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

The Directors, whose names appear on page 4 of this Document, and the Company accept responsibility, collectively and individually, for the information contained in this Document. To the best of the knowledge and belief of the Directors and the Company (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.

The distribution of this Document and any accompanying documents to jurisdictions other than the United Kingdom may be restricted by applicable laws or regulations and this Document does not form part of any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for Ordinary Shares in any jurisdiction where such offer, invitation or solicitation is unlawful. Persons in jurisdictions other than the United Kingdom into whose possession this Document and/or any of the accompanying documents comes should inform themselves about and observe such applicable legal or regulatory requirements in such jurisdiction. Any failure to do so may constitute a violation of the securities laws of any such jurisdiction.

This Document is not a prospectus for the purposes of the Prospectus Rules. Accordingly, this Document has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom (in its capacity as UK Listing Authority or otherwise) pursuant to sections 85 and 87 of the FSMA, the London Stock Exchange or any other authority or regulatory body and has not been approved for the purposes of section 21 the FSMA.

Application will be made for the Placing Shares to be admitted to trading on the AIM market of the London Stock Exchange. 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 UK Listing Authority. 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.

This Document does not comprise an admission document under the AIM Rules and neither the London Stock Exchange nor the UK Listing Authority have examined or approved the contents of this Document. This Document does not constitute a recommendation regarding securities of the Company. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Placing Shares to the Official List. The Placing Shares will not be dealt on any other recognised investment exchange and no other such application will be made. Subject to certain conditions being satisfied, including the passing of the Resolutions at the General Meeting, it is anticipated that Second Admission will become effective and that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 21 August 2017.

Rotala Plc

(Incorporated and registered in England and Wales with registered no. 5338907)

**Conditional Subscription of 3,333,332 Subscription Shares to raise £2 million
Conditional Placing of 2,500,002 Placing Shares to raise £1.5 million
and
Notice of General Meeting**

Your attention is drawn to the letter from the Chairman of the Company set out in pages 10 to 17 of this Document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice of a General Meeting of Rotala Plc, to be held at the offices of Rotala Plc, Hallbridge Way, Tipton, Oldbury, West Midlands, B69 3HW at 10.00 a.m. on 18 August 2017, is set out at the end of this Document. To be valid the accompanying Form of Proxy for use in connection with the meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Capita Asset Services, by not later than 10.00 a.m. on 16 August 2017. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish. For full details on proxy appointments, see the notes to the Notice of General Meeting and the Form of Proxy.

Cenkos, which is authorised and regulated in the UK by the Financial Conduct Authority, is acting as nominated adviser and financial adviser to the Company in connection with the matters described in this Document and is not acting for any other persons in relation to the Placing and Admission. Cenkos is acting exclusively for the Company and for no one else in relation to the contents of this Document and persons receiving this Document should note that Cenkos will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cenkos or for advising any other person on the arrangements described in this Document. Cenkos has not authorised the contents of, or any part of, this Document and no liability whatsoever is accepted by Cenkos for the accuracy of any information or opinions contained in this Document or for the omission of any information. The responsibilities of Cenkos as the Company's nominated adviser and broker under the AIM Rules for Companies and 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, Shareholder or any other person in respect of his decision to acquire shares in the capital of the Company in reliance on any part of this Document or otherwise.

The Placing Shares to be issued will, following their issue, rank *pari passu* with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

The Placing Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa or Japan, nor has any prospectus in relation to the Placing Shares been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the Placing Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into such jurisdictions. Overseas Holders and any person (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this Document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

This Document may contain statements about Rotala that are or may be "forward-looking statements". All statements, other than statements of historical facts, included in this Document may be forward-looking statements. Without limitation, any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "should", "anticipates", "estimates", "projects", "would", "could", "continue", "potential" or words or terms of similar substance or the negative thereof, are forward-looking statements. These forward-looking statements include matters which are not facts. They appear in a number of places throughout this Document and include (without limitation) statements regarding the Directors' intentions, understanding, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth and strategies. These forward-looking statements are not guarantees of future performance and have not been reviewed by the auditors of Rotala. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules), Rotala does not undertake any obligation to update publicly or revise any forward looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to Rotala or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this Document are based on information available to the Directors at the date of this Document, unless some other time is specified in relation to them, and the posting or receipt of this Document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Shareholders should not construe the contents of this Document as legal, tax or financial advice, and should consult with their own advisers as to the matters described herein.

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DIRECTORS AND ADVISERS

Directors	John Gunn <i>Non-Executive Chairman</i> Simon Dunn <i>Chief Executive Officer</i> Kim Taylor <i>Group Finance Director</i> Bob Dunn <i>Managing Director</i> Graham Spooner <i>Non-Executive Director</i>
Company Secretary	Kim Taylor
Registered Office	Rotala Group Headquarters Cross Quays Business Park Hallbridge Way Tipton, Oldbury West Midlands B69 3HW
Nominated Adviser and Broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Lawyers to the Company	Squire Patton Boggs (UK) LLP Rutland House 148 Edmund Street Birmingham B4 6AT
Lawyers to the Nominated Adviser and Broker	Dentons UKMEA LLP One Fleet Place London EC4M 7WS
Registrars	Capita Asset Services 40 Dukes Place London EC3A 7NH

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Placing, the Acquisitions and the Proposed Acquisition	28 July 2017
Posting of this document	31 July 2017
Admission and commencement of dealings of the Subscription Shares	8.00 a.m. on 2 August 2017
Latest time and date for receipt of completed Forms of Proxy	10.00 a.m. on 16 August 2017
General Meeting	10.00 a.m. on 18 August 2017
Admission and commencement of dealings of the Placing Shares credited to CREST stock accounts	8.00 a.m. on 21 August 2017
Placing Shares credited to CREST stock accounts	21 August 2017
Despatch of definitive share certificates for Placing Shares	By 28 August 2017

Notes:

- (i) If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.
- (ii) Certain of the events in the above timetable are conditional upon, amongst other things, the approval of the Resolutions to be proposed at the General Meeting.
- (iii) All references are to London time unless stated otherwise.

KEY STATISTICS
SUBSCRIPTION STATISTICS

Number of Existing Ordinary Shares	43,047,584
Number of Subscription Shares	3,333,332
Issue Price	60p
Enlarged share capital immediately following First Admission	46,380,916
Percentage of the enlarged share capital immediately following First Admission as represented by the Subscription Shares	7.2%
Gross Proceeds from the Subscription	£2.0 million

PLACING STATISTICS

Number of Placing Shares	2,500,002
Issue Price	60p
Enlarged Share Capital following the Subscription and the Placing	48,880,918
Percentage of the Enlarged Share Capital represented by the Placing Shares	5.1%
Percentage of the Enlarged Share Capital represented by the New Ordinary Shares	11.9%
Gross Proceeds of the Placing	£1.5 million
Estimated net proceeds of the Placing and Subscription	£3.3 million
Market Capitalisation of the Company immediately following the Subscription and the Placing at the Issue Price	£29.3 million

DEFINITIONS

The following definitions apply throughout this document, including the Form of Proxy and the Application Form unless the context requires otherwise:

“Act”	Companies Act 2006 (as amended)
“Acquisition”	the Hansons Acquisition
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules for Companies”	the AIM Rules for Companies and guidance notes as published by the London Stock Exchange from time to time
“Board” or “Directors”	the directors of the Company as at the date of this document whose names are set out on page 4 of this document
“Business Day”	any day on which banks are generally open in England and Wales for the transaction of business, other than a Saturday, Sunday or public holiday
“Cenkos Securities”	Cenkos Securities plc
“certificated” or “in certificated form”	the description of an Ordinary Share or other security which is not in uncertificated form (that is not in CREST)
“Company” or “Rotala”	Rotala Plc
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations)
“Enlarged Share Capital”	the entire issued share capital of the Company following completion of the Placing on Second Admission
“EU”	the European Union
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“Existing Ordinary Shares”	the 43,047,584 Ordinary Shares in issue on the date of this document, which includes 854,338 Ordinary Shares held in Treasury
“FCA”	the Financial Conduct Authority of the United Kingdom
“First Admission”	admission of the Subscription Shares to trading on AIM, expected to occur at 8.00 a.m. on 2 August 2017
“Form of Proxy”	the form of proxy for use in relation to the General Meeting enclosed with this document
“FSMA”	Financial Services and Markets Act 2000 (as amended from time to time)
“FY”	Financial year ended 30 November
“General Meeting”	the General Meeting of the Company, convened for 10.00 a.m. on 18 August 2017 at the offices of Rotala Plc, Hallbridge Way, Tipton, Oldbury, West Midlands, B69 3HW or at any adjournment thereof, notice of which is set out at the end of this document
“Group”	the Company and its subsidiaries and subsidiary undertakings
“Hansons Acquisition”	the acquisition by the Company of Hansons (Wordsley) Limited
“HMRC”	Her Majesty’s Revenue and Customs
“Issue Price”	60 pence per New Ordinary Share
“London Stock Exchange”	London Stock Exchange plc
“MAR”	Market Abuse Regulation

“Money Laundering Regulations”	the Money Laundering Regulations 2007, the money laundering provisions of the Criminal Justice Act 1993 and the Proceeds of Crime Act 2002
“New Ordinary Shares”	the Subscription Shares and the Placing Shares
“Notice of General Meeting”	the notice convening the General Meeting as set out at the end of this document
“Ordinary Shares”	ordinary shares of 25p each in the capital of the Company
“Overseas Shareholders”	a Shareholder with a registered address outside the United Kingdom or who are citizens of, incorporated in, registered in or otherwise resident in, countries outside the United Kingdom
“Placees”	subscribers for Placing Shares
“Placing”	the placing by the Company of the Placing Shares with certain investors, otherwise than on a pre-emptive basis, at the Issue Price pursuant to the Placing Agreement
“Placing Agreement”	the agreement entered into between the Company and Cenkos Securities in respect of the Placing dated 28 July 2017, as described in this document
“Placing Shares”	the 2,500,002 new Ordinary Shares the subject of the Placing
“Proposed Acquisition”	the proposed acquisition of a bus services business, based in the Manchester area
“Regulatory Information Service”	has the meaning given in the AIM Rules for Companies
“Resolutions”	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
“Restricted Jurisdictions”	United States of America, Canada, Australia, New Zealand, Japan and the Republic of South Africa and any other jurisdiction where the extension or availability of the Placing would breach any applicable law
“Second Admission”	admission of the Placing Shares to trading on AIM, which is expected to occur at 8.00 a.m. on 21 August 2017
“Securities Act”	US Securities Act of 1933 (as amended)
“Shareholders”	the holders of Ordinary Shares from time to time
“Subscription”	The subscription of the Subscription Shares by existing Shareholders Graham Peacock and Susan Tobbell at the Issue Price
“Subscription Shares”	the 3,333,332 new Ordinary Shares the subject of the Subscription
“TUPE”	Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014.
“TfGM”	Transport for Greater Manchester, a public body responsible for co-ordinating transport services throughout Greater Manchester.
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States”, “United States of America” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“uncertificated” or “uncertificated form”	recorded on the relevant register or other record of the Ordinary Shares or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST

“UKLA”

United Kingdom Listing Authority (being the FCA acting as competent authority for the purposes of Part V of FSMA)

“US Person”

has the meaning given in Regulation S promulgated under the Securities Act

PART 1
LETTER FROM THE CHAIRMAN
Rotala Plc

Incorporated in England and Wales with registered no. 5338907

Directors:

John Gunn – *Non-Executive Chairman*
Simon Dunn – *Chief Executive Officer*
Kim Taylor – *Group Finance Director*
Bob Dunn – *Executive Director*
Graham Spooner – *Non-Executive Director*

Registered office:

Rotala Group Headquarters
Cross Quays Business Park
Hallbridge Way
Tipton, Oldbury
West Midlands B69 3HW

To Shareholders and, for information only, option holders

31 July 2017

Conditional Subscription of 3,333,332 Subscription Shares to raise £2 million
Conditional Placing of 2,500,002 Placing Shares to raise £1.5 million
and
Notice of General Meeting

1. Introduction

On 28 July 2017 the Company announced a conditional Subscription to raise £2 million (before fees and expenses) by the issue and allotment of 3,333,332 new Ordinary Shares to certain existing Shareholders at the Issue Price of 60 pence per Ordinary Share. The proceeds from the Subscription will be used to finance the Hansons Acquisition and the Proposed Acquisition.

Furthermore, the Company also announced a conditional Placing to raise an additional £1.5 million (before fees and expenses) by the issue and allotment of 2,500,002 new Ordinary Shares at the Issue Price to investors. The net proceeds from the Placing, subject to approval by Shareholders at the General Meeting, are expected to be deployed towards further acquisition opportunities in the near to mid-term.

The Placing is conditional, *inter alia*, upon Shareholders approving the Resolutions at the General Meeting, which will grant to the Directors the authority to allot the Placing Shares and the power to disapply statutory pre-emption rights in respect of the Placing Shares. The Resolutions are contained in the Notice of General Meeting at the end of this document. First Admission in respect of the Subscription Shares is expected to occur at 8.00 a.m. on 2 August 2017. Second Admission in respect of the Placing Shares is expected to occur at 8.00 a.m. on 21 August 2017 or such later time and/or date as Cenkos Securities and the Company may agree, not being later than 28 August 2017. Neither the Subscription nor the Placing are underwritten.

The Subscription is conditional only on First Admission (and therefore is not conditional on completion of the Placing) and does not require Shareholder consent.

The Issue Price represents the closing middle market price of 60 pence per Existing Ordinary Share on 27 July 2017 (being the last practicable date prior to the announcement of the transaction).

The purpose of this document is to explain the background to and reasons for the Subscription and the Placing, the use of proceeds, the details of the Subscription and the Placing and to recommend that you vote in favour of the Resolutions to be proposed at the General Meeting in respect of the Placing.

2. Background to and reasons for the Subscription and Placing

Company overview

Rotala is a provider of bus services and tailored transport solutions to both public and private sectors in the UK. In recent years the Company has experienced significant growth, primarily through acquisition, and now operates over 600 vehicles and employs approximately 1,500 people.

Throughout 2016, Rotala continued to grow through acquisition, acquiring three businesses which expanded the Company's operations at Heathrow airport, a key market for Rotala, as well as providing a stronger foothold in the North West of England. For the year ended 30 November 2016, the Company reported revenues of £55.0 million (FY 2015: £50.9 million) across 8 sites, with an additional estimated annualised revenue of £4.7 million secured in new contract wins during FY 2017 to date. Rotala benefits from strong operational leverage and the Directors believe that its existing asset base is able to support revenues of £85 million.

Industry changes and opportunities

As has been widely reported, the UK bus market is undergoing a period of significant change. Rotala currently has less than 1 per cent. market share of the estimated £6 billion UK bus market. This is dominated by five large players, Arriva, Stagecoach, FirstGroup, Go-Ahead and National Express, which are estimated to account for, in aggregate, approximately 70 per cent. of the market. The remaining 30 per cent. of the market is held by a large number of smaller independent operators, such as Rotala. Today, operators face market pressures in the form of reduced government subsidies and local authority budgets, more stringent emissions standards and higher specification requirements. These industry changes can adversely affect profitability, particularly for smaller businesses, as well as re-direct resource and investment by the larger operators away from their existing bus services to focus on more profitable units within their groups. Rotala aims to capitalise on these ongoing industry changes by consolidating market share from undercapitalised businesses in the sector, creating synergies by integrating those businesses into the Company's existing operations.

Further changes to the industry are expected as a result of the Bus Services Act ("the Bus Act"), which received Royal Assent in May 2017. In parallel with the Bus Act, regional authorities have been created to take advantage of the anticipated powers that they could inherit as a result of implementation of the Bus Act. The Directors believe an important component of the Bus Act is the possible re-franchising of bus networks in major cities throughout the UK. Rotala currently has a presence in three of those conurbations, Greater Manchester, the South West (Bristol) and the West Midlands (Birmingham).

The Directors believe that re-franchising offers the prospect of considerably increasing market share in these locations where Rotala operates. If the franchising model is employed in these areas then the Directors believe that the current dominant market players will likely have their market shares eroded by new entrants to the market, thus representing a significant opportunity for the Group.

The Directors believe that Manchester will be the first Mayor-controlled local authority outside of London to franchise its bus market and believes that TfGM will want to create similar competition to that seen in London where the franchise system prevails. Representatives of TfGM have begun to consult all bus operators in the region and to collect relevant data from them, under powers granted under the Bus Act. In Greater Manchester, Rotala's overall market share is currently very small and the Directors believe that Company has good prospects of significantly raising its market share in the future under a franchised market regime. In the South West, Rotala has a more significant market share and is the second largest operator, providing it with a strong foothold from which to increase market share in the future if franchising is introduced into this market. In the West Midlands, though Rotala's market share is again relatively small in a market dominated by one very large operator, the Directors believe that the Company can materially enhance its market share in certain parts of the West Midlands market and thereby improve loadings and operational efficiencies, as Transport for the West Midlands implements the powers accorded to it by the Bus Act.

Acquisition and Proposed Acquisition

In light of the industry changes described above and in line with its growth strategy, Rotala has been exploring acquisition opportunities to expand its existing areas of operation and is currently in discussions with a number of parties in relation to potentially acquiring them. Following a period of due diligence, the Company has entered into a sale and purchase agreement in respect of the Hansons Acquisition (in the West Midlands), which has completed, and expects shortly to enter into a sale and purchase agreement in respect of the proposed Acquisition which, if entered into, would be the acquisition of a bus business in the Manchester region, which is expected to complete towards the end of September 2017 following completion of final TUPE consultations. The consideration for the Hansons Acquisition is £1 million and the expected consideration for the

proposed Acquisition is approximately £1 million, the aggregate of which includes working capital needs and capital expenditures associated with the Acquisition and the Proposed Acquisition. The Acquisition and the Proposed Acquisition will be financed from the proceeds of the Subscription and are expected to be earnings accretive within the first full year following their completion.

In addition to the Acquisition and the Proposed Acquisition, the Company is exploring other acquisition opportunities, including a further strategic acquisition in Manchester and an airport based hotel bus business. Should they, or other similar opportunities proceed, they would be financed from the net proceeds of the Placing. It is expected that these acquisitions will be completed, if they should proceed, within the current financial year.

Hansons Acquisition

Hansons is based in Stourbridge between two of Rotala's existing depots. The Directors believe that acquisition of Hansons will cement Rotala as the second largest operator in the West Midlands and is expected to strengthen its negotiating position for tendered services in the future. The Company expects to benefit from material synergies upon the integration and rationalisation of Hansons, with an expected Group EBITDA contribution of £0.4 million once integrated. These synergies will be realised primarily from:

- moving Hansons assets across to Rotala's existing depots;
- eliminating surplus overhead; and
- the disposal of Hanson's existing depot.

As at 31 March 2017, Hansons had net assets of approximately £0.4 million and generated revenues and gross profits of approximately £2.0 million and £1.1 million respectively.* The cost of the Hansons acquisition is approximately £1 million, including the working capital needs and the capital expenditure associated with the acquisition, which will be satisfied from the net proceeds of the Subscription.

**Hansons unaudited financial statements for year ended 31 March 2017*

The Proposed Acquisition

The Proposed Acquisition comprises a purchase of a freehold site and 18 buses from a business based in Greater Manchester. The Proposed Acquisition would be a strategic acquisition aimed at capitalising on the re-franchising opportunities in Greater Manchester. The Directors believe that, should it complete, it will enable Rotala to significantly grow its operations in this area and potentially double its bus capacity. No additional overheads are expected to be required as a result of the acquisition and the Directors believe that the Company will benefit from additional sales, gross profit and EBITDA contributions of approximately £2.0 million, £0.4 million and £0.2 million respectively under Rotala's ownership, in the first full year following completion of the Proposed Acquisition.

The expected cost of the Proposed Acquisition is approximately £1 million, including the working capital needs and capital expenditure associated with the acquisition, which will be satisfied from the net proceeds of the Subscription.

Other acquisition opportunities

The Company is also currently in negotiations relating to other acquisitions, all of which are at a preliminary stage, including:

Opportunity A

- A further strategic acquisition in Manchester that could increase Rotala's bus capacity to 200 vehicles, representing approximately 10 per cent. of the local market
- Cost of acquisition expected to be approximately £4.6 million (financed through equity and debt)
- Estimated revenue and EBITDA contributions of £11.0 million and £0.9 million in the first full year following completion of such acquisition

Opportunity B

- Acquisition of airport based bus business
- Common customer base with existing business
- Would use existing spare depot capacity and overhead

- Cost of acquisition expected to be £2.2 million (financed through equity and debt)
- Historic sales and EBITDA of £6.1 million and £0.5 million*

*Information provided by target

3. Use of proceeds

The Company has conditionally raised £2 million, before fees and expenses, through the Subscription and a further £1.5 million before fees and expenses through the Placing. The estimate of expenses for the Subscription and Placing is expected to be up to approximately £0.2 million. Whilst completion of the Placing is conditional, *inter alia*, on completion of the Subscription, completion of the Subscription is not conditional on completion of the Placing.

The net proceeds are expected to be used by the Company for the following purposes:

- circa £2.0 million towards funding the Hansons Acquisition and the Proposed Acquisition; and
- circa £1.3 million towards funding other acquisition opportunities, including those specific opportunities described above.

Should they occur, opportunities A & B are expected to be financed, in part, by the net proceeds of the Placing. If neither opportunity A nor opportunity B completes, the net proceeds of the Placing are expected to be deployed towards other acquisitions, strengthening the balance sheet and/or for general working capital purposes.

4. Current trading and prospects and recommended dividend

The Company recently announced the following update on trading for the six months ended 31 May 2017 and on the outlook for the year ending 30 November 2017:

- Revenue up 4.5 % vs. H1 2016 to £28.6 million*
- Improvement in gross profit margin to 19%*
- Profit from operations up 12.1% to £1.96 million*
- Increase reflects benefit from operational gearing as asset utilisation improves; further improvements to come through
- Profit before taxation up 18.1% to £1.34 million*
- Basic adjusted earnings per share up 8.9% to 2.58p*
- Interim dividend increased to 0.85p per share (2016: 0.80p)
- Net debt at half-year end of £25.7 million vs £25.8 million at 31 May 2016
- The contract wins announced in the accounting period are expected to produce additional estimated revenues of £4.7 million in a full year
- The Company continues to pursue attractive acquisition targets
- Current trading in line with market expectations

*Trading performance highlights of the Group for six months ended 31 May 2017, before mark to market provision and other exceptional items

The Group has made good progress during the first half of the year. The 4.5% increase in revenues over that achieved in the same period of 2016, leading to the 18% increase in profit before taxation, gives the Board confidence that the Group remains on course to meet market expectations for the financial year.

This confidence is underpinned by the contract wins announced earlier in the year which are expected to make a much more significant contribution to revenues in the second half of the year. The prospects for the full year will continue to support the Group's progressive dividend policy. In respect of the period to 31 May 2017 the board intends to declare an interim dividend of 0.85p per share (2016: 0.80p).

Furthermore the new ticketing technology for the West Midlands, announced in April 2017, is already providing some of the predicted benefits. Communications with both customers and drivers have significantly improved as a result of the better quality of information feed. Operational problems are immediately visible and can be more speedily resolved. The take up of contactless payment, with all the flexibility that offers to passengers, has been noticeably rapid and continues to accelerate.

Looking beyond the current year, the Board remains confident that the Bus Services Act will provide more opportunities than challenges. Rotala has a proven track record of steady organic growth supplemented by sensibly priced acquisitions. There is currently no shortage of potential targets and the strength of our balance sheet and operational cash flow mean that we are well positioned to build on a strong performance in the current year.

The Company expects to announce its half yearly report in respect of the six months ended 31 May 2017 in August 2017.

5. Details of the Subscription and the Placing

Details of the Subscription

The Company has conditionally raised £2 million before expenses by the conditional Subscription of 3,333,332 Subscription Shares at the Issue Price to Graham Peacock and Susan Tobbell. The Subscription is conditional on First Admission. Following First Admission, Graham Peacock and Susan Tobbell will each hold 2,741,666 Ordinary Shares in the Company.

Application will be made to the London Stock Exchange for the admission of the Subscription Shares to trading on AIM. It is expected that First Admission will occur and that dealings in the Subscription Shares will commence at 8.00 a.m. on 2 August 2017. Following First Admission, the Company will have 45,526,578 Ordinary Shares in issue carrying voting rights, which excludes 854,338 shares currently held in Treasury that do not carry voting rights.

Details of the Placing

The Company has conditionally raised £1.5 million before expenses by the conditional Placing of 2,500,002 Placing Shares at the Issue Price. The Placing is conditional on, *inter alia*:

- (i) First Admission;
- (ii) the passing of all of the Resolutions at the General Meeting;
- (iii) the Placing Agreement becoming or being declared unconditional in all respects and not having been terminated in accordance with its terms prior to Second Admission; and
- (iii) Second Admission becoming effective at 8.00 a.m. on 21 August 2017 or such later time and/or date (being not later than 8.00 a.m. on 28 August 2017) as Cenkos Securities and the Company may agree.

If any of the conditions are not satisfied, the Placing Shares will not be issued and all monies received from the Placees will be returned to them (at Placees' risk and without interest) as soon as possible thereafter.

Application will be made to the London Stock Exchange for the admission of the Placing Shares to trading on AIM. It is expected that Second Admission will occur and that dealings in the Placing Shares will commence at 8.00 a.m. on 21 August 2017. Following Second Admission, the Company will have 48,026,580 Ordinary Shares in issue carrying voting rights, which excludes 854,338 shares currently held in Treasury that do not carry voting rights.

Placing Agreement

Pursuant to the Placing Agreement, Cenkos Securities has agreed to use its reasonable endeavours as agent of the Company to procure subscribers for the Placing Shares at the Issue Price.

The Placing Agreement provides, *inter alia*, for payment by the Company to Cenkos Securities of commissions based on certain percentages of the product of the number of Placing Shares placed by Cenkos Securities multiplied by the Issue Price.

The Company will bear all other expenses of and incidental to the Placing, including the fees of the London Stock Exchange, printing costs, Registrar fees, all legal and accounting fees of the Company and all stamp duty and other taxes and duties payable.

The Placing Agreement contains certain warranties and indemnities from the Company in favour of Cenkos Securities and is conditional, *inter alia*, upon:

- (a) First Admission
- (b) the passing of all the Resolutions at the General Meeting;

- (c) the Placing Agreement having become unconditional in all respects (save for the condition relating to Second Admission) and not having been terminated in accordance with its terms prior to Admission; and
- (d) Second Admission becoming effective not later than 8.00 a.m. on 21 August 2017 or such later time and/or date as the Company and Cenkos Securities may agree, being not later than 8.00 a.m. 28 August 2017.

Cenkos Securities may terminate the Placing Agreement in certain circumstances, if, *inter alia*, the Company is in material breach of any of its obligations under the Placing Agreement; if there is a material adverse change in the financial position and prospects of the Company; or if there is a material adverse change in the financial, political, economic or stock market conditions, which in its reasonable opinion is or will be materially prejudicial to the successful outcome of the Placing.

Acquisition Agreements and Draft Acquisition Agreement

The Hansons Acquisition

Pursuant to the terms of a share purchase agreement (“SPA”) entered into between (1) the vendor of Hansons (the “Seller”) and (2) the Company, the Company has acquired from the Seller the entire issued share capital of Hansons (Wordsley) Limited (“Hansons”) for a cash consideration of £575,000 paid in full on completion of the SPA. Under the SPA the Seller has provided the Company with certain customary warranties relating to Hansons’ business and assets, which are subject to financial and other limitations customary for a transaction of this nature, and further customary warranties as to her title to, and capacity to sell, her shares in Hansons and has also agreed to be bound by certain customary non-compete and non-solicitation restrictive covenants in respect of Hansons’ business.

The Proposed Acquisition

Pursuant to the terms of a business purchase agreement (“BPA”) expected to be entered into between the vendors of the privately held assets referred to above and Diamond Bus (North West) Limited, a subsidiary of Rotala (the “Buyer”), the Buyer is to agree to acquire a bus services business which comprises 18 buses, a freehold property in the Manchester area, together with goodwill and the benefit of TfGM bus service contracts, for a cash consideration of £700,000 payable in full on completion of the BPA.

Should the agreement be entered into, completion of the BPA is expected to occur by the end of September 2017, following compliance by the target company with its obligations under the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Under the terms of the BPA, the target company is to provide the Company with customary warranties relating to the business, assets, transferring employees and property, subject to customary financial and other limitations and to commit to carry on the business in the ordinary course pending completion and agree to be bound by certain non-compete and non-solicitation restrictive covenants relating to the business post completion.

Directors’ intentions

The Directors, who in aggregate hold 8,455,586 Existing Ordinary Shares, representing approximately 19.6 per cent. of the Existing Ordinary Shares in issue at today’s date, intend to vote (or procure a vote) in favour of the Resolutions at the General Meeting.

6. Risk Factors and additional information

The attention of Shareholders is drawn to the risk factors set out in Part 2 of this document, which provides additional information on the Placing and Subscription.

7. Directorate changes

It is proposed that Graham Peacock will be appointed to the board following publication of the Company’s half year results for the six months ended 30 May 2017. Mr Peacock has significant expertise in the transport services sector and was previously Chief Executive Officer and a substantial shareholder of MRH (GB) Limited, the UK’s largest independent owner and operator of petrol stations in the UK, before it was sold to a US private equity firm. Further details in relation to Graham’s appointment to the board will be announced by the Company in due course.

Furthermore, the Company announces that Graham Spooner, non-executive director, has been appointed to the post of Deputy Chairman with immediate effect.

8. General Meeting

The Directors do not currently have authority to allot all of the Placing Shares on a non pre-emptive basis and, accordingly, the Board is seeking the approval of Shareholders to allot the Placing Shares at the General Meeting and to dis-apply pre-emption rights.

A notice convening the General Meeting, which is to be held at the offices of Rotala Plc, Hallbridge Way, Tipton, Oldbury, West Midlands, B69 3HW at 10.00 a.m. on 18 August 2017, is set out at the end of this document. At the General Meeting, the following Resolutions will be proposed:

- Resolution 1 which is an ordinary resolution to authorise the Directors to allot relevant securities up to an aggregate nominal amount of £4,212,299.50; and
- Resolution 2 which is conditional on the passing of Resolution 1 and is a special resolution to authorise the Directors to issue and allot equity securities up to an aggregate nominal amount of £625,000.50, pursuant to the Placing on a non-pre-emptive basis.

The authorities to be granted pursuant to the Resolutions shall expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2018 or 31 May 2018 (unless renewed varied or revoked by the Company prior to or on that date) and, in the case of Resolution 1 shall be in substitution for the existing authority of the Directors to allot relevant securities granted at the Company's Annual General Meeting held on 26 May 2017 and, in the case of Resolution 2, shall be in addition to the general dis-application of statutory pre-emption rights granted at such Annual General Meeting.

9. Action to be taken in respect of the General Meeting

Please check that you have received the following with this document:

- a Form of Proxy for use in relation to the General Meeting; and
- a reply-paid envelope for use in connection with the return of the Form of Proxy (in the UK only).

Whether or not you intend to be present in person at the General Meeting, you are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed thereon so as to be received, by post or, during normal business hours only, by hand to Capita Asset Services Limited, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible but in any event so as to arrive by not later than 10.00 a.m. on 16 August 2017 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a working day)).

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting in the event of your absence. The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting, or any adjournment thereof, should you wish to do so.

10. Taxation

Shareholders who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser immediately.

11. Recommendation

The Directors believe that the Placing and the passing of the Resolutions are in the best interests of the Company and Shareholders, taken as a whole. Accordingly the Directors unanimously recommend that Shareholders vote in favour of the Resolutions.

The Placing is conditional, *inter alia*, upon the passing of the Resolutions at the General Meeting. Shareholders should be aware that if the Resolutions are not approved at the General Meeting, the Placing will not proceed.

Yours faithfully

John Gunn

Non-Executive Chairman

PART 2

RISK FACTORS

An investment in the Company is subject to a number of risks and uncertainties. Accordingly, in evaluating whether to make an investment in the Company, potential investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including (but not limited to) the risk factors described below, before making any investment decision with respect to the Placing Shares. The risk factors described below do not purport to be an exhaustive list and do not necessarily comprise all of the risks to which the Company is exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions and in legal, accounting, regulatory and tax requirements. The risk factors described below are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company. If any of the following risks were to materialise, the Group's business, financial condition, results, prospects and/or future operations may be materially adversely affected. In such case, the value of the Ordinary Shares may decline and investors may lose all or part of their investment.

GENERAL RISKS

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him. The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an investment adviser authorised under FSMA, or such other similar body in their jurisdiction, who specialises in advising on investments of this nature before making a decision to invest.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them (if relevant) can go down as well as up. Past performance is not necessarily a guide to the future.

RISK RELATING TO THE GROUP

Acquisitions not proceeding

There can be no assurance that the Proposed Acquisition will be completed since it remains subject to completion of negotiations and the associated BPA. Furthermore, there can be no assurance that the Company will complete the other acquisition opportunities currently under negotiation as described in this document.

Additional capital requirements in the future

The capital requirements of the Group depend on a number of factors. Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictions on financing and operating activities. In addition, there can be no assurance that the Group will be able to raise additional funds when needed or that such funds will be available on terms favourable to the Group.

Loss of key personnel

The performance of the Group is dependent upon the continued services and the performance of the executive Directors and other key personnel. The loss of the services of any of the executive Directors or key personnel could have a material adverse effect upon the Group's future.

Variation in fuel price

Fuel is a significant cost to the Group's business. If fuel increases in price in circumstances where sales prices cannot be increased, then the Group's profitability could be adversely affected. The

Company monitors fuel prices closely, negotiates fuel escalator clauses where possible and increases fares if input costs rise in a sustained pattern. Rotala enters into fuel price fixing arrangements in order to mitigate this risk.

Legislation

Whilst the Company expects to capitalise on changes to the transport sector brought about by new government legislation (such as the Bus Act), the Group may be exposed to unplanned or unforeseen costs imposed on its business as a result of these changes.

RISKS RELATING TO AN INVESTMENT IN ORDINARY SHARES

Realisation of investment

Potential investors should be aware that the value of shares and income from these shares can go down as well as up and that Admission should not be taken as implying that there will be a liquid market in the Ordinary Shares. An investment in the Placing Shares may thus be difficult to realise.

Investment risk and AIM

The Placing Shares will be admitted to AIM and it is emphasised that no application is being made for admission of the Placing 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. 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.

Market for the Company's shares and volatility of share price

Prospective investors should be aware that the value of an investment in the Company may go down as well as up. In addition, the Company can give no assurance that an active trading market for its shares will develop, or if developed, be sustained in the future. If an active trading market is not developed or maintained, the liquidity and trading price of the Company's shares could be adversely affected. Furthermore, the trading price of the Company's shares may not reflect the underlying value of the investments held by the Company and may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, the timing of investments, changes in the regulatory environment and stock market sentiment towards investment companies.

Investors should consider carefully whether an investment in Rotala is suitable for them in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

Rotala Plc

(Incorporated and registered in England and Wales with registered no. 03152034)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of Rotala Plc, Hallbridge Way, Tipton, Oldbury, West Midlands, B69 3HW at 10.00 a.m. on 18 August 2017, for the purposes of considering and, if thought fit, passing the following resolutions of which resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution:

ORDINARY RESOLUTION

1. THAT, in substitution for all existing such authorities, the directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (“CA 2006”) to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into shares in the Company, up to an aggregate nominal amount of £4,212,299.50 provided that the authority conferred by this resolution shall expire on the earlier of the conclusion of the next annual general meeting of the Company and 31 May 2018 (unless previously renewed, varied or revoked by the Company in a general meeting) and provided further that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to be granted after such expiry and the directors may allot shares or grant rights in pursuance of that offer or agreement as if the authority conferred by this Resolution had not expired.

SPECIAL RESOLUTION

2. That, subject to Resolution 1 above being passed, and in addition to all existing authorities granted pursuant to section 571 of CA 2006, the directors be and they are hereby generally authorised and empowered pursuant to section 571 of CA 2006 to allot equity securities (within the meaning of section 560 of CA 2006) for cash pursuant to the authority conferred by Resolution 1 above, as if section 561(1) of the Act did not apply to such allotment, provided that such power is limited to the allotment of equity securities for cash up to a maximum aggregate nominal amount of £625,000.50 in connection with the Placing (as such term is defined in the circular to shareholders issued by the Company dated 31 July 2017) and shall expire on the earlier of the conclusion of the next annual general meeting of the Company and 31 May 2018 (unless previously renewed, varied or revoked by the Company in a general meeting) and provided further that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Kim Taylor
Company secretary

Date: 31 July 2017

NOTES TO MEMBERS:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him/her. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The proxy need not be a member of the Company. Please refer to the notes to the form of proxy for further information on appointing a proxy, including how to appoint multiple proxies (as the case may be).
2. In the absence of instructions, the person appointed proxy may vote or abstain from voting as he/she thinks fit on the specified Resolutions and, unless otherwise instructed, may also vote or abstain from voting on any other matter (including amendments to Resolutions) which may properly come before the meeting.
3. Shareholders may appoint a proxy or proxies:
 - a. by completing and returning a form of proxy by post or by hand to the offices of the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
 - b. in the case of CREST members, through the CREST electronic proxy appointment service.
4. To be effective, the appointment of a proxy, or the amendment to the instructions given for a previously appointed proxy, must be received by the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by one of the methods in note 3 above not less than 48 hours before the time for holding the meeting. In addition, any power of attorney or other authority under which the proxy is appointed (or a notarially certified copy of such power or authority) must be deposited at the offices of the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time for holding the meeting. Any such power of attorney or other authority cannot be submitted electronically.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear UK & Ireland") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA 10) by the specified latest time(s) for receipt of proxy appointments. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. Completion and return of the Form of Proxy will not preclude a shareholder from attending and voting in person at the meeting.
10. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names of the holders stand in the register of members in respect of the joint holding.
11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
12. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members entered on the register of members of the Company at the close of business on 16 August 2017 shall be entitled to attend and vote at the meeting or, if the meeting is adjourned, the close of business on such date being not more than two days prior to the date fixed for the adjourned meeting. Changes to entries on the register of members after such time shall be disregarded in determining the right of any person to attend or vote at the meeting.
13. As at 28 July 2017 (being the last practicable date prior to the publication of this notice), the Company's issued share capital consisted of 43,047,584 ordinary shares of 25 pence each, and there are 854,338 shares held by the Company in treasury. Therefore, the total voting rights in the Company as at 30 July 2017 (being the latest practicable date prior to the posting of this document) were 42,193,246.

