SERVCORP LIMITED
ABN 97 089 222 506

APPENDIX 4D

INTERIM FINANCIAL REPORT

For the six months ended
31 December 2008

The information in this document should be read in conjunction with Servcorp Limited's Directors' Report and Financial Report for the six months ended 31 December 2008, the 2008 Annual Financial Report and any public announcements made during the period in accordance with continuous disclosure obligations arising under Corporations Act 2001 and ASX Listing Rules.

Servcorp Limited
ABN 97 089 222 506
Financial Report
31 December 2008

Reporting Period

Current period:	1 July 2008 to 31 December 2008
Previous corresponding period:	1 July 2007 to 31 December 2007

Results for announcement to the market

				$'000
Revenue and other income	up	27.6%	to	118,298
Profit from ordinary activities after tax attributable to members	up	16.0%	to	20,328
Net profit for the period attributable to members	up	16.0%	to	20,328

Dividends (distributions)	Date paid or payable	Total amount $'000	Amount per security	Franked amount per security
Current period				
Interim dividend declared	2 April 2009	8,046	10.00	10.00
Special dividend paid	10 December 2008	4,023	5.00	5.00
Final dividend paid	2 October 2008	6,035	7.50	7.50
Previous corresponding period				
Interim dividend declared	3 April 2008	6,035	7.50	7.50
Special dividend paid	20 December 2007	4,023	5.00	5.00
Final dividend paid	4 October 2007	5,633	7.00	7.00

Record date for determining entitlements to the dividend	2 March 2009

The interim dividend for the six months ended 31 December 2008 has not been recognised because the interim dividend was declared, determined or publicly recommended subsequent to 31 December 2008. On the basis that the Directors will continue to publicly recommend dividends subsequent to reporting date, in future half-year reports, the amounts disclosed as ‘recognised’ will be the final dividends in respect of the prior year.

	31 December 2008 $	31 December 2007 $

Net Tangible Asset Backing

Net tangible asset backing per ordinary security	$1.71	$1.29

Control over entities

Control was not lost over any entity during the current period that had a material effect on the profit for the period.

Material interest in entities

There are no material interests in entities that are not controlled entities.

Details of associates and joint venture entities

There are no associates or joint venture entities.

Management Discussion & Analysis

SERVCORP ANNOUNCES RECORD REVENUE AND PROFITS FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

- Revenue up 28% to $118.30 million
- Net Profit Before Tax up 19% to $28.09 million
- Earnings Per Share up 16% to 25.30 cents per share
- Full year guidance of 5% growth in Net Profit Before Tax for financial year 2009

Servcorp recorded an increase in Net Profit Before Tax of 19% to $28,093,000 for the six months ended 31 December 2008 (six months ended 31 December 2007: $23,594,000). Net Profit After Tax increased by 16% to $20,328,000 for the six months ended 31 December 2008 (six months ended 31 December 2007: $17,521,000).

Cash generated from operating activities after tax payments increased by 15% to $29,799,000 for the six months ended 31 December 2008 (six months ended 31 December 2007: $25,825,000). Cash and investment balances were $91,685,000 as at 31 December 2008, up 24% compared to 30 June 2008.

Net Profit Before Tax attributable to mature floors for the six months ended 31 December 2008 increased by 16% to $31,666,000 (six months ended 31 December 2007: $27,327,000).

The Net Loss Before Tax on immature floors for the six months ended 31 December 2008 was $1,515,000 (six months ended 31 December 2007: $2,447,000).

The loss for Office Squared for the period was $2,058,000 (six months ended December 2007: $1,286,000). Actions to reduce Office Squared losses have been undertaken.

Operating Summary

Servcorp posted a record result for the first half of the 2009 financial year. Trading conditions during the first quarter of the financial year were strong, however the second quarter of the financial year was challenging. Increased competition with fewer enquiries caused a compression in serviced office operating margins.

Management's focus in the first half of the 2009 financial year was on consolidating Servcorp's position. Plans to open new floors this year have been scaled back considerably. There are now plans to open 4 new floors and close 6 floors in the 2009 financial year. Two floors were closed in the first half of the 2009 financial year and we are in the process of negotiating the closure of four floors in Japan and Asia in the second half of fiscal 2009. Floor closure costs included in the results for the six months ended 31 December 2008 were $2,898,000.

Cost cutting measures taken in July 2008 are now having a positive impact on the Net Profit Before Tax line.

Average mature floor occupancy for the six month period has softened to 81% (six months ended 31 December 2007: 85%).

As at 31 December 2008 Servcorp operated 71 floors in 22 cities in 13 countries.

The following floors were immature as at 31 December 2008:

- Level 14, Commercial Bank Plaza, Doha
- Level 15, Commercial Bank Plaza, Doha
- Level 5, Nexus Building, Sydney
- Level 24, China Central Plaza, Beijing
- Level 30, Westpac House, Adelaide
- Level 16, Vodafone on the Quay, Wellington
- Level 32, Optus Centre, North Sydney

The performance of immature floors is tracking to forecast.

Management Discussion & Analysis cont.

Japan & Asia

Mature floors

The performance of the mature floors in Asia was mixed during the period. South East Asia and China saw strong growth in local currency revenues and profits during the period however enquires softened in the second quarter of the 2009 financial year. Japan saw a drop in JPY revenues and profits over the period as the effects of a slowing Japanese economy and increased competition took effect. The AUD result for the segment for the six months ended 31 December 2008 was positively affected by the depreciation in value of the AUD.

Revenue from ordinary activities increased by 30% to $62.09M and Net Profit Before Tax increased by 8% to $13.44M for the six months ended 31 December 2008.

Immature floors

One floor in Beijing was immature as at 31 December 2008. The Net Loss Before Tax on immature floors was $0.39M.

Office Squared

The Office Squared losses in Japan and Asia for the six month period were $1.92M.

Europe & Middle East

Mature floors

Mature floor performance in Europe and the Middle East surprised on the upside in the first half of fiscal 2009.

Operations in the Middle East performed above expectations. Dubai performed strongly in the six months to 31 December 2008 however a slowdown in this market is now apparent and this will have an impact on the results of future periods. Floors in both Bahrain and Qatar performed strongly which is a reflection of the lack of supply in these markets. Lack of supply is anticipated in most major Middle Eastern cities in the short to medium term. We believe there are still opportunities in the region.

Both Paris and Brussels performed well during the period. The benefits of the closure of one floor and the conference centre in Paris in June 2008 are now being realised.

The strength of both the EUR and the USD against the AUD had a positive impact on the AUD result for the six month period.

Mature floor revenue from ordinary activities increased by 46% to $18.02M. Net Profit Before Tax on mature floors increased by 82% compared to the prior comparative period.

Immature floors

Two floors in Qatar were immature as at 31 December 2008. The immature floor loss was $0.14M for the six months ended 31 December 2008.

Australia & New Zealand

Mature floors

Trading conditions in Australia and New Zealand were difficult during the period. Increased competition and vacancy rates in capital cities impacted revenue and profits. The financial centres of Sydney and Melbourne have been impacted by the global credit crisis and the resource cities of Perth, Brisbane and Adelaide have been affected by the mining slow down. Notwithstanding the tough trading environment, Australia managed to maintain occupancy levels.

The New Zealand market is holding up surprisingly well given the severity of trading conditions in both Auckland and Wellington.

Mature floor revenue from ordinary activities decreased by 3% to $25.60M when compared to the prior period. Mature floor Net Profit Before Tax decreased by 25% to $7.01M. The closure of two floors in Australia had the effect of reducing the mature floor result by $0.31M.

Immature floors
Four floors in Australia and New Zealand were immature during the period. Immature floor losses in the six month period were $0.99M

Office Squared
Office Squared losses in Australia for the six months ended 31 December 2008 were $0.14M.

Office Squared

Office Squared is currently involved with three active projects. Nexus and I-City were signed during the 2008 year and a deal has recently been signed in the Singapore Hangzhou Science Technology Park which is being built by Ascendas, a Singaporean based Technology Park developer associated with the Singapore government.

Building the networks in I-City and Nexus have been great milestones for Office Squared, however the business has been affected by the global economic crisis.

The majority of costs to date associated with Office Squared are related to the development of products, the marketing of products and the implementation of large scale networks. No development costs have been capitalised and all costs have been expensed as incurred. The current focus for the Office Squared management team is to consolidate the three current active projects to ensure successful delivery while also reducing the substantial losses that have been made to date. We anticipate losing no more than $2.0M in the calendar year ending 31 December 2009.

We have experienced and can expect a further delay in the take up of services in I-City and have a conservative outlook for the Ascendas project in China.

India Franchise

The Indian real estate market collapsed in the second quarter of the 2009 financial year. Rents have dropped approximately 40% in capital cities in the last twelve months. Our Indian franchisee is adopting a “wait and see” approach before committing to any new expansion. We support this decision. The two existing locations in India are now at breakeven.

Financial Summary

Translation of foreign currency results to Australian Dollars

Revenue from ordinary activities for the six months ended 31 December 2008 was $118.30M, up 28% from the previous corresponding period. During the reporting period the AUD depreciated significantly against all major currencies. The AUD dropped by an average of 19% against the JPY, 9% against the USD and 10% against the EUR. This strong depreciation in the AUD over the period has had a positive impact on the AUD consolidated revenues and profit for the six month period ended 31 December 2008. When expressed in constant currency terms, revenue increased by 10% compared to the comparative prior period.

Net Profit Before Tax for the six months to December 2008 was $28.09M up 19% compared to the prior comparative period. When expressed in constant currency terms, Net Profit Before Tax decreased by 8% compared to the six months ended 31 December 2007. Net Profit Before Tax includes closure costs in the amount of $2.89M. When this is stripped out Net Profit Before Tax increased by 7% on a constant currency basis compared to the six month period ended 31 December 2007.

Realised and unrealised foreign exchange gains and losses – Income statement

The result for the six months ended 31 December 2008 included realised and unrealised foreign currency gains in the amount of $5.28M. The gains largely arose from foreign currency cash balances held at 30 June 2008 that were converted to AUD at rates that were significantly better than exchange rates at 30 June 2008. Of a total AUD equivalent cash balance of $73.72M at 30 June 2008, $25.14M (net of foreign currency exchange contracts) was held in currencies other than AUD.

Balance Sheet foreign currency gains and losses

A weak AUD has strengthened Servcorp's Balance Sheet as at 31 December 2008. Assets held in foreign currencies were translated into AUD at stronger rates than at 30 June 2008. The foreign currency translation reserve has moved from a deficit of $14.97M at 30 June 2008 to a gain of $0.69M at 31 December 2008. The net asset position for Servcorp as a whole has increased by 20% to $153.65M at 31 December 2008.

Net Tangible Asset backing per share was $1.71 per share as at 31 December 2008 compared to $1.39 as at 30 June 2008, an increase of 23%.

Cash and investment balances were $91.69M at 31 December 2008 (June 2008: $73.72M). The foreign currency component of the cash balance net of foreign currency exchange contracts was $2.45M at 31 December 2008.

Dividend

The directors of Servcorp Limited have declared a fully franked interim dividend of 10.0 cents per share.

Inclusive of the interim dividend referred to in the above paragraph, the directors confirm their intention to pay ordinary fully franked dividends of 20 cents per share in total in respect of the financial year ending June 2009.

Given the extreme uncertainty of the economic conditions worldwide, while it would be premature to forecast results and dividends for the 2010 financial year, shareholders should not expect ordinary dividends to remain at the 2009 financial year levels.

Outlook

Notwithstanding the current global economic climate, Servcorp had a strong start to the 2009 financial year. Management anticipate that trading conditions will remain tough in the medium term. Measures that were taken over the last 18 months to consolidate the business are now having effect and Servcorp is now in a position of strength to take advantage of the opportunities that exist and will be forthcoming in the market place. The downturn is not all bad news as we work to take advantage of our strong cash position and falling rents across the world. There are plans to open three new locations in the Middle East and we are assessing opportunities in Japan, USA and the UK.

Management reaffirms forecast Net Profit Before Tax guidance of 5% growth for the twelve months ending 30 June 2009.

SERVCORP LIMITED

ABN 97 089 222 506

INTERIM FINANCIAL REPORT

For the six months ended

31 December 2008

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Directors' report

The directors of Servcorp Limited submit herewith the condensed consolidated financial report for the six months ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001 the Directors report as follows:

The names of the directors of the company during or since the end of the six months ended 31 December 2008 are:

Name

Mr Alf Moufarrige (Managing Director and CEO)

Mr Bruce Corlett (Chairman and Independent Non-Executive Director)

Mr Rick Holliday-Smith (Independent Non-Executive Director)

Ms Julia King (Independent Non-Executive Director)

Mr Taine Moufarrige (Executive Director)

Review of Operations

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Changes in State of Affairs

During the six months ended 31 December 2008 there was no significant change in state of affairs of the consolidated entity other than referred to in the financial statements or notes thereto.

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Directors' report cont.

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Dividend

The directors of Servcorp Limited have declared a fully franked interim dividend of 10.0 cents per share.

Inclusive of the interim dividend referred to in the above paragraph, the directors confirm their intention to pay ordinary fully franked dividends of 20 cents per share in total in respect of the financial year ending June 2009.

Given the extreme uncertainty of the economic conditions worldwide, while it would be premature to forecast results and dividends for the 2010 financial year, shareholders should not expect ordinary dividends to remain at the 2009 financial year levels.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 6 of the financial report.

Rounding off of Amounts

The company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998, and in accordance with that Class Order, amounts in the directors' report and the half year financial report have been rounded off to the nearest thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s 306(3) of the Corporations Act 2001.

On behalf of the Directors

Taine Moufarrige
Director

Dated at Sydney this 18th day of February 2009

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Servcorp Limited
Level 12, MLC Centre
Martin Place
SYDNEY NSW 2000

18 February 2009

Dear Board Members

Auditor's Independence Declaration to Servcorp Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Servcorp Limited.

As lead audit partner for the review of the financial statements of Servcorp Limited for the financial half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S Gustafson
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Directors' declaration

In the opinion of the directors of Servcorp Limited:

(a) the consolidated financial report and notes, set out on pages 8 to 21, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2008 and of their performance, as represented by the results of their operations and their cash flows, for the six months ended on that date; and

(ii) complying with Accounting Standards in Australia; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303 (5) of the Corporations Act 2001.

On behalf of the directors

Taine Moufarrige
Director

Dated at Sydney this 18th day of February 2009.

Condensed consolidated income statement

for the six months ended 31 December 2008

	Note	6 months ended 31 December 2008 $'000	6 months ended 31 December 2007 $'000
Revenue		109,476	87,282
Other revenue and income		8,822	5,420
		118,298	92,702
Service expenses		(31,574)	(22,836)
Marketing expenses		(6,135)	(4,895)
Occupancy expenses		(43,905)	(33,500)
Administrative expenses		(8,546)	(7,679)
Borrowing expenses		(45)	(35)
Other expenses		-	(163)
Total expenses		(90,205)	(69,108)
Profit before income tax expense	2	28,093	23,594
Income tax expense	3	(7,765)	(6,073)
Profit for the period		20,328	17,521
Earnings per share			
Basic earnings per share	6	$0.253	$0.218
Diluted earnings per share	6	$0.253	$0.218

The Income statement is to be read in conjunction with the notes to the condensed consolidated financial report.

Condensed consolidated balance sheet

as at 31 December 2008

	Note	31 December 2008 $'000	30 June 2008 $'000
Current assets			
Cash and cash equivalents	7	91,685	73,716
Trade and other receivables	8	20,925	17,541
Other financial assets	10	3,000	528
Current tax assets		236	89
Other current assets	9	11,822	5,929
Total current assets		127,668	97,803
Non-current assets			
Other financial assets	10	30,707	21,530
Property, plant and equipment	11	58,008	45,515
Deferred tax assets		13,356	9,685
Goodwill	12	15,962	15,962
Total non-current assets		118,033	92,692
Total assets		245,701	190,495
Current liabilities			
Trade and other payables	13	33,028	26,652
Other financial liabilities	14	30,079	17,689
Current tax liabilities		5,868	3,837
Provisions	15	8,737	5,783
Total current liabilities		77,712	53,961
Non-current liabilities			
Trade and other payables	13	8,845	7,682
Other financial liabilities	14	3,604	177
Provisions	15	842	550
Deferred tax liabilities		1,053	473
Total non-current liabilities		14,344	8,882
Total liabilities		92,056	62,843
Net assets		153,645	127,652
Equity			
Issued capital	16	80,948	80,948
Reserves	17	779	(14,944)
Retained earnings	18	71,918	61,648
Equity attributable to equity holders of the parent		153,645	127,652
Total equity		153,645	127,652

The Balance sheet is to be read in conjunction with the notes to the condensed consolidated financial report.

Condensed consolidated statement of recognised income and expense

for the six months ended 31 December 2008

		6 months ended 31 December 2008 $'000	6 months ended 31 December 2007 $'000
Translation of foreign operations:			
Exchange differences taken to equity	17	15,666	561
Net income recognised directly in equity		15,666	561
Profit for the period		20,328	17,521
Total recognised income and expense for the period		35,994	18,082
Attributable to:			
Equity holders of the parent		35,994	18,082
Total recognised income and expense for the period		35,994	18,082

The Statement of recognised income and expense is to be read in conjunction with the notes to the condensed consolidated financial report.

Condensed consolidated cash flow statement

for the six months ended 31 December 2008

	Note	6 months ended 31 December 2008 $'000	6 months ended 31 December 2007 $'000
Cash flows from operating activities			
Receipts from customers		118,243	97,346
Payments to suppliers and employees		(83,512)	(65,947)
Income tax paid		(6,848)	(7,254)
Interest and other costs of finance paid		(44)	(32)
Interest and other items of similar nature received		1,960	1,712
Net operating cash flows	19(b)	29,799	25,825
Cash flows from investing activities			
Payments for property, plant and equipment		(5,559)	(6,606)
Payments for lease deposits		(478)	(1,350)
Proceeds from sale of property, plant and equipment		2	18
Proceeds from sale of financial assets		-	9,338
Proceeds from refund of lease deposits		533	-
Net investing cash flows		(5,502)	1,400
Cash flows from financing activities			
Proceeds from issue of equity securities of the parent		-	178
Repayment of borrowings		(261)	-
Dividends paid		(10,058)	(9,656)
Net financing cash flows		(10,319)	(9,478)
Net increase in cash and cash equivalents		13,978	17,747
Cash and cash equivalents at the beginning of the period		73,449	54,114
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		3,896	1,056
Cash and cash equivalents at the end of the period	19(a)	91,323	72,917

The Cash flow statement is to be read in conjunction with the notes to the condensed consolidated financial report.

Notes to the Condensed consolidated financial report

1 Summary of accounting policies

Statement of compliance
The half year financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 and AASB134 Interim Financial Reporting. Compliance with AASB134 ensures compliance with International Financial Reporting Standards IAS34 Interim Reporting. The half year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation
The condensed financial report has been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Adoption of new and revised Accounting Standards
In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2008. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the reported amounts for the current or proceeding financial year.

The same accounting policies and methods of computation are followed in the half year financial report as compared with the 30 June 2008 annual financial report.

At the date of authorisation of the half year financial report, the following Standards and Interpretations that are relevant to the Group were on issue but not yet effective:

- AASB8 'Operating Segments': Effective for annual reporting periods beginning on or after 1 January 2009.

- AASB 101 'Presentation of Financial Statements' (revised September 2007): Effective for annual reporting periods beginning after 1 January 2009.

The potential effect of the initial application of the expected issue of an Australian equivalent accounting standard to the following Standard has not yet been determined:

- AASB3 'Business Combinations': Effective for annual reporting periods beginning on or after 1 July 2009.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Consolidated Entity.

The application of AASB101 (revised) and AASB8 will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the Consolidated Entity's financial statements and segment information.

The condensed consolidated financial reports were authorised for issue by the directors on 18th February 2009.

	6 months ended 31 December 2008 $'000	6 months ended 31 December 2007 $'000
2 Significant transactions		
Individually significant transactions included in profit from ordinary activities before income tax expense:		
Floor closure costs	(2,898)	-

3 Income taxes

Income tax recognised in the income statement

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the Condensed consolidated financial report as follows:

Profit before income tax expense	28,093	23,594
Income tax expense calculated at 30%	8,428	7,078
Deductible local taxes	(122)	(421)
Effect of different tax rates on overseas income	(2,993)	(1,161)
Other non-deductible items	1,040	475
Tax losses of controlled entities recovered	(739)	-
Income tax under provision in prior years	294	86
Unused tax losses and tax offsets not recognised as deferred tax assets	1,857	16
Income tax expense	7,765	6,073

4 Segment information

Inter-segment pricing is determined on an arm's length basis.

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise revenue and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Geographical segments
In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of assets. The directors consider this geographical segment to be the primary segment for the basis of reporting.

Business segments
The Consolidated Entity comprises only one business segment which is the provision of executive serviced and virtual offices and associated communications and secretarial services. The directors consider this business segment to be the secondary segment.

Geographical segments	Australia & New Zealand $'000	Japan & Asia $'000	Europe & Middle East $'000	Eliminated $'000	Consolidated $'000
6 months ended 31 December 2008					
Revenue					
Segment revenue	27,146	63,648	19,689	-	110,483
Other unallocated revenue and other income					7,815
Total revenue and other income					**118,298**
Result					
Segment result	5,890	11,126	6,129	-	23,145
Unallocated corporate profit					4,948
Profit before income tax expense					28,093
Income tax expense					(7,765)
Net profit					**20,328**
6 months ended 31 December 2007					
Revenue					
Segment revenue	26,859	48,887	12,423	-	88,169
Other unallocated revenue and other income					4,533
Total revenue and other income					**92,702**
Result					
Segment result	7,683	11,443	2,296	-	21,422
Unallocated corporate profit					2,172
Profit before income tax expense					23,594
Income tax expense					(6,073)
Net profit					**17,521**

5 Dividends

Dividends paid (recognised) during the six month period or proposed (unrecognised) in respect of the period by the Company are:

	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit	Percentage franked
Recognised amounts					
2008					
Special - fully paid ordinary shares	5.00	4,023	10 Dec 2008	30%	100%
Final - fully paid ordinary shares	7.50	6,035	2 Oct 2008	30%	100%
2007					
Special - fully paid ordinary shares	5.00	4,023	20 Dec 2007	30%	100%
Final - fully paid ordinary shares	7.00	5,633	4 Oct 2007	30%	100%
Unrecognised amounts					

Since the end of the six months ended 31 December 2008, the directors have declared the following dividend:

	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit	Percentage franked
Interim - fully paid ordinary shares	10.00	8,046	2 April 2009	30%	100%

In determining the level of future dividends, the directors will seek to balance growth objectives and rewarding shareholders with income. This policy is subject to the cash flow requirements of the Company and its investment in new opportunities aimed at growing earnings. The directors cannot give any assurances concerning the extent of future dividends, or the franking of such dividends, as they are dependent on future profits, the financial and taxation position of the Company and the impact of taxation legislation.

6 Earnings per share

	6 months ended 31 December 2008 $'000	6 months ended 31 December 2007 $'000
Net profit	20,328	17,521
Earnings used in the calculation of basic and diluted EPS	20,328	17,521
	Number	**Number**
Weighted average number of ordinary shares used in the calculation of basic EPS	80,467,310	80,463,283
Weighted average number of ordinary shares used in calculation of diluted EPS	80,467,310	80,463,283
Basic earnings per share	$0.253	$0.218
Diluted earnings per share	$0.253	$0.218

		31 December 2008 $'000	30 June 2008 $'000
7	**Cash and cash equivalents**		
	Cash	32,674	24,374
	Bank short term deposits	59,011	49,342
		91,685	73,716
8	**Trade and other receivables**		
	Current		
	At amortised cost		
	Trade receivables	17,733	16,382
	Less: allowance for doubtful debts	(939)	(551)
	Other debtors	4,131	1,260
		20,925	17,541
9	**Other assets**		
	Current		
	Prepayments	9,580	4,553
	Other	2,242	1,376
		11,822	5,929
10	**Other financial assets**		
	Current		
	At amortised cost		
	Lease deposits	3,000	-
	At fair value through profit or loss		
	Forward foreign currency exchange contracts	-	528
		3,000	528
	Non-current		
	At amortised cost		
	Lease deposits	30,616	21,474
	Other	91	56
		30,707	21,530

11 Property, plant and equipment

	Land and buildings at cost $'000	Leasehold improve-ments owned at cost $'000	Leasehold improve-ments leased at cost $'000	Office furniture & fittings owned at cost $'000	Office furniture & fittings leased at cost $'000	Office equip-ment owned at cost $'000	Office equip-ment leased at cost $'000	Motor vehicles owned at cost $'000	Total $'000
Gross carrying amounts									
Balance at 30 June 2008	5,083	51,501	4,111	10,771	618	17,948	426	619	91,077
Additions	-	3,771	-	811	-	953	2,241	24	7,800
Disposals	-	(96)	(746)	(67)	(7)	(168)	(121)	-	(1,205)
Transfers	-	-	-	-	-	-	-	-	-
Net foreign currency differences on translation of self-sustaining operations	468	18,876	1,196	3,672	94	4,413	102	110	28,931
Balance at 31 December 2008	5,551	74,052	4,561	15,187	705	23,146	2,648	753	126,603
Accumulated depreciation									
Balance at 30 June 2008	67	23,242	4,064	4,846	614	12,198	426	105	45,562
Depreciation expense	65	4,413	-	944	4	1,604	110	61	7,201
Disposals	-	(55)	(746)	(38)	(7)	(57)	(121)	-	(1,024)
Transfers	-	-	-	-	-	-	-	-	-
Net foreign currency differences on translation of self-sustaining operations	16	10,662	1,197	1,847	94	2,913	103	24	16,856
Balance at 31 December 2008	148	38,262	4,515	7,599	705	16,658	518	190	68,595
Net book value									
Balance at 31 December 2008	5,403	35,790	46	7,588	-	6,488	2,130	563	58,008
Balance at 30 June 2008	5,016	28,259	47	5,925	4	5,750	-	514	45,515

	31 December 2008 $'000	30 June 2008 $'000
12 Goodwill		
Gross carrying amount and net book value		
Balance at the beginning of the period	15,962	15,962
Balance at the end of the period	15,962	15,962

At each reporting date, the Consolidated Entity assessed the recoverable amount of goodwill, and determined that goodwill was not impaired.

13 Trade and other payables

	31 December 2008 $'000	30 June 2008 $'000
Current		
At amortised cost		
Trade creditors	5,671	5,203
Deferred income	17,278	12,409
Deferred lease incentive	2,722	1,932
Other creditors and accruals	7,357	7,108
	33,028	26,652
Non-current		
At amortised cost		
Deferred lease incentive	8,845	7,682
	8,845	7,682

14 Other financial liabilities

	31 December 2008 $'000	30 June 2008 $'000
Current		
At amortised cost		
Finance lease	714	-
Bank loans - secured	146	90
Security deposits	24,717	17,599
At fair value through profit or loss		
Forward foreign currency exchange contracts	4,502	-
	30,079	17,689
Non-current		
At amortised cost		
Finance lease	1,373	-
Bank loans - secured	216	177
At fair value through profit or loss		
Forward foreign currency exchange contracts	2,015	-
	3,604	177

	31 December 2008 $'000	30 June 2008 $'000

15 Provisions

	31 December 2008 $'000	30 June 2008 $'000
Current		
Employee benefits	5,473	5,628
Provision for floor closure costs (i)	2,898	-
Other	366	155
	8,737	5,783

Notes:
(i) An amount of $2,898,000 (June 2008: Nil) has been provided for 6 floors that are due to close within eighteen months of the balance sheet date.

	31 December 2008 $'000	30 June 2008 $'000
Non-current		
Employee benefits	564	272
Other	278	278
	842	550

16 Issued capital

	31 December 2008 $'000	30 June 2008 $'000
Fully paid ordinary shares 80,467,310 (2008: 80,467,310)	80,948	80,948
Movements in issued capital		
Balance at the beginning of the period	80,948	80,754
Bonus shares issued	-	178
Transfer from equity-settled employee benefits reserve	-	16
Balance at the end of the period	80,948	80,948

Bonus shares
No bonus shares were issued in the current period (June 2008: 39,000).

Terms and conditions
Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at members' meetings. Fully paid ordinary shares carry one vote per share.

In the event of winding up of the Company, holders of ordinary shares are entitled to any excess after payment of all debts and liabilities of the Company and costs of winding up.

17 Reserves

	31 December 2008 $'000	30 June 2008 $'000
Employee equity-settled benefits reserve	86	29
Foreign currency translation reserve	693	(14,973)
	779	(14,944)
Movements during the period		
Foreign currency translation reserve		
Balance at the beginning of the period	(14,973)	(13,123)
Deferred exchange differences arising from monetary items considered part of the investment in self-sustaining foreign operations	2,412	922
Translation of foreign operations	13,254	(2,772)
Balance at the end of the period	693	(14,973)

The foreign currency translation reserve records the foreign currency movements arising from the translation of foreign operations and the translation of monetary items forming part of the net investment in foreign operations.

	31 December 2008 $'000	30 June 2008 $'000
Employee equity-settled benefits reserve		
Balance at the beginning of the period	29	16
Transfer to share capital	-	(16)
Share based payment	57	29
Balance at the end of the period	86	29

The employee equity-settled benefits reserve arises on the grant of share options to Key Management Personnel.

18 Retained earnings

	31 December 2008 $'000	30 June 2008 $'000
	-	
	-	
Retained earnings at the beginning of the period	61,648	43,505
Net profit for the period (i)	20,328	33,834
	81,976	77,339
Dividends paid	(10,058)	(15,691)
Retained earnings at the end of the period	71,918	61,648

Notes:

(i) The comparative financial year ended 30 June 2008 represents the full year net profit.

19 Notes to the Condensed consolidated cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and at bank, short-term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash flow statement are reconciled to the related items in the Balance sheet as follows:

	6 months ended 31 December 2008 $'000	6 months ended 31 December 2007 $'000
Cash	32,674	19,202
Short term deposits	59,011	55,206
Cash and cash equivalents	91,685	74,408
Bank overdraft	(362)	(1,491)
	91,323	72,917

(b) Reconciliation of profit for the period to net cash flows from operating activities

	6 months ended 31 December 2008 $'000	6 months ended 31 December 2007 $'000
Profit after income tax	20,328	17,521
Add/(less) non-cash items:		
Movements in provisions	3,246	708
Depreciation of non-current assets	7,201	4,797
Loss on disposal of non-current assets	51	163
Increase/(decrease) in current tax liability	2,031	(734)
(Increase) in current tax asset	(147)	(556)
Increase in deferred tax balances	(3,091)	(160)
Unrealised foreign exchange gain	(5,257)	(3,476)
Equity - settled share based payment	57	-
Change in assets and liabilities during the financial period:		
(Increase) in prepayments	(5,027)	(164)
(Increase)/decrease in trade debtors	(3,384)	537
(Increase)/decrease in other current assets	(866)	243
Increase in deferred income	4,869	1,260
Increase in client security deposits	7,118	1,926
Increase in trade and other payables	2,670	3,760
Net cash provided from operating activities	29,799	25,825

(c) Non-cash financing and investing activities

During the period, the Group acquired $2,241,000 of equipment under a finance lease. This acquisition will be reflected in the cash flow statement over the term of the finance lease via lease repayments.

20 Subsequent events

Share buy-back

On 9 February 2009 Servcorp Limited announced it will establish an on-market buy-back program which will enable the Company to repurchase shares from 24 February 2009, for a maximum time frame of 6 months, aimed at buying back up to 4 million ordinary shares (being approximately 5% of the issued share capital).

Dividend

On 18 February 2009 the directors declared a fully franked interim dividend of 10.00 cents per share, payable on 2 April 2009.

Deloitte.

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Independent Auditor's Review Report to the Members of Servcorp Limited

We have reviewed the accompanying half-year financial report of Servcorp Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement, statement of recognised income and expense for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 21.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company_are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Servcorp Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Servcorp Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S Gustafson
Partner
Chartered Accountants
Sydney, 18 February 2009