

13 August 2010

Eruma plc ('Eruma' or 'the Company')
Posting of Circular and Proposed Placing

Eruma plc, the AIM traded specialist provider of counter terrorism and intruder prevention products and intelligent lighting, announces that it has today posted a circular ('the Circular') to shareholders to convene a General Meeting regarding the Company's proposed intention to reorganise its share capital ('Capital Reorganisation') in order to raise additional funds by way of an equity placing to provide the Company with further working capital. The potential funds raised will be used by Eruma to service obligations and maintain supply lines for key components to fulfil existing and future orders as the Company's sales reach expands.

Posting of Circular

The Company today posted the Circular to shareholders, convening a General Meeting at 10 am on 31 August 2010 at Underwood House, Shepherdess Walk Buildings Underwood Street N1 7LG. The Circular contains proposals relating to a reorganisation of the Company's share capital.

The proposed Capital Reorganisation will enable the Company to raise additional funds by way of an equity placing in order to provide it with further working capital. Currently the market value of the Company's ordinary shares is below its nominal value of 1 pence and therefore it is unable to issue shares at market value.

The proposed Capital Reorganisation will reduce the number of ordinary shares in issue, thus increasing the market value of each share. The nominal value of each of the Company's ordinary shares will remain at 1 pence.

Subject to the approval of the resolutions at the General Meeting the Company has raised £479,000 (before expenses) by way of the issue of 5,322,222 new ordinary shares in the Company at a price of 9 pence per share. Further details relating to the placing are set out below.

Details of the Share Capital Reorganisation

The Company's issued share capital currently comprises of 205,451,281 ordinary shares of 1 pence each.

It is proposed to consolidate the entire existing share capital, both issued and to be issued into ordinary shares of 20 pence each and then to subdivide the new ordinary shares of 20p each into one ordinary share of 1p each and nineteen deferred shares of 1 pence each.

After the Capital Reorganisation and prior to the placing referred to below the share capital will comprise of 10,272,564 ordinary shares of 1 pence each. These ordinary shares will be admitted to trading on AIM. The Capital Reorganisation will also result in 195,178,717 Deferred Shares of 1 pence each being created. These deferred shares will have limited rights and will not be admitted to trading on AIM.

Placing

Conditional on the resolutions in the Circular being passed the Company has raised £479,000 (before expenses) by issuing 5,322,222 new ordinary shares in the Company at a price of 9 pence per share.

Related Party Transaction

The table below sets out the Company's director's participation in the placing:-

Director	Number of new shares purchased pursuant to the Placing	Total holding in the Company subsequent to the Placing and / conversion	% holding in the Company subsequent to the Placing
Wayne Money	555,555	1,316,843	8.44%
Alan Davis	444,444	517,882	3.32%

Pursuant to AIM Rules the participation of the directors in the Placing is deemed to be a Related Party Transaction pursuant to AIM Rule 13, as such the directors who do not have an interest in the Placing are required to consult with the Company's Nominated Adviser and consider that the terms of the placing are fair and reasonable as far as shareholders are concerned.

David Alexander, Kevin Coffey and Brian Wilkins being directors, who do not have an interest in the Placing, consider, having consulted with Cairn Financial Advisers LLP, that the terms of the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

Following the Placing and the Capital Reorganisation Company's so enlarged issued share capital will comprise of 15,594,786 ordinary shares of 1 pence nominal value.

It is anticipated that the so enlarged issued share capital, following the share capital reorganisation and the placing will be admitted to trading on AIM on or around 1 September 2010.

Update and Working Capital Position

At the start of 2010 the Company was successful in winning major new contracts. Critically some of these contracts were from Illuminex the lighting division which won a major contract with Bristol Airport for £379,000 to supply and install energy saving lighting solutions across the airport.

The Company's bankers proposed a range of approaches to secure trade finance facilities to fund these new contracts but the Company was unable to meet the conditions set out by the bank in what can only be described as a highly risk averse culture within the bank and a lack of availability of access to government sponsored schemes in relation to working capital.

The business pressed ahead with continued delivery of contracts under increasingly challenging conditions and tightening cash flow. An important factor affecting the cash flow was the size and nature of the contracts won, which were of an order of magnitude greater than previously experienced and the commercial terms normally enjoyed in relation to significant deposits payable in advance were not available from the types of organisations awarding the contracts.

Further new contract wins has seen the Company's order book exceed last year's and make it essential that the Company secure more working capital to support delivery of orders and service the increase in potential being experienced across both operating divisions of the business. During the first half of the year the Company's creditors have been flexible and supportive but the Company needs to continue to service obligations and maintain supply lines for key components to fulfil existing and future orders.

The Directors believe they have taken all reasonable measures to contain costs and secure alternative sources of funding. During the first seven months of this financial year none of the directors have taken any salary specifically to support fulfilment of orders and bridge the working capital requirements.

It is the Directors' view that the success of the business, is currently being constrained by lack of working capital, the inflexibility of traditional sources of trade finance and an overly risk averse banking culture. As a consequence the Directors believe the only responsible step to take is the proposed placing of new shares to raise the working capital required.

Eruma Chairman David Alexander said, "We have been successful in winning a number of major contracts over the year and continue to push forward in implementing a defined sales strategy and further boost our sales. In particular we have enjoyed recent success through Illuminex, our intelligent emergency lighting division, namely with our substantial contract with Bristol Airport which emphasised the value of our products in saving energy and lowering costs.

“We are committed to increasing our presence in the security and lighting arenas and with this in mind, the Board has been focussed on containing the Company’s costs as we look to meet our contractual commitments with existing customers. This potential placing, further to reorganising our share capital, will provide essential working capital so that we can bridge our cost commitments and develop Eruma’s customer base and sales reach going forward.”

****ENDS****

For further information please visit www.erumapl.com or contact:-

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Notes

Incorporated in March 2005 and listed on AIM, Eruma plc operate through two divisions Security Blinds and Illuminex.

Security Blinds is a leading manufacturer of physical security and protection systems in the UK. Servicing both the public and commercial sectors, the patented Secur™ system provides clients with protection against theft and forced entry. The system also gives businesses and institutions the opportunity to take proactive steps to address the modern threat of terrorism; having met stringent testing requirements to win endorsement by the Home Office, Association of Chief Police Officers, leading banks, and local authorities through its ability to protect people, property and equipment from bomb blasts.

Security Blinds also produces the Anti Ram Raid Gate. This gate is installed behind roller shutters to protect against ram raids. Anchored to the inside of the building the retractable barrier resists being rammed by vehicles, including lorries, and will deter roller shutters from being forced open by jacks or breached by angle grinders used by determined thieves.

Illuminex is a supplier and distributor of intelligent lighting systems. Illuminex solid state systems provide superior performance whilst reducing costs to businesses through reductions in energy consumption and maintenance overhead. This drives a significant reduction of an organisation's impact on the environment through reducing an organisation's carbon footprint, which enables them to seek government funding and loans to implement these solutions.