

20 October 2006

Rotala plc

Acquisition of Zak's Bus and Coach Services Limited

Rotala plc ("Rotala" or "the Company") announces that it has acquired Zak's Bus & Coach Services Limited ("Zak's"), an established independent bus and coach operator in the West Midlands. Zak's has a current turnover of some £2.1 million, consisting primarily of contracts with the West Midlands Passenger Transport Executive ("Centro"), Worcestershire County Council, Staffordshire County Council, Birmingham City Council and the University of Birmingham. Zak's has recently been awarded further contracts with Centro with annual revenues of £532,000, which commence shortly. Zak's also has the benefit of a 3.5 acre depot in North Birmingham under a long leasehold with 43 years to run.

The consideration for the acquisition is £30,000 payable in cash. Zak's had net assets of £40,000 as at 28 February 2006 and made a net loss of £4,000 for the year then ended. Zak's net assets include a number of liabilities which will be settled in due course, amounting to a maximum of £450,000, which includes a £150,000 mortgage on Zak's 40 year lease on its long leasehold depot.

Following the acquisition, the vehicles and operations of Zak's will be transferred to and integrated with the operations at Rotala's existing 4.5 acre depot in Birmingham. This step will eliminate duplicated administration and maintenance overheads and realise immediate cost savings. Thus the acquisition will be earnings enhancing from the outset.

The board further believes that Zak's long leasehold depot offers attractive possibilities for expansion, or exploitation as an asset in its own right.

The acquisition follows the placing announced on 4 October 2006 and is in line with the Company's ongoing acquisition strategy. John Gunn, Non-executive Chairman of Rotala commented:

"The Company is delighted with the acquisition of Zak's as it marks our entry into the West Midlands bus market. We believe that government policy on transport will involve the expansion of urban bus services. This was typified in the West Midlands by the publication last month by the West Midlands Metropolitan Authorities of a study ("Gridlock or Growth – Choices and Challenges for the Future"), which predicted a rise in congestion of 22% by 2021 under existing transport policies. The report identified significant investment in public transport as a requirement to reduce real congestion levels and we believe that Rotala, through its operations, will play a meaningful part in this process. The acquisition of these Birmingham bus operations complements those already conducted from our depot in Weybridge, Surrey. We intend to pursue growth in the bus division over the coming years and we will update shareholders when such further acquisitions are made."

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