

15 January 2007

Rotala plc ('Rotala' or 'the Company')

Acquisition and  
Issue of £400,000 of Convertible Loan Notes and Warrants

The Company announces that it has acquired the bus business and certain assets of Birmingham Motor Traction Limited and Birmingham Motor Traction (North) Limited (together "BMT") for a total consideration of £34,000. BMT is a small but established independent bus operator in the West Midlands with a turnover of £600,000. The assets acquired consist of 9 vehicles and the right to operate a number of contracts with the West Midlands Passenger Transport Executive ("Centro"), Staffordshire County Council and Birmingham City Council.

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

In connection with the acquisition, the Company has issued £400,000 nominal value convertible loan notes ('Loan Notes') to a number of placees amongst whom are John Gunn, the non-executive chairman of the Company, Renate Gunn (John Gunn's wife), the Ingrid Croft Trust and the Natalie Haynes Trust (of which John Gunn is a trustee) and the Flight Pension Trust (of which Geoffrey Flight, a non executive director of the Company is a beneficiary). These funds will finance the acquisition and its associated costs. The funds raised will also finance the lease of the 11 further vehicles necessary to operate the contracts acquired from BMT and the investment in working capital which will initially be incurred. Any remaining funds will augment the general working capital of the Company.

In addition, the Company has issued to the subscribers of the Loan Notes an aggregate of 8,000,000 warrants to subscribe for ordinary shares of 1p each in the Company at 2.5 pence per share (the 'Warrants').

The Loan Notes and Warrants issued to John Gunn and Geoffrey Flight and/or their connected persons are as follows:

John Gunn

	Loan Notes	Warrants
John Gunn	£25,000	500,000
Renate Gunn	£25,000	500,000
Trustees of the Ingrid Croft Trust	£20,000	400,000
Trustees of the Natalie Haynes Trust	£20,000	400,000

Geoffrey Flight

	Loan Notes	Warrants
Flight Pension Trust	£35,000	700,000

The Loan Notes entitle the holders to an annual 6 per cent. coupon, payable semi annually. The Loan Notes are repayable or convertible into ordinary shares at the option of the holder at a price of 2.5p per ordinary share up to 31 December 2008.

The Warrants are exercisable at a price of 2.5 pence per ordinary share at any time between issue and 31 December 2008.

As a result of the issue of the Loan Notes and Warrants, John Gunn and persons connected with him hold 77,093,119 ordinary shares, representing 20.97 per cent. of the issued ordinary share capital and 4,300,000 warrants to subscribe for ordinary shares. Geoffrey Flight and his connected persons hold 23,091,667 ordinary shares representing 6.28 per cent. of the issued ordinary share capital of the Company and 700,000 warrants to subscribe for ordinary shares.

