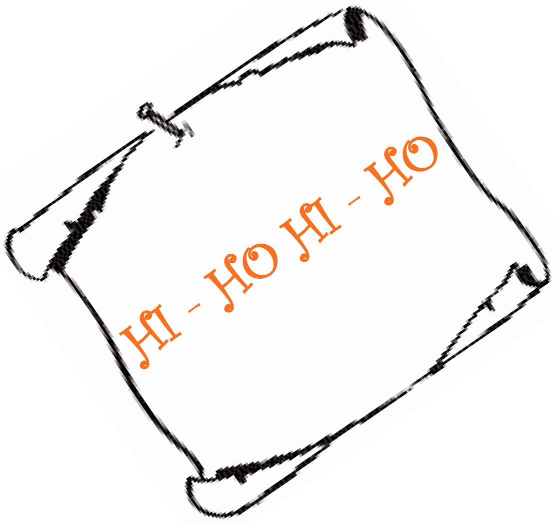
Results 2005



SERVCORP Annual Report

Servcorp Limited
ABN 97 089 222 506

HI - HO HI - HO

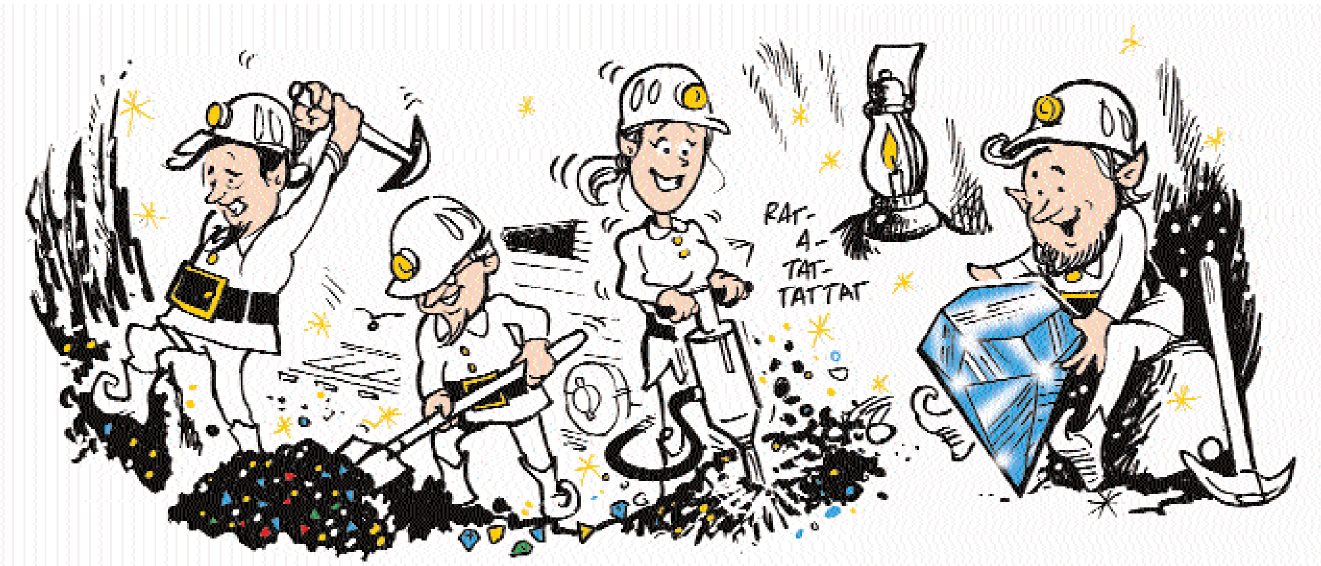
Servcorp's aim is to be the World's Finest Serviced Office Operator.

The aim includes a commitment to be the best management team in our industry, a training process second to none, the adoption of efficient business processes and the provision of leading technology services.

Servcorp focuses on a diversified portfolio of high quality serviced offices in multiple locations. This year we will continue to increase critical mass in cities and countries where Servcorp operates. Servcorp is also committed to the expansion of its virtual office capabilities and to growth in the virtual office client base.

Success is built on over 27 years experience, a profitable track record, a strong financial capability, an energetic team and a commitment to our clients.

Servcorp Team Members at the coal face working to increase shareholder value



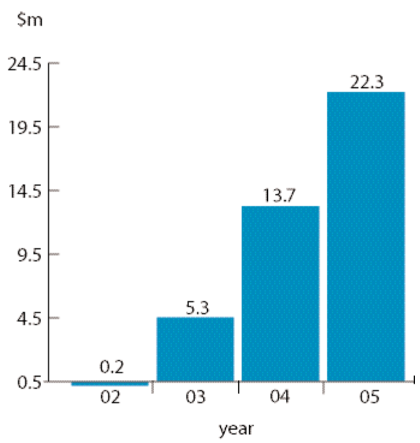
It's off to work we go......

Contents

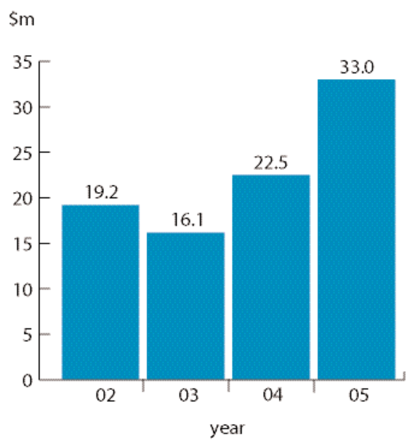
HI - HO HI - HO
Positive cash flows the go

	12 months ended 30 June 2002 $'000	2003 $'000	2004 $'000	2005 $'000
Total revenues	118,428	113,761	107,513	123,858
Profit before tax	(188)	5,251	13,650	22,258
Net profit after tax	(3,409)	2,455	9,443	15,293
Net cash flow from operating activities (before tax)	19,208	16,132	22,522	33,019
Cash & interest earning financial assets	46,385	39,173	44,317	48,697

Profit before tax



Cash flow from operating activities (before tax)



Profit before tax

mature location profit

$26.9m

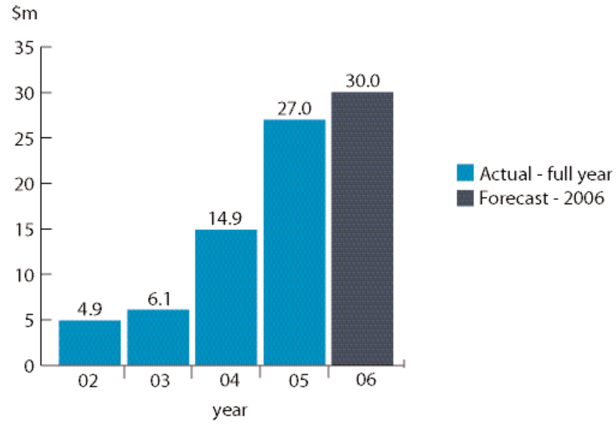
immature location loss

$4.7m

mature location profit
projected 2006

$30.0m

Net profit before tax - mature floors



Revenue

12 months to June 2004

$107.5m

12 months to June 2005

$123.9m

15.2%

projected revenue growth 2006 12%

Clients

clients in residence
virtual and serviced office

6,700

12 months growth in clients

16.4%

Office numbers grew by 15%

projected 2006 11% growth

Locations

Australia

Adelaide
Level 24, Santos House
91 King William Street

Brisbane
Levels 24 & 30, AMP Place
10 Eagle Street

Canberra
Levels 6 & 11, St George Centre
60 Marcus Clarke Street

Melbourne
Level 25, Optus Centre
367 Collins Street

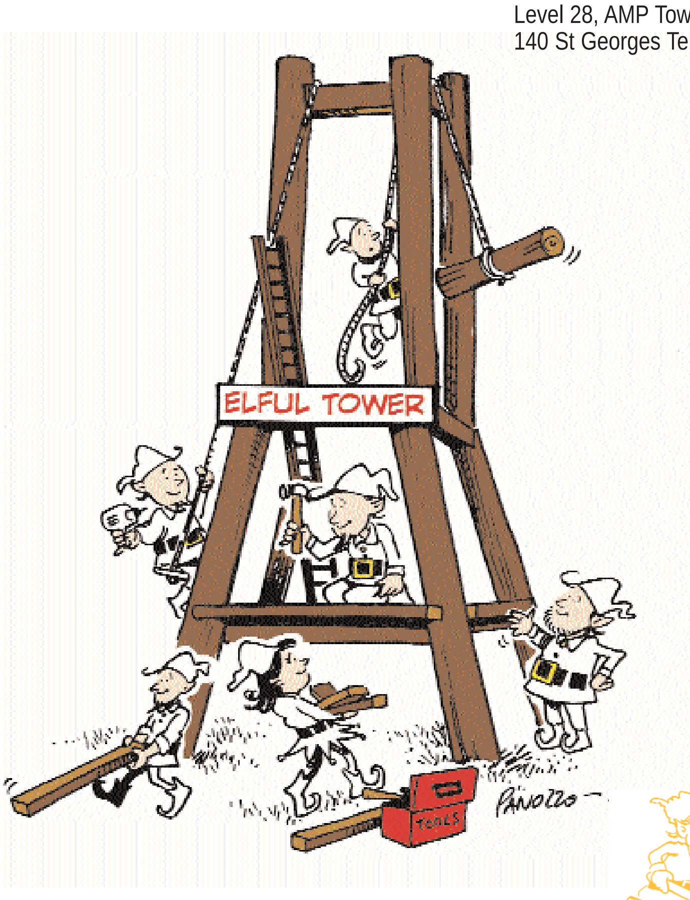
Level 40, 140 William Street

Level 50, 101 Collins Street

North Ryde
Level 9, Avaya House
123 Epping Road

North Sydney
Levels 4, 17, 21 & 22
201 Miller Street

Perth
Level 28, AMP Tower
140 St Georges Terrace



Sydney
Levels 25 & 29, Chifley Tower
2 Chifley Square

Level 57, MLC Centre
Martin Place

Level 17, BNP Paribas Centre
60 Castlereagh Street

New Zealand

Auckland
Level 20, ASB Bank Centre
135 Albert Street

Level 27, PWC Tower
Quay Street

France

Paris
Levels 2, 3 & 4
17 Square Edouard VII

Belgium

Brussels
Levels 20 & 21, Bastion Tower
5, Place du Champ de Mars

UAE

Dubai
Levels 41 & 42
Emirates Towers
Sheikh Zayed Road

Asia

Shanghai, China
Level 21, HSBC Tower
101 Yin Cheng East Road
Pudong

Level 29, Shanghai Kerry Centre
1515 Nanjing Road West
Jingan

Beijing, China
Level 6, Office Tower W2
The Towers, Oriental Plaza
No1 East Chang An Avenue
Dong Cheng District

Hong Kong
Levels 25 & 30
Bank of China Tower
1 Garden Road, Central

Kuala Lumpur, Malaysia
Level 36, Menara Citibank
165 Jalan Ampang

Level 20,
Menara Standard Chartered Building
30 Jalan Sultan Ismail

Singapore
Levels 30 & 31
Six Battery Road

Penthouse Level
Suntec Tower Three
8 Temasek Boulevard

Bangkok, Thailand
Levels 8 & 9, Zuellig House
1 Silom Road

Level 29, Central World Tower
999/9 Rama I Road
Khwaeng Patumwan
Khet Patumwan

Level 27, Bangkok City Tower
Cnr Chong Nonsi & South Sathorn Rd

Japan

Tokyo
Level 32, Shinjuku Nomura Building
1-26-2 Nishi-Shinjuku
Shinjuku-ku

Levels 16 & 27, Shiroyama JT Trust Tower
4-3-1 Toranomon
Minato-ku

Levels 9 & B1, AIG Building
1-1-3 Marunouchi
Chiyoda-ku

Level 14, Hibiya Central Building
1-2-9 Nishi Shimbashi
Minato-ku

Level 11, Omotesando Palacio Tower
3-6-7 Kita-Aoyama
Minato-ku

Level 15, JT Building
2-2-1 Toranomon
Minato-ku

Level 18, Yebisu Garden Place Tower
4-20-3 Ebisu
Shibuya-ku

Level 7, Wakamatsu Building
3-3-6 Nihonbashi
Honcho, Chuo-ku

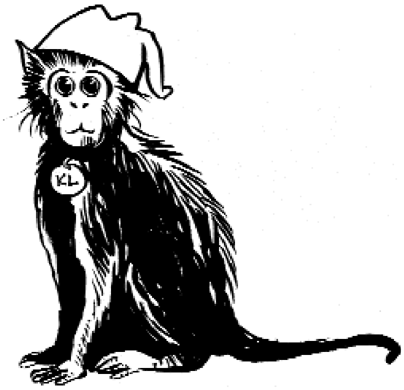
Level 28, Shinagawa Intercity Building
2-15-1 Konan
Minato-ku

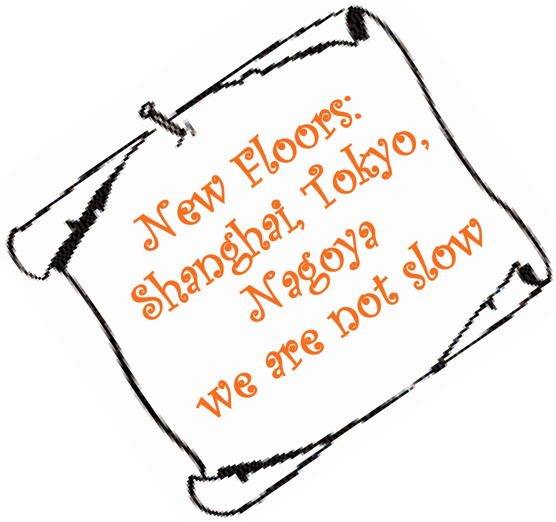
Level 27, Tokyo Sankei Building
1-7-2 Otemachi
Chiyoda-ku

Osaka
Level 9, Edobori Center Building
2-1-1 Edobori
Nishi-ku

Level 19, Hilton Plaza West
2-2-2 Umeda,
Kita-ku

Nagoya
Level 4, Nikko Shoken Building
3-2-3 Sakae Naka-ku
Aichi





HI - HO HI - HO
Places we hope to go

Let's hope they quickly grow into strong, mature locations

Singapore

China x 2

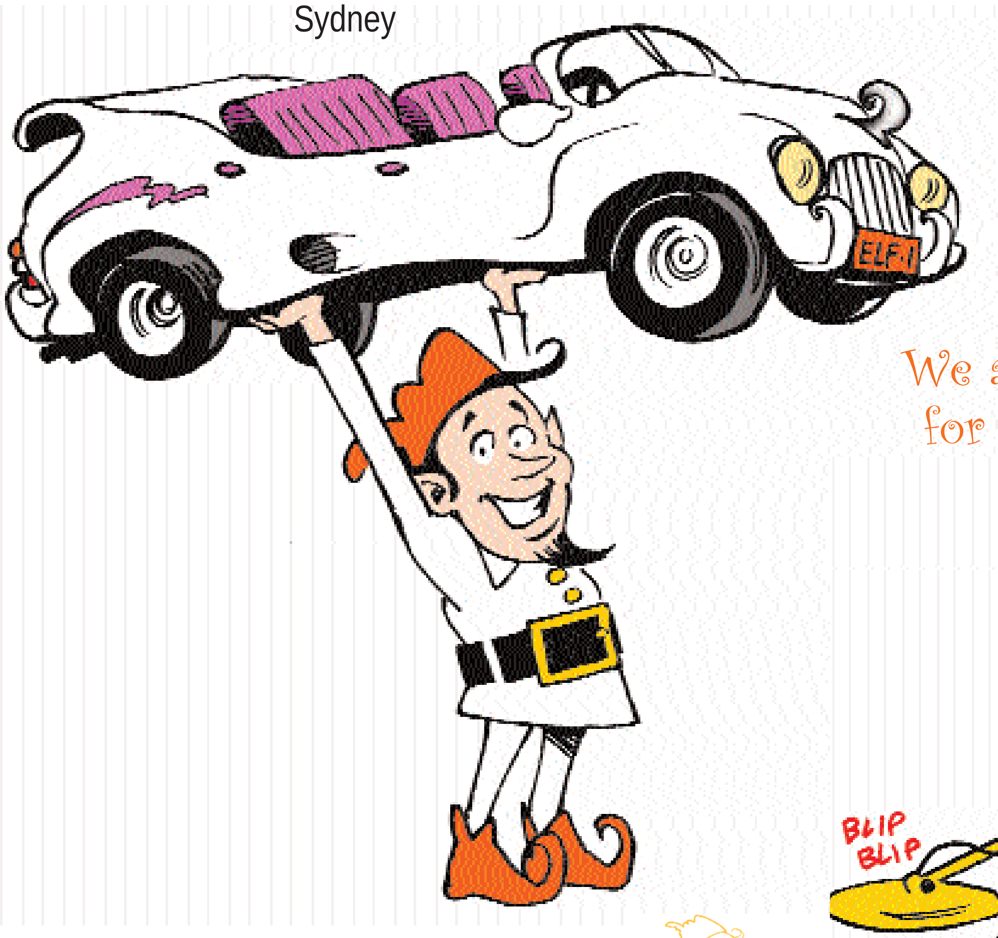
Paris

The Middle East

Japan x 2

Brisbane

Sydney

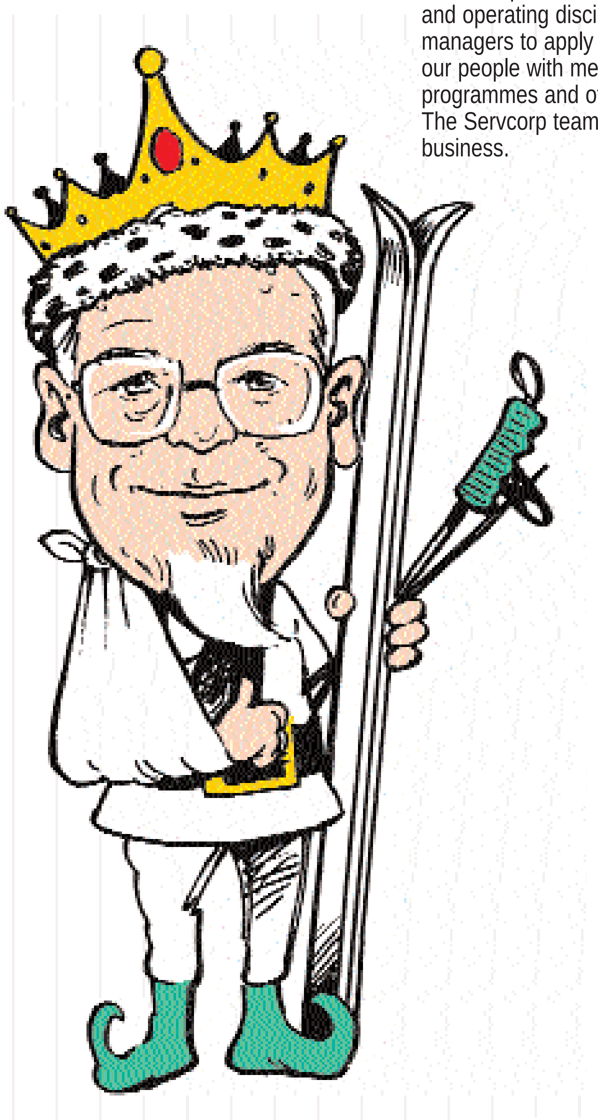


We are always searching for new opportunities

Chairman Elf

2005 was a record year for Servcorp, and our third consecutive year of consistent growth.

Revenue for the year was $123.86 million, an increase of 15% on 2004. Net profit after tax also increased - up an impressive 62% on 2004, to $15.29 million. Our mature floors contributed $26.96 million profit before tax, with all geographic sectors contributing strongly. Earnings per share increased by 61% from 11.8 cents per share to 19.0 cents per share.



The Directors have declared a fully franked final dividend of 4.00 cents per share, bringing total dividends for the year to 7.75 cents or $6.23 million. In the absence of any unforeseen circumstances, the Board expects to increase the interim dividend for financial year 2006 to a fully franked 4.50 cents per share.

In 2005, we maintained focus on our strengths. We committed to further investment in our technology and, most importantly, continued to develop our people. Servcorp's business performs through strong financial and operating discipline, and we rely on our managers to apply this discipline. We support our people with meticulous training programmes and other cutting edge tools. The Servcorp team is the backbone of our business.

In November 2004 I travelled, with my fellow non-executive directors, to Japan to review Servcorp's operations in our most important market. Such visits are an important part of our commitment to continually reviewing our operations. We were deeply impressed by what we saw. Servcorp has real depth of management in Japan. The management team to whom we were extensively exposed are committed professionals who are so proud to be given the opportunity to represent our company. Servcorp is the dominant serviced office provider in Japan, and we are confident there will continue to be significant growth opportunities for us in that important market. The commitment we witnessed in Japan is indicative of Servcorp teams throughout the world.

On behalf of the Board I thank our CEO, Alf Moufarrige, his management team and all the Servcorp team members for their dedication and contributions during the year. Their ongoing commitment to keeping Servcorp as the leader in technology and service has ensured that our company remains superior to our competition. We will continue to strive to maintain our position as the world's finest serviced office provider.

The future for Servcorp is encouraging. We look forward to increasing shareholder wealth in the current financial year and beyond.

Bruce Corlett

Chief Elf Alf

The 2004/2005 year was a great year all around for Servcorp.

Not only did we produce record profits but over the past 14 months have located and executed leases on 10 new top locations, 7 of which are in operation as immature floors.

These locations are all performing well and, while they could put downward pressure on the first half of the year on NPBT, the second half of the financial year should show substantial profit growth.

I continue to see low double digit growth on the mature floors but, as we settle and bring to maturity a number of those floors shown as immature this year, I would expect our NPBT to increase by approximately 15%. Revenue should also increase by 12% and client capacity in 2005 was increased by 15%.

Our hardworking, talented team has achieved these spectacular results without substantially eroding our cash position and this is made all the more pleasing when it is realised that we bought back over 900,000 shares at $2.40 and paid dividends of just over $6 million.

The IT development team continues to surprise us all with their achievements and dedication to Servcorp and the TechElfs allow us to proudly say we remain the world's finest serviced office operator.

While I believe next year will be strong, even on the back of the past two spectacular years, markets can change but we are well positioned to handle all market conditions and have ready cash should opportunities in our industry arise.

I thank Bruce Corlett and the Board for their guidance and input. The teams across the world amaze me with their belief in Servcorp and our culture has grown, even as we expand.

A G Moufarrige

Community service

Servcorp continues to support the Joan Salter Fund which is managed by the Rotary Club of Sydney. Joan was the Servcorp founding General Manager whose life was cut short at the age of 46 from liver and bowel cancer. The Fund maintained a balance for the year of about $570,000 while supporting a wide range of causes to the tune of over $150,000.

The Joan Salter Fund's focus is to assist with continuing research into the prevention and cure of cancer, as well as having a particular interest in assisting young, seriously or terminally ill members of the community.

Servcorp holds charity functions and balls, runs raffles and undertakes donation drives all year round in all locations. Every dollar that is raised by our teams on the floor is matched dollar for dollar by Servcorp. This year we supported the following organisations:

- The Rotary Club of Sydney
- MRC Cancer Research*
- The Cancer Council
- Australian Red Cross Tsunami Appeal
- MS Society
- Unisearch
- Austcare
- Starlight Foundation
- Westmead Hospital
- St Vincent's Hospital, Sydney
- The Mater Hospital
- Breast Cancer Foundation

** Great studies are being made by Professor David Morris and his team at the University of New South Wales in the development of a drug called Albendazole, which initial indications show has low toxicity and indeed shrinks cancer tumors. Live tests are currently being carried out. Servcorp supports this ongoing cancer research.*

In 2004 the Joan Salter Fund, Sydney Rotary and the Cancer Council of NSW, established the Sydney Rotary Research Fellowship into the causes and prevention of cancer stemming from lifestyle choices. We have committed $150,000 to this project over three years. 2006 will be the third year of this project and we look forward to some positive results from the study.

Peace on earth, good health and happiness for this new millennium.
My life was full of friends, family, Servcorp and Rotary. The privilege to have known them knows no bounds.

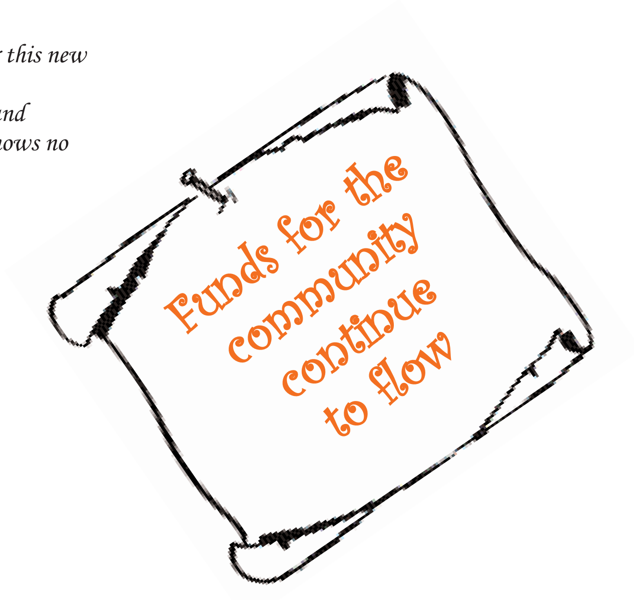
"Look for bubbles at midnight"

Most Treasured Honour
Paul Harris Fellow
received in 1999

Joan

Epitaph written by Joan 1 month before she passed away at 4 pm 24/2/2000

We are proud of the fact that, as a small Aussie company, what we put back into the community is focused on bringing real change and benefits to people, in particular young people who suffer from debilitating diseases. We will keep you updated.



Our IT solutions set the pace

In the last year, Servcorp has deployed over 3,000 Cisco telephony handsets. We have enjoyed 99.9% up time of our global internet service, Smart Office®. We have over 5,000 active members of Servcorp's web services portal called Servcorp Hottdesk®. This year we deploy a greatly improved provisioning and information management system with the sole aim of reducing management administration so that our managers can increase turnover. Servcorp and the IT Team take responsibility for these services to ensure that our clients, and in turn Servcorp, have a competitive advantage.

Dial *1 for IT H.E.L.P.

Worksmart Screen Console

Debtors

O.T.I.I.S.

Call Accounting

Servcorp Smart Office®

Servcorp Hottdesk®

A Deloitte Technology Fast 50 winner, awarded for IT excellence.

Development

Servcorp's competitive advantage revolves around the superior management of a multi-tenant environment. The ITS team elves have been focused on developing new systems to improve Servcorp's product from both a client perspective and from an internal management viewpoint. ITS has a view that making our managers' lives easier will improve customer service, making acceptance of the Servcorp product easier.

Servcorp believes that our clients outsource all of their office requirements to us and we should not subcontract those to a third party. As a result Servcorp's infrastructure, human, soft and hard have all grown in recent years. This growing team produces and maintains telecommunications, internet services, facilities management services and distributed web services for Servcorp's 6,700 clients. These systems have been specifically designed and built in-house to ensure the best level of service for not only a multi-tenant environment, but any office environment worldwide.

2005 awards

Best Services Company in Singapore in the Singapore Austcham Awards.

Best Services Company in Thailand in the Thailand Austcham Awards.

Little people

The Board

Bruce Corlett (*Mablung Meneldur)
Chairman

Rick Holliday-Smith (*Daeron Falassion)
Non-Executive Director

Julia King (*Nessa Narmolanya)
Non-Executive Director

Alf Moufarrige (*Beren Anwamane)
Executive Director
CEO

Taine Moufarrige (*Mablung Anwamane)
Executive Director
GM Australia, New Zealand & Middle East

The Board and Senior Management thank the hardworking Servcorp Team.

They make SERVCORP the best!

* The above elf names were sourced from the web site www.chriswhetherell.com/elf/

Our Management Team

Marcus Moufarrige BCom
GM Asia & CIO

Olga Vlietstra BA
GM Japan

Wilma Wu BA (Hons)
GM Greater China

Greg Pearce BCom, CA, ACIS
Company Secretary

Thomas Wallace BBS, ACA
Chief Financial Officer

Steve Lombardo BSc
Chief Technology Officer

Richard Baldwin Dip Ag, Dip Oen
GM I.T.S.

Sharon Tindale Dip Bus (Val), AAPI, LREA
International Sales and Marketing Manager

Kureha Ogawa BA
Senior Manager Japan

Steve Gainer
Senior Manager Japan

Liane Gorman
Senior Manager Concepts

Kikue Aoki
Senior Manager Japan

Warren James LREA, Qual. Valuer (NSW)
Manager, International Property Portfolio

Corporate Governance

The Board has responsibility for the long-term health and prosperity of Servcorp. The directors are responsible to the shareholders for the performance of the Company and the Consolidated Entity and to ensure that it is properly managed.

The Board is committed to the principles underpinning the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. The Board is continually working to improve the Company's governance policies and practices, where such practices will bring benefits or efficiencies to the Company.

Details of Servcorp's compliance are set out below, and in the ASX principles compliance statement on pages 17 to 21 of this report.

Role of the Board

The Board has adopted a formal statement of matters reserved for the Board. The central role of the Board is to set the Company's strategic direction and to oversee the Company's management and business activities.

The Board's primary responsibilities are:

- the protection and enhancement of long-term shareholder value;
- ensuring Servcorp has appropriate corporate governance structures in place;
- providing strategic direction, including reviewing and determining goals for management;
- monitoring management's performance within that framework;
- appointing the Managing Director and evaluating his performance and remuneration;
- monitoring business performance and results;
- identifying areas of significant risk and ensuring adequate controls are in place to manage those risks;
- establishing appropriate standards of ethical behaviour and a culture of corporate and social responsibility;
- approving executive remuneration policies;
- ratifying the appointment of the Chief Financial Officer and the Company Secretary;
- ensuring compliance with continuous disclosure policy in accordance with the Corporations Act 2001 and the Listing Rules of the Australian Stock Exchange;
- reporting to shareholders;
- approval of the commitment to new locations;
- ensuring the Board is, and remains, appropriately skilled to meet the changing needs of the Company.

Responsibility for management of the Company's business activities is delegated to the CEO and management.

Composition of the Board

The size and composition of the Board is determined by the Board, subject to the limits set out in Servcorp's Constitution which requires a minimum of three directors and a maximum of twelve directors.

The Board comprises five directors (two executive and three non-executive). The non-executive directors are all independent.

The only change to the Board since the last annual report was the appointment of Mr Taine Moufarrige on 25 November 2004. Mr T Moufarrige had acted as an Alternate Director for Mr A G Moufarrige since 4 February 2000. Mr T Moufarrige will retire at the 2005 annual general meeting and will make himself available for election by shareholders at that meeting.

The Chairman of the Board, Mr Bruce Corlett, is an independent non-executive director.

The non-executive directors bring to the Board an appropriate range of skills, experience and expertise to ensure that Servcorp is run in the best interest of all stakeholders. The skills, experience and expertise of each director in office at the date of this annual report is set out on page 22 of this annual report. The Board will continue to be made up of a majority of independent non-executive directors. The performance of non-executive directors was reviewed during the year.

The names of the directors of the Company in office at the date of this annual report are set out below.

Names of directors in office at the date of this annual report

Director	First appointed	Non-executive	Independent	Retiring at 2005 AGM	Seeking re-election at 2005 AGM
B Corlett	19 October 1999	Yes	Yes	Yes	Yes
R Holliday-Smith	19 October 1999	Yes	Yes	No	No
J King	24 August 1999	Yes	Yes	No	No
A G Moufarrige	24 August 1999	No	No	No	No
T Moufarrige	25 November 2004	No	No	Yes	Yes

Directors' independence

It is important that the Board is able to operate independently of executive management.

The non-executive directors are considered by the Board to be independent of management. Independence is assessed by determining whether the director is free of any business interest or other relationship which could materially interfere with the exercise of their unfettered and independent judgement and their ability to act in the best interests of Servcorp.

None of the non-executive directors have ever been employed by Servcorp. Ms J King is the sister of Mr A Moufarrige, but she has no joint financial interests in Servcorp or otherwise. Ms King is an experienced business woman who sits on several other public company boards. Ms King, and the other independent directors, believe her relationship with Mr A Moufarrige does not impair her exercising independent judgement.

Election of directors

The Company's Constitution specifies that an election of directors must take place each year. One-third of the Board (excluding the Managing Director), and any other director who has held office for three or more years since they were last elected, must retire from office at each annual general meeting. The directors are eligible for re-election. Directors may be appointed by the Board during the year. Directors appointed by the Board must retire from office at the next annual general meeting.

Any changes to directorships will be dealt with by the full Board and accordingly a Nomination Committee has not been established.

Independent professional advice

Each director has the right to seek independent professional advice, at Servcorp's expense, to help them carry out their responsibilities. Prior approval of the Chairman is required, which will not be unreasonably withheld. A copy of advice received by the director is made available to all other members of the Board.

Ethical standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of Servcorp.

Codes of conduct, outlining the standards of personal and corporate behaviour to be observed, form part of Servcorp's management manuals.

Director and officer dealings in Company shares

Servcorp policy prohibits directors, officers and senior executives from dealing in Company shares or exercising options:

- in the six weeks prior to the release of the Company's half-year and full-year results to the ASX; or
- whilst in possession of price sensitive information.

Directors must notify the Company Secretary before they sell or buy shares in the Company. This is reported to the Board.

In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the ASX, each director has entered into an agreement with the Company that requires disclosure to the Company of all information needed for it to comply with the obligation to notify the ASX of directors' holdings and interests in its securities.

Conflict of interest

In accordance with the Corporations Act 2001 and the Company's Constitution directors must keep the Board advised, on an ongoing basis, of any interest that would potentially conflict with those of Servcorp. Where the Board believes that an actual or potential significant conflict exists, the director concerned, if appropriate, will not take part in any discussions or decision making process on the matter and abstains from voting on the item being considered. Details of director related entity transactions with the Company and the Consolidated Entity are set out in Note 32 to the financial statements.

Continuous disclosure

Servcorp is committed to ensuring that all shareholders and investors are provided with full and timely information and that all stakeholders have equal and timely access to material information concerning the company. Procedures are in place to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

The Company Secretary has been appointed as the person responsible for communications with the ASX.

Communication with stakeholders

Servcorp is committed to increasing the transparency and quality of its communication so that we are regarded as outstanding corporate citizens. At present, information is communicated to shareholders and financial markets through the distribution of the annual report, the release of the half-year and full-year results, and market announcements to the ASX when required. The Company's annual report, result releases and market announcements are placed on its website.

Servcorp encourages effective participation at general meetings. The Managing Director provides a detailed report and is available to answer questions at the Company's annual general meeting. The Company's auditors are invited to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted and the independence of the auditor in relation to the conduct of the audit.

Auditor independence

The Company's auditors Deloitte Touche Tohmatsu (Deloitte) were appointed at the annual general meeting of the Company on 6 November 2003. The Lead Partner, Mr P G Forrester, will be due for rotation following completion of the audit for the year ending 30 June 2008.

Deloitte have established policies and procedures designed to ensure their independence, and provide the Audit and Risk Committee with an annual confirmation as to their independence.

Committees

The Board does not delegate major decisions to committees. Committees are responsible for considering detailed issues and making recommendations to the Board. The Board has established two committees to assist in the implementation of its corporate governance practices.

Audit and Risk Committee

The members of the Audit and Risk Committee during the year were:

- Mr R Holliday-Smith (Chairman)
- Mr B Corlett
- Ms J King

The members are all independent non-executive directors. The chairman of the Audit and Risk Committee is independent and not the chairman of the Board.

The role of the Audit and Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management procedures and the external audit function. In doing so, it is the committee's responsibility to maintain free and open communication between the committee and the external auditors and the management of Servcorp.

The external auditors, the Managing Director, the Chief Financial Officer and other senior management attend committee meetings by invitation.

The Audit and Risk Committee met three times during the year. The committee meets with the external auditors at regular scheduled sessions without management being present.

The responsibilities of the Audit and Risk Committee as stated in its charter include:

- reviewing the financial report and other financial information distributed externally;
- reviewing accounting policies to ensure compliance with Australian Accounting Standards and Generally Accepted Accounting Principles;
- reviewing external audit reports to ensure that where major deficiencies or breakdown in controls or procedures have been identified appropriate and prompt remedial action is taken by management;
- reviewing the Company's policies and procedures for convergence with International Financial Reporting Standards for reporting periods beginning on 1 July 2005;
- reviewing the nomination, independence and performance of the auditor;
- liaising with the external auditors and ensuring that the statutory annual audit and half-yearly review are conducted in an effective manner;
- monitoring the establishment of an appropriate internal control framework and considering enhancements;
- monitoring the establishment of appropriate ethical standards;
- monitoring the procedures in place to ensure compliance with the Corporations Act 2001, ASX Listing Rules and all other regulatory requirements;
- addressing any matters outstanding with the auditors, Australian Taxation Office, Australian Securities & Investments Commission, ASX and financial institutions;
- reviewing reports on any major defalcations, frauds and thefts from the Company;
- improving the quality of the accounting function.

Governance Committee

The Governance Committee's charter is to progress the adoption of, and ongoing compliance with, the ASX Corporate Governance Council's best practice recommendations. The Governance Committee members are two independent non-executive directors and two management representatives:

Mr B Corlett (Chairman)
Mr R Holliday-Smith (Non-executive director)
Mr M Moufarrige (General Manager Asia & CIO)
Mr G Pearce (Company Secretary)

ASX principles compliance statement

This table provides a description of the manner in which Servcorp complies with the ASX Principles of Good Corporate Governance and Best Practice Recommendations, or where applicable, an explanation of any departures from the Principles.

Principle 1	Lay solid foundations for management and oversight *Recognise and publish the respective roles and responsibilities of board and management*
Recommendation 1.1	Formalise and disclose the functions reserved to the board and those delegated to management.
Servcorp Board Response	The Board has adopted a charter that sets out the responsibilities reserved by the Board and those delegated to the Managing Director.
Principle 2	Structure the board to add value *Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties*
Recommendation 2.1	A majority of the board should be independent directors.
Servcorp Board Reponse	The Board has a majority of independent directors. All the currently serving non-executive directors are independent.
Recommendation 2.2	The chairperson should be an independent director.
Servcorp Board Response	The Chairman is an independent director.
Recommendation 2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.
Servcorp Board Response	The roles of Chairman and Managing Director/CEO are separated.
Recommendation 2.4	The board should establish a nomination committee.
Servcorp Board Response	The Board has not established a nomination committee. Given the size of the current Board, efficiencies are not forthcoming from a separate committee structure. Selection and appointment of new directors is undertaken by consideration of the full Board. Any director appointed by the Board must retire from office at the next annual general meeting and seek re-election by shareholders.
Recommendation 2.5	Provide the information indicated in Guide to reporting on Principle 2.
Servcorp Board Response	All relevant information is included in the corporate governance section on pages 14 to 21 of the annual report.
Principle 3	Promote ethical and responsible decision-making *Actively promote ethical and responsible decision making*
Recommendation 3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1.1 The practices necessary to maintain confidence in the company's integrity. 3.1.2 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
Servcorp Board Response	The Company has established codes of conduct and ethical standards which all directors, executives and employees are expected to uphold and promote.
Recommendation 3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.

ASX principles compliance statement (cont)

Servcorp Board Response	The Board has approved a policy concerning trading in company securities, the details of which are disclosed in the corporate governance section of this annual report.
Recommendation 3.3	Provide the information indicated in Guide to reporting on Principle 3.
Servcorp Board Response	The information is made publicly available by inclusion of the main provisions in the annual report. Complete versions are not available on the Company's website as they form part of manuals which are proprietary and confidential.
Principle 4	Safeguard integrity in financial reporting *Have a structure to independently verify and safeguard the integrity of the company's financial reporting*
Recommendation 4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.
Servcorp Board Response	The Chief Executive Officer and Chief Financial Officer provide such letters of assurance to the Board for each half-year and full-year result.
Recommendation 4.2	The board should establish an audit committee.
Servcorp Board Response	The Board has established an Audit and Risk Committee.
Recommendation 4.3	Structure the audit committee so that it consists of: • only non-executive directors; • a majority of independent directors; • an independent chairperson, who is not chairperson of the board; • at least three members.
Servcorp Board Response	All three members of the Audit and Risk Committee are independent and the Chairman of the committee is not the Chairman of the Board.
Recommendation 4.4	The audit committee should have a formal charter.
Servcorp Board Response	The Audit and Risk Committee has a formal charter which sets out its specific roles and responsibilities and composition requirements.
Recommendation 4.5	Provide the information indicated in Guide to reporting on Principle 4: • details of the names and qualifications of those appointed to the audit committee; • the number of meetings of the audit committee and names of the attendees.
Servcorp Board Response	This information is provided on pages 16, 22 and 23 of this annual report.
Recommendation 4.5 (cont)	• Procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.
Servcorp Board Response	The external auditor, Deloitte Touche Tohmatsu, under the scrutiny of the Audit and Risk Committee, presently conducts the statutory audits in return for reasonable fees. Deloitte Touche Tohmatsu were appointed at the annual general meeting of the Company held on 6 November 2003. The committee also has specific responsibility for recommending the appointment or dismissal of external auditors and monitoring any non-audit work carried out by the external audit firm. No director has any association, past or present, with the external auditor.

ASX principles compliance statement (cont)

Principle 5	Make timely and balanced disclosure *Promote timely and balanced disclosure of all material matters concerning the company*
Recommendation 5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.
Servcorp Board Response	The Company has established a continuous disclosure compliance plan. The Board and management continually monitor information and events and their obligation to report any matters. Responsibility for communications to the ASX on all material matters rests with the Company Secretary following consultation with the Chairman and Managing Director.
Recommendation 5.2	Provide the information indicated in Guide to reporting on Principle 5.
Servcorp Board Response	There is no further information to be provided.
Principle 6	Respect the rights of shareholders *Respect the rights of shareholders and facilitate the effective exercise of those rights*
Recommendation 6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.
Servcorp Board Response	Servcorp aims to communicate clearly and transparently with shareholders and the community. Servcorp places all company announcements on its website and also displays annual and half-year reports. Shareholders are given a reasonable opportunity to ask questions at the annual general meeting.
Recommendation 6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.
Servcorp Board Response	Servcorp's external auditor attends all annual general meetings and is available to answer shareholder questions.
Principle 7	Recognise and manage risk *Establish a sound system of risk oversight and management and internal control*
Recommendation 7.1	The board or appropriate board committee should establish policies on risk oversight and management.
Servcorp Board Response	The Company does not have formal written policies on risk oversight and management. The Board has established an Audit and Risk Committee that is comprised only of non-executive directors. The Committee reviews the Company's risk management strategy, its adequacy and effectiveness and the communication of risks to the Board. Day to day responsibility is delegated to the Chief Executive Officer. The Chief Executive Officer is responsible for: • Identification of risk; • Monitoring risk; • Communication of risk events to the Board; • Responding to risk events, with Board authority. The Board defines risk to be any event that, if it occurs, will have a material impact on the ability of the Company to achieve its objectives. Risk is considered across the financial, operational and organisational aspects of the Company's affairs.
Recommendation 7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:

Recommendation 7.2 (cont)	7.2.1 The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board. 7.2.2 The company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
Servcorp Board Response	The Chief Executive Officer and Chief Financial Officer provide such assurance.
Recommendation 7.3	Provide the information indicated in Guide to reporting on Principle 7.
Servcorp Board Response	This information is provided above.
Principle 8	Encourage enhanced performance *Fairly review and actively encourage enhanced board and management effectiveness*
Recommendation 8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.
Servcorp Board Response	The Board operates under a code of conduct which recognises that strong ethical values must be at the heart of director and Board performance. The Board as a whole evaluates individual director's performance and also the Board's performance. As a tool to evaluation a questionnaire is to be completed annually by the non-executive directors with the responses to be assessed and discussed by the Board as a whole.
Principle 9	Remunerate fairly and responsibly *Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined*
Recommendation 9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.
Servcorp Board Response	Servcorp's remuneration policies are discussed in the remuneration report on pages 26 to 27 of this annual report.
Recommendation 9.2	The board should establish a remuneration committee.
Servcorp Board Response	The Board has yet to establish a Remuneration Committee. It is the intention of the Board to establish a Remuneration Committee in the future. Currently the Managing Director, Mr A Moufarrige, and the Chairman, Mr B Corlett, meet as required to discuss senior executives' performance and remuneration issues, and make recommendations to the Board on remuneration packages and policies.
Recommendation 9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.
Servcorp Board Response	This information is provided in the remuneration report on page 26 of this annual report.
Recommendation 9.4	Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.
Servcorp Board Response	All equity-based remuneration has been made in accordance with Servcorp's Executive and Employee Share Option Schemes. Both schemes had approval granted by shareholders at the November 2000 annual general meeting.

ASX principles compliance statement (cont)

Recommendation 9.5	Provide the information indicated in Guide to reporting on Principle 9. • Disclosure of the company's remuneration policies referred to in best practice recommendation 9.1 and in Box 9.1.
Servcorp Board Response	Details of Servcorp's remuneration policies for fixed, short-term and long-term incentives are set out in the remuneration report on pages 26 to 27 of this annual report.
Recommendation 9.5 (cont)	• The names of the members of the remuneration committee and their attendance at meetings of the committee.
Servcorp Board Response	The Board has not established a Remuneration Committee.
Recommendation 9.5 (cont)	• The existence and terms of any schemes for retirement benefits, other than statutory superannuation, for non-executive directors.
Servcorp Board Response	There are no such schemes in existence.
Prrinciple 10	Recognise the legitimate interests of stakeholders *Recognise legal and other obligations to all legitimate stakeholders*
Recommendation 10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.
Servcorp Board Response	The Board operates under a code of conduct which recognises that strong ethical values must be at the heart of the director and Board performance. They guide compliance with legal requirements and ethical responsibilities, and also set a standard for employees and directors dealing with Servcorp's obligations to external stakeholders. In regard to stakeholders, the Company: • Reports its financial performance twice a year to the Australian Stock Exchange; • Maintains a website; • Publishes all external announcements to the website and maintains these announcements for at least two years; • At general meetings, shareholders are given a reasonable opportunity to ask questions; • Analyst briefings are held following the release of the half-year and full-year financial results.

Directors' Report

The directors present their report together with the Financial Report of Servcorp Limited ("the Company") and the consolidated Financial Report of the "Consolidated Entity", being the Company and its controlled entities, for the financial year ended 30 June 2005 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are:

Alf Moufarrige
Managing director

Chief Executive Officer
Appointed August 1999

Alf is simply a good serviced office operator with over 25 years of experience in the serviced office industry. Alf is primarily responsible for Servcorp's expansion, profitability, cash generation and currency management.

Directorships of listed entities in the last three years:

None.

Bruce Corlett
Chairman and independent non-executive director
BA, LLB

Member of Audit and Risk Committee
Chairman of Governance Committee
Appointed October 1999

Over the past 30 years Bruce has been a director of many publicly listed companies. His current directorships include Adsteam Marine Limited (Chairman), Stockland Trust Group and Trust Company of Australia Limited (Chairman). Bruce is also a Fellow of Senate at the University of Sydney.

Directorships of listed entities in the last three years:

- Adsteam Marine Limited since March 1997;
- Stockland Trust Group since October 1996;
- Tooth and Co. Limited since September 1999;
- Trust Company of Australia Limited since October 2000.

Rick Holliday-Smith
Independent non-executive director
BA (Hons), CA, FAICD

Chairman of Audit and Risk Committee
Member of Governance Committee
Appointed October 1999

Rick spent over 11 years in Chicago in the roles of Divisional President of global trading and sales for NationsBank, N.A. and, prior to that, Chief Executive Officer of Chicago Research and Trading Group Limited. Rick also spent over 4 years in London as Managing Director of HongKongBank Limited, a wholly owned merchant banking subsidiary of HSBC Bank.

Rick is currently Chairman of SFE Corporation Limited and Exco Resources NL. He is a director of Cochlear Limited and DCA Group Limited. Rick has a Bachelor of Arts (Hons) from Macquarie University, is a Chartered Accountant and is a Fellow of the Australian Institute of Company Directors.

Directorships of listed entities in the last three years:

- Cochlear Limited since February 2005;
- DCA Group Limited since October 2004;
- Exco Resources NL since June 1998;
- MIA Group Limited from May 2000 to September 2004;
- SFE Corporation Limited since April 2002.

Julia King
Independent non-executive director

Member of Audit and Risk Committee
Appointed August 1999

Julia has had more than 30 years experience in strategic marketing and advertising. She was Chief Executive of the LVMH fashion group in Oceania and developed the business in this area. Prior to joining LVMH Julia was Managing Director of Lintas, a multinational advertising agency.

Julia is currently a non-executive director of John Fairfax Holdings Limited, Opera Australia and Carla Zampatti. She has been on the Australian Government's Task Force for the restructure of the wool industry and a member of the Council of the National Library.

Directorships of listed entities in the last three years:

- John Fairfax Holdings Limited since July 1995.

Taine Moufarrige
Executive director
BA, LLB

General Manager Australia, New Zealand & the Middle East
Appointed November 2004

Prior to joining Servcorp, Taine practiced as a solicitor. Taine joined Servcorp in 1996 as a Trainee Manager following which he became a Manager and subsequently was appointed to his current position of General Manager in 2000. Taine played a key role in establishing Servcorp's Paris location. Taine holds a Bachelor of Laws from Bond University and a Bachelor of Arts from Macquarie University.

Directorships of listed entities in the last three years:

None.

Directors' meetings

The number of directors' meetings held (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year is set out in the table opposite.

Company Secretary

Greg Pearce
B Com, CA, ACIS

Appointed August 1999

Greg joined Servcorp in 1996 as Financial Controller and was appointed to his current role of Company Secretary during the Company's IPO in 1999. Prior to joining Servcorp Greg spent ten years working in the information technology business and the 11 years prior to that working in audit and business services.

Greg is a Chartered Accountant and is an Associate of Chartered Secretaries Australia.

Directors' attendances at meetings

Director	Board meetings	Audit & Risk committee	Governance committee
Number of meetings held:	9	3	1
Number of meetings attended:			
B Corlett	9	3	1
R Holliday-Smith	9	3	1
J King	9	3	
A G Moufarrige	9		
T Moufarrige*	4		

** T Moufarrige attended seven Board meetings during the year but only four after his appointment as a director on 25 November 2004.*

The details of the function and membership of the committees are presented in the corporate governance statement on page 16.

Principle activities

The principal activities of the Consolidated Entity during the course of the financial year were the provision of executive serviced and virtual offices and IT, communications and secretarial services.

There were no significant changes in the nature of the activities of the Consolidated Entity during the year.

Consolidated results

Operating profit after tax for the financial year was $15.29 million (2004: $9.44 million). Operating revenue was $123.86 million (2004: $107.51 million). Earnings per share was 19.0 cents (2004: 11.8 cents).

The operating profit after tax included significant expenses totalling $1.60 million (2004: $2.00 million). These expenses were costs directly related to the closure and relocation of floors.

Dividends

Dividends totalling $6.23 million have been paid or declared by the Company in relation to the financial year ended 30 June 2005 (2004: $6.03 million).

The following table includes information relating to dividends in respect of the prior and current financial year, including dividends paid or declared by the Company since the end of the previous year.

Dividends paid and declared

Type	Cents per share	Total amount $'000	Date of payment	Franked %	Tax rate for franking credit
In respect of the previous financial year:					
2004					
Interim - ordinary shares	3.75	3,005	8 April 2004	100%	30%
Final - ordinary shares	3.75	3,022	1 October 2004	100%	30%
In respect of the current financial year:					
2005					
Interim - ordinary shares	3.75	3,015	1 April 2005	100%	30%
Final - ordinary shares	4.00	3,216	4 October 2005	100%	30%

Review of operations

At the end of the financial year, Servcorp operated 55 floors, in 40 locations, spanning 18 cities in 11 countries. The Consolidated Entity operates in Australia, New Zealand, Japan, South-East Asia, Greater China, France, United Arab Emirates and Belgium.

During the year 8 new locations (9 floors) have been established and 2 floors closed, giving rise to a net increase of 15% in capacity.

The number of office suites operated by the Consolidated Entity has increased to 2,202 with an average mature floor occupancy of 85%.

Expansion plans underway at present are new locations in Shanghai and Brisbane. Further opportunities are being evaluated in China, Singapore, Paris, the Middle East, Japan and Sydney.

Currently the Consolidated Entity has cash and interest earning financial assets in excess of $48 million and is well placed to take advantage of expansion opportunities when the timing is considered favourable.

Australia & New Zealand

Revenue in Australia and New Zealand was generally consistent with the prior period, increasing by 7%. Operating profit increased by 28% to $7.07 million. During the period no new floors opened in Australia, however, Servcorp has committed to one additional floor that will open in December 2005. In New Zealand one floor closed with clients relocated to an existing floor.

Japan & Asia

Japan and Asia continued to perform well, recording an increase in revenue of 17% to $71.36 million. Operating profit increased by 41% to $13.95 million. Japan continued to grow with four new floors opening during the period.

Asia also continued to grow strongly. During the period one floor in Bangkok closed with clients relocated to two new locations. Additional floors were opened in both Kuala Lumpur and Shanghai.

Europe & Middle East

The performance of the Europe and Middle East segment has improved. Revenue increased by 31% to $14.50 million. For the twelve month period a profit of $0.41 million was recorded compared to a loss of $1.79 million for the year ended 30 June 2004.

The Dubai location continued to perform at almost 100% occupancy throughout the entire period. Management continue to look for new opportunities in the region.

The performance of the Paris location is improving. The Brussels market continues to experience difficult trading conditions with high levels of competition, and severe pricing pressures.

New locations

City	Location	Offices	Opened
Bangkok	Levels 8 and 9, Zuellig House	49	April 2005
Bangkok	Level 29, Central World Tower	52	April 2005
Kuala Lumpur	Level 20, Menara Standard Chartered	45	April 2005
Nagoya	Level 4, Nikko Shoken Building	42	October 2004
Osaka	Level 19, Hilton Plaza West	51	January 2005
Tokyo	Level 27, Tokyo Sankei Building	35	April 2005
Tokyo	Level 27, Shiroyama JT Trust Tower	32	May 2005
Shanghai	Level 29, Shanghai Kerry Centre	42	May 2005

Events subsequent to balance date

On 15 July 2005 a company in the Consolidated Entity acquired a business in Hong Kong. The consideration paid for the business, assets and customer licence agreements purchased was $1,810,721.

On 25 August 2005 the directors declared a fully franked final dividend of 4.00 cents per share, payable on 4 October 2005.

The financial effect of the above transactions have not been brought to account.

It is intended to close the Brussels location and appropriate steps are in train to achieve this objective.

The directors are not aware of any matter or circumstance, other than that referred to above or in the financial statements or notes thereto, that has arisen since the end of the year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

Likely developments

The Consolidated Entity will continue to pursue its policy of seeking to increase the profitability and market share of its major business sectors during the next financial year.

Further information about likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Entity.

Options

Options on issue

At the date of this report unissued ordinary shares of the Company under option are:

- Date option granted - 21 May 2004
- Number of shares - 30,000
- Exercise price - $2.00
- Expiry date - 21 May 2009

The options may be exercised two years from date of issue and expire on the earlier of:

(a) 5 years from the date of issue;
(b) the date which the optionholder ceases to be an employee of the Company or any of its subsidiaries other than as a result of the death of the optionholder or such later date as the Board in its absolute discretion determines on or before the date the optionholder ceases to be an employee of the Company or any of its subsidiaries.

The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Options granted

During the year or since the end of the financial year, the Company has not granted any options over unissued ordinary shares of the Company.

Shares issued on the exercise of options

During the year or since the end of the financial year, the Company has issued ordinary shares as a result of the exercise of options over unissued shares as follows. All shares were issued during the year ended 30 June 2005. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Shares issued on the exercise of options

Date options granted	Number of shares	Amount paid
30 November 1999	450,000	$1.50
16 December 1999	728,000	$1.50

Indemnification and insurance of directors and officers

The constitution of the Company provides that the Company must indemnify, on a full indemnity basis and to the full extent permitted by law, each current and former director, alternate director or executive officer against all losses or liabilities incurred in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted or in connection with any application in relation to any such proceedings in which relief is granted under the Corporations Act 2001.

The Company has also agreed to indemnify the following current and former directors of the Company, Mr A Moufarrige, Mr B Corlett, Mr R Holliday-Smith, Ms J King, Mr B Pashby and Mr T Moufarrige against any loss or liability that may arise from their position as directors of the Company and its Controlled Entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities to the extent permitted by law, including reasonable costs and expenses.

The Company has not, during or since the financial year, indemnified or agreed to indemnify an auditor of the Company.

During the financial year the Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts, for current and former directors, secretaries and officers of the Company and its controlled entities. The insurance policies prohibit disclosure of the nature of the liability insured against and the amount of the premiums.

Directors' interests

The relevant interest of each director in the share capital of the companies within the Consolidated Entity, as notified by the directors to the Australian Stock Exchange in accordance with s205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Servcorp Limited

Director	Ordinary shares		Options over ordinary shares
	Direct	Indirect	
B Corlett	233,895	106,502	-
R Holliday-Smith	250,000	-	-
J King	72,500	15,000	-
A Moufarrige	541,390	47,681,633	-
T Moufarrige	150,000	-	-

Remuneration report

Principles used to determine the nature and amount of remuneration

The Board recognises that the Company's performance is dependent on the quality of its people. To achieve its financial and operating objectives, Servcorp must be able to attract, retain and motivate highly-skilled executives.

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders.

Servcorp's executive remuneration policy and principles are designed to ensure that the Company:

- Provides competitive rewards that attract, retain and motivate executives of the highest calibre;
- Structures remuneration at a level that reflects the executives duties and accountabilities and is competitive within Australia and, for certain roles, internationally;
- Aligns executive incentive rewards with the creation of value for shareholders;
- Complies with applicable legal requirements and appropriate standards of governance.

The framework may provide a mix of fixed and variable pay, and a blend of short and long term incentives.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed by the Board. The Board ensures non-executive directors' fees and payments are appropriate and in line with the market. Non-executive directors are not employed under a contract and do not receive share options or other equity based remuneration.

Directors' fees

Non-executive directors' fees are determined within an aggregate directors' fee limit. The pool limit currently stands at $350,000 as approved at the time of Servcorp's IPO in December 1999. This is inclusive of payments for superannuation.

Non-executive directors' fees were initially set in December 1999. That level of fees has not varied until the current base remuneration was reviewed with effect from 1 January 2005. Fees for each non-executive director were increased by $10,000 per annum. Additional fees are not paid for membership or chairmanship of board committees.

Retirement allowances for directors

Non-executive directors are not entitled to retirement allowances other than amounts previously contributed to complying superannuation funds.

Details of remuneration

Details of the nature and amount of each element of the remuneration of each director of Servcorp Limited for the year ended 30 June 2005 is set out in the following table.

Directors' remuneration

Name	Primary			Post Employment		Equity	Total
	Salary and fees $	Bonus $	Non-monetary $	Super $	Prescribed benefits $	Options $	$
A Moufarrige	197,154	-	113,302	28,007	-	-	338,463
T Moufarrige	162,394	45,000	6,697	15,277	-	-	229,368
B Corlett	85,000	-	-	7,650	-	-	92,650
R Holliday-Smith	50,000	-	-	4,500	-	-	54,500
J King	50,000	-	-	4,500	-	-	54,500
	544,548	45,000	119,999	59,934	-	-	769,481

Remuneration report (cont)

Executive remuneration

The executive remuneration and reward framework has three components:

- Base remuneration and benefits;
- Short term performance incentives;
- Long term incentives through participation in the Servcorp Executive Share Option Scheme.

The combination of these comprises the executives total remuneration.

Base remuneration

The base component of executive remuneration comprises base salary, superannuation contribution and other components such as motor vehicles. It is determined by the scope of each executive's role, their level of knowledge, skill and experience and individual performance. It is structured as a total employment cost package.

Executives are offered a competitive base remuneration that comprises the fixed component of pay and rewards. Base remuneration is set to reflect the market for a comparable role. Base remuneration is reviewed annually to ensure the executive's remuneration is competitive with the market. Remuneration is also reviewed on promotion.

There are no guaranteed base remuneration increases for any senior executives.

Retirement benefits

Retirement benefits for Australian executives are delivered under the Servcorp Superannuation Fund. This fund provides accumulation benefits based on contributions and fund earnings. Executives may nominate for contributions to be made to another fund of their choice.

Short-term incentives

The short-term incentive component of executive remuneration may comprise an annual cash incentive which is linked to the performance of both Servcorp and the individual executive.

Executives do not have a fixed proportion of their total remuneration that is performance related. Performance targets are agreed with executives at the start of each year to ensure they meet specific business objectives for which the individual is responsible.

Cash incentives (bonuses) are generally payable following finalisation of half-year and full-year results. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan.

For the year ended 30 June 2005, short term incentive plans were based on two components:

- The change in the price at which shares in the Company traded in the period to December 2004; and
- Where the executive had responsibility for a region or business unit, attaining performance targets for operating profit.

The short term incentive target is reviewed annually.

Servcorp Executive Share Option Scheme

The Board may grant options to eligible executives in accordance with the Servcorp Executive Share Option Scheme to provide long term incentives.

Options do not form a fixed percentage of any executives remuneration. No options were granted during or since the 2005 financial year.

Details of remuneration

Details of the nature and amount of each element of the remuneration of each of the five officers of the Company and the Consolidated Entity receiving the highest remuneration for the year ended 30 June 2005 is set out in the following table.

Executives' remuneration

Name	Primary			Post Employment		Equity	Total
	Salary and fees $	Bonus $	Non-monetary $	Super $	Prescribed benefits $	Options $	$
M Moufarrige GM Asia and CIO	162,883	45,000	6,972	18,428	-	-	233,283
R Baldwin GM ITS	140,759	35,000	-	14,750	-	-	190,509
O Vlietstra GM Japan	101,977	72,311	11,766	-	-	-	186,054
T Wallace CFO	139,614	23,500	-	7,199	-	6,389	176,702
L Cataldo Senior Mgr	95,658	53,200	8,842	13,376	-	-	171,076
	640,891	229,011	27,580	53,753	-	6,389	957,624

State of affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

Directors' benefits

Since the end of the previous financial year, no director of the Consolidated Entity has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the consolidated financial report, or the fixed salary of a full-time employee of the Consolidated Entity or of a related entity) by reason of a contract made by the Consolidated Entity or a related entity with the director or with a firm of which a director is a member, or with an entity in which a director has a substantial financial interest.

Non-audit services

During the year Deloitte Touche Tohmatsu, the Company's auditor, has performed certain "non-audit services" in addition to their statutory duties.

The Board of directors has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- Non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement *F1 Professional Independence*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company or jointly sharing risks and rewards.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 29 and forms part of this report.

Details of the amounts paid or payable to the auditor of the Company, Deloitte Touche Tohmatsu and its related practices for audit and non-audit services provided during the year are set out in note 4 to the financial statements.

Corporate governance

A statement of the Board's governance practices is set out on pages 14 to 21 of this report.

Environmental management

The Consolidated Entity's operations are not subject to any particular and significant environmental regulations under either Commonwealth or State legislation.

Rounding off

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 financial report and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors pursuant to section 298 of the Corporations Act 2001.

A G Moufarrige
Managing Director

Dated at Sydney this 19th day of September 2005.

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Servcorp Limited
Level 17, BNP Paribas Centre
60 Castlereagh Street
SYDNEY NSW 2000

16 September 2005

Dear Board Members

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 audit of the financial statements of Servcorp Limited for the financial year ended 30 June 2005, 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 audit; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

P G Forrester
Partner
Chartered Accountants
Parramatta

2005 Financial Report

CONTENTS

Statements of financial performance

Servcorp Limited and its controlled entities

for the financial year ended 30 June 2005

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Revenues					
Revenues from rendering of services		120,684	104,247	-	-
Other revenues from ordinary activities		3,174	3,266	16,425	8,787
Total revenues	2	123,858	107,513	16,425	8,787
Expenses					
Service expenses		(35,966)	(31,860)	(36)	(7)
Marketing expenses		(6,140)	(5,320)	-	-
Occupancy expenses		(48,691)	(46,702)	-	-
Administrative expenses		(9,358)	(8,704)	(584)	(674)
Borrowing expenses	3(a)	(158)	(225)	(142)	-
Provision for diminution in value of loans to controlled entities		-	-	(4,746)	-
Other expenses from ordinary activities		(1,287)	(1,052)	-	-
Total expenses		(101,600)	(93,863)	(5,508)	(681)
Profit from ordinary activities before income tax expense		22,258	13,650	10,917	8,106
Income tax expense relating to ordinary activities	5(a)	(6,965)	(4,207)	(4,545)	(1,409)
Net profit attributable to members of the parent entity	22	15,293	9,443	6,372	6,697
Non-owner transaction changes in equity					
Net movement in foreign currency translation reserve	21	(3,118)	812	-	-
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		(3,118)	812	-	-
Total changes in equity other than those resulting from transactions with owners as owners		12,175	10,255	6,372	6,697
Earnings per share					
Basic (cents per share)	8	19.0	11.8	-	-
Diluted (cents per share)	8	19.0	11.6	-	-

The statements of financial performance are to be read in conjunction with the notes to the financial statements.

Statements of financial position

Servcorp Limited and its controlled entities

as at 30 June 2005

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Current assets					
Cash assets	9	42,966	38,396	174	-
Receivables	10	12,538	11,756	36,716	17,968
Other financial assets	12	5,731	5,921	-	-
Other	11	7,556	3,184	24	27
Total current assets		68,791	59,257	36,914	17,995
Non-current assets					
Receivables	10	227	-	51,118	57,882
Other financial assets	12	-	-	19,076	19,076
Property, plant and equipment	13	24,952	22,496	-	-
Intangibles	14	14,354	15,265	-	-
Deferred tax assets		6,628	5,774	1,395	1,285
Other	15	17,910	17,594	-	-
Total non-current assets		64,071	61,129	71,589	78,243
Total assets		132,862	120,386	108,503	96,238
Current liabilities					
Payables	16	29,051	25,947	15,459	6,872
Interest bearing liabilities	17	1,872	1,778	-	2
Current tax liabilities		5,806	2,638	5,354	2,037
Provisions	19	3,181	2,023	-	-
Total current liabilities		39,910	32,386	20,813	8,911
Non-current liabilities					
Payables	16	4,984	4,823	543	-
Interest bearing liabilities	17	15	741	1,996	2,009
Deferred tax liabilities		473	675	42	56
Provisions	19	564	495	-	-
Total non-current liabilities		6,036	6,734	2,581	2,065
Total liabilities		45,946	39,120	23,394	10,976
Net assets		86,916	81,266	85,109	85,262
Equity					
Contributed equity	20	80,694	81,182	80,694	81,182
Reserves	21	(7,927)	(4,809)	-	-
Retained profits	22	14,149	4,893	4,415	4,080
Total equity		86,916	81,266	85,109	85,262

The statements of financial position are to be read in conjunction with the notes to the financial statements.

Statements of cash flows

Servcorp Limited and its controlled entities

for the financial year ended 30 June 2005

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		126,339	115,608	-	371
Cash payments in the course of operations		(94,648)	(94,487)	(836)	(843)
Dividends & royalties received		-	-	14,359	7,158
Interest received		1,408	1,632	2,066	1,285
Borrowing costs paid		(80)	(231)	(142)	-
Income taxes paid		(5,165)	(3,632)	(3,582)	(2,714)
Net cash provided by operating activities	29(b)	27,854	18,890	11,865	5,257
Cash flows from investing activities					
Proceeds from refund of lease deposits		-	1,139	-	-
Proceeds from disposal of property, plant and equipment		135	352	-	-
Proceeds from disposal of financial assets		3,000	7,161	-	-
Payments for financial assets		(3,000)	-	-	-
Payments for property, plant and equipment		(12,034)	(6,868)	-	-
Payments for lease deposits		(3,382)	(1,573)	-	-
Loans from controlled entities		-	-	10,226	6,675
Loans to controlled entities		-	-	(31,868)	(14,477)
Loans repaid by controlled entities		-	-	17,544	14,165
Loans repaid to controlled entities		-	-	(839)	(5,905)
Net cash provided by/(used in) investing activities		(15,281)	211	(4,937)	458
Cash flows from financing activities					
Proceeds from issue of shares		1,539	286	1,539	286
Share buy back		(2,254)	-	(2,254)	-
Lease payments		(1,314)	(1,978)	-	-
Dividends paid		(6,037)	(6,004)	(6,037)	(6,004)
Other borrowings		-	-	-	-
Net cash used in financing activities		(8,066)	(7,696)	(6,752)	(5,718)
Net increase/(decrease) in cash held		4,507	11,405	176	(3)
Cash at the beginning of the financial year		38,049	26,125	(2)	1
Effects of exchange rate fluctuation on the balances of cash held in foreign currencies		(778)	519	-	-
Cash at the end of the financial year	29(a)	41,778	38,049	174	(2)

The statements of cash flows are to be read in conjunction with the notes to the financial statements.

Notes to the financial statements

for the financial year ended 30 June 2005

1 Statement of significant accounting policies

The significant policies that have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards, Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and, except where stated, does not take into account changing money values or fair valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

These accounting policies have been consistently applied by each entity in the Consolidated Entity and are consistent with those in the previous year.

Where necessary, comparative information has been reclassified for consistency purposes.

(b) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being the Company (the parent entity) and its controlled entities. The controlled entities are listed in Note 27 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Consolidated Entity are eliminated in full.

(c) Goodwill

Goodwill, representing the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity, is amortised over the period of time during which benefits are expected to arise.

In establishing the fair value of the identifiable net assets acquired, a liability for restructuring costs is only recognised at the date of acquisition when there is a demonstrable commitment and a detailed plan. The liability is only recognised where there is little or no discretion to avoid payments to other parties in settlement of costs of the restructuring and a reliable estimate of the amount of the liability as at the date of acquisition can be made.

Goodwill is amortised on a straight line basis over the period of time during which benefits are expected to arise or over 20 years, whichever is the shorter.

The unamortised balance of goodwill is reviewed at least at each reporting date. Where the balance exceeds the value of expected future benefits, the difference is charged to the statements of financial performance.

(d) Revenue recognition

Sales revenue

Sales revenue comprises revenue earned net of the amount of consumption tax from the provision of services to entities outside the Consolidated Entity. Rental revenue is typically invoiced in advance and is recognised in the period in which the service is provided.

Interest revenue

Interest income is recognised as it accrues.

Disposal of assets

The profit and loss on disposal of assets is brought to account when ownership passes to a party external to the Consolidated Entity.

The gain or loss on disposal of fixed assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal. This gain or loss is booked directly to the statements of financial performance.

1 Statement of significant accounting policies (continued)

(e) Foreign currency

Transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions or at the hedge rates where applicable. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statements of financial performance in the financial year in which the exchange rates change.

Translation of controlled foreign entities

The statements of financial position of overseas controlled entities that are self-sustaining foreign operations are translated at the rates of exchange ruling at balance date. The statements of financial performance are translated at a weighted average rate of exchange for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

The balance of the foreign currency translation reserve relating to a controlled entity that is disposed of is transferred to retained earnings in the year of disposal.

(f) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred.

(g) Taxation

Income tax

The Consolidated Entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, are carried forward in the statements of financial position as a deferred tax asset or a provision for deferred income tax.

Deferred tax assets are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Deferred tax assets relating to entities with tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

The directors elected that the Company and all its wholly-owned Australian resident entities would join a tax consolidation group for income tax purposes with effect from 1 July 2002. Due to the existence of a tax sharing agreement between the entities in the tax consolidated group, the current and deferred tax assets and liabilities of the Company are not affected by any amounts owing from or to subsidiary entities as these amounts are recognised as intercompany receivables and payables.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the statements of financial position.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

1 Statement of significant accounting policies (continued)

(h) Recoverable amounts of non-current assets valued on cost basis

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write down is expensed in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

(i) Receivables

Trade debtors

Trade debtors to be settled within 30 days are carried at amounts due. The collectibility of debts is assessed at balance date and specific allowance is made for any doubtful accounts.

(j) Other financial assets

Controlled entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the statements of financial performance when they are declared by the controlled entities.

Other companies

Investments in other listed and unlisted companies are carried at the lower of cost and recoverable amount. Dividends are brought to account in the statements of financial performance as they accrue.

Interest bearing financial instruments

Current

Investments in interest bearing financial instruments held for sale are measured at fair market value. Income from these instruments are brought to account in the statements of financial performance as they accrue.

Non-current

Investments in non-current interest bearing instruments not held for sale are carried at cost on the basis that they will be held until maturity. Income from these instruments are brought to account in the statements of financial performance as they accrue.

(k) Property, plant and equipment

Acquisition

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below. Cost is the fair value of consideration provided plus incidental costs incurred directly attributable to the acquisition. The cost of assets constructed (including leasehold improvements) includes the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to this asset.

Property, plant and equipment are carried at the lower of cost less accumulated depreciation and recoverable amount.

Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset will flow to the Consolidated Entity in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their useful lives.

Costs incurred on property, plant and equipment, which do not meet the criteria for capitalisation, are expensed as incurred.

Depreciation and amortisation

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated or amortised using the straight line method over their estimated useful lives.

The estimated useful lives used for each class of asset is as follows:

Buildings	40 years
Leasehold improvements	6.7 years
Office furniture and fittings	7.7 years
Office equipment	3-4 years
Motor vehicles	6.7 years

1 Statement of significant accounting policies (continued)

(k) Property, plant and equipment (cont)

Depreciation and amortisation (cont)

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Leased plant and equipment

Leases of plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Contingent rentals are written off as an expense of the accounting period in which they are incurred. Capitalised lease assets are amortised on a straight line basis over the term of the relevant lease, or where it is likely the Consolidated Entity will obtain ownership of the assets, the life of the asset.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the statements of financial performance.

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(l) Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or Consolidated Entity. Trade accounts payable are normally settled within 60 days.

(m) Bank loans

Bank loans are carried on the statements of financial position at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in "Other creditors and accruals".

(n) Foreign currency hedge contracts

The Company actively manages foreign currency exposure of revenue transactions generated offshore. Foreign exchange contracts taken out to manage foreign exchange exposure are designated to underlying transactions at the inception of the hedge. Foreign exchange risk is managed within the acceptable risk limits, agreed procedures and in compliance with policy guidelines as approved from time to time by the Board.

Gains and losses that arise on a hedged instrument are deferred and included in the measurement of the hedged anticipated revenue. The unhedged portion of offshore revenue transactions are translated at the average rate for the month.

In the event of early termination of a foreign currency hedge of an anticipated transaction, the deferred gains and losses that arose on the foreign exchange contract prior to its termination are:

- deferred and included in the measurement of the transaction when it takes place, where the anticipated transaction is still expected to occur; or
- recognised in net profit or loss at the date of termination, if the anticipated transaction is no longer expected to occur.

(o) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Dividends

A provision is recognised for dividends when they have been declared, determined or publicly recommended by the directors on or before the reporting date.

1 Statement of significant accounting policies (continued)

(o) Provisions (cont)

Make good costs
A provision is made for make good costs on leases that are expected to terminate within eighteen months of balance date, where those make good costs can be reliably measured, and can be reasonably expected to occur.

Onerous contracts
An onerous contract is considered to exist where the Consolidated Entity has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds unrecognised assets.

(p) Employee benefits

Wages, salaries and annual leave
The provisions for employee benefits in respect of wages, salaries and annual leave represents the amount which the Consolidated Entity has a present obligation to pay resulting from employees' services provided up to the reporting date. The provisions have been calculated at undiscounted amounts based on expected wage and salary rates and include related on-costs.

Long service leave
The provision for employee benefits in respect of long service leave represents the present value of the estimated future cash outflows to be made by the Consolidated Entity resulting from employees' services provided up to the reporting date.

Provisions for employee benefits which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the provision for employee benefits, consideration has been given to future increases in wage and salary rates, and the Consolidated Entity's experience with staff departures. Related on-costs have also been included in the liability.

Executive and employee share option schemes
Servcorp Limited has granted options to certain executives and employees under executive and employee share option schemes. Further information is set out in Notes 24 and 31 to the financial statements. Other than the costs incurred in administering the schemes which are expensed as incurred, the schemes do not result in any expense to the Consolidated Entity.

Superannuation plan
The Company and other controlled entities contribute to a defined contribution superannuation plan. Contributions are charged against income as they are made. Further information is set out in Note 24.

(q) Lease incentives

Floor rental is expensed in the accounting period in which it is due and payable in accordance with lease agreements entered into with landlords. Where a rent free period or other lease incentives exist under the terms of a lease agreement, the aggregate rent payable over the lease term is calculated and a charge is made to the statements of financial performance proportionately to reflect the benefit on a straight line basis over the term of the lease.

(r) Earnings per share (EPS)

Basic earnings per share
Basic EPS is calculated by dividing the net profit attributable to members of the Consolidated Entity for the reporting period, by the weighted average number of ordinary shares of the Company.

Diluted earnings per share
Diluted EPS is calculated by only adjusting the basic EPS earnings by the effect of conversion to ordinary shares of the associated dilutive potential ordinary shares, rather than including the notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted.

The diluted EPS weighted average number of shares includes the number of shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares, rather than the total number of dilutive potential ordinary shares.

The identification of dilutive potential ordinary shares is based on net profit or loss from continuing ordinary operations and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary share.

1 Statement of significant accounting policies (continued)

(s) Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

(t) Adoption of new accounting standard

Director and executive disclosures by disclosing entities

Disclosure of remuneration is classified by each component of remuneration of specified directors and specified executives instead of classifications by bandings. Equity-based compensation is measured at fair value at grant date.

Disclosure requirements for loans and other transactions with directors have also been extended to cover specified executives.

(u) Impacts of adopting Australian equivalents to International Financial Reporting Standards (A-IFRS)

The Consolidated Entity will be required to prepare financial statements that comply with A-IFRS for annual reporting periods beginning on or after 1 January 2005. Accordingly, Servcorp Limited's first half-year report prepared under A-IFRS will be for the half year reporting period ending 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ending 30 June 2006.

This financial report has been prepared in accordance with current Australian Accounting Standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and A-IFRS identified to date as potentially having a significant effect on the Consolidated Entity's financial performance and financial position are summarised below.

The directors have identified the following areas of significant difference affecting the Company and the Consolidated Entity on adoption of A-IFRS. All amounts disclosed are best estimates only, and reflect the directors' accounting policy decisions current at the date of this financial report. Users of the financial report should note that further developments in A-IFRS, if any, may result in changes to the accounting policy decisions made by the directors and consequently, the likely impacts outlined below.

Regulatory bodies that promulgate Australian GAAP and A-IFRS have significant on-going projects that could affect the differences between Australian GAAP and A-IFRS, and the impact of these differences relative to the Consolidated Entity's financial reports in the future.

Significant potential implications of the conversion to A-IFRS on the Consolidated Entity are as follows:

First time adoption of A-IFRS

On first time adoption of A-IFRS, the Consolidated Entity will be required to restate its comparative balance sheet such that the comparative balances presented comply with the requirements specified in the A-IFRS. That is, the balances that will be presented in the financial report for the year ended 30 June 2005 may not be the balances that will be presented as comparative numbers in the financial report for the following year, as a result of the requirement to retrospectively apply A-IFRS. In addition, certain assets and liabilities may not qualify for recognition under A-IFRS, and will need to be de-recognised. As most adjustments on first time adoption are to be made against opening retained earnings, the amount of retained earnings at 30 June 2004 presented in the 2005 financial report and the 2006 financial report available to be paid out as dividends may differ significantly.

Various voluntary and mandatory exemptions are available to the Consolidated Entity on first time adoption of A-IFRS, which will not be available on an on-going basis. The exemptions provide relief from retrospectively accounting for certain balances, instruments and transactions in accordance with A-IFRS.

Business combinations

The Consolidated Entity did not acquire any new businesses during the financial year ended 30 June 2005. The directors have elected not to restate business combinations that occurred before 1 July 2004 and, accordingly, the impact on the adoption of A-IFRS on the financial report associated with business combinations will be limited to the cessation of goodwill amortisation.

Impairment of assets

Non-current assets are written down to recoverable amount when the asset's carrying value exceeds recoverable amount. Under A-IFRS both current and non-current assets are tested for impairment. In addition, A-IFRS has a more prescriptive impairment test, and requires discounted cash flows to be used where value in use is used to assess recoverable amount. The directors do not anticipate that this will have an impact on the recoverable value of assets at the date of transition, 1 July 2004.

1 Statement of significant accounting policies (continued)

(u) Impacts of adopting Australian equivalents to International Financial Reporting Standards (A-IFRS) (cont)

Hedge accounting
The Consolidated Entity enters into forward foreign exchange contracts to manage foreign exchange exposure on revenue transactions generated offshore.

It is expected that the required adjustments on 1 July 2005 will be attributable to derivatives designated as fair value hedges that will be recognised in the balance sheet at fair value. Changes in fair value will be recognised in the profit and loss from that date.

Share-based payment
Equity settled share-based compensation forms part of the remuneration of employees of the Consolidated Entity (including executives). The Consolidated Entity does not currently recognise an expense for any share-based compensation granted. Under A-IFRS, the Consolidated Entity will be required to recognise an expense for share-based compensation amounts. Share-based compensation is measured as the fair value of the share options determined at grant date and recognised over the expected vesting period of the options. A reversal of the expense will be permitted to the extent non-market based vesting conditions (e.g. service conditions) are not met.

In accordance with AASB2 *Share-based Payment,* we have calculated an increase in contributed equity of $913 that requires recognition on the date of transition, 1 July 2004.

Income tax
The Consolidated Entity currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which give rise to 'permanent' and 'timing' differences. Under A-IFRS, deferred taxes are measured by reference to the 'temporary differences' determined as the difference between the carrying amount and the tax base of assets and liabilities recognised in the balance sheet.

The Consolidated Entity also has carried forward tax losses which have not been recognised as deferred tax assets as they do not satisfy the 'virtually certain' criteria under current Australian GAAP. Under A-IFRS, it may be easier to recognise these tax losses as deferred tax assets as they are recognised based on 'probable' recognition criteria. The impact of this difference may be to increase deferred tax assets and opening retained earnings, and result in a higher level of recognised deferred tax assets on a go-forward basis.

Adjustments to the recognised amounts of deferred taxes will also result as a consequence of adjustments to the carrying amounts of assets and liabilities resulting from the adoption of other A-IFRS. The likely impact of these changes on deferred tax balances has not yet been determined.

Servcorp operates in eleven different jurisdictions, and as such the impact on tax from an A-IFRS perspective needs to be given detailed consideration on a jurisdiction by jurisdiction basis. The A-IFRS tax review is still ongoing. It is expected that the full impact on retained earnings will be finalised by 31 December 2005. It is expected that the effects of the impact of tax consolidation and UIG1052 will also be determined by 31 December 2005.

Goodwill
Goodwill is currently amortised over a 20 year period. A-IFRS does not permit goodwill to be amortised, but instead requires the carrying amount to be tested for impairment annually and whenever there is an indication that goodwill may be impaired. The comparative goodwill expense for the year ended 30 June 2005 will decrease by $910,559.

The directors have elected to adopt the country level as the cash generating unit level from 1 July 2004. Goodwill currently recognised on the balance sheet will be allocated to individual cash generating units (or groups of cash generating units) at that level. Goodwill will be impairment tested at each reporting date commencing 1 July 2004. This change in policy may result in increased volatility in the profit and loss, where impairment of goodwill is identified.

Foreign currency translation reserve
The directors have elected not to retrospectively apply AASB121 *The Effects of Changes in Foreign Exchange Rates* requirements with respect to not restating cumulative translation differences existing at the date of transition, 1 July 2004.

Intangible capitalised software costs
Capitalised in-house project costs of $334,814 that existed at 30 June 2004 were written off in the six months ended 31 December 2004. The full amount of this balance related to capitalised in-house wages and salaries. Under A-IFRS, it is required that this amount is adjusted through retained earnings at the date of transition, 1 July 2004.

1 Statement of significant accounting policies (continued)

(u) Impacts of adopting Australian equivalents to International Financial Reporting Standards (A-IFRS) (cont)

Subject to completion of the A-IFRS transitional review regarding taxation balances, the following reconciliations outline the likely impacts on the current year result and financial position of the Company and Consolidated Entity had the financial statements been prepared using A-IFRS, based on the directors' accounting policy decisions current at the date of this financial report. Readers of the financial report should note that further developments in A-IFRS (for example, the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group), if any, may result in changes to the accounting policy decisions made by the directors and consequently, the likely impacts outlined in the following reconciliations.

	Consolidated 2005 $'000	The Company 2005 $'000
Reconciliation of profit before tax		
Profit from ordinary activities before income tax expense (A-GAAP)	22,258	10,917
Employee benefits (i)	(6)	-
Amortisation expense (ii)	911	-
Other - intangible capitalised project costs (iii)	335	-
Profit from ordinary activities before income tax expense (A-IFRS)	23,498	10,917
Reconciliation of total assets and total liabilities		
Total assets (A-GAAP)	132,862	108,503
Other financial assets	-	-
Property, plant and equipment	-	-
Intangibles	911	-
Total assets (A-IFRS)	133,773	108,503
Total liabilities (A-GAAP)	45,946	23,394
Provisions	-	-
Other	-	-
Total liabilities (A-IFRS)	45,946	23,394
Reconciliation of equity		
Total equity (A-GAAP)	86,916	85,109
Opening retained profits (iii)	(336)	-
Current year profits (i), (ii)	1,240	-
Contributed equity (i)	7	-
Total equity (A-IFRS)	87,827	85,109

Notes:

(i) Share based payments
Under A-IFRS equity settled share based payments are recognised at fair value. In 2005, this value was $6,389 (2004: $913).

(ii) Goodwill
Under A-IFRS goodwill is not required to be amortised, but must be tested for impairment at each reporting date and whenever there is an indication that goodwill may be impaired. As a result, amortisation expense will decrease by $910,559.

(iii) Intangible capitalised project costs
Write-back of capitalised in-house project costs that were written off in the six months ended 31 December 2004 that existed at 30 June 2004.

		Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
2	**Revenue from ordinary activities**				
	Rendering of services revenue from operating activities	120,684	104,247	-	-
	Other revenue from operating activities				
	Royalty fees:				
	Related parties	-	-	12,359	7,369
	Franchise fees:				
	Other parties	211	179	-	-
	Dividends:				
	Related parties	-	-	2,000	-
	Interest:				
	Related parties	-	-	2,052	1,283
	Other parties	1,862	1,476	14	2
	Loss on disposal of fixed assets	(181)	(486)	-	-
	Foreign exchange (loss)/gains	(98)	798	-	133
	Other	1,380	1,299	-	-
	Total other revenues	3,174	3,266	16,425	8,787
	Total revenue from ordinary activities	123,858	107,513	16,425	8,787
3	**Profit from ordinary activities before income tax expense**				
(a)	Profit from ordinary activities before income tax expense has been arrived at after charging the following items:				
	Borrowing costs:				
	Interest	67	18	142	-
	Finance charges on capitalised leases	91	207	-	-
		158	225	142	-
	Amortisation of non-current assets:				
	Goodwill	911	679	-	-
	Leasehold improvements	4,212	4,393	-	-
		5,123	5,072	-	-
	Depreciation of:				
	Plant and equipment	3,508	3,388	-	-
	Net bad and doubtful debts expense including movements in provision for bad and doubtful debts	450	627	-	-
	Operating lease rental expense:				
	Minimum lease payments	42,725	40,865	-	-
(b)	Individually significant expenses included in profit from ordinary activities before income tax expense:				
	Floor closure costs	1,597	2,002	-	-

		Consolidated 2005 $	Consolidated 2004 $	The Company 2005 $	The Company 2004 $
4	**Auditors' remuneration**				
(a)	Auditor of the parent entity 2005 (Deloitte Touche Tohmatsu Australia (DTT))				
	Audit and review of financial reports	217,750	194,026	126,830	100,000
	Other services - tax	90,000	90,000	84,000	84,000
	Other services - other	42,503	-	-	-
		350,253	284,026	210,830	184,000
(b)	Other auditors 2005 (DTT International Associates)				
	Audit and review of financial reports	231,459	236,811	-	16,304
	Other services - tax	163,808	126,608	-	-
	Other services - other	15,828	-	-	-
		411,095	363,419	-	16,304
(c)	Other auditors 2005 (KPMG International Associates)				
	Audit and review of financial reports (i)	14,378	81,372	-	-
	Other services	-	33,031	-	-
		14,378	114,403	-	-
(d)	Auditor of the parent entity 2003 (KPMG Australia)				
	Audit and review of financial reports	-	12,304	-	-
		-	12,304	-	-
		775,726	774,152	210,830	200,304

Notes:

(i) KPMG resigned as auditors of Servcorp Paris SARL on 30 December 2004.

		Consolidated		The Company	
		2005 $'000	2004 $'000	2005 $'000	2004 $'000
5	Taxation				
(a)	Income tax expense Prima facie income tax expense calculated at 30% (2004: 30%) on the profit from ordinary activities	6,677	4,095	3,275	2,432
	Increase/(decrease) in income tax expense due to:				
	Amortisation of intangibles	385	314	-	-
	Restatement of deferred tax balances due to changes in tax rates	81	51	-	-
	Under/(over) provision in prior years	240	(242)	232	559
	Provision for writedown in the value of loans to controlled entities	-	-	1,424	-
	Sundry items	460	193	(1)	12
	Dividend income from a company in the tax consolidated group	-	-	(600)	-
	Foreign tax credits available	(54)	(38)	-	-
	Non-assessable local taxes	(156)	(64)	-	-
	Non-assessable exchange gains	(4)	(46)	-	-
	Tax losses of non-resident controlled entities not carried forward as a future income tax benefit	557	671	-	-
	Recognition of tax losses of controlled entities not previously recognised as a future income tax benefit	(505)	(497)	-	-
	Controlled foreign company attributed income	59	108	-	-
	Effect of differing rates of tax on overseas income	(775)	(338)	-	-
	Initial recognition of deferred tax balances of subsidiaries on implementation of the tax consolidation system	-	-	-	1,159
	Consideration paid or payable to subsidiaries in respect of transferred deferred tax balances	-	-	-	(1,159)
	Current and deferred taxes relating to transactions, events and balances of wholly-owned subsidiaries in the tax consolidated group	-	-	3,585	1,199
	Non-deductible/(non-assessable) amounts related to transactions within the tax consolidated group	-	-	(1,140)	46
	Net income tax benefit arising under tax sharing agreements with subsidiaries in the tax consolidated group	-	-	(2,230)	(2,839)
	Income tax expense attributable to profit from ordinary activities	6,965	4,207	4,545	1,409

		Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
5	Taxation (continued)				
(b)	Future income tax benefit not taken to account as assets				
	Timing differences	528	674	-	-
	Tax losses - revenue	3,370	3,719	-	-
		3,898	4,393	-	-

The potential future income tax benefit will only be obtained if:

(i) the relevant companies derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised;

(ii) the relevant companies and/or the Consolidated Entity continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the relevant companies and/or the Consolidated Entity in realising the benefit.

(c) Tax consolidation system

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantially enacted on 21 October 2002. This legislation, which includes both mandatory and elective elements, is applicable to the Company.

The directors have elected for those entities within the Consolidated Entity that are wholly-owned Australian resident entities to be taxed as a single entity from 1 July 2002. The adoption of the tax consolidation system has been formally notified to the Australian Taxation Office. The head entity within the tax consolidated group for the purposes of the tax consolidation system is Servcorp Limited.

Entities within the tax consolidated group are in a tax-sharing agreement with the head entity. Under the terms of this agreement, Servcorp Limited and each of the entities in the tax consolidated group agree to pay a tax equivalent payment to or from the head entity, based on the net accounting profit or loss of the entity and the current tax rate. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

Due to the adoption of the transitional provisions, whereby tax values were not reset, the impact on the financial statements of the economic entity, arising from adoption of the tax consolidation regime, was not material. The tax consolidation regime has been applied with effect from 1 July 2003.

6 Segment information

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

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets 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.

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.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Geographical segments	Australia & New Zealand $'000	Japan & Asia $'000	Europe & Middle East $'000	Eliminated $'000	Consolidated $'000
2005					
Revenue					
External segment revenue	36,363	71,360	14,502	-	122,225
Inter-segment revenue	10,844	1,176	57	(12,077)	-
Total segment revenue	47,207	72,536	14,559	(12,077)	122,225
Other unallocated revenue					1,633
Total revenue					123,858
Result					
Segment result	7,072	13,949	414	-	21,435
Unallocated corporate profit					823
Profit from ordinary activities before income tax					22,258
Income tax expense					(6,965)
Net profit					15,293
Depreciation and amortisation	2,584	3,783	1,022	1,242	8,631
Non-cash expenses other than depreciation and amortisation	227	54	48	986	1,315
Individually significant items (i)	234	675	688	-	1,597
Assets					
Segment assets	31,564	84,276	15,933	-	131,773
Unallocated corporate assets					1,089
Consolidated total assets					132,862
Acquisitions of non-current assets	1,295	10,217	522	-	12,034
Liabilities					
Segment liabilities	23,215	40,398	7,565	-	71,178
Unallocated corporate liabilities					(25,232)
Consolidated total liabilities					45,946

6 **Segment information** (continued)

Geographical segments	Australia & New Zealand $'000	Japan & Asia $'000	Europe & Middle East $'000	Eliminated $'000	Consolidated $'000
2004					
Revenue					
External segment revenue	33,988	60,886	11,080	-	105,954
Inter-segment revenue	10,756	902	-	(11,658)	-
Total segment revenue	44,744	61,788	11,080	(11,658)	105,954
Other unallocated revenue					1,559
Total revenue					107,513
Result					
Segment result	5,522	9,903	(1,786)	-	13,639
Unallocated corporate profit					11
Profit from ordinary activities before income tax					13,650
Income tax expense					(4,207)
Net profit					9,443
Depreciation and amortisation	2,608	3,627	1,220	1,005	8,460
Non-cash expenses other than depreciation and amortisation	47	401	555	43	1,046
Individually significant items (i)	837	-	1,165	-	2,002
Assets					
Segment assets	31,363	61,713	13,530	-	106,606
Unallocated corporate assets					13,780
Consolidated total assets					120,386
Acquisitions of non-current assets	2,233	4,347	288	-	6,868
Liabilities					
Segment liabilities	24,338	23,643	5,765	-	53,746
Unallocated corporate liabilities					(14,626)
Consolidated total liabilities					39,120

Notes:
(i) Individually significant items are in respect to floor closure costs. Refer to Note 3(b).

7 Dividends

Dividends proposed (unrecognised) or paid (recognised) by the Company are:

	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit	Percentage franked
2004					
Interim - ordinary	3.75	3,005	8 April 2004	30%	100%
Final - ordinary	3.75	3,022	1 October 2004	30%	100%
2005					
Interim - ordinary	3.75	3,015	1 April 2005	30%	100%

Subsequent events (unrecognised)
Since the end of the financial year, the directors have declared the following dividend:

	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit	Percentage franked
Final - ordinary	4.00	3,216	4 October 2005	30%	100%

	The Company 2005 $'000	The Company 2004 $'000
Dividend franking account		
30% franking credits available	7,299	3,204

The balance of the franking account has been adjusted for franking credits that will arise from the payment of income tax provided for in the financial statements and for franking debits that will arise from the payment of dividends recognised as a liability at reporting date.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

8 Earnings per share

	Consolidated 2005 $'000	Consolidated 2004 $'000
Earnings reconciliation:		
Net profit	15,293	9,443
Basic earnings	15,293	9,443
Diluted earnings	15,293	9,443
	Number	Number
Weighted average number of ordinary shares used as the denominator:		
Number for basic earnings per share	80,446,478	80,014,486
Effect of share options on issue	30,000	1,208,000
Number for diluted earnings per share	80,476,478	81,222,486
Earnings per share:		
Basic (cents per share)	19.0	11.8
Diluted (cents per share)	19.0	11.6

Classification of securities as potential ordinary shares
Options
As at 30 June 2005, the Company had on issue 30,000 (2004: 1,208,000) options over unissued capital. The inclusion of these potential ordinary shares leads to a diluted earnings per share that is not materially different from the basic earnings per share.

		Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
9	**Cash assets**					
	Cash		8,202	15,072	174	-
	Bank short term deposits		34,764	23,324	-	-
			42,966	38,396	174	-

Bank short term deposits mature within an average of 145 days. These deposits and the interest-bearing portion of the cash balance earn interest at a weighted average rate of 5.27% (2004: 4.81%).

		Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
10	**Receivables**					
	Current					
	Trade receivables		12,103	11,627	-	-
	Less: allowance for doubtful debts		(245)	(266)	-	-
	Other debtors		680	395	1,078	211
	Amounts receivable from controlled entities	32	-	-	35,638	17,757
			12,538	11,756	36,716	17,968
	Non-current					
	Loans to controlled entities	32	-	-	55,637	57,882
	Provision for diminution in value of loan	32	-	-	(4,746)	-
	Other debtors		227	-	227	-
			227	-	51,118	57,882

The unsecured loans to controlled entities bear interest at a floating rate. The weighted average rate for the year ended 30 June 2005 was 10.90% (2004: 10.85%).

Trade receivables from controlled entities include amounts arising under the Company's tax sharing agreement.

		Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
11	**Other current assets**					
	Prepayments		3,958	2,491	24	27
	Lease deposits		1,457	189	-	-
	Other		2,141	504	-	-
			7,556	3,184	24	27
12	**Other financial assets**					
	Current					
	Other investments					
	Investment in fixed rate bonds		2,872	5,921	-	-
	Investment in reset preference securities		2,859	-	-	-
			5,731	5,921	-	-
	Non-current					
	Unlisted shares					
	Controlled entities at cost		-	-	19,076	19,076
			-	-	19,076	19,076

Current investments in fixed rate bonds and reset preference securities are carried at fair market value.

Non-current investments in floating rate notes, fixed rate bonds and reset preference shares are carried at cost on the basis that these instruments will be held to maturity.

		Consolidated		The Company	
		2005 $'000	2004 $'000	2005 $'000	2004 $'000
13	**Property, plant and equipment**				
	Land and buildings - at cost	743	829	-	-
	Accumulated depreciation	(51)	(44)	-	-
		692	785	-	-
	Leasehold improvements - owned at cost	29,926	26,488	-	-
	Accumulated amortisation	(17,032)	(15,964)	-	-
		12,894	10,524	-	-
	Leasehold improvements - leased at cost	6,293	6,561	-	-
	Accumulated amortisation	(4,914)	(4,221)	-	-
		1,379	2,340	-	-
	Office furniture and fittings - owned at cost	8,082	6,662	-	-
	Accumulated depreciation	(3,196)	(2,744)	-	-
		4,886	3,918	-	-
	Office furniture and fittings - leased at cost	1,283	1,304	-	-
	Accumulated depreciation	(1,054)	(911)	-	-
		229	393	-	-
	Office equipment - owned at cost	13,011	10,725	-	-
	Accumulated depreciation	(8,247)	(7,078)	-	-
		4,764	3,647	-	-
	Office equipment - leased at cost	1,001	1,056	-	-
	Accumulated depreciation	(1,001)	(1,013)	-	-
		-	43	-	-
	Motor vehicles - at cost	146	63	-	-
	Accumulated depreciation	(38)	(21)	-	-
		108	42	-	-
	Capital works in progress - at cost	-	804	-	-
		24,952	22,496	-	-

		Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
13	**Property, plant and equipment** (continued)				
	Reconciliations				
	Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:				
	Land and buildings				
	Carrying amount at beginning of year	785	746	-	-
	Additions	-	-	-	-
	Disposals	-	-	-	-
	Depreciation	(12)	(13)	-	-
	Net foreign currency differences on translation of self sustaining operations	(81)	52	-	-
	Carrying amount at end of year	692	785	-	-
	Leasehold improvements - owned				
	Carrying amount at beginning of year	10,524	10,470	-	-
	Additions	6,732	3,875	-	-
	Disposals	(267)	(575)	-	-
	Amortisation	(3,379)	(3,498)	-	-
	Transfers (to)/ from other class of asset	66	(1)	-	-
	Net foreign currency differences on translation of self sustaining operations	(782)	253	-	-
	Carrying amount at end of year	12,894	10,524	-	-
	Leasehold improvements - leased				
	Carrying amount at beginning of year	2,340	3,150	-	-
	Additions	-	-	-	-
	Disposals	-	(20)	-	-
	Amortisation	(833)	(895)	-	-
	Transfers (to)/ from other class of asset	-	-	-	-
	Net foreign currency differences on translation of self sustaining operations	(128)	105	-	-
	Carrying amount at end of year	1,379	2,340	-	-
	Office furniture and fittings - owned				
	Carrying amount at beginning of year	3,918	4,125	-	-
	Additions	2,235	795	-	-
	Disposals	(25)	(141)	-	-
	Depreciation	(1,006)	(979)	-	-
	Transfers (to)/ from other class of asset	2	61	-	-
	Net foreign currency differences on translation of self sustaining operations	(238)	57	-	-
	Carrying amount at end of year	4,886	3,918	-	-
	Office furniture and fittings - leased				
	Carrying amount at beginning of year	393	644	-	-
	Additions	-	-	-	-
	Disposals	-	(8)	-	-
	Depreciation	(152)	(189)	-	-
	Transfers (to)/ from other class of asset	-	(63)	-	-
	Net foreign currency differences on translation of self sustaining operations	(12)	9	-	-
	Carrying amount at end of year	229	393	-	-

		Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
13	Property, plant and equipment (continued)				
	Reconciliations (cont)				
	Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:				
	Office equipment - owned				
	Carrying amount at beginning of year	3,647	4,128	-	-
	Additions	2,978	1,854	-	-
	Disposals	(57)	(109)	-	-
	Depreciation	(2,155)	(2,272)	-	-
	Transfers (to)/ from other class of asset	446	4	-	-
	Net foreign currency differences on translation of self sustaining operations	(95)	42	-	-
	Carrying amount at end of year	4,764	3,647	-	-
	Office equipment - leased				
	Carrying amount at beginning of year	43	165	-	-
	Additions	-	-	-	-
	Disposals	-	-	-	-
	Depreciation	(41)	(128)	-	-
	Transfers (to)/ from other class of asset	-	-	-	-
	Net foreign currency differences on translation of self sustaining operations	(2)	6	-	-
	Carrying amount at end of year	-	43	-	-
	Motor vehicles				
	Carrying amount at beginning of year	42	64	-	-
	Additions	89	10	-	-
	Disposals	-	(17)	-	-
	Depreciation	(19)	(16)	-	-
	Transfers (to)/ from other class of asset	-	-	-	-
	Net foreign currency differences on translation of self sustaining operations	(4)	1	-	-
	Carrying amount at end of year	108	42	-	-
	Capital works in progress				
	Carrying amount at beginning of year	804	472	-	-
	Additions	35	335	-	-
	Disposals	-	-	-	-
	Depreciation	-	-	-	-
	Transfers (to)/ from other class of asset	(514)	-	-	-
	Net foreign currency differences on translation of self sustaining operations	(325)	(3)	-	-
	Carrying amount at end of year	-	804	-	-

Aggregate depreciation and amortisation allocated during the year is recognised as an expense and disclosed in Note 3 to the financial statements.

		Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
14	**Intangibles**					
	Goodwill - at cost		19,434	19,434	-	-
	Accumulated amortisation		(5,080)	(4,169)	-	-
			14,354	15,265	-	-

Aggregate amortisation allocated during the year is recognised as an expense and disclosed in Note 3 to the financial statements.

		Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
15	**Other non-current assets**					
	Lease deposits		17,856	17,536	-	-
	Other		54	58	-	-
			17,910	17,594	-	-
16	**Payables**					
	Current					
	Trade creditors		8,319	5,321	-	-
	Security deposits		8,107	8,528	-	-
	Deferred income		8,259	7,543	-	-
	Other creditors and accruals		4,366	4,555	470	562
	Amounts payable to controlled entities	32	-	-	14,989	6,310
			29,051	25,947	15,459	6,872
	Non-current					
	Trade creditors		2,282	1,971	-	-
	Security deposits		2,702	2,852	-	-
	Loans from controlled entities - unsecured	32	-	-	543	-
			4,984	4,823	543	-
17	**Interest bearing liabilities**					
	Current					
	Bank overdraft (i)		1,188	347	-	2
	Bank loans - secured (ii)		92	132	-	-
	Lease liabilities	18, 25	592	1,299	-	-
			1,872	1,778	-	2
	Non-current					
	Bank loans - secured (ii)		-	100	-	-
	Lease liabilities	18, 25	15	641	-	-
	Loans from controlled entities - unsecured (iii)	32	-	-	1,996	2,009
			15	741	1,996	2,009

Notes:

(i) In the consolidated financial report, the bank overdraft is denominated in Yen and is unsecured. Interest at a rate of 1.90% is applicable to the outstanding balance. For the year ended 30 June 2004 the bank overdraft was denominated in Euro, and was secured by an Australian dollar term deposit, the value of which exceeded the value of the bank overdraft at 30 June 2004. Interest at a rate of 3.58% was applicable to the outstanding balance.

(ii) The bank loan is denominated in Yen and is secured by a mortgage over property, the current market value of which exceeds the value of the bank loan. The interest rate on the loan is 1.45% (2004: 1.56%).

(iii) The unsecured loans to controlled entities bear interest at a floating rate. The weighted average rate for the year ended 30 June 2005 was 10.90% (2004: 10.85%).

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000

18 Financing arrangements

The Consolidated Entity and Company have access to the following lines of credit:

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Total facilities available:					
Bank guarantees (i)		9,141	6,707	9,141	6,707
Bank overdraft (i)		4,735	2,234	1,250	500
Lease facilities (ii)		1,274	7,369	986	4,375
Bill acceptance / payroll / other facilities (iii)		4,168	2,916	4,168	2,916
		19,318	19,226	15,545	14,498
Facilities utilised at balance date:					
Bank guarantees (i)		7,129	5,054	7,129	5,054
Bank overdraft (i)		1,188	347	-	-
Lease facilities (ii)		607	1,940	318	1,018
		8,924	7,341	7,447	6,072
Facilities not utilised at balance date:					
Bank guarantees (i)		2,012	1,653	2,012	1,653
Bank overdraft (i)		3,547	1,887	1,250	500
Lease facilities (ii)		667	5,429	668	3,357
Bill acceptance / payroll / other facilities (iii)		4,168	2,916	4,168	2,916
		10,394	11,885	8,098	8,426

Notes:

(i) Bank guarantees have been issued to secure rental bonds over premises. The guarantees are secured by a cross guarantee and indemnity between Servcorp Limited and its Australian controlled entities.

A guarantee has also been established to secure an overdraft limit in the form of a term deposit.

(ii) Lease facilities have been established to finance the fitout of new locations. The facilities are secured by the assets under lease, the current market value of which exceeds the value of the finance lease liability. Facilities established are both fixed and revolving in nature.

(iii) Bill acceptance, payroll and other facilities have been established to facilitate the encashment of cheques drawn overseas, foreign currency dealing and to accommodate direct entry payroll.

19 Provisions

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Current					
Employee benefits	24	1,190	1,039	-	-
Provision for make good costs (i)		653	231	-	-
Provision for rental of surplus space (ii)		-	610	-	-
Provision for litigation costs (iii)		40	143	-	-
Provision for floor closure costs (iv)		1,298	-	-	-
		3,181	2,023	-	-

		Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
19	**Provisions** (continued)					
	Non-current					
	Employee benefits	24	564	495	-	-
			564	495	-	-

	Consolidated Make good costs $'000	Consolidated Rental of surplus space $'000	Consolidated Litigation costs $'000	Consolidated Floor closure costs $'000
Balance at 1 July 2004	231	610	143	-
Reductions arising from payments	(231)	-	(143)	-
Reductions resulting from the re-measurement of the estimated future sacrifice or the settlement of the provision without cost to the entity	-	(610)	-	-
Additonal provisions recognised	653	-	40	1,298
Balance at 30 June 2005	653	-	40	1,298

Notes:

(i) An amount of $653,000 (2004: $231,000) has been provided for the make good of two floors that are due to close within eighteen months of balance date. Under the terms of the lease contracts signed with the landlord, there is a requirement to restore the floors to the original condition in which they were leased.

(ii) An amount of nil (2004: $610,000) had been provided for the cost of letting surplus space. The provision was calculated based on market conditions, commission payable to agents for obtaining a suitable tenant, and incentives payable to prospective tenants.

(iii) An amount of $40,000 (2004: $143,000) has been provided for the expected legal cost of action taken by former employees against entities in the Consolidated Entity.

(iv) An amount of $1,298,000 (2004: nil) has been provided for the closure of two floors in Brussels. The provision includes the amounts payable under the bank guarantee and the onerous lease contract.

		Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
20	**Contributed equity**				
	Issued and paid-up capital 80,398,310 (2004: 80,146,354) ordinary shares, fully paid	80,694	81,182	80,694	81,182
	Movements in ordinary share capital				
	Balance at beginning of year 80,146,354 (2004: 79,955,354) shares	81,182	80,896	81,182	80,896
	Shares issued				
	1,178,000 (2004: 191,000) from the exercise of options under Share Option Plans	1,767	286	1,767	286
	Shares bought back				
	926,044 (2004: Nil) shares	(2,255)	-	(2,255)	-
	Balance at end of year	80,694	81,182	80,694	81,182

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000

20 Contributed equity (continued)

Share buy-back

On 4 May 2005, the Company completed the buy-back of 926,044 ordinary shares, representing approximately 1.1% of ordinary shares on issue at that date. The cost of the share buy-back included consideration of $2,222,506 and transaction costs of $31,668. The consideration was allocated in the following proportions:

Share capital	$2,254,174
Retained profits	$0

Options

Ordinary shares were issued pursuant to exercise of options as follows:
1,178,000 shares were issued at $1.50 per share (2004: 191,000 were issued at $1.50 per share).

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.

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.

21 Reserves

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Foreign currency translation	(7,927)	(4,809)	-	-
Movements during the financial year				
Foreign currency translation reserve				
Balance at beginning of financial year	(4,809)	(5,621)	-	-
Deferred exchange differences arising from monetary items considered part of the investment in self-sustaining foreign operations	(2,264)	355	-	-
Translation adjustment on controlled foreign entities' financial statements	(854)	457	-	-
Balance at end of financial year	(7,927)	(4,809)	-	-

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

22 Retained profits

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Retained profits at the beginning of the financial year	4,893	1,454	4,080	3,387
Net profit attributable to members of the parent entity	15,293	9,443	6,372	6,697
	20,186	10,897	10,452	10,084
Net effect on dividends from:				
Dividends paid	(6,037)	(6,004)	(6,037)	(6,004)
Total dividends	(6,037)	(6,004)	(6,037)	(6,004)
Retained profits at the end of the financial year	14,149	4,893	4,415	4,080

23 Additional financial instruments disclosure

(a) Interest rate risk

Interest rate risk exposures

The Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rates for the different classes of financial assets and financial liabilities are set out below:

	Notes	Weighted average interest rate %	Floating interest rate $'000	Fixed interest maturing in 1 year or less $'000	Fixed interest maturing in 1 to 5 years $'000	Fixed interest maturing in More than 5 years $'000	Non-interest bearing $'000	Total $'000
2005								
Financial assets								
Cash	9	5.27%	2,702	34,764	-	-	5,500	42,966
Receivables	10	-	-	-	-	-	12,765	12,765
Lease deposits	11, 15	-	-	-	-	-	19,313	19,313
Investments	12	6.06%	-	5,731	-	-	-	5,731
			2,702	40,495	-	-	37,578	80,775
Financial liabilities								
Bank overdrafts and loans	17	1.87%	1,188	92	-	-	-	1,280
Payables	16	-	-	-	-	-	34,035	34,035
Finance lease liabilities	25	7.16%	-	592	15	-	-	607
Employee benefits	24	-	-	-	-	-	1,754	1,754
			1,188	684	15	-	35,789	37,676
			1,514	39,811	(15)	-	1,789	43,099
2004								
Financial assets								
Cash	9	4.81%	8,842	23,324	-	-	6,230	38,396
Receivables	10	-	-	-	-	-	11,756	11,756
Lease deposits	11, 15	-	-	-	-	-	17,725	17,725
Investments	12	6.76%	-	5,921	-	-	-	5,921
			8,842	29,245	-	-	35,711	73,798
Financial liabilities								
Bank overdrafts and loans	17	2.77%	347	132	100	-	-	579
Payables	16	-	-	-	-	-	30,770	30,770
Finance lease liabilities	25	7.34%	-	1,299	641	-	-	1,940
Employee benefits	24	-	-	-	-	-	1,534	1,534
			347	1,431	741	-	32,304	34,823
			8,495	27,814	(741)	-	3,407	38,975

23 Additional financial instruments disclosure (continued)

(b) Foreign exchange risk

The Consolidated Entity actively manages foreign exchange risk.

The policy involves entering into forward foreign currency exchange contracts to hedge anticipated transactions so as to manage foreign exchange risk.

The following table sets out the details of foreign currency exchange contracts in place at the end of the financial year.

	Average Exchange Rate 2005	Average Exchange Rate 2004	Principal Amount 2005 $'000	Principal Amount 2004 $'000
Outstanding contracts				
Sell Japanese yen Not later than one year	76.47	74.57	1,962	7,376
Sell US dollars Not later than one year	-	0.7322	-	683

(c) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

On-balance sheet financial instruments

The credit risk on financial assets, excluding investments, of the Consolidated Entity which have been recognised on the balance sheet, is the carrying amount, net of any allowances for losses.

The Consolidated Entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties in various countries.

The Consolidated Entity is not materially exposed to any individual customer.

23 Additional financial instruments disclosures (continued)

(d) Net fair values of financial assets and liabilities

Valuation approach

Net fair values of financial assets and liabilities are determined by the Consolidated Entity on the following basis:

On-balance sheet financial instruments

The net fair value of investments in interest bearing financial instruments are determined at market price.

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank term deposits, trade debtors, other debtors, bank overdrafts, accounts payable, bank loans, lease liabilities, dividends payable and employee benefits approximate net fair value.

The carrying amounts and net fair values of financial assets and liabilities as at the reporting date are as follows:

	Consolidated			
	Carrying amount		Net fair value	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Financial assets				
Cash	42,966	38,396	42,966	38,396
Receivables	12,765	11,756	12,765	11,756
Lease deposits	19,313	17,725	19,313	17,725
Investments:				
Fixed rate bonds	2,872	5,921	2,872	5,921
Reset preference securities	2,859	-	2,859	-
	80,775	73,798	80,775	73,798
Financial liabilities				
Bank overdrafts and loans	1,280	579	1,280	579
Payables	34,035	30,770	34,035	30,770
Finance lease liabilities	607	1,940	607	1,940
Employee entitlements	1,794	1,534	1,794	1,534
	37,716	34,823	37,716	34,823

(e) Hedges of anticipated future transactions

The Consolidated Entity has entered into forward foreign exchange contracts to hedge the exchange risk arising from anticipated future transactions.

At reporting date the aggregate amount of unrealised gains under forward foreign exchange contracts relating to anticipated future transactions was $178,935 (2004: $38,534). Unrealised gains will realise during the 2006 financial year when the anticipated future transactions take place.

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
24 Employee benefits					
Aggregate employee benefits					
Current	19	1,190	1,039	-	-
Non-current	19	564	495	-	-
		1,754	1,534	-	-

	2005 Number	2004 Number	2005 Number	2004 Number
Number of employees				
Number of employees at year end	411	340	-	-

Superannuation fund

Controlled entities in the Consolidated Entity contribute to a superannuation fund established for the benefit of employees. The Servcorp Superannuation Fund provides benefits which reflect accumulated contributions and plan earnings. Contributions by the company's controlled entities are based on percentages of salaries. The Company's controlled entities are legally obliged to contribute to the fund, unless an employee nominates a fund of their choice, or until notice of cessation is given.

The directors, based on the advice of the trustees of the fund, are not aware of any changes in circumstances since the date of the most recent financial statements of the fund which would have a material impact on the overall financial position of the fund.

Details of contributions to the fund during the year and contributions payable at 30 June 2005 are as follows:

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Employer contributions to the fund	794	680	-	-
Employer contributions to other funds	48	26	-	-
Employer contributions payable to the fund	-	-	-	-

Options granted to employees

Executive and Employee share option schemes

An initial issue of options under these two schemes was granted on 16 December 1999. These options had an expiry date of 16 December 2004. The options were exercisable any time after the expiration of two years from the issue of the options and prior to the expiry of the options, at a price of $1.50 per share. The options expired on the earlier of five years from the date of issue or the date which the option holder ceased to be a director or employee of the Company or any of its controlled entities.

A further issue of options under the Executive share option scheme was granted on 21 May 2004. The options are exercisable any time after the expiration of two years from the issue of the options and prior to the expiry of the options, at a price of $2.00 per share. The options expire on the earlier of five years from the date of issue or the date which the option holder ceases to be an employee of the company or any of its controlled entities. The market value of shares under these options at 30 June 2005 was $2.90 (2004: $2.05).

	The Company 2005 Number	The Company 2004 Number
Share option schemes		
Balance at beginning of financial year	1,208,000	1,384,000
Granted during the financial year	-	30,000
Exercised during the financial year	(1,178,000)	(191,000)
Lapsed during the financial year	-	(15,000)
Balance at end of financial year	30,000	1,208,000

24 Employee benefits (continued)

Options granted to employees (cont)

Granted during the financial year

No options were granted during the financial year ended 30 June 2005.

30,000 options were issued under the Executive share option scheme on 21 May 2004 with an exercise price of $2.00 and an expiry date of 21 May 2009. No amount was payable by the recipient on receipt of the option.

Executive and Employee share option schemes carry no rights to dividends and no voting rights.

Exercised during the financial year

No. of options exercised	Grant date	Exercise date	Expiry date	Exercise price	No. of shares issued	Fair value received	Fair value at exercise date
2005							
200,000	16/12/99	3/9/04	16/12/04	$1.50	200,000	$300,000	$490,000
150,000	29/11/99	3/9/04	29/11/04	$1.50	150,000	$225,000	$367,500
62,000	16/12/99	3/9/04	16/12/04	$1.50	62,000	$93,000	$151,900
20,000	16/12/99	7/9/04	16/12/04	$1.50	20,000	$30,000	$49,200
45,000	16/12/99	23/9/04	16/12/04	$1.50	45,000	$67,500	$112,500
50,000	16/12/99	30/9/04	16/12/04	$1.50	50,000	$75,000	$125,000
32,000	16/12/99	8/10/04	16/12/04	$1.50	32,000	$48,000	$75,520
10,000	16/12/99	12/11/04	16/12/04	$1.50	10,000	$15,000	$26,400
11,000	16/12/99	19/11/04	16/12/04	$1.50	11,000	$16,500	$27,720
150,000	29/11/99	19/11/04	29/11/04	$1.50	150,000	$225,000	$378,000
5,000	16/12/99	26/11/04	16/12/04	$1.50	5,000	$7,500	$12,250
10,000	16/12/99	30/11/04	16/12/04	$1.50	10,000	$15,000	$26,800
150,000	29/11/99	30/11/04	29/11/04	$1.50	150,000	$225,000	$402,000
130,000	16/12/99	7/12/04	16/12/04	$1.50	130,000	$195,000	$354,900
90,000	16/12/99	10/12/04	16/12/04	$1.50	90,000	$135,000	$243,000
63,000	16/12/99	13/12/04	16/12/04	$1.50	63,000	$94,500	$170,100
1,178,000					1,178,000	$1,767,000	$3,012,790
2004							
191,000	16/12/99	4/3/04	16/12/04	$1.50	191,000	$286,500	$401,100

Fair value of the consideration received is measured as the nominal value of cash receipts on conversion. The fair value at date of issue is measured as the market value at close of trade on the date of issue.

Lapsed during the financial year

Nil (2004: Nil) options expired under the Executive share option scheme (issued 16 December 1999) and Nil (2004: 15,000) options expired under the Employee share option scheme (issued 16 December 1999) during the year ended 30 June 2005.

Balance at end of financial year

Grant date	Expiry date	Vested	Exercise price	Number of options outstanding 2005	2004	2003
29 November 1999	29 November 2004	Yes	$1.50	-	450,000	450,000
16 December 1999	16 December 2004	Yes	$1.50	-	728,000	934,000
21 May 2004	21 May 2009	No	$2.00	30,000	30,000	-
				30,000	1,208,000	1,384,000

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
25 Commitments					
Capital expenditure commitments					
Contracted but not provided for and payable:					
Not later than one year		880	903	-	-
Later than one year but not later than five years		-	-	-	-
Later than five years		-	-	-	-
		880	903	-	-
Operating lease commitments					
Future operating lease rentals not provided for in the financial statements and payable:					
Not later than one year		37,935	33,584	-	-
Later than one year but not later than five years		75,162	73,200	-	-
Later than five years		9,200	20,426	-	-
		122,297	127,210	-	-

The Consolidated Entity leases property and equipment under operating leases expiring from one to eleven years.

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Finance lease commitments					
Finance lease rentals are payable as follows:					
Not later than one year		647	1,405	-	-
Later than one year but not later than five years		19	716	-	-
Later than five years		-	-	-	-
		666	2,121	-	-
Less: Future lease finance charges		(59)	(181)	-	-
		607	1,940	-	-
Lease liabilities provided for in the financial statements:					
Current	17	592	1,299	-	-
Non-current	17	15	641	-	-
Total lease liability		607	1,940	-	-

The Consolidated Entity leases equipment under finance leases expiring from one to five years.

26 Contingent liabilities and contingent assets

The details and estimated maximum amounts of contingent liabilities and contingent assets that may become payable or receivable respectively are set out below.

Servcorp Smart Agents Rewards Programme

The Consolidated Entity has a contingent liability for unredeemed Servcorp Smart Agents Rewards points (2004: formerly known as the Fly Away Programme). The Servcorp Smart Agents Rewards Programme is an incentive programme for agents to refer business to the Consolidated Entity. The Consolidated Entity provides awards to agents who reach a set level of points. The contingent liability is based on the average cost of awards for agents in each band of points with points accruing incrementally within bandings.

Unredeemed Smart Agents Rewards Programme liability	133	246	-	-

27 Particulars in relation to controlled entities

	Country of incorporation	2005 %	2004 %
Name			
Servcorp Limited	Australia		
Controlled entities			
Servcorp Australian Holdings Pty Ltd	Australia	100	100
Servcorp Offshore Holdings Pty Ltd	Australia	100	100
Servcorp Exchange Square Pty Ltd	Australia	100	100
Servcorp (Miller Street) Pty Ltd	Australia	100	100
Servcorp (North Ryde) Pty Ltd	Australia	100	100
Servcorp Smart Office Pty Ltd	Australia	100	100
Servcorp Smart Homes Pty Ltd	Australia	100	100
Servcorp Business Service (Beijing) Pty Ltd	Australia	100	100
Servcorp Virtual Pty Ltd	Australia	100	100
Servcorp Holdings Pty Ltd	Australia	100	100
Servcorp Administration Pty Ltd	Australia	100	100
Servcorp Adelaide Pty Ltd	Australia	100	100
Servcorp Bridge Street Pty Ltd	Australia	100	100
Servcorp Brisbane Pty Ltd	Australia	100	100
Servcorp Castlereagh Street Pty Ltd	Australia	100	100
Servcorp Chifley 25 Pty Ltd	Australia	100	100
Servcorp Chifley 29 Pty Ltd	Australia	100	100
Servcorp Communications Pty Ltd	Australia	100	100
Servcorp IT Pty Ltd	Australia	100	100
Servcorp Melbourne Virtual Pty Ltd	Australia	100	100
Servcorp MLC Centre Pty Ltd	Australia	100	100
Servcorp Optus Centre Pty Ltd	Australia	100	100
Servcorp Sydney Virtual Pty Ltd	Australia	100	100
Servcorp William Street Pty Ltd	Australia	100	100
Servcorp Melbourne 50 Pty Ltd	Australia	100	100
Servcorp Perth Pty Ltd	Australia	100	100
Servcorp Brisbane Riverside Pty Ltd	Australia	100	-
Beechreef (New Zealand) Limited	New Zealand	100	100
Servcorp New Zealand Limited	New Zealand	100	100
Company Headquarters Limited	New Zealand	100	100
Servcorp Wellington Limited	New Zealand	100	-
Servcorp Serviced Offices Pte Ltd	Singapore	100	100
Servcorp Battery Road Pte Ltd	Singapore	100	100
Servcorp Marina Pte Ltd	Singapore	100	100
Servcorp Franchising Pte Ltd	Singapore	100	100
Servcorp Singapore Holdings Pte Ltd	Singapore	100	100
Servcorp Hong Kong Limited	Hong Kong	100	100
Servcorp Communications Limited	Hong Kong	100	100
Servcorp Business Services (Shanghai) Co. Ltd	China	100	100
Servcorp Business Service (Beijing) Co. Ltd	China	100	100
Amalthea Nominees (Malaysia) Sdn Bhd	Malaysia	100	100
Servcorp Thai Holdings Limited	Thailand	100	100
Servcorp Company Limited	Thailand	100	100
Headquarters Co. Limited	Thailand	100	100

27 Particulars in relation to controlled entities (continued)

	Country of incorporation	2005 %	2004 %
Controlled entities (cont)			
Servcorp Japan KK	Japan	100	100
Servcorp Tokyo KK	Japan	100	100
Servcorp Nippon International KK	Japan	100	100
Management International KK	Japan	100	100
Servcorp Ginza KK	Japan	100	100
Servcorp Shinagawa KK	Japan	100	100
Servcorp Nagoya KK	Japan	100	-
Servcorp Japan Holdings KK	Japan	100	-
Servcorp Otemachi KK	Japan	100	-
Servcorp Umeda KK	Japan	100	-
Servcorp Paris SARL	France	100	100
Servcorp Brussels SPRL	Belgium	100	100
Servcorp LLC (i)	UAE	49	49
Servcorp UK Limited	United Kingdom	100	100
Servcorp Communications Limited	United Kingdom	100	100
Servcorp Consultancy Limited	United Kingdom	100	100
Servcorp Hammersmith Limited	United Kingdom	100	100
Servcorp Lombard Street Limited	United Kingdom	100	100
Servcorp Management Limited	United Kingdom	100	100
Servcorp Serviced Offices Limited	United Kingdom	100	100
Servcorp Virtual Limited	United Kingdom	100	100
Servcorp Wyvols Limited	United Kingdom	100	100
Servcorp Minories Limited	United Kingdom	100	100

Notes:

(i) A Company in the Consolidated Entity exercises control over Servcorp LLC despite owning 49% of the issued capital. Arrangements are in place that entitle the Company or its controlled entities to all the benefits and risks of ownership not withstanding that the majority shareholding may be vested in another party.

(ii) All of the above entities are audited by Deloitte Touche Tohmatsu (with the exception of dormant companies which do not require an appointed auditor). For the year ended 30 June 2004 Servcorp Paris SARL was audited by KPMG. KPMG resigned as auditors of Servcorp Paris SARL on 30 December 2004.

(iii) Servcorp Holdings Pty Ltd and Servcorp Offshore Holdings Pty Ltd have each entered into a deed of guarantee and indemnity with Servcorp Limited in relation to loans owing from their respective subsidiaries. Servcorp Holdings Pty Ltd and Servcorp Offshore Holdings Pty Ltd have each entered into a deed of cross guarantee.

28 Acquisition / disposal of controlled entities

The following controlled entities were acquired or disposed of during the financial year and the operating results of each entity have been included in the consolidated operating profit from the acquisition date or up to the date of disposal:

	Consideration $'000	The Consolidated Entity's interest %
Acquisitions		
2005		
Servcorp Brisbane Riverside Pty Ltd *The entity was formed on 21 September 2004*	-	100
Servcorp Wellington Limited *The entity was formed on 8 June 2005*	-	100
Servcorp Nagoya KK *The entity was formed on 1 July 2004*	-	100
Servcorp Japan Holdings KK *The entity was formed on 5 August 2004*	-	100
Servcorp Otemachi KK *The entity was formed on 6 October 2004*	-	100
Servcorp Umeda KK *The entity was formed on 6 October 2004*	-	100
Acquisitions		
2004		
Servcorp Perth Pty Ltd *The entity was formed on 16 September 2003*	-	100
Servcorp Shinagawa KK *The entity was formed on 17 September 2003*	-	100
Servcorp Business Service (Beijing) Co. Ltd *The entity was formed on 2 March 2004*	-	100
Disposals		
2005		
Nil		
Disposals		
2004		
Nil		

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000

29 Notes to the statements of cash flows

(a) Reconciliation of cash

For the purpose of the statements of cash flows, cash includes cash on hand and at bank, short-term deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Cash	8,202	15,072	174	-
Short term deposits	34,764	23,324	-	-
Bank overdraft	(1,188)	(347)	-	(2)
	41,778	38,049	174	(2)

(b) Reconciliation of profit after income tax to net cash provided by operating activities

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Profit after income tax	15,293	9,443	6,372	6,697
Add/(less) non-cash items:				
Amounts set aside to provisions	974	1,046	-	-
Depreciation and amortisation	8,631	8,460	-	-
(Profit)/loss on sale of assets	181	486	-	-
Income taxes payable	3,239	1,658	3,317	1,355
Deferred taxes	(1,443)	(1,069)	(124)	(1,259)
Unrealised foreign exchange (gain)/loss	160	(165)	-	-
Write-down in Rumble investment	-	50	-	-
Provision for diminution in value of loan	-	-	4,746	-
Effect of tax consolidations on tax balances	-	-	(2,230)	(1,401)
Net cash provided by operating activities before change in assets and liabilities	27,035	19,909	12,081	5,392
Change in assets and liabilities adjusted for the effect of purchase of controlled entities during the financial period:				
(Increase)/decrease in prepayments	(3,103)	(6)	3	(20)
(Increase)/decrease in trade debtors	(2,367)	(1,473)	-	(211)
(Increase)/decrease in current assets	(4)	18	-	206
Increase in deferred income	1,262	687	-	-
Increase/(decrease) in client security deposits	310	169	-	-
Increase/(decrease) in accounts payable	4,721	(414)	(219)	(110)
Net cash provided by operating activities	27,854	18,890	11,865	5,257

(c) Financing facilities

Refer Note 18.

30 Directors' remuneration

The CEO and Chairman review the remuneration packages of all specified directors on a regular basis, and make recommendations to the Board. The following table outlines the nature and amount of the elements of the remuneration of the specified directors of Servcorp Limited for the year ended 30 June 2005.

The specified directors of Servcorp Limited during the year were:

A Moufarrige	Managing Director
T Moufarrige	Executive Director
B Corlett	Chairman
R Holliday-Smith	Non-Executive Director
J King	Non-Executive Director

	Primary			Post Employment		Equity	Total
	Salary and fees $	Bonus $	Non-monetary $	Super $	Prescribed benefits $	Options $	$
Directors							
A Moufarrige							
2005	197,154	-	113,302	28,007	-	-	338,463
2004	213,504	-	137,754	16,740	-	-	367,998
T Moufarrige							
2005	162,394	45,000	6,697	15,277	-	-	229,368
2004	147,665	-	6,723	13,118	-	-	167,506
B Corlett							
2005	85,000	-	-	7,650	-	-	92,650
2004	80,000	-	-	7,200	-	-	87,200
R Holliday-Smith							
2005	50,000	-	-	4,500	-	-	54,500
2004	45,000	-	-	4,050	-	-	49,050
J King							
2005	50,000	-	-	4,500	-	-	54,500
2004	45,000	-	-	4,050	-	-	49,050
Aggregate							
2005	544,548	45,000	119,999	59,934	-	-	769,481
Disclosed 2004 (ii)	686,976	-	107,674	52,701	-	-	847,351

Notes:

(i) Directors' and officers' indemnity insurance has not been included in the above figures since it is impractical to determine an appropriate allocation basis.

(ii) "Aggregate disclosed 2004" are the totals which were disclosed in the 2004 annual report. This disclosure is required under Accounting Standard AASB 1046.

31 Executives' benefits

The CEO and Chairman review the remuneration packages of all specified executives on a regular basis, and make recommendations to the Board. The following table outlines the nature and amount of the elements of remuneration of the specified executives of Servcorp Limited for the year ended 30 June 2005.

The specified executives of Servcorp Limited during the year were:

M Moufarrige	General Manager Asia and CIO
R Baldwin	General Manager ITS
O Vlietstra	General Manager Japan
T Wallace	Chief Financial Officer
S Lombardo	Chief Technology Officer

	Primary			Post Employment		Equity	Total
	Salary and fees $	Bonus $	Non-monetary $	Super $	Prescribed benefits $	Options $	$
Specified executives							
M Moufarrige							
2005	162,883	45,000	6,972	18,428	-	-	233,283
2004	146,555	-	7,318	13,118	-	-	166,991
R Baldwin							
2005	140,759	35,000	-	14,750	-	-	190,509
2004	140,759	-	-	12,500	-	-	153,259
O Vlietstra							
2005	101,977	72,311	11,766	-	-	-	186,054
T Wallace							
2005	139,614	23,500	-	7,199	-	6,389	176,702
2004 (ii) (iii)	121,430	3,000	-	-	-	913	125,343
S Lombardo							
2005	127,819	21,209	-	13,391	-	-	162,419
Aggregate							
2005	673,052	197,020	18,738	53,768	-	6,389	948,967
Disclosed 2004 (iv)	881,928	37,987	35,979	56,222	-	827	1,012,943

Notes:

(i) Bonuses relate to performance bonuses paid for the financial year ended 30 June 2005. The performance criteria varies, however they are generally based on reaching profit targets, or on changes in the price at which shares in the Company are traded over given periods. Refer to the remuneration report on pages 26 and 27 for further details.

(ii) For T Wallace, 2004 amounts include remuneration for a position held with the Company prior to his appointment as CFO, on 7 February 2004.

(iii) The options value has been restated as a consequence of applying new measurements under AASB 1046A. Details of terms and conditions are set out in Note 24 of the financial statements.

(iv) "Aggregate disclosed 2004" are the totals which were disclosed in the 2004 annual report. This disclosure is required under Accounting Standard AASB 1046.

32 Related parties

Directors and executives

The names of each person holding the position of director of Servcorp Limited during the financial year were Messrs A Moufarrige, B Corlett, R Holliday-Smith, Ms J King, and Mr T Moufarrige. The specified executives are set out in Note 31.

Details of directors' and executives' remuneration are set out in Note 30 and Note 31.

Apart from the details disclosed in this note, no director or specified executive has entered into a material contract with the Company or the Consolidated Entity during the financial year and there were no material contracts involving directors' interests or specified executives' existing at balance date.

Directors' and executives' holdings of shares and share options

Fully paid ordinary shares issued by Servcorp Limited

	Balance at 1/7/04 No.	Received on exercise of options No.	Net other change No.	Balance at 30/6/05 No.
Specified directors				
B Corlett	326,502	-	-	326,502
R Holliday-Smith	100,000	150,000	-	250,000
J King	30,500	150,000	(93,000)	87,500
A G Moufarrige	48,127,023	-	96,000	48,223,023
T Moufarrige	33,500	150,000	(33,500)	150,000
Specified executives				
R Baldwin	5,000	40,000	-	45,000
S Lombardo	-	10,000	(10,000)	-
M Moufarrige	187,500	-	(15,000)	172,500
O Vlietstra	10,000	-	-	10,000
T Wallace	-	-	-	-
	48,820,025	500,000	(55,500)	49,264,525

Executive Share Options issued by Servcorp Limited

	Balance at 1/7/04 No.	Granted as remuneration No.	Exercised No.	Balance at 30/6/05 No.	Vested and exercisable No.	Not vested No.
Specified directors						
B Corlett	-	-	-	-	-	-
R Holliday-Smith	150,000	-	(150,000)	-	-	-
J King	150,000	-	(150,000)	-	-	-
A G Moufarrige	-	-	-	-	-	-
T Moufarrige	150,000	-	(150,000)	-	-	-
Specified executives						
R Baldwin	40,000	-	(40,000)	-	-	-
S Lombardo	10,000	-	(10,000)	-	-	-
M Moufarrige	-	-	-	-	-	-
O Vlietstra	-	-	-	-	-	-
T Wallace	30,000	-	-	30,000	-	30,000
	530,000	-	(500,000)	30,000	-	30,000

Each executive share option converts into 1 ordinary share of Servcorp Limited when exercised. No amounts are paid or payable by the recipient on receipt of the option. Refer to Note 24.

32 Related parties (continued)

Directors and executives (cont)

During the financial year 500,000 (2004: 150,000) options were exercised by specified directors and executives for 500,000 (2004: 150,000) ordinary shares in Servcorp Limited. The exercise price of each option was $1.50. No amounts remain unpaid on options exercised during the financial year at 30 June 2005.

No options were issued to specified directors and executives during the year.

Other transactions with the Company or its controlled entities

The Consolidated Entity has a lease with Tekfon Pty Ltd for the use of Tekfon's premises for storage. A director of the Company, Mr A Moufarrige, has an interest in and is a director of Tekfon Pty Ltd.

67 Fitness Pty Ltd provided gymnasium services at a discount to clients and staff of the Consolidated Entity during the 2004 year. No services were provided during the 2005 year. A director of the Company, Mr A Moufarrige, has an interest in and is a director of 67 Fitness Pty Ltd.

Enideb Pty Ltd operates the Servcorp franchise in Canberra. A relative of a director of the Company, Mr A Moufarrige, has an interest in Enideb Pty Ltd. Mr A Moufarrige has no interest in the affairs of Enideb Pty Ltd.

Rumble Australia Pty Ltd provided consulting services for the development of proprietary software to a company in the Consolidated Entity. Consulting fees of $17,631 (2004: $13,506) were paid on arms length terms. A director of the Company, Mr A Moufarrige, has an interest in and is a director of Rumble Australia Pty Ltd.

The Consolidated Entity returned unclaimed security deposits held in relation to clients that terminated prior to Servcorp's IPO to Renlana Pty Ltd, on behalf of the various entities that had operated the Servcorp business at that time. A director of the Company, Mr A Moufarrige, has an interest in and is a director of Renlana Pty Ltd.

A director of the Company, Mr A Moufarrige, has an interest in and is a director of Sovori Pty Ltd. Mr T Moufarrige, a director of the Company is a director of Sovori Pty Ltd.

Lapstream Pty Ltd was paid consulting fees by a company in the Consolidated Entity during the 2004 year. No fees were paid during the 2005 year. Mr B Pashby, a director of the Company until 26 March 2004, has an interest in and is a director of Lapstream Pty Ltd.

The terms and conditions of the transactions with directors and their director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The value of the transactions during the year with directors and their director-related entities were as follows:

Director	Director-related entity	Transaction	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
A Moufarrige	Tekfon Pty Ltd	Premises rental	44	34	-	-
A Moufarrige	Enideb Pty Ltd	Franchisee	422	357	-	-
A Moufarrige	Rumble Australia Pty Limited	Consulting	18	14	-	-
A Moufarrige	Renlana Pty Ltd	Security deposit return	253	-	-	-
A Moufarrige	Sovori Pty Ltd	Reimbursements	6	7	-	-
B Pashby	Lapstream Pty Ltd	Consulting	-	72	-	-

Amounts receivable from and payable to directors and their director-related entities at balance date arising from these transactions were as follows:

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Current receivable				
67 Fitness Pty Ltd	-	3	-	-
Enideb Pty Ltd	34	30	-	-
Rumble Australia Pty Ltd	-	4	-	-

	The Company 2005 $'000	The Company 2004 $'000
32 Related parties (continued)		

Other transactions with the Company or its controlled entities (cont)
From time to time directors of the Company or its controlled entities, or their director-related entities, may purchase goods from or provide services to the Consolidated Entity. These purchases or sales are on the same terms and conditions as those entered into by other employees, suppliers or customers of the Consolidated Entity and are trivial or domestic in nature.

Wholly-owned group
Details of interests in wholly-owned controlled entities are set out at Note 27. Details of dealings with these entities are set out below.

Loans
Loans between entities in the wholly-owned group are repayable at call. Interest is charged monthly on the outstanding balance. The weighted average interest rate for the year ended 30 June 2005 was 10.90% (2004: 10.85%).

	2005 $'000	2004 $'000
Interest brought to account by the Company in relation to these loans during the year:		
Net interest revenue	2,052	1,283
Balances with entities within the wholly-owned group		
The aggregate amounts receivable from, and payable to, wholly-owned controlled entities by the Company at balance date and the significant transactions comprising the movement in the balance are:		
Receivables - current		
Trade receivables	35,638	17,757
Receivables current comprise day to day funding of expenses		
Receivables - non-current		
Other loans	55,637	57,882
Provision for diminution in value of loan	(4,746)	-
Loans comprise funding for new office locations, the transfer of funds for investment purposes, royalties, dividends and interest		
Payables - current		
Trade creditors	14,989	6,310
Payables current comprise day-to-day funding of expenses		
Payables - non-current		
Other loans	2,539	2,009
Payables non-current comprise the transfer of funds for investment purposes and interest		
Dividends		
Dividends received or due and receivable by the Company from wholly-owned controlled entities	2,000	-
Royalties		
Royalties received or due and receivable by the Company from wholly-owned controlled entities	12,359	7,369

33 Subsequent events

On 15 July 2005 a company in the Consolidated Entity acquired a business in Hong Kong. The consideration paid for the business, assets and customer licence agreements purchased was $1,810,721.

Directors' declaration

In the opinion of the directors of Servcorp Limited:

(a) the financial statements and notes, set out on pages 32 to 72, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company and Consolidated Entity as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295 (5) of the Corporations Act 2001.

On behalf of the directors

A G Moufarrige
Managing Director

Dated at Sydney this 19th day of September 2005.

Deloitte.

Deloitte Touche Tohmatsu
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Independent audit report to the members of Servcorp Limited

Scope

The financial report and directors' responsibility
The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Servcorp Limited (the Company) and the consolidated entity, for the financial year ended 30 June 2005 as set out on pages 32 to 73. The Consolidated Entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach
We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Deloitte.

Auditor's Independence Declaration

The independence declaration provided to the Directors of Servcorp Limited on 16 September 2005 would be in the same terms if it was given to the Directors on the date this audit report is made out.

Audit Opinion

In our opinion, the financial report of Servcorp Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

P G Forrester
Partner
Chartered Accountants

Parramatta, 19 September 2005

Shareholder information

As at 1 September 2005

The shareholder information set out below is provided in accordance with the Listing Rules and was applicable as at 1 September 2005.

On-market buy-back

There is no current on-market buy-back.

Class of shares and voting rights

Ordinary shares

There were 656 holders of the ordinary shares of the Company.

At a general meeting:

- On a show of hands, every member present has one vote;
- On a poll, every member present has one vote for each fully paid share held.

Options

There was 1 holder of options over 30,000 unissued ordinary shares granted to employees under Executive and Employee Share Option Schemes.

There are no voting rights attached to the options. Voting rights will be attached to the unissued ordinary shares when the options have been exercised. The options are unquoted.

Distribution of shareholders and optionholders

Size of holding	Ordinary shares			Options		
	Number of holders	Number of shares	% of shares	Number of holders	Number of options	% of options
1 - 1,000	123	74,632	0.10%	-	-	-
1,001 - 5,000	303	918,085	1.14%	-	-	-
5,001 - 10,000	108	869,375	1.08%	-	-	-
10,001 - 100,000	95	2,935,779	3.65%	1	30,000	100%
100,001 and over	27	75,600,439	94.03%	-	-	-
Totals	656	80,398,310	100%	1	30,000	100%

There were 16 holders of ordinary shares holding less than a marketable parcel, based on the closing market price at the specified date.

Substantial shareholders

The following organisations have disclosed a substantial shareholder notice to Servcorp:

Name	Number of shares	% of voting power advised
Sovori Pty Ltd	48,379,753	60.51%
Commonwealth Bank Group	13,845,866	17.28%
Deutsche Bank Group	7,719,767	9.60%

Shareholder information (cont)

Twenty largest shareholders

Name	Number of ordinary shares held	Percentage of capital held
ANZ Nominees Limited (Cash Income Account)	180,000	0.22%
Citicorp Nominees Pty Limited (CFS Developing Companies Account)	5,688,000	7.07%
Citicorp Nominees Pty Limited (CFS WSLE Imputation Fund Account)	4,802,644	5.97%
Citicorp Nominees Pty Limited (CFS Imputation Fund Account)	3,217,311	4.00%
Citicorp Nominees Pty Limited (CFSIL CFS WS Small Companies Account)	660,017	0.82%
Citicorp Nominees Pty Limited	286,518	0.36%
Corlett R B	233,895	0.29%
Government Superannuation Office (State Super Fund Account)	833,208	1.04%
Guild Insurance Limited	335,000	0.42%
Holliday-Smith R	250,000	0.31%
HSBC Custody Nominees (Australia) Limited - GSI EDA	265,000	0.33%
JP Morgan Nominees Australia Limited	5,116,621	6.36%
Moufarrige A G	541,390	0.67%
National Nominees Limited	188,564	0.23%
Sovori Pty Limited	47,681,633	59.31%
Transport Accident Commission	367,521	0.46%
UBS Private Clients Australia Nominees Pty Limited	712,037	0.89%
VBS Exchange Pty Limited	350,000	0.44%
Victorian Workcover Authority	551,673	0.69%
Westpac Custodian Nominees Limited	2,648,214	3.29%
Totals for Top 20	74,909,246	93.17%

Options

Category	Number on issue	Number of holders
Executive and employee	30,000	1

The name of the holder and number of options held by persons holding 20% or more of each category of option:

Option holder	Number of options	Percentage
Wallace T	30,000	100%

Corporate information

Directors

Alf Moufarrige
Bruce Corlett
Rick Holliday-Smith
Julia King
Taine Moufarrige

Company Secretary

Greg Pearce

Registered office and principal office

Level 17, BNP Paribas Centre
60 Castlereagh Street
Sydney NSW 2000

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Facsimile:	(02) 9231 7660

Share registry

Registries Limited
Level 2
28 Margaret Street
Sydney NSW 2000

PO Box R67
Royal Exchange
Sydney NSW 1223

Telephone:	(02) 9290 9600
Facsimile:	(02) 9279 0664

Auditors

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

Stock exchange

Servcorp Limited shares are quoted on the Australian Stock Exchange under the code SRV. The Home Exchange is Sydney.

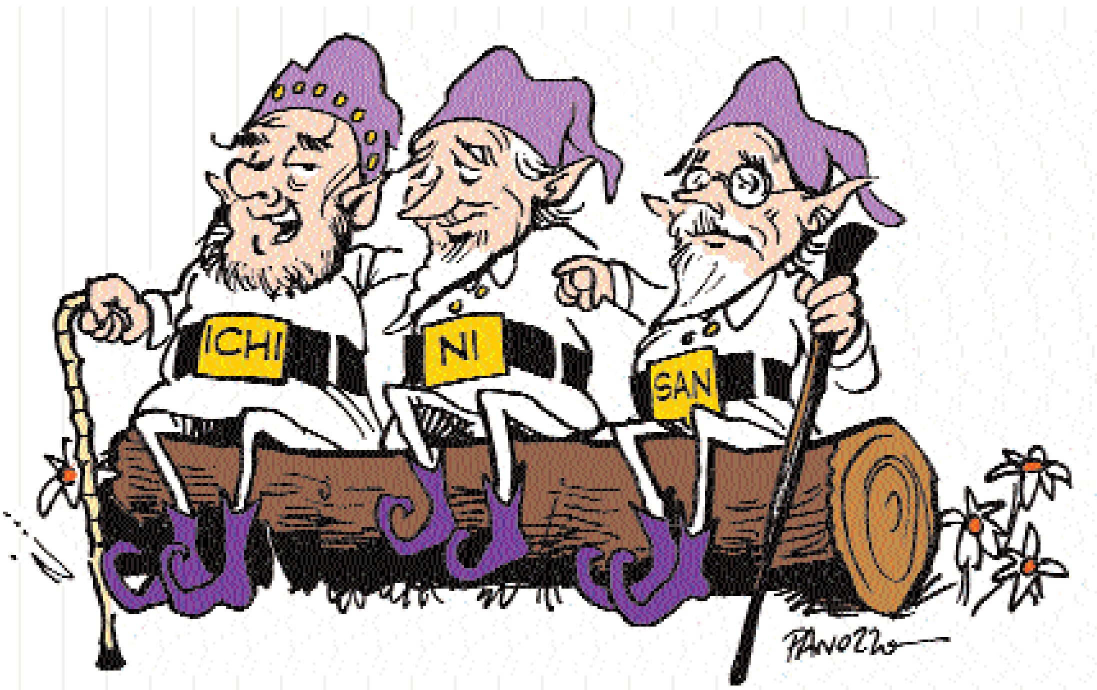
Annual general meeting

The annual general meeting of Servcorp Limited will be held at Level 29, The Chifley Tower, 2 Chifley Square, Sydney at 5pm on Tuesday 8 November 2005.

Creating value

PRODUCTIONS

Acknowledgements:
Illustrations by
Steve Panozzo,
Noz Productions,
http://www.noz.com.au



Thinking... Thinking...

Thinking...