

21 October 2009

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ROTALA PLC

Proposed Placing of 5,774,175 new Ordinary Shares at 40 pence per share

Highlights

- Placing to raise approximately £2.15 million (net of expenses)
- Significant new business wins
- Placing to fund the continued organic growth and strategic development of the Group

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1. Introduction

The Directors are pleased to announce that, subject *inter alia* to Shareholders' approval, Rotala proposes to raise approximately £2,154,000 (net of expenses) through the Placing in aggregate of 5,774,175 new Ordinary Shares at 40 pence per Ordinary Share.

The price represents a discount of 15.79 per cent. to the closing mid-market price of 47.5 pence per Ordinary Share on 20 October 2009, being the latest practicable date prior to the posting of this announcement.

The Placing is subject to approval by Shareholders at the General Meeting to be held at 11.00 a.m. on 9 November 2009.

If the Resolutions are duly passed, it is expected that the Placing Shares will be admitted to trading on AIM on 10 November 2009.

2. Background to and reasons for the Placing

The Company is proposing to raise £2,309,670, by way of a placing of new Ordinary Shares at the Placing Price. This represents a discount of 15.79 per cent. to the closing mid-market price of 47.5 pence per Ordinary Share on 20 October 2009, being the latest practicable date prior to this announcement. The Placing Shares will represent approximately 17.59 per cent. of the issued share capital of the Company as enlarged by the Placing. Conditional commitments have been received by the Company from investors and certain Directors to subscribe for the Placing Shares.

The Directors believe that during the second half of the current financial year, the Group has continued to win new contracts and expand its operations geographically. During the period:

- the Group commenced commercial bus operations in the Bath area, principally around Bath University. The Group now operates a fleet of 11 buses in that area and, since the commencement of the new university term, patronage has climbed significantly. The Group aims to continue to increase the number of buses operating in this region to take advantage of its initial successes;
- the Group commenced commercial bus operations in the northern part of central Birmingham. Patronage has shown continuous growth and the Group is now operating a fleet of 10 buses in this densely populated area;
- the Group commenced the operation of a combined commercial and subsidised bus network in and around the city of Worcester. The initial fleet comprised 25 buses and the Group can report continuing passenger growth in this area. The Directors believe Worcester will present significant route network growth opportunities in the near to medium term;
- the Group has been awarded the renewal of its ground transportation contract with British Airways for a further five years from the date of expiry of the current contract in February 2010. The contract covers the provision of a private bus service for British Airways personnel around their Heathrow base as well as the movement of crew and other employees in and around the United Kingdom. It is expected that the annual revenues arising from the renewal of the ground transportation contract will total approximately £5.25 million per year over the next five years;
- Qantas has extended its contract with the Group to transport cabin crew to and from Heathrow Airport for a further three years. It is expected that annual revenues arising from this extension will total approximately £300,000 per year over the next three years; and
- Cathay Pacific has awarded the Group a transportation contract for its employees, totaling approximately £150,000 per annum.

The proceeds from the Placing will principally be used to:

- establish and expand a new depot in Droitwich, Worcestershire with an associated bus network to service the Group's new route network in and around the city of Worcester;
- acquire a new depot in the Bath and Bristol area to support the Group's existing operations and provide the platform for further growth in that area;
- acquire 15 new buses as required under the terms of the renewed British Airways ground transportation contract; and
- augment the Group's working capital and fund the continuing organic growth of the business.

The Directors believe that business opportunities to be financed by the Placing will expedite the Company's stated strategy to be a leading regional bus operator and result in attractive financial returns for Shareholders.

The Directors consider that it is in the best interests of the Company and Shareholders as a whole for the funds to be raised by the Placing.

3. Directors' and Other Significant Shareholders' Interests

Following completion of the Placing, the Directors and other Significant Shareholders will, so far as the Company is aware, have the following interests in Ordinary Shares:

<i>Name of Director or Shareholder</i>	<i>Ordinary Shares held (excluding options) immediately following the Placing</i>	<i>Percentage of issued share capital as enlarged by the Placing</i>	<i>Options and Warrants over Ordinary Shares</i>
John Gunn ^{1,2,3}	7,134,264	21.74	400,000 options and 390,850 Warrants
Cazenove Capital Management	1,875,000	5.71	-
Geoffrey Flight ⁴	1,302,833	3.97	220,000 options and 121,579 Warrants
Gartmore	1,250,000	3.81	-
Link Traders (Aust) Pty Ltd	1,200,000	3.66	-
The Dunn Family ⁵	1,129,132	3.44	845,000 options and 322,710 Warrants
Michael Samuel	375,000	1.14	123,456 Warrants

Kim Taylor	322,500	0.98	565,000 options and 37,344 Warrants
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1. John Gunn's direct holding in the Company is 2,105,633 Ordinary Shares, representing 6.42 per cent. of the total voting rights of the Company immediately following the Placing.
2. For the purpose of the AIM Rules, John Gunn's family holding, (including the holdings of Renate Gunn (John Gunn's wife), Wengen Limited (of which John and Renate Gunn are the sole shareholders) and the Wengen Pension Plan (of which John Gunn is a beneficiary and trustee)) in the Company is 5,291,358 Ordinary Shares, representing 16.12 per cent. of the total voting rights of the Company immediately following the Placing.
3. John Gunn, Renate Gunn, the trustees of the Ingrid Croft Trust, the trustees of the Natalie Haynes Trust and the trustees of the Alison Pople Trust (of all of which trusts John Gunn is a trustee) are parties acting in concert for the purposes of the City Code on Takeovers and Mergers (the "**Code**"). Accordingly, their respective interests are to be aggregated for the purposes of the Code. So far as the Company is aware, following the Placing, this concert party will have a direct interest in 7,134,264 Ordinary Shares, representing 21.74 per cent. of the total voting rights of the Company.
4. Includes the Flight Pension Trust of which Geoffrey Flight is a trustee and beneficiary.
5. The Dunn Family includes the shareholdings of Robert Dunn (Non-executive Director) and Simon Dunn (Chief Executive).

4. Details of the Placing

The Company is proposing to raise approximately £2,154,000 (net of expenses), by way of a Placing of an aggregate of 5,774,175 new Ordinary Shares at the Placing Price with institutional and other investors, including certain Directors. The Placing is conditional on the passing of the Resolutions and Admission.

Conditional on the passing of the Resolutions, application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Placing Shares will commence on AIM at 8.00 a.m. on 10 November 2009.

The Placing Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares, including the right to receive any dividend or other distribution declared, made or paid after the date of their unconditional allotment.

It is expected that CREST accounts will be credited with entitlements to Placing Shares as soon as practicable following Admission and the share certificates for the Placing Shares which are to be held in certificated form will be dispatched to Placees by 30 November 2009. The Placing Shares will be in registered form and no temporary documents of title will be issued.

5. Transactions with related parties

John Gunn and Simon Dunn are Directors of the Company and are therefore considered to be related parties as defined under the AIM Rules. John Gunn and Simon Dunn have agreed to subscribe for 187,500 Ordinary Shares and 184,175 Ordinary Shares, respectively, in the Placing amounting in aggregate to £148,670. The services of John Gunn are provided to the Company under a contract with Wengen Limited. Wengen Limited has agreed to accept new Ordinary Shares to be issued to it in lieu of outstanding fees due to it under the contract of service. Simon Dunn is subscribing to the Placing principally through his pension plan which will acquire 130,680 Ordinary Shares for cash. In addition he will convert £21,398 of an existing loan of £50,000 to the Company into 53,495 Ordinary Shares. The transactions in Ordinary Shares with John Gunn and Simon Dunn are transactions with related parties. The Directors, excluding John Gunn and Simon Dunn, consider the issue of Ordinary Shares in lieu of outstanding fees and in part payment of an existing loan to the Company to be fair and reasonable insofar as Shareholders are concerned.

6. General Meeting

The General Meeting will be held at the offices of Rotala PLC at Beacon House, Long Acre, Birmingham, B7 5JJ at 11.00 a.m. on 9 November 2009.

7. Circular

A circular has today been posted to Shareholders providing details of all matters relating to the Placing and is available on the Company's website www.rotalaplco.uk.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2009
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 7 November
General Meeting	11.00 a.m. on 9 November
Admission and commencement of dealings in the Placing Shares	8.00 a.m. on 10 November
CREST accounts credited with Placing Shares	8.00 a.m. on 10 November
Despatch of definitive share certificates for Placing Shares (if applicable)	by 30 November

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"Admission"	the admission of the Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
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“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the rules governing the admission to, and the operation of, AIM as published by the London Stock Exchange from time to time
“Charles Stanley”	Charles Stanley Securities, a trading division of Charles Stanley & Co. Limited, the Company’s Nominated Adviser and Broker for the purposes of the AIM Rules
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations)
“Directors”	the directors of the Company
“Existing Ordinary Shares”	the 27,043,970 Ordinary Shares in issue at the date of this document
“General Meeting”	the general meeting of the Company convened for 11.00 a.m. on 9 November 2009 and any adjournment thereof
“Group”	the Company and its subsidiaries and subsidiary undertakings
“London Stock Exchange”	London Stock Exchange plc
“Placees”	persons who validly apply for Placing Shares
“Placing”	the conditional placing of the Placing Shares
“Placing Price”	40 pence per Placing Share
“Placing Shares”	5,774,175 new Ordinary Shares which are proposed to be allotted and issued pursuant to the Placing
“Rotala” or the “Company”	Rotala PLC
“Resolutions”	the resolutions to be approved at the General Meeting in relation to the Placing
“Shareholders”	holders of Ordinary Shares
“Significant Shareholder”	a holder of 3 per cent. or more of any class of AIM security (excluding treasury shares) as defined by the AIM Rules

“Warrants”

the outstanding warrants to subscribe for up to
3,969,879 new Ordinary Shares

This information is provided by RNS
The company news service from the London Stock Exchange

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