

SERCO News

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SERCO ANNOUNCES ACQUISITION OF JL ASSOCIATES, INC.

Serco announced today that it has reached an agreement to acquire 100% of the share capital of JL Associates, Inc. (JLA), for a cash consideration of US\$12.5 million (GBP7.7 million). The consideration is payable 90% on completion with a 10% retention to be held for a period of one year from completion.

JLA was founded in 1978 in Hampton, Virginia, USA to provide a comprehensive range of support services to federal, state and local governments, as well as private industry. The Company employs over 700 staff at 43 sites throughout the United States, providing a variety of services including base operations support and logistical services for the US Department of Defence, parking enforcement and fleet management to state and local governments. The estimated turnover and gross profit for the year ended 31 December 1997 are US\$23.7 million (GBP14.6 million) and US\$969,000 (GBP598,000) respectively. The Company expects to make a loss before tax for 1997 which is estimated at US\$1.6 million (GBP987,000) due to certain non-recurring events in that year. Serco expects the business to return to net profitability before tax in the short term. The estimated net asset value of the assets being acquired is US\$326,000 (GBP201,000).

Dr George Gray, Chairman, stated:

"The acquisition of JLA will complement Serco's existing business within North America and further expand the business base from which the company can grow within the US marketplace."

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For further information please contact:

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