act, solely at the Company's discretion.

## **6. Directors' Service Contracts and Letter of Appointment**

The Directors have been appointed to the offices and employments set out against their respective names. The agreements summarised below are each between the respective Director and the Company.

### **6.1 *David Wright***

David Wright entered into a service agreement with the Company on 19 September 2011 pursuant to which he is entitled to a salary of £120,000 per annum together with other discretionary benefits such as an annual bonus based upon performance, share option scheme participation, private medical and health insurance. The notice period is 12 months for either party.

### **6.2 *Keith Springall***

Keith Springall entered into a service agreement with the Company on 19 September 2011 pursuant to which he is entitled to a salary of £120,000 per annum together with other discretionary benefits such as an annual bonus based upon performance, share option scheme participation, private medical and health insurance. The notice period is 12 months for either party.

### **6.3 *Brian Blasdale***

Brian Blasdale has a non executive letter of appointment with the Company pursuant to which he is to provide, amongst other things, strategic leadership to the Company for a minimum of 3 days per month as well as chairing the audit and remuneration committees. He receives £24,000 per annum from the Company by way of fees for his services together with private medical cover. The notice period is 3 months for either party.

## 7. Information on Directors

7.1 The directorships held by each of the Directors over the five years preceding the date of this Document other than the Company and its Subsidiaries are as follows:

<i>Director</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
<b>David Wright</b>	Battersea Ironsides Limited BComp 416 Limited Impact 34 Limited Matham Investments Limited Newgate PR Holdings Limited Newgate Public Affairs plc Newgate Public Relations Limited Newgate Trading Europe Limited Wilton International Consulting Limited	Bartercard Exchange Limited Bartercard Limited Bartercard UK Limited Molecob Limited
<b>Keith Springall</b>	Balmoral Mews(Cobham) Management Company Limited BComp 416 Limited Bulgarian Property Developments Plc (in liquidation) Impact 34 Limited Newgate Trading Europe Limited Newgate PR Holdings Limited Newgate Public Affairs plc Newgate Public Relations Limited Newgate Threadneedle Limited Newgate Trading Europe Limited Springall Limited WFMH UK Limited Wilton International Consulting Limited	Belahray Consultancy Limited Belahray Consulting Limited Molecob Limited One Media Publishing Group plc Springall Limited Village Bookshops Limited
<b>Brian Blasdale</b>	Blasdales Limited CIC S Limited	Hiatt Hardware Limited Laamb Holdings Limited Managed Enterprise Technologies Limited Sibas Limited

7.2 Keith Springall was a director of PST (International) Limited, which was put into administration on 27 May 2004 with an estimated deficiency as regards creditors of £2,432,055. The administration was ended and the company was put into creditors' voluntary liquidation on 22 June 2005. Mr Springall had ceased to be a director of this company on 9 March 2004.

7.3 Keith Springall was also a director of Universal Storage Logistics Limited, which was put into creditors' voluntary liquidation on 9 June 2006 with an estimated deficiency as regards creditors of £353,720. Mr Springall had ceased to be a director of this company on 27 October 2005.

7.4 David Wright was a director of Universal Storage Logistics Limited, which was put into creditors' voluntary liquidation on 9 June 2006 with an estimated deficiency as regards creditors of £353,720. Mr Wright had ceased to be a director of this company on 27 October 2005.

7.5 Keith Springall was also a director of Bulgarian Property Developments plc, which was put into voluntary members' liquidation and subsequently wound up on 28 October 2009.

7.6 On 8 September 2004, Brian Blasdale was appointed to the board of Hiatt Hardware Limited as a representative of Lloyds Development Capital Private Equity. Mr Blasdale resigned as a director on 2 December 2008. On 5 January 2009 the company went into administration. The company was dissolved on 12 October 2010 with an estimated deficiency to creditors at the time of the final administrator's report of £1,129,477.

- 7.7 Save as disclosed in this Document, none of the Directors has:
- 7.7.1 any unspent convictions in relation to indictable offences;
- 7.7.2 had any bankruptcy order made against him or entered into any individual voluntary arrangements;
- 7.7.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been the subject of a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- 7.7.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- 7.7.5 been the owner of any assets which have been the subject of a receivership or a partner in any partnership any asset of which has been placed in receivership or within 12 months after he ceased to be a partner in that partnership;
- 7.7.6 been a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
- 7.7.7 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- 7.7.8 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

## 8. Directors' and Other Interests

- 8.1 The interests of the Directors and the persons connected with them (within the meaning of section 252-255 and 820-825 of the Companies Act) in the share capital of the Company as at the date of this Document and as they are expected to be immediately following completion of the Acquisition, the Placing and Admission are as follows:

<i>Name</i>	<i>Number of Ordinary shares of 0.1p each</i>	<i>% of Existing Share Capital</i>	<i>Number of New Ordinary Shares of 10p each following Admission</i>	<i>% of Enlarged Share Capital</i>
David Wright	170,000,000	4.56	1,700,000	2.40
Brian Blasdale	153,066,667	4.11	1,530,666	2.16
Keith Springall	5,000,000	0.13	50,000	0.07

- 8.2 As at the date of this Document, the Directors were aware of the following holdings (excluding their own) which represent an interest (within the meaning of Part 22 of the Companies Act), directly or indirectly, jointly or severally, in three per cent. or more of the Existing Share Capital:

<i>Name of Shareholder</i>	<i>Number of Existing Ordinary shares</i>	<i>% of Existing Share Capital</i>
Raymond McKeeve	275,000,000	7.38
Gary Wyatt	200,000,000	5.37
Rell Investments Limited	175,000,000	4.7
Mr & Mrs J Roddis	125,000,000	3.36

- 8.3 Immediately following Admission, the Directors expect the following holdings will represent an interest (within the meaning of Part 22 of the Companies Act), directly or indirectly, jointly or severally, in three per cent. or more of the Enlarged Share Capital:

<i>Name of Shareholder</i>	<i>Number of New Ordinary shares</i>	<i>% of Enlarged Share Capital</i>
Graham Herring	8,244,766	11.65
Hargreave Hale	6,000,000	8.48
Williams de Bröe	3,800,000	5.37
Raymond McKeeve	3,250,000	4.59
Legal & General	2,500,000	3.53
Gary Wyatt	2,500,000	3.53

## 9. Related Party Transactions

- 9.1 No member of the Group has entered into any related party transactions of the kind set out in the standards adopted according to the Regulation (EC) No 1606/2002 in any of the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010 or since 31 December 2010.

## 10. Taxation

**The comments set out below are based on existing law and current HM Revenue & Customs practice. They are intended as a general guide only and apply only to Shareholders who are resident in the United Kingdom for tax purposes (except to the extent that specific reference is made to Shareholders resident outside the United Kingdom), who hold the shares as investments and who are the absolute beneficial owners of those shares. This information is not exhaustive and does not constitute taxation, legal or investment advice. Any person who is in any doubt as to their taxation position or who is subject to taxation in any jurisdiction other than the United Kingdom, should consult their own professional advisers immediately.**

### *Taxation of Dividends*

No taxation will be withheld from dividends paid by the Company on the New Ordinary Shares. Dividends carry a tax credit equal to one ninth of the cash dividend received.

#### (a) *United Kingdom resident individuals*

Individual shareholders, who are resident in the United Kingdom for tax purposes, will generally be subject to income tax on the aggregate amount of the dividend and associated tax credit (the “gross dividend”). For example, on a cash dividend of £90 an individual would be treated as having received dividend income of £100 and as having paid income tax of £10 (the “associated tax credit”). The gross dividend will be regarded as the top slice of the shareholder’s income.

Individual shareholders who (after taking account of the gross dividend) are liable to income tax at the basic rate, pay tax on dividends at the dividend ordinary rate of 10 per cent. Such individuals will have no further tax to pay, as the tax liability will be fully extinguished by the associated tax credit. Individual shareholders are not able to recover the tax credit.

Individual shareholders who (after taking account of the gross dividend) are subject to income tax at the higher rate (currently 40 per cent) will be liable to tax at the dividend upper rate of 32.5 per cent on the gross dividend. For example, a higher rate tax payer receiving a cash dividend of £90 would for income tax purposes be treated as receiving dividend income of £100 (the aggregate of the £90 dividend received and the associated tax credit of £10). The tax liability would be £32.50. However, the associated tax credit of £10 would be set against the tax liability, leaving the individual with net tax to pay of £22.50.

Individual shareholders who (after taking account of the gross dividend) are subject to income tax at the additional rate (currently 50 per cent) will be liable to income tax at the dividend additional rate of 42.5 per cent. on the gross dividend. For example, a 50 per cent. tax payer receiving a cash

dividend of £90 would for income purposes be treated as receiving dividend income of £100 (the aggregate of the £90 dividend received and the associated tax credit of £10). The tax liability would be £42.50. However the associated tax credit of £10 would be set against the tax liability, leaving the individual with net tax to pay of £32.50.

(b) *United Kingdom resident trustees*

Trustees of discretionary trusts liable to account for income tax on the income of the trust will be treated as having received gross income equal to the aggregate amount of the dividend and associated tax credit. Trustees will pay tax on dividends received at the rate of 42.5 per cent. As with the additional rate individual shareholders, the 10 per cent. tax credit will be set against the tax liability leaving further tax to pay of 32.5 per cent. of the gross dividend.

(c) *United Kingdom resident companies*

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on dividends unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether other conditions are met will depend upon the circumstances of the particular shareholder, although it is expected that the dividends paid by the company would normally be exempt.

(d) *United Kingdom resident gross funds/charities*

There is no entitlement, for either a gross fund or charity, to a tax credit and consequently no claim to recover the tax credit will be possible.

(e) *Non-United Kingdom residents*

Generally, non-United Kingdom residents will not be subject to any United Kingdom taxation in respect of United Kingdom dividend income nor will they be able to recover the associated tax credit, although this will depend upon the existence of and the terms of any double taxation convention between the United Kingdom and the country in which such shareholder is resident.

Non-United Kingdom resident shareholders may be subject to tax on United Kingdom dividend income under any law to which that person is subject outside the United Kingdom. Non-United Kingdom resident shareholders should consult their own tax advisers with regard to their liability to taxation in respect of the cash dividend.

### ***Taxation of Capital Gains***

A subsequent disposal of New Ordinary Shares may result in a liability to United Kingdom taxation of chargeable gains, depending upon individual circumstances.

United Kingdom resident individual Qualifying Shareholders are no longer entitled to indexation allowance or taper relief when they dispose of Ordinary Shares. Instead, depending upon their individual circumstances and any available reliefs, they may be subject to capital gains tax at the prevailing rate on any disposals of Existing Ordinary Shares or New Ordinary Shares. For individuals whose total taxable income and gains after all allowable deductions (including losses, the income tax personal allowance and the capital gains tax annual exempt amount) is less than the upper limit of the basic rate income tax band (£35,000 for 2011-12), the rate of capital gains tax will be 18 per cent. For gains (and any parts of gains) above that limit, the rate will be 28 per cent. United Kingdom resident individuals are exempt from capital gains tax on the first £10,600 gains arising in a tax year.

A United Kingdom resident corporate Qualifying Shareholder will continue to be entitled to indexation allowance. For the purposes of calculating the indexation allowance, the expenditure incurred in subscribing for the New Ordinary Shares will be treated as having been incurred when the Qualifying Shareholder makes or becomes liable to make payment of the subscription monies. A subsequent disposal of the New Ordinary Shares acquired pursuant to the Placing may give rise to a liability to United Kingdom corporation tax on chargeable gains.

### ***Stamp Duty and Stamp Duty Reserve Tax***

No liability to stamp duty or stamp duty reserve tax should arise on the allotment of New Ordinary Shares under the Placing.

(a) *Shares held outside the CREST system*

The conveyance or transfer on sale of the New Ordinary Shares will usually be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5 per cent. of the amount or value of the consideration. Stamp duty is charged in multiples of £5. An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

An obligation to account for stamp duty reserve tax (“SDRT”) at the rate of 0.5 per cent. of the amount or value of the consideration will also arise if an unconditional agreement to transfer the New Ordinary Shares is not completed by a duly stamped instrument of transfer before the “accountable date” for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made. Payment of the stamp duty will cancel the liability to account for SDRT.

It is the purchaser who is in general liable to account for stamp duty or SDRT.

(b) *Shares held within the CREST system*

The transfer of the New Ordinary Shares in uncertificated form in the CREST system will generally attract a liability to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration. The SDRT will generally be collected by CREST.

The above statements are intended as a general guide to the current position. Certain categories of person are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

Any person who is in any doubt as to his/her tax position or requires more detailed information than the general outline above should consult his/her professional advisers. Prospective purchasers of shares should consult their own professional advisers with respect to the potential tax, exchange control and other consequences to them of acquiring, holding and disposing of shares under the laws of their country of citizenship, domicile or residence.

## **11. Litigation**

11.1 The Company was not involved in any governmental, legal or arbitration proceedings in the 12 months prior to the date of this Document, including any such proceedings which are pending or threatened of which the Company is aware, which may have or have had in the recent past a significant effect on the Company, its financial position or profitability.

## **12. Working Capital**

12.1 The Directors are of the opinion, having made due and careful enquiry, that, after taking account of the Company’s existing cash resources and the estimated net proceeds of the Placing, the working capital available to the Company will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

## **13 Intellectual Property**

The Company and/or its subsidiaries have the following registered intellectual property:

13.1 *Web Domains*

**www.portacommunications.plc.uk and www.portacomms.com**

13.2 *Trade Marks*

The Company has no trade marks registered or pending.

### 13.3 *Patents*

The Company has no patents pending or patents which have been granted.

## 14. **Employees**

14.1 The following table shows the number of employees (including Executive Directors and consultants but excluding Non-Executive Directors) of the Enlarged Group as at the date of this document.

<i>Group Company</i>	<i>Number</i>	<i>Jurisdiction</i>
Porta	4	England
Threadneedle	16	England
Impact34	7	Turkey
Newgate Trading	3	England
Newgate PR	2	England

14.2 The average monthly number of persons (including Directors) employed by the Company during each of the three years ended 31 December 2008, 2009 and 2010 and for the six months period ended 30 June 2011 were 12, 10, 6 and 2 respectively.

14.3 The average monthly number of persons (including directors) employed by Threadneedle during each of the three years ended 31 August 2009, 2010 and 2011 were 6, 8 and 12 respectively.

## 15. **EMI Scheme**

Set out below is a summary of the main elements of the EMI Scheme.

### ***Introduction***

The EMI Scheme is open to those people classed as ‘eligible employees’ under the relevant Enterprise Management Incentive legislation and includes any bona fide employee of the Company who satisfies the requirement as to commitment of working time by spending 25 hours per week (or, if less, 75 per cent. of his working time) on the business of the Group and satisfies the ‘no material interest’ requirement which means the person either alone or together with a related party does not have a material interest in any Group Company which broadly means more than 30 per cent. of the share capital of that company.

### ***Grant of options***

The Board has absolute discretion as to the selection of persons to whom an option is granted. The Company can grant options at any time but may only grant an EMI option to a qualifying employee and shall not grant an EMI option to any other person.

The grant of an EMI option shall be effected by the Company entering into an EMI option agreement containing information which specifies *inter alia* the date of the grant, the number of shares in respect of which the option is granted, the exercise price, the basis on which the options vest, confirmation the grantee agrees to indemnify the Company in respect of any option tax liabilities it may suffer and whether or not the option will lapse on the occurrence of a sale.

### ***Relationship to employment***

The grant of an option does not form part of the grantee’s entitlement to remuneration or benefits pursuant to the grantee’s contract of employment or contract for services (if any). Nor does it afford the grantee any additional rights to compensation or damages. The grant nor any accruing benefit does not form part of the grantee’s pensionable remuneration.

### ***Non transferability***

The option may only be exercised by the individual grantee (or his personal representatives in the event of his death).

### ***Exercise***

An option may be exercised no later than midnight on the day preceding the tenth anniversary of the date of grant or earlier as permitted by the EMI Scheme.

### ***Overall limit on grant of EMI options***

A qualifying EMI option may only be granted to a qualifying employee if it would not cause the aggregate market value of the shares subject to all qualifying EMI options and any option granted under a scheme approved under Schedule 4 to the Income Tax Earnings and Pensions Act 2003 (**ITEPA 2003**) to exceed £120,000.

A qualifying EMI option may not be granted if as a result of such grant the aggregate market value of the shares the subject of all qualifying EMI options would exceed £3,000,000 or the gross assets of the Enlarged Group exceed £30 million.

## **16. Material Contracts of the Group**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into in the two years preceding the date of this document by any member of the Group and are, or may be, material to the Group or have been entered into by any member of the Group and contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this Document:

### **16.1 *Contracts relating to the Acquisition***

#### **16.1.1 *the Acquisition Agreement***

On 19 September 2011, the Company entered into a conditional agreement to acquire 80 per cent. of the issued share capital from the sole shareholders, Graham Herring, Felicity Herring, Jonathan Royston and Laurence Read (the **Sellers**), of Threadneedle Communications Limited (the **Acquisition Agreement**). Pursuant to the Acquisition Agreement the Company shall pay to the Sellers £2.52 million in aggregate cash and issue them 10,305,958 Consideration Shares.

The Acquisition Agreement is conditional, *inter alia*, upon Admission, passing the Resolutions and there being no disclosures by the sellers which would result in a payment by the Company of £50,000 or more.

16.1.2 The Acquisition Agreement contains tax and general warranties with a limit on the Sellers' liability for any warranty claims of £2.52 million on a joint and several basis. A general warranty claim has to be made within 18 months of Admission and for tax warranties the time period is seven years.

### **16.2 *Contracts relating to the Placing***

16.2.1 On 11 October 2011, the Company entered into the Placing Agreement with the Directors, Northland and Hub Capital.

16.2.2 Under the terms of the Placing Agreement, Northland and Hub Capital, conditional on Admission taking place not later than 8.00 am on 22 November 2011 or such later date as Northland, Hub Capital and the Company may agree, agreed to act as the placing agents to the Company for the Placing and to use their reasonable efforts to procure subscribers for the Placing Shares and raise £2,319,505.

In consideration for their services, Northland and Hub Capital will be entitled to the following fees and commissions:

- (i) Northland shall be entitled to a corporate finance fee of £100,000 in relation to the Admission, payable as to £25,000 on the signing of Northland's Engagement Letter, £25,000 on 12 September 2011 and (subject to Admission) £50,000 on the date of Admission; and
- (ii) Northland and Hub Capital shall each be entitled to a commission payable on Admission of 1 per cent. in respect of all funds raised from investors procured by the Directors pursuant to the Placing and 5 per cent. in respect of all funds raised by each

of them pursuant to the Placing and payable on Admission and a commission of 5 per cent. in respect of all other funds raised from investors procured by Northland and Hub Capital pursuant to the Placing.

- (iii) in consideration of Hub Capital's services under, *inter alia*, the Placing Agreement and Hub Capital engagement letter with the Company referred to at paragraph 16.3.3 below, the Company shall pay Hub Capital a fee of £150,000 (plus VAT if applicable) conditional on Admission.

The Placing Agreement contains warranties and indemnities given by the Company and the Directors to Northland and Hub Capital as to the accuracy of the information contained within this document and other matters relating to the Company and its business. Northland, having consulted with Hub Capital, is entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission.

In respect of their Existing Ordinary Shares, each of the Directors has undertaken (in respect of himself and persons connected with him (within the meaning of section 252 of the Companies Act)) to the Company, Northland and Hub Capital not to dispose of any interest in their Existing Shares for a period of 12 months following the date of Admission, except in very limited circumstances.

In addition each of the Directors has undertaken (in respect of himself and persons connected with him (within the meaning of section 252 of the Companies Act)) not to dispose of their Existing Shares for a further 12 months other than through Northland in such orderly manner as Northland shall reasonably require with a view to the maintenance of an orderly market in the Ordinary Shares of the Company provided that:

- (a) at the time of the proposed disposal, Northland is the Company's broker; and
- (b) Northland offers terms for such disposal (other than time period) which are not materially more onerous or disadvantageous than those generally available in the market.

### 16.3 ***Other contracts not in the ordinary course of business***

16.3.1 Threadneedle entered into an agreement in June 2010 for the acquisition of the entire issued share capital of Investor Communications International Limited (**ICIS**) from Tom Moriarty for an amount equal to the cash balance in ICIS's bank plus a deferred consideration of £70,000 adjusted to take account of completion net asset value and plus additional consideration payable dependent upon gross income to Threadneedle/ICIS from ICIS existing and new clients in the 12 months following completion.

16.3.2 The Company entered into a nominated adviser and broker agreement with Northland dated 12 August 2011. Under the terms of the agreement, Northland was appointed nominated adviser and broker to the Company for the purposes of the AIM Rules and Northland has agreed, *inter alia*, to provide such independent advice and guidance to the Directors of the Company as they may require to ensure compliance by the Company on a continuing basis with the AIM Rules. The Company has agreed to pay Northland an annual retainer fee for its services as nominated adviser and broker under the agreement (plus all reasonable out-of-pocket expenses incurred in relation to their engagement). The Company and Northland will enter into a separate engagement for any transaction that falls outside the scope of Northland's services under the agreement. The appointment is for an initial term of one year and will continue thereafter until three months' written notice is given by either party where such notice will end on or after the expiry of the initial term.

16.3.3 The Company entered into an agreement with Hub Capital on 30 August 2011. Under the terms of this agreement, Hub Capital will provide various services to the Company including, without limitation, identifying potential acquisition targets and providing strategic advice. Hub Capital's fees comprise a monthly retainer and a success fee on Porta's first acquisition following the signing of such agreement.

16.3.4 The Company entered into a 'contrat de vente d'actions' on 25 March 2011 in connection with the sale of a former Swiss subsidiary TSE Consulting SA (SA) and in connection with this BCOMPP 416 Limited assigned a contract with SA regarding the acquisition of Impact 34.

16.3.5 A shareholders agreement dated 4 October 2011 between Porta (1) Bettina Kuperman (2) Jasper Perry (3) and Tom Rutherford (4) regulating the Company's 51 per cent. investment in Impact34.

16.3.6 A shareholders agreement dated 3 October 2011 between Porta (1) Adam Yates (2) Gail Landing (3) Clive Reffell (4) regulating the Company's 51 per cent. investment in Newgate Trading.

## **17. City Code**

The Company will be subject to the provisions of the City Code, including the rules regarding mandatory takeover offers set out in the City Code. Under Rule 9 of the City Code, when (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him (as defined in the City Code), carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.

### ***Compulsory acquisition procedures***

The Ordinary Shares will be subject to the compulsory acquisition procedures set out in sections 979 to 991 of the Companies Act. Under section 979 of the Companies Act, where an offeror makes a takeover offer and has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. of the shares to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, that offeror is entitled to compulsorily acquire the shares of any holder who has not accepted the offer on the terms of the offer.

### ***Right to be bought out***

In addition, the Companies Act gives holders of shares in the Company the right to be bought out in certain circumstances by an offeror who has made a takeover offer. If an offer is made, at any time before the end of the period within which the offer could be accepted, the offeror holds (or has agreed to acquire) not less than 90 per cent. of the shares to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, any holder of the shares to which the offer relates who has not accepted the offer could, by a written communication to the offeror, require it to acquire such shares. The offeror would be required to give any holder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on those rights of holders of shares to which the offer relates to be bought out, but that period cannot end less than three months after the end of the acceptance period under the offer. If a shareholder exercises his rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

### ***Takeover offer***

There has been no takeover offer (within the meaning of Part 28 of the Companies Act) for any Existing Ordinary Shares.

## **18. Enterprise Investment Scheme and Venture Capital Trust Scheme**

The Company has received confirmation from HM Revenue & Customs that, in respect of Placing Shares to be issued by the Company to qualifying investors, the Company will be authorised, following receipt of appropriate documentation, to issue compliance certificates under the Enterprise Investment Scheme (EIS) in respect of such shares. The Company has also received confirmation from HM Revenue & Customs that any Placing Shares issued by the Company to Venture Capital Trusts (VCTs) will be eligible shares for the purposes of VCT investment.

## **19. General Information/Miscellaneous**

- 19.1 The accounting reference date of the Company is 31 December.
- 19.2 Northland has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its name in the form and context in which it appears. Hub Capital has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its name in the form and context in which it appears.
- 19.3 Nexia, which is registered as an auditor by the institute of Chartered Accountants in England and Wales, has given and has not withdrawn its written consent to the issue of this Document and report in the form and context in which it appears and accepts responsibility for it.
- 19.4 There are no arrangements in force for the waiver of future dividends. There are no specified dates on which entitlement to dividends or interest thereon on Ordinary Shares arises.
- 19.5 The total costs and expenses relating to the Acquisition, the Placing and Admission (including those fees and commissions referred to in paragraph 16.2.2 above) payable by the Company are estimated to amount to approximately £463,136 (excluding VAT). The net proceeds of the Placing, after payment of such costs and expenses, will be used to finance part of the cash consideration payable in respect of the Acquisition, to cover the costs of the Acquisition and Admission, and to provide additional working capital for the Enlarged Group.
- 19.6 Save as disclosed in this Document, there has been no significant change in the financial or trading position of the Group since 31 December 2010, the date to which the last audited financial information on the Group was published.
- 19.7 The principal activities of the Group are described in this Document. Save as disclosed in this Document, there are no known uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for at least the current financial year.
- 19.8 Save as set out in this Document, there are no significant projects in progress by the Company, nor have the Board made any firm commitment to future investment.
- 19.9 Save as disclosed in this Document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 19.10 No Director or any member of a Director's family has a related financial product referenced to the Ordinary Shares.
- 19.11 Save as disclosed in this Document, there are no patents, industrial, commercial or financial contracts which are material to the Company's business or profitability.
- 19.12 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.13 Except as disclosed in this Document, no person (other than professional advisers named in this document and trade suppliers) has received, directly or indirectly from the Company within the 12 months preceding the application for Admission or entered into any contractual arrangements (not otherwise disclosed in this Document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

- (i) Fees totalling £10,000 or more; or
- (ii) Securities in the Company with a value of £10,000 or more; or
- (iii) Any other benefit with a value of £10,000 or more at the date of Admission.

Each of the Directors is, or may be deemed to be, a promoter of the Company.

## **20. Availability of this Document**

Copies of this Document will be available from the Company's registered office free of charge during normal business hours on any weekday (except Saturdays and public holidays) at from the date of this Document and shall remain available for a period of one month from Admission and on the Company's website at [www.portacomms.com](http://www.portacomms.com).

12 October 2011

## NOTICE OF GENERAL MEETING

### PORTA COMMUNICATIONS PLC

*(incorporated and registered in England and Wales with registered no: 05353387)*

Notice is hereby given that a Shareholder Meeting of the Company will be held at 11.00 am on 7 November 2011 at the offices of Northland Capital Partners Limited at 60 Gresham Street, London EC2V 7BB, for the purpose of considering and, if thought fit, passing the following resolutions of which Resolutions 1 to 3 will be proposed as ordinary resolutions and Resolutions 4 to 6 will be proposed as special resolutions.

#### 1. Ordinary resolution

THAT, subject to the admission of the entire issued and to be issued share capital of the Company to trading on the AIM Market (**AIM**) of the London Stock Exchange (**Admission**) and subject to the passing of Resolutions 2 to 5, the acquisition (**Acquisition**) by the Company of eighty per cent. of the entire issued share capital of Threadneedle Communications Limited (**Threadneedle**) referred to, and on the terms and subject to the conditions set out in, an acquisition agreement (**Acquisition Agreement**) dated 19 September 2011 between (1) the Company and (2) the shareholders of Threadneedle and related documentation to be entered into pursuant to the Acquisition Agreement be and is hereby approved with such minor amendments as the Directors may approve, and the Directors or any duly authorised committee of the Directors be and are hereby authorised to take all steps necessary or desirable to complete the Acquisition.

#### 2. Ordinary resolution

THAT, subject to Admission and conditional upon the passing of Resolution 1, each of the existing ordinary shares of 0.1p each (**Existing Ordinary Shares**) which at 6.00 pm on 3 November 2011 (or such later date as the Directors of the Company may determine and communicate to Shareholders via an appropriate announcement to a Regulatory Information Service) are shown in the books of the Company to be in issue or held in treasury shall be consolidated into new Ordinary Shares of 10p each (**New Ordinary Shares**) on the basis of 100 Existing Ordinary Shares being consolidated into one New Ordinary Share provided that:

- (a) where such consolidation results in any member being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a New Ordinary Share to which other members of the Company may be entitled;
- (b) the Directors of the Company be and are hereby authorised to sell (or appoint any other person to sell) to any person, on behalf of the relevant members, all the New Ordinary Shares representing such fractions at the best price reasonably obtainable, to retain the net proceeds of such New Ordinary Shares representing such fractions and to then donate such proceeds to charity; and
- (c) any Director of the Company (or any person appointed by the Directors of the Company for the purpose) shall be and is hereby authorised to execute an instrument of transfer in respect of such New Ordinary Shares on behalf of the relevant members and to do all acts and things the directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares.

#### 3. Ordinary resolution

THAT, subject to Admission and conditional upon the passing of Resolution 2, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (**Act**) (in substitution for all such subsisting authorities to the extent unused other than in respect of any allotments made, or to be made, pursuant to offers or arrangements

made prior to the passing of this resolution) to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company (**relevant securities**) up to an aggregate nominal amount of:

- (a) £3,350,101 in connection with the Acquisition and the private placing of shares by Northland Capital Partners Limited and Hub Capital Partners Limited (**Placing**); and
- (b) £2,358,567 in addition to the authority granted pursuant to paragraph 3(a) above,

and this authority shall unless renewed, varied or revoked by the Company expire at the next annual general meeting of the Company (**AGM**) or, if earlier, 15 months after the date of passing this resolution, save that the Company may, before such expiry, revocation or variation of this authority, make any offer or agreement which would or might require relevant securities to be allotted after such expiry, revocation or variation, and the Directors may allot relevant securities in pursuance of any such offer or agreement as if such authority had not expired or been revoked or varied.

#### 4. **Special resolution**

THAT (subject to Admission and conditional upon the passing of Resolution 2):

- (a) the existing Articles of Association of the Company (**Current Articles**) be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, are to be treated as provisions of the Current Articles; and
- (b) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification (**New Articles**) be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of the Current Articles.

#### 5. **Special resolution**

THAT, subject to Admission and conditional upon the passing of Resolution 3, the Directors be and are hereby empowered and authorised pursuant to section 570 of the Act (in substitution for all such subsisting authorities to the extent unused other than in respect of any allotments made, or to be made, pursuant to offers or arrangements made prior to the passing of this resolution) to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by Resolution 3 as if section 561(1) of the Act did not apply to any such allotment:

- (a) in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory or any other matter whatever;
- (b) providing that the minimum nominal amount of equity securities that may be allotted pursuant to such authority shall be:
  - (i) of up to £3,350,101 in connection with the Placing and the Acquisition; and
  - (ii) otherwise than pursuant to paragraphs 5(a) or (b) (i) above, limited to the allotment of additional relevant securities up to an aggregate nominal amount of £1,061,356

provided further that such power shall expire on the date of the next AGM of the Company (unless renewed, varied or revoked by the Company prior to or on that date) or, if earlier, 15 months after the date of passing this resolution, save that the Directors may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry.

## 6. Special resolution

THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of its own shares in such a manner and on such terms as the Directors may from time to time determine provided that:

- (a) The maximum aggregate number of Ordinary Shares is equal to or less than 15 per cent. of the Enlarged Issued Share Capital.
- (b) The minimum price (excluding expenses and appropriate taxes) which may be paid for each share is its nominal value.
- (c) The maximum price (excluding expenses and appropriate taxes) which may be paid for each share is the higher of:
  - i) 105 per cent. of the average market value of a share in the Company for the five business days prior to the day the purchase is made; and
  - ii) the value of a share calculated on the basis of the higher of the price quoted for:
    - 1) the last independent trade of; and
    - 2) the highest current independent bid for,any number of the Company's shares on the trading venue where the purchase is carried out.
- (d) The authority conferred by this resolution shall expire at the conclusion of the next AGM save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase shares which will or may be executed wholly or partly after the expiry of such authority.

*By Order of the Board*  
Keith Springall  
Company Secretary

*Registered Office*  
New Broad Street House  
35 New Broad Street  
London, EC2M 1NH

### Notes:

1. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company as at 6.00 pm on 3 November 2011 or, in the event that the meeting is adjourned, in such register 48 hours before the time of the adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their names at the relevant time. Changes after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member entitled to attend and vote at the above mentioned meeting is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend, speak and vote at the meeting on a show of hands or on a poll and any adjournment(s) thereof. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to a different share or shares held by him/her. A proxy need not be a member of the Company.
3. A form of proxy is enclosed. Please read carefully the instructions on how to complete the form. For a proxy to be effective, it must be deposited together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or other authority, at SLC Registrars Limited, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD so as to be received not later than 11.00 am on, 3 November 2011 or, in the case of a poll to be taken more than 48 hours after it is demanded, up to 24 hours before the time appointed for the taking of the poll or, in the case of a poll to be taken less than 48 hours after it is demanded, at the time at which the poll was demanded.
4. The appointment of a proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.
5. A vote withheld option has been included on the form of proxy. The legal effect of choosing the vote withheld option on any resolution is that the member concerned will be treated not to have voted on the relevant resolution. The number of votes in respect of which votes are withheld will however be counted and recorded but disregarded in calculating the votes for or against a resolution.
6. In accordance with section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, in accordance with section 149(2) of the Companies Act 2006 and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

7. The rights of shareholders set out above in relation to the appointment of proxies do not apply to Nominated Persons. Such rights can only be exercised by shareholders of the Company.
8. Copies of both the existing and proposed new articles of association of the Company are available for inspection at the registered office of the Company during normal business hours (Saturdays and public holidays excepted) and will be available for inspection at the place of the meeting for 30 minutes prior to and throughout the meeting.
9. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the meeting. In accordance with the provisions of the Companies Act 2006 (as amended by the Companies (Shareholders' Rights) Regulations 2009), each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
10. Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the meeting any question relating to the business being dealt with at the meeting which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
11. In accordance with section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website. As at 11 October 2011 (being the last business day prior to the publication of this notice), the Company's issued voting share capital was 3,725,600,000 ordinary shares of 0.1p each, carrying one vote each. Therefore, the total voting rights in the Company as at 11 October 2011 were 3,725,600,000.

