
SERVCORP
ANNUAL REPORT 2009

In-flight entertainment

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About Servcorp

Servcorp offers the world's finest Serviced and Virtual Office solutions. Founded in Sydney in 1978, Servcorp now operates an international network of prime CBD locations throughout Australia, New Zealand, Japan, China, South-East Asia, India, Europe and the Middle East including the prestigious Chifley Tower, Sydney; Shiroyama Trust Tower, Tokyo; Emirates Towers, Dubai; and Louis Vuitton Building, Paris. Servcorp's office and IT solutions enable companies of any size to operate with the corporate presence, IT, infrastructure and support of a multi national organisation, without having the associated overheads normally required to do so. A **Servcorp Smart Office®** is a fully managed corporate office suite in a prime CBD building. It includes a dedicated, local receptionist, access to a worldwide network of meeting rooms, secretarial support on hand and exclusive access to an online portfolio of business services and tools. A **Servcorp Virtual Office®** gives clients access to the presence, facilities and services of a **Servcorp Smart Office®**, whilst they work from home or another location.

Servcorp Limited
ABN 97 089 222 506

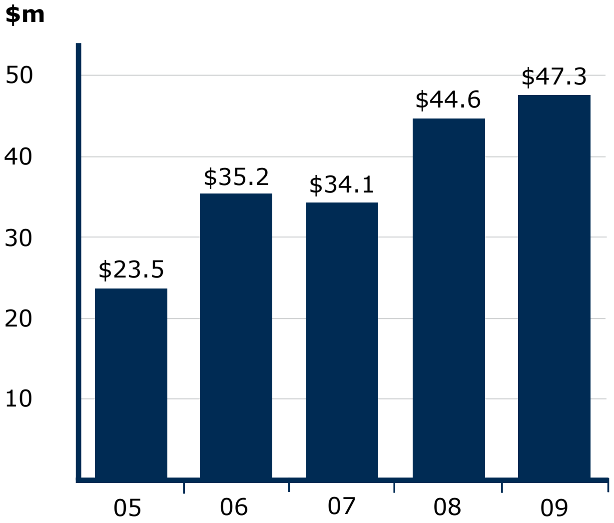
2009 Highlights … in turbulent times

- **Servcorp Virtual Office® … about to soar**
- **Future destinations … the world**
- **Image … first class**
- **Middle East … in flight**
- **New IT infrastructure … gateway to the world**
- **Total dividends paid … 25 cents per share**
- **NSW Exporter of the Year … Large Services category**

SERVCORP

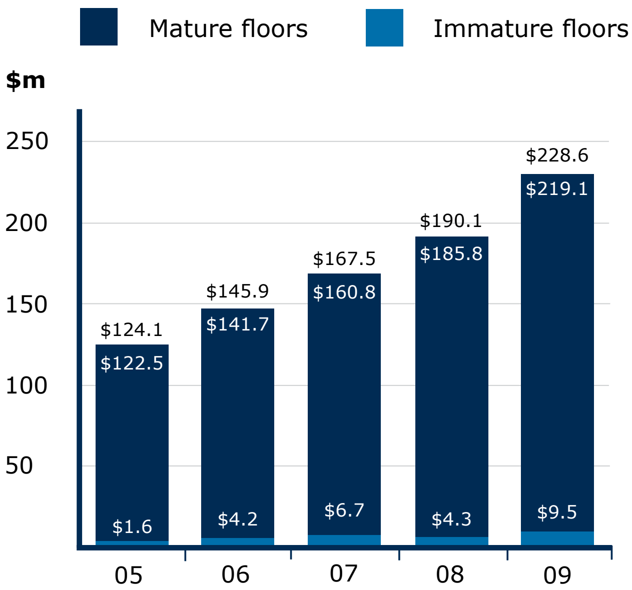
2009 in review ... aerodynamically sound

Net profit before tax



12 months to June 2009
$47.3 million
6% increase

Revenue

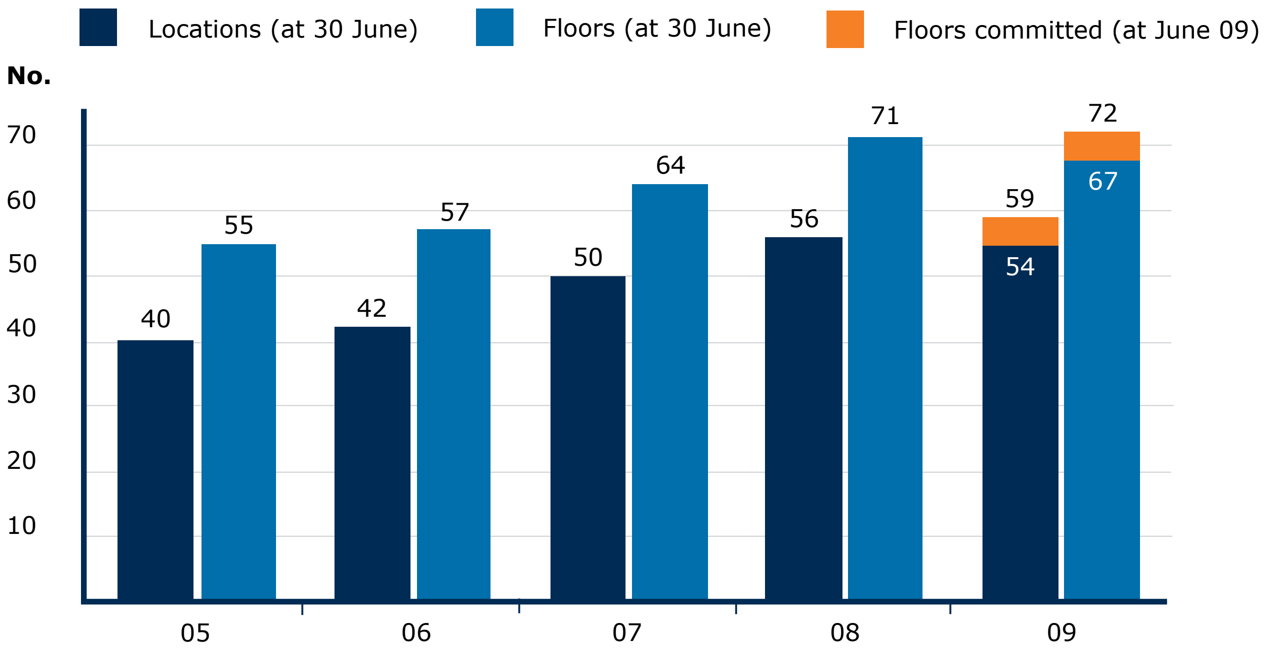


12 months to June 2009
$228.6 million
20% increase

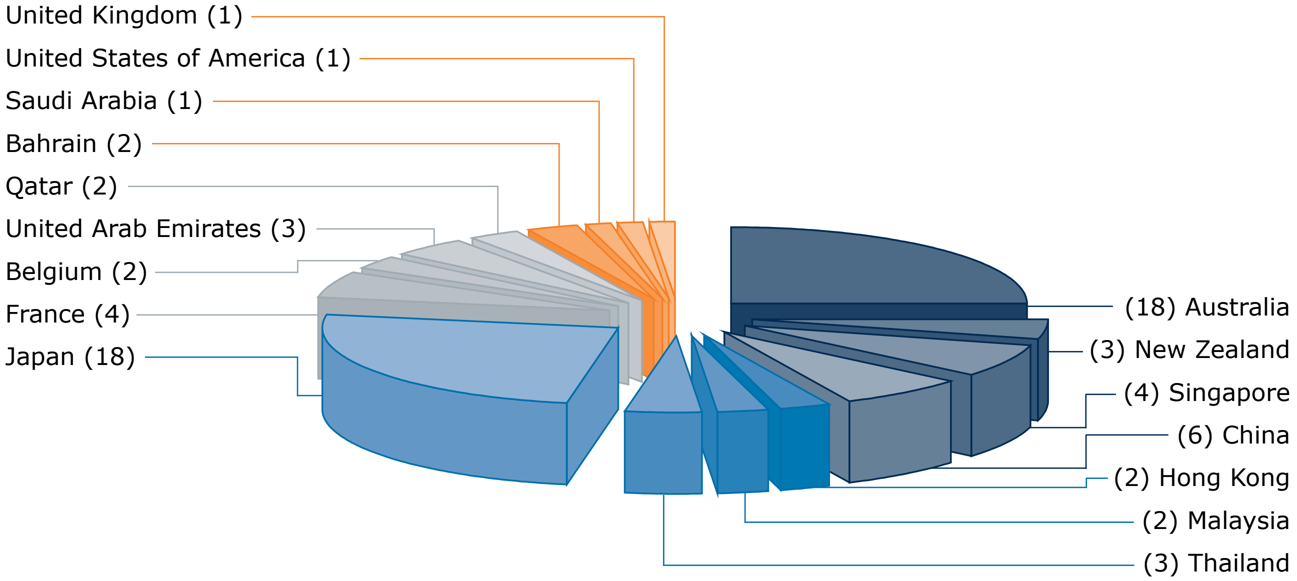
12 months ended 30 June

	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000
Revenue & other income	124,137	145,941	167,518	190,142	228,646
Net profit before tax	23,497	35,207	34,124	44,578	47,275
Net profit after tax	17,190	25,375	26,332	33,834	34,097
Net operating cash flows	27,854	35,345	39,984	51,192	43,024
Cash & cash equivalents	42,966	58,213	55,401	73,716	83,958
Interest earning financial assets	5,731	5,035	9,266	-	-
Net assets	88,890	107,261	111,152	127,651	145,291
Earnings per share	$0.214	$0.316	$0.327	$0.420	$0.427
Dividends per share	$0.0775	$0.105	$0.230	$0.200	$0.250

Servcorp floors and locations



Servcorp geographic spread*



* Includes new floors committed at 30 June 09

Servcorp international

Europe

Paris, France
Level 5, Louis Vuitton Building
101 Avenue des Champs Elysées

Levels 2 & 3
17-23 Square Edouard VII

Level 2, Actualis
21-23 Boulevard Haussmann

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

London, England
Level 17, Dashwood House
69 Old Broad Street
(Opening December 2009)

Middle East

Manama, Bahrain
Levels 22 & 41, West Tower
Bahrain Financial Harbour
King Faisal Highway

Dubai, UAE
Levels 41 & 42, Emirates Towers
Sheikh Zayed Road

Abu Dhabi, UAE
Level 4, Building B Al Mamoura
Mohammed Bin Khalifa Street (15th St)

Doha, Qatar
Levels 14 & 15, Commercialbank Plaza
West Bay

Jeddah, Saudi Arabia
Level 9, Jameel Square
Cnr Tahlia & Al Andalus Streets

Greater China

Beijing
Level 19, Office Tower E2
The Towers, Oriental Plaza
1 East Chang An Avenue
Dong Cheng District

Level 24, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District

Chengdu
Level 18, The Office Tower
Shangri-La Centre
No 9 Binjiang East Road
Jin Jiang District

Hong Kong
Level 39, One Exchange Square
8 Connaught Place
Central

Level 30, Bank of China Tower
1 Garden Road
Central

Level 19, Two International Finance Centre
No 8 Finance Street
Central
(Opening December 2009)

Shanghai
Level 23, Citigroup Tower
33 Huayuanshiqiao Road
Pudong

Level 29, Shanghai Kerry Centre
No.1515, Nan Jing Road West
Jing An

Hangzhou
Units 107, 108 & 110, LYRA
No 2 Science Technology Park Road
Singapore Hangzhou Science Technology Park

Asia

Singapore
Penthouse Level & Level 42
Suntec Tower Three
8 Temasek Boulevard

Levels 30 & 31, Raffles Place
Six Battery Road

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

Level 20, Menara Standard Chartered
30 Jalan Sultan Ismail

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

Level 29, The Offices at Centralworld
999/9 Rama I Road
Khwaeng Patumwan

United States of America

Chicago
Level 42
155 North Wacker Drive
(Opening February 2010)

India

Hyderabad
Level 7, Maximus Towers
Building 2A, Mindspace

Mumbai
Levels 7 & 8, Vibgyor Towers
G Block C62 Bandra Kurla Complex

Openings in 2009 financial year

Openings in 2010 financial year

Japan

Tokyo
Level 45, Sunshine 60
3-1-1 Higashi Ikebukuro, Toshima-ku

Level 9, Tower B Ariake Frontier Building
3-1-25 Ariake, Koto-ku

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

Level B1, AIG Building
1-1-3 Marunouchi, Chiyoda-ku

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

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

Level 21, Shiodome Shibarikyu Building
1-2-3 Kaigan, Shiodome, Minato-Ku

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

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

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

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

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

Level 20, Marunouchi Trust Tower Main
1-5-1 Marunouchi, Chiyoda-ku

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

Level 40, Nagoya Lucent Tower
6-1 Ushijima-cho, Nishi-ku

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

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

Australia

Adelaide
Levels 24 & **30**, Westpac House
91 King William Street

Brisbane
Level 24, AMP Place
10 Eagle Street

Level 36, Riparian Plaza
71 Eagle Street

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

Level 1, The Realm
18 National Circuit

Melbourne
Level 40
140 William Street

Level 27
101 Collins Street

Perth
Level 28, AMP Tower
140 St Georges Terrace

Level 18, Central Park
152-158 St Georges Terrace

Sydney
Level 17, BNP Paribas Centre
60 Castlereagh Street

Level 29, Chifley Tower
2 Chifley Square

Levels 56 & 57, MLC Centre
19 - 29 Martin Place

Level 26
44 Market Street

Level 9, Avaya House
123 Epping Road
North Ryde

Levels 21 & 22
201 Miller Street
North Sydney

Level 32
101 Miller Street
North Sydney

Level 5, Nexus Building
Norwest Business Park
Columbia Court
Baulkham Hills

New Zealand

Auckland
Level 20, ASB Bank Centre
135 Albert Street

Level 27, PWC Tower
188 Quay Street

Wellington
Level 16, Vodafone on the Quay
157 Lambton Quay

Chairman's message … …we pay c

2009 was another record year for Servcorp, and its seventh consecutive year of growth. Despite the tough economic climate Servcorp was able to use the 2009 year to consolidate on several years of strong performance and lay a solid grounding for the years ahead.

Revenue for the year was $228.65 million, an increase of 20% on 2008. Net profit after tax also increased – up 1% on 2008, to $34.10 million. Our mature floors contributed $54.36 million profit before tax, an increase of 3%, with all geographic sectors making important contributions. Earnings per share increased by 2% to 42.7 cents per share.

The Directors have declared a fully franked final dividend of 10.00 cents per share, bringing total dividends for the year to 25.00 cents per share, resulting in a payout to shareholders of approximately $20 million. All these dividends were fully franked.

Toward the end of the 2008 year, the Board and management took the proactive measure of slowing the Company's expansion program as we prepared to weather the global financial crisis. Consequently, only two new floors were opened in 2009. At the same time, cost control measures saw the closure of six underperforming floors. The focus was redirected to strong management and IT implementation as we refined our business model to accommodate the prevailing conditions.

Our senior leadership group adapted to the challenging times. Their teams maintained Servcorp's philosophy of customer service with a focus on providing our clients with outstanding IT and communications infrastructure. Commitment to excellence in every aspect of our business is the foundation of Servcorp's success.

Virtual Office had a particularly strong 2009 financial year, recording double digit revenue and client growth. The new Virtual Office business model will further differentiate us in the market place. We are very excited about this product and the profits it will generate over the medium term and beyond.

As mentioned in last year's report, the global financial crisis presents us with risks on the one hand and potential opportunities on the other. Real estate opportunities abound globally, and we have evaluated a number of opportunities for growth in various geographies around the world. Expansion plans are well underway in existing markets and also in the new markets of the United Kingdom and the United States. There are plans to open 13 new locations in the 2010 financial year. This will be a major drain on our cash resources but we believe this is the time in the economic cycle to focus on significant expansion. That said, we will always retain sufficient liquidity to ensure the financial fabric of the organisation is never placed at risk.

our shareholders to come for the ride

At this stage we are cautious about providing guidance on the earnings outlook for the 2010 financial year. The combination of a challenging economic climate, a strong Australian dollar (with 70% of our profits earned offshore in the 2009 financial year) and the initial costs associated with our significant growth strategy referred to earlier, make guidance unusually difficult at this early stage in the trading year. We expect to be able to say more on this matter at our annual general meeting in November. We also hope to be able to provide guidance on the level of dividends for the 2010 financial year at that time.

That said, we continue to be most optimistic about the prospects for the business over the medium and long term.

On behalf of the Board, I thank our CEO, Alf Moufarrige, our leadership group and all the Servcorp team members for their dedication and commitment during the past year. 2009 has been Servcorp's best year to date and we will continue to strive to maintain our position as the world's finest serviced and virtual office provider.

Bruce Corlett

CEO statement… lucky the wings didn't fall off!

A tough year, but through diligence and focus we produced another record result.

I am extremely excited about Servcorp's future. We intend to significantly expand our global footprint over the coming 24 months. The current global financial crisis provides the perfect setting for this expansion. We have lower rents, space availability in five star buildings, a supply of capable executives on affordable terms, contractors and property experts on hand and keen for work. These conditions present significant opportunities but also substantial challenges. Our objective is to double our Virtual Office numbers from the current 20,000 packages to 40,000 over the next three years. This augers well for our medium and long term profitability. Our objective is to materially improve the quality of our sustainable revenue streams. We will no longer be merely a property arbitrage business.

Head winds will be felt on both the mature and immature profit lines as we move across the world opening new centres in Japan (3), Jeddah, Kuwait, Abu Dhabi, London, New York (2), Chicago, Atlanta (2), Melbourne, Brisbane, Sydney, Hong Kong (2), Taiwan, Manila, Hangzhou and Vietnam. More locations are on our radar.

There will be teething problems, but our platform allows us to leverage our critical mass. The intellectual property plus the world wide network and scalable software, gives us a centralised system to manage our thousands of clients across the globe.

Office Squared, while significantly contributing through its software development programme, incurred losses of $4 million. However, real value was created through the scalable software products produced, which will be a real help in our rapid expansion plans. All development costs have been written off and the whole IT team is focused on our core Serviced Office and Virtual Office business.

To the Serviced and Virtual Office Managers and their teams; thank you. It has been a trying year. To Head Office, Bruce and the Board; thank you for your guidance and help.

This will be a year of change, laying the foundation for our future. Plans which should put us on track for years of profitable growth in the Serviced Office and Virtual Office market, where technically, we lead the world.

Alf Moufarrige

Newfloorsopening09/10...preparefortakeoff

Asia

Hangzhou - July 2009

Hong Kong – December 2009

Hong Kong - January 2010

Kowloon - January 2010

Singapore - November 2010

Japan

Marunouchi - November 2009

Fukuoka – December 2009

Shinjuku - December 2009

Middle East

Abu Dhabi – September 2009

Jeddah – October 2009

Kuwait City - January 2010

Europe

London – December 2009

United States of America

Atlanta - January 2010

Chicago - February 2010

Community service ... every drop helps

Servcorp's community service focus is to support and assist continuing research into the prevention and cure of cancer and 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 ground is matched dollar for dollar by Servcorp. This year the organisations we strongly supported included:

- The Rotary Club of Sydney
- Youngcare
- MRC Cancer Research
- Dry July
- MS Society
- The Cancer Council
- St Vincent Hospital - Sydney
- The Mater Hospital
- Breast Cancer Foundation
- MAKNA - KL Cancer Council
- Assisi Hospice - Singapore
- Tyler Foundation - Japan
- Seeing is Believing - Hong Kong
- RSPCA Victorian Bushfire Appeal
- Churchill Neighbourhood Centre
- Wildlife Victoria
- St John First Aid
- Gippsland Emergency Relief Fund

Servcorp also contributed to many other local charitable organisations around the world. In 2008/2009 Servcorp donated in excess of $450,000.

In Australia, Youngcare continues to be the focus of our fundraising. For more information please visit their website at www.youngcare.com.au. Taine Moufarrige was appointed a Director of this organisation in June 2009.

We are proud of the fact that we are a small Aussie company that always gives back to the community. Our donations bring real change and benefits to young people who suffer from debilitating diseases or misfortune. We'd like to thank our clients and those who contributed to the success of our fundraising for the year.

Servcorp also sponsors and supports the Australian Chamber Orchestra and The Art Gallery of NSW.

We will keep you updated.

The environment...we removed a jumbo from the sky

Servcorp acknowledges the seriousness of climate change and the significant impact high concentrations of greenhouse gases in the atmosphere is having on the planet.

Servcorp developed the Green Offices Project to highlight environmental issues within our business and our client base. Servcorp is proactive in protecting the environment from further damage and man-made impacts.

The Green Offices Project encompasses all of the environmental action plans and initiatives taking place across our global network of offices. The project employs a three-pronged approach: to Reduce our environmental footprint; to Offset our existing footprint; and to Educate our team and clients about ways in which they can also reduce and offset their own environmental impact.

Reduce

Servcorp aims to reduce our environmental footprint through the development of efficient green technologies. We are the only Virtual Office provider in the world to offer complete provision of client services online, eliminating the requirement for paper based forms and administration. Our online sign-up facility eliminates more than 100 individual sheets of paper during the sign-up process – including contracts, instruction manuals and other general communications.

Servcorp also actively promotes processes to reduce overall paper usage, printer usage and energy consumption.

Offset

Initially, the aim of the Green Offices Project was to plant a tree for every Servcorp Virtual Office® set-up online.

In partnership with Greenfleet, we achieved our interim goal of donating 10,000 trees by the end of 2008. During the 2008/2009 financial year, this commitment has been extended to incorporate further initiatives. The Servcorp Forest is now 11,500 trees and will offset more than 3,067 tonnes of carbon dioxide over the life of the trees. This is equivalent to removing 745 cars from the roads for one whole year or taking a jumbo jet which flies San Francisco to Sydney three times per week out of the skies for four months!

Educate

Servcorp is a supporter of Earth Hour (a World Wildlife Foundation initiative) and turned off all lights across our global network of locations. In 2009, Servcorp was one of the few supporters of Earth Hour on a global level and we believe that this initiative is a great way to increase awareness and action towards being more environmentally responsible. We will continue to work with WWF towards the United Nations Climate Change Conference at Copenhagen in late 2009.

Servcorp clients ... flying first class

Servcorp Smart Office®

Servcorp Smart Office® allows clients to run their businesses from the best CBD addresses and enjoy the benefits of team support and IT infrastructure, superior to that of a multi-national organisation. Clients have access to all of this without incurring the costs and financial commitment normally required to do so.

Servcorp continues to provide the highest quality serviced offices in the industry with the highest-quality fit-outs and services. All this while maintaining a cost effectiveness which meets the needs of start-ups, SMEs and larger corporations. Servcorp clients come from a wide range of industries and we are proud to support all professions from accountants and lawyers to recruiters and journalists.

Whilst technology development remains the driving force of the latest developments and our ability to stay a cut above the competition, Servcorp remains committed to the proven, international Servcorp model. We operate in only the best buildings in the best locations around the world, we hire and train only the best team of motivated and service-orientated people and we provide services and solutions which genuinely save our clients time and money.

Servcorp Virtual Office®

Servcorp Virtual Office® allows clients to leverage all of the services and solutions within our global network of serviced offices (Servcorp Smart Office®) without having to take a physical office. Clients can work predominantly from home or another location, yet enjoy everything they need to run their business professionally and effectively, without the cost of a full time office.

Servcorp continues to experience growth from a variety of sources and has received excellent reviews of the, now globally available, online sign up and set up process. Servcorp is the only Virtual Office provider in the industry to have full provision of all of our services and solutions, online from anywhere in the world.

The Servcorp world wide network

Servcorp has invested more than US$40 million in infrastructure and continues to maintain and develop the exclusive Servcorp world wide network. Servcorp has an international team of IT experts to ensure 24 hour a day maintenance of the network and provide clients with immediate support and assistance.

Servcorp's technology developments maintain the single goal of providing new and innovative solutions and support tools to make our clients' jobs easier. These innovations form the backbone of our increasingly broad portfolio of products including the recently launched Servcorp Onefax and Servcorp Onefone.

By refusing to outsource such a core service, the Servcorp world wide network offers Servcorp clients unprecedented flexibility and control over all levels of service and support tools.

ITS ... innovation ... investment ... infrastructure

The success of the deployment of our network platform and management systems is evident in the result of the last financial year. Following the deployment of the Virtual Office Sign-Up Online, both the Servcorp team and Servcorp clients have embraced our technology. This has led to a commitment by the Servcorp ITS team to improve workflow processes across the entire business in the same way we have for our Virtual Office clients.

A focus has been put on improving the sale process for Servcorp team members and improving the initial Servcorp experience for clients.

As our competitors deploy technology that Servcorp has implemented years ago, we push forward to deliver the latest technologies exclusively to Servcorp clients to ensure their competitive advantage and improve their chances of profitability and success as the economic climate continues to be difficult.

The entire Servcorp ITS team including Development and Engineering, Unified Communications and Operations and Billing are working closely together to ensure our clients have the best possible experience and total control over their ready to use technology.

The team is working to support Servcorp's planned rapid expansion, and the scalable solutions development by Office Squared will be valuable.

I must thank our brilliant team for the client driven solutions they have created in what has been a challenging environment.

Flight crew

Marcus Moufarrige BCom
CIO & General Manager Asia

Susie Martin BEc
General Manager Australia & New Zealand

Olga Vlietstra BA
General Manager Japan

Wilma Wu BA (Hons)
General Manager Greater China

Laudy Lahdo BCom
Senior Manager Dubai, Abu Dhabi & Bahrain

Kureha Ogawa BA
Senior Manager Japan

Adeline Charles BBus Mktg
Senior Manager Europe

Deborah Sweetman
Senior Manager Singapore & Malaysia

The Board

Bruce Corlett
Chairman

Rick Holliday-Smith
Non-Executive Director

Julia King
Non-Executive Director

Alf Moufarrige
Executive Director, CEO

Taine Moufarrige
Executive Director

Thomas Wallace BBS, ACA
Chief Financial Officer

Nicole Billett M.Mgt, MBA
General Manager Sales & Marketing

Liane Gorman
International Training & Development Manager

Kristie Thomas BArts, BBus
International Sales Manager

Megan Gale
Senior Manager Virtual Office

Greg Pearce CA, ACIS
Company Secretary

Warren James
Manager International Property Portfolio

Lachlan Buchanan BCom
International Property Project Manager

Ryoma Eguchi BBus, M.IT
Group Executive, IT & Solution Development

Daniel Kukucka BE
Group Executive, Unified Communications

Sui Hua BCom
Group Executive, Commercial Services

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 Corporate Governance Principles and Recommendations which became effective after 1 January 2008. 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 20 to 25 of this annual report. Compliance has been measured against the revised ASX principles.

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.

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

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 Chief Executive Officer 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 Securities 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.

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.

There has been no change to the Board since the last annual report.

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 pages 26 and 27 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 in the following table.

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

Director	First appointed	Non-executive	Independent	Retiring at 2009 AGM	Seeking re-election at 2009 AGM
B Corlett	19 October 1999	Yes	Yes	No	No
R Holliday-Smith	19 October 1999	Yes	Yes	No	No
J King	24 August 1999	Yes	Yes	Yes	Yes
A G Moufarrige	24 August 1999	No	No	No	No
T Moufarrige	25 November 2004	No	No	No	No

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 G 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 G 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 rounded down to the nearest whole number), 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 and team 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 discuss proposed purchases or sales of shares in the Company with the Chairman before proceeding. Directors must also notify the Company Secretary when they buy or sell 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 28 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.

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 since Deloitte's appointment, Mr P Forrester, completed his five year tenure upon signing the financial report for the year ended 30 June 2008. In accordance with the mandatory requirements under the Corporations Law, Mr Forrester rotated off the Servcorp audit engagement and was replaced by Mr S Gustafson as Lead Partner. Mr S Gustafson will be due for rotation following the completion of the audit for the year ending 30 June 2013.

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 (Chair)
- 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 is 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 Chief Executive Officer, the Chief Financial Officer and other senior management may attend committee meetings by invitation.

The Audit and Risk Committee met three times during the year. The committee meets with the external auditors without management being present before signing off its reports each half year. The committee Chairman also meets with the auditors at regular intervals during the year.

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

- reviewing the financial reports and other financial information distributed externally;
- improving the quality of the accounting function;
- 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 compliance with Australian equivalents to International Financial Reporting Standards;
- reviewing the nomination, fees, 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 internal control framework and compliance structures and considering enhancements;
- monitoring the compliance with 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, taxation authorities, corporate regulators, Australian Securities Exchange and financial institutions;
- reviewing reports on any major defalcations, frauds and thefts from the Company;
- overseeing the risk management framework.

Remuneration Committee

The Remuneration Committee members during the year were:

- Ms J King (Chair, Non-Executive Director)
- Mr B Corlett (Non-Executive Director)
- Mr T Moufarrige (Executive Director)

The role of the Remuneration Committee is to assist the Board by adopting remuneration policy and practices that:

- supports the Board's overall strategy and objectives;
- attracts and retains key employees;
- links total remuneration to financial performance and the attainment of strategic objectives.

Specifically this will include:

- remuneration policy and its application to the Chief Executive Officer and those who report to the Chief Executive Officer;
- adoption of short-term and long-term incentive plans;
- determination of levels of reward to the Chief Executive Officer and approval of rewards to those who report to the Chief Executive Officer;
- ensuring the total remuneration policy and practices are designed with full consideration of all tax, accounting, legal and regulatory requirements.

The Remuneration Committee is committed to the principles of accountability, transparency and to ensuring that remuneration arrangements demonstrate a clear link between reward and performance.

The Remuneration Committee met twice during the year. The Chief Executive Officer may attend committee meetings by invitation to assist the committee in its deliberations.

ASX principles compliance statement

This table provides a description of the manner in which Servcorp complies with the ASX Corporate Governance Principles and Recommendations, or where applicable, an explanation of any departures from the Principles. Compliance has been measured against the revised ASX Principles effective after 1 January 2008.

Principle 1	Lay solid foundations for management and oversight *Establish and disclose the respective roles and responsibilities of board and management.*
Recommendation 1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.
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 and senior executives.
Recommendation 1.2	Disclose the process for evaluating the performance of senior executives.
Servcorp Board Response	The process for evaluating the performance of senior executives is included in the remuneration report on pages 34 to 41 of this annual report.
Recommendation 1.3	Provide the information indicated in the Guide to reporting on Principle 1.
Servcorp Board Response	All relevant information is included in the corporate governance section on pages 16 to 25 of this annual report.
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 Response	The Board has a majority of independent directors. All the currently serving non-executive directors are independent.
Recommendation 2.2	The chair should be an independent director.
Servcorp Board Response	The Chair is an independent director.
Recommendation 2.3	The roles of chair and chief executive officer should not be exercised by the same individual.
Servcorp Board Response	The roles of Chair 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.

ASX principles compliance statement (continued)

Recommendation 2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.
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 non-executive directors evaluate individual director's performance and also the Board's performance. As a tool to evaluation, a questionnaire is completed annually by the non-executive directors with the responses assessed and discussed by the non-executive directors.
Recommendation 2.6	Provide the information indicated in the Guide to reporting on Principle 2.
Servcorp Board Response	All relevant information is included in the corporate governance section on pages 16 to 25 of this 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 and disclose the code or a summary of the code as to: ▪ the practices necessary to maintain confidence in the company's integrity; ▪ the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; ▪ 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. 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 Securities Exchange; ▪ maintains a website; ▪ publishes 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.
Recommendation 3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.
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 on page 17 of this annual report.
Recommendation 3.3	Provide the information indicated in the 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.

ASX principles compliance statement (continued)

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	The board should establish an audit committee.
Servcorp Board Response	The Board has established an Audit and Risk Committee.
Recommendation 4.2	The audit committee should be structured so that it: ▪ consists only of non-executive directors; ▪ consists of a majority of independent directors; ▪ is chaired by an independent chair, who is not chair of the board; ▪ has at least three members.
Servcorp Board Response	All three members of the Audit and Risk Committee are independent non-executive directors, and the Chair of the committee is not the Chair of the Board.
Recommendation 4.3	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 4.4	Provide the information indicated in the Guide to reporting on Principle 4. ▪ the names and qualifications of those appointed to the audit committee, and their attendance at meetings of the committee; ▪ the number of meetings of the audit committee.
Servcorp Board Response	This information is provided on pages 18, 26 and 27 of this annual report.
Recommendation 4.4 (continued)	▪ 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 (Deloitte), under the scrutiny of the Audit and Risk Committee, presently conducts the statutory audits in return for reasonable fees. Deloitte 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. Deloitte rotate their audit engagement partner every five years.

ASX principles compliance statement (continued)

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 designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.
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 Chair and Managing Director.
Recommendation 5.2	Provide the information indicated in the 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 a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.
Servcorp Board Response	Servcorp aims to communicate clearly and transparently with shareholders and the community. Servcorp places 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	Provide the information indicated in the Guide to reporting on Principle 6.
Servcorp Board Response	The information has been provided in the response to recommendation 6.1.

ASX principles compliance statement (continued)

Principle 7	Recognise and manage risk *Establish a sound system of risk oversight and management and internal control.*
Recommendation 7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
Servcorp Board Response	Management has a sound and comprehensive understanding of the inherent risks of the business which have been identified and managed through the experience of the Chief Executive Officer and long serving executives. Management have identified and documented the key risks of the business across the spectrum of strategic, information technology, human resources, operational, financial and legal/ compliance. The company does not have formal written policies for all aspects of its risk oversight and management. The company is a globally run business where senior executives have oversight through the systems and reporting mechanisms of all activities in all global locations. The systems infrastructure is centrally managed through a small group of senior executives. Management's objective is to create a culture for all executives to focus on risk as a natural part of their day to day activities. The senior executives responsible for the day to day management of key risks have been identified. Many processes are documented through the Company's manuals which are proprietary and confidential, and these are being strengthened and improved with time. Business processes are continually improved to reduce the potential for financial loss.
Recommendation 7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.
Servcorp Board Response	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. The Committee is satisfied that the Company and management have a culture of risk control and are in the early stages of formalising the infrastructure of this culture. Although not all policies have been formally documented, the identified risks are tightly controlled and being managed effectively. The Company is heavily reliant on financial controls and senior executive controls. Day to day responsibility is delegated to the Chief Executive Officer and senior management. The Chief Executive Officer and senior management are responsible for: ▪ identification of risk; ▪ monitoring risk; ▪ communication of risk events to the Board; and ▪ 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. The Audit and Risk Committee are working with management to ensure continuous improvement to the risk management and internal control systems. The Company's auditors have confirmed to the Committee that the financial and IT controls are of a high standard.

ASX principles compliance statement (continued)

Recommendation 7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
Servcorp Board Response	The Chief Executive Officer and Chief Financial Officer provide such assurance.
Recommendation 7.4	Provide the information indicated in the Guide to reporting on Principle 7.
Servcorp Board Response	This information is provided above.
Principle 8	Remunerate fairly and responsibly *Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.*
Recommendation 8.1	The board should establish a remuneration committee.
Servcorp Board Response	The Board has established a Remuneration Committee.
Recommendation 8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.
Servcorp Board Response	This information is provided in the remuneration report on page 34 of this annual report.
Recommendation 8.3	Provide the information indicated in the Guide to reporting on Principle 8. ▪ the names of the members of the remuneration committee and their attendance at meetings of the committee.
Servcorp Board Response	This information is provided on pages 19 and 27 of this annual report.
Recommendation 8.3 (continued)	▪ the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors.
Servcorp Board Response	There are no such schemes in existence.

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 2009.

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 one of the global leaders in the serviced office industry, with 30 years of experience. 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
Chair and independent non-executive director
BA, LLB

Member of Audit and Risk Committee
Member of Remuneration Committee
Appointed October 1999

Over the past 30 years Bruce has been a director of many publicly listed companies. He has an extensive business background involving a range of industries including banking, property and maritime. His current directorships include Trust Company Limited (Chair).

Bruce is also chair of the Mark Tonga Perpetual Relief Trust, a Director of Lifestart Co-operative Limited and an Ambassador of The Australian Indigenous Education Foundation.

Directorships of listed entities in the last three years:

- Adsteam Marine Limited from March 1997 to May 2007 (Chair);
- Stockland Trust Group from October 1996 to October 2008;
- Tooth and Co. Limited since September 1999;
- Trust Company Limited since October 2000 (Chair).

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

Chair of Audit and Risk 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 Hong Kong Bank Limited, a wholly owned merchant banking subsidiary of HSBC Bank.

Rick is currently a director of ASX Limited and Cochlear Limited. He is also Chair of Snowy Hydro 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:

- ASX Limited since July 2006;
- Cochlear Limited since February 2005;
- DCA Group Limited from October 2004 to December 2006;
- SFE Corporation Limited from April 2002 to July 2006 (Chair);
- St George Bank Limited from February 2007 to December 2008.

Julia King
Independent non-executive director

Member of Audit and Risk Committee
Chair of Remuneration 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 Fairfax Media Limited and Opera Australia. She has been a director of Country Road and MMI Insurance, 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:

- Fairfax Media Limited since July 1995;
- Retail Cube Limited from January 2006 to October 2006.

Directors (continued)

Taine Moufarrige
Executive director
BA, LLB

Member of Remuneration Committee
Appointed November 2004

Taine joined Servcorp in 1996 as a Trainee Manager. Taine is now responsible for operations in Australia, New Zealand, India and the Middle East and for the strategic growth of the Company in these regions.

Taine played a key role in establishing Servcorp locations in Europe, the Middle East, New Zealand, throughout Australia and in India through the Company's franchise venture.

Taine is also responsible for the philanthropic activities of Servcorp.

Directorships of listed entities in the last three years:

- None.

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' 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 following table.

Directors' attendances at meetings

Director	Board meetings	Audit & Risk committee	Remuneration committee
Number of meetings held:	11	3	2
Number of meetings attended:			
B Corlett	11	3	2
R Holliday-Smith	11	3	
J King	10	3	2
A G Moufarrige	9		
T Moufarrige	10		2

The details of the function and membership of the committees are presented in the corporate governance statement on pages 18 and 19.

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 Securities Exchange in accordance with s205G (1) of the Corporations Act 2001, at the date of this report is set out in the following table.

Director	Ordinary shares in Servcorp Limited		Options over ordinary shares
	Direct	Indirect	
B Corlett	-	413,474	-
R Holliday-Smith	250,000	-	-
J King	-	96,400	-
A G Moufarrige (i)	540,890	47,962,045	-
T Moufarrige (i)	59,992	1,800,000	-

Notes:

i. T Moufarrige has advised the Company that he has a relevant interest in 1.8 million shares. The shares are registered in the name of Sovori Pty Ltd and are also included in the indirect interest of A G Moufarrige.

Principal 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

Net profit after tax for the financial year was $34.10 million (2008: $33.83 million). Operating revenue was $219.39 million (2008: $181.62 million). Basic and diluted earnings per share was 42.7 cents (2008: 42.0 cents).

Dividends

Dividends totalling $19.92 million have been paid or declared by the Company in relation to the financial year ended 30 June 2009 (2008: $16.09 million).

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 is set out in the following table.

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: 2008						
Special	Ordinary shares	5.00	4,023	20 December 2007	100%	30%
Interim	Ordinary shares	7.50	6,035	3 April 2008	100%	30%
Final	Ordinary shares	7.50	6,035	2 October 2008	100%	30%
In respect of the current financial year: 2009						
Special	Ordinary shares	5.00	4,023	10 December 2008	100%	30%
Interim	Ordinary shares	10.00	8,047	2 April 2009	100%	30%
Final	Ordinary shares	10.00	7,847	1 October 2009	100%	30%

Review of operations

Revenue from ordinary activities for the twelve months ended 30 June 2009 was $228.65 million, up 20% from the twelve months ended 30 June 2008. During the year the Australian dollar depreciated significantly against all major currencies. The Australian dollar dropped by an average of 25% against the Japanese yen, 17% against the US dollar and 11% against the Euro. This strong depreciation in the Australian dollar over the year has had a positive impact on the consolidated revenues and profit for the twelve months ended 30 June 2009. When expressed in constant currency terms, revenue increased by 1% compared to the 2008 year.

Net profit before tax for the twelve months to June 2009 was $47.28 million, up 6% compared to the prior year. When expressed in constant currency terms, net profit before tax increased by 2% compared to the twelve months ended 30 June 2008.

The result for the twelve months ended 30 June 2009 included realised and unrealised foreign currency gains in the amount of $3.87 million. The gains largely arose from foreign currency cash balances held at 30 June 2008 that were converted to Australian dollars at rates that were significantly better than exchange rates at 30 June 2008. Of a total Australian dollar equivalent cash balance of $83.96 million at 30 June 2009, $10.64 million (net of foreign currency exchange contracts) was held in currencies other than Australian dollars.

A weak Australian dollar has strengthened Servcorp's balance sheet as at 30 June 2009. Assets held in foreign currencies were translated into Australian dollars at stronger rates than at 30 June 2008. The foreign currency translation reserve has moved from a deficit of $14.97 million at 30 June 2008 to a deficit of $8.57 million at 30 June 2009. The net asset position for Servcorp as a whole has increased by 14% to $145.29 million at 30 June 2009.

Cash generated from operating activities after tax payments decreased by 16% to $43.02 million for the twelve months ended 30 June 2009 (twelve months ended 30 June 2008: $51.19 million). The drop is largely attributable to the movements in working capital balances between 30 June 2008 and 30 June 2009.

Net tangible asset backing per share was $1.65 per share as at 30 June 2009 compared to $1.39 as at 30 June 2008, an increase of 19%.

Serviced Offices

The global economic crisis has impacted Serviced Office enquiry levels and has caused a compression in margins. Management's focus in the 2009 financial year was on mitigating risk in the core business by reducing non essential costs and by closing non performing locations. A total of six underperforming floors were closed during the financial year ended 30 June 2009, with plans to close a further two floors in the 2010 financial year. Floor closure costs included in the results for the twelve months ended 30 June 2009 were $4.62 million.

Average mature floor occupancy for the twelve month ended 30 June 2009 has softened to 79% (twelve months ended 30 June 2008: 84%).

As at 30 June 2009 Servcorp operated 67 floors in 22 cities in 13 countries.

Virtual Office

Virtual Office continued to grow strongly during the 2009 financial year recording double digit revenue and client growth for the twelve months ended 30 June 2009.

Servcorp software development teams have created the virtual software suite of products over a 10 year period. In the last twelve months there have been significant software refinements allowing improved marketability and scalability, including the launch of the sign up online website.

Automation of the sign-up process is a major milestone for the Virtual Office product and transforms a previously manual multi-step process into a 2-3 minutes fully automated online process that allows access to the Virtual Office range of services and online access to many of Servcorp's global Serviced Office capabilities.

Continued effort on search engine optimisation of key words has realised promising results. Where locations have been 'optimised' correctly there has been an identifiable direct increase in website enquiries and online sales.

A new approach to the Virtual Office business has been trialled with positive outcomes in two pilot locations. These locations are at the Norwest location in Western Sydney and Ariake in Tokyo's outskirts. This new focused approach has led to strong Virtual Office growth in both locations to a point where Virtual Office related revenue exceeds rental expense. Further, it appears clear that the new approach reduces client churn and increases revenue as clients have access to and book more services online.

Review of operations (continued)

Virtual Office (continued)

These results from the two pilot sites have been very encouraging and have led to a full review of our Office Squared and Virtual Office activities. Office Squared is being significantly scaled down and the related software capabilities are now being focused towards Virtual Office. It is still expected that Office Squared will make a sound contribution, but this is now seen to be over a longer period. Over the coming months we will actively review the business model for Virtual Office that will lead to a new business model.

The likely business model outcome could see smaller Serviced Office floors in prime locations around the world with a larger focus on Virtual Office as a key driver of revenue. This new Virtual Office model would compliment and enhance the existing Serviced Office business and further differentiate Servcorp in the market place.

This potential up-scaling of the Virtual Office product could be very attractive based on early results. It should lead to strong increases in revenues from our existing locations as well as additional revenues from the new locations Servcorp plans to open around the world. At the same time there are important risks to manage including client churn and continued system enhancements that will become clearer over the coming months.

Japan & Asia

Mature floors
The performance of the mature floors in Japan and Asia was mixed during the year. South East Asia and China saw strong growth in local currency revenues and profits during the year however enquiries softened in the second half of the 2009 financial year. Japan saw a drop in Japanese yen revenues and profits over the period as the effects of a slowing Japanese economy and increased competition took effect. The Australian dollar results for the segment for the twelve months ended 30 June 2009 was positively affected by the depreciation in value of the Australian dollar.

Mature floor revenue from ordinary activities increased by 27% to $124.85 million. Mature floor net profit before tax decreased by 5% to $24.72 million for the twelve months ended 30 June 2009.

Immature floors
One floor in Beijing was immature as at 30 June 2009. The net loss before tax on immature floors was $0.42 million.

Office Squared
The Office Squared losses in Japan and Asia for the twelve months were $2.49 million.

Europe & Middle East

Mature floors
Mature floor performance in Europe and the Middle East was very strong for the twelve months ended 30 June 2009. Mature floor revenue from ordinary activities increased by 39% to $36.29 million. Net profit before tax on mature floors increased by 41% compared to the prior year.

Operations in the Middle East performed exceptionally in the twelve months to 30 June 2009 however a slowdown in this market is now apparent and this will have an impact on the results of future years.

The performance of both Paris and Brussels was encouraging during the year. The benefits of the closure of one floor and the conference centre in Paris in June 2008 are now being realised. The Brussels location is now contributing positively to net profit before tax. The strength of the Euro and the US dollar against the Australian dollar had a positive impact on the Australian dollar result for the twelve months ended 30 June 2009.

Immature floors
Two floors in Qatar were immature as at 30 June 2009. The immature floor loss was $0.69 million for the twelve months ended 30 June 2009.

Australia & New Zealand

Mature floors
Trading conditions in Australia and New Zealand were difficult during the year. Increased competition and vacancy rates in capital cities impacted revenue and profits. The financial centres of Sydney and Melbourne have been impacted by the global financial crisis and the resource cities of Perth, Brisbane and Adelaide have been affected by the mining slow down.

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

Mature floor revenue from ordinary activities decreased by 8% to $48.44 million when compared to the prior year. Mature floor net profit before tax decreased by 20% to $14.73 million.

Immature floors
Four floors in Australia and New Zealand were immature during the year. Immature floor losses in the twelve months ended 30 June 2009 were $1.83 million.

Office Squared
The Office Squared loss before tax in Australia for the twelve months ended 30 June 2009 was $1.65 million.

Review of operations (continued)

Office Squared

Office Squared is currently involved in three projects, namely Nexus in Sydney, I–City in Malaysia and Singapore Hangzhou Science Technology Park in China.

The Office Squared business has been impacted by the global economic crisis. I-City in particular has experienced a lower take up of services than anticipated, largely attributable to the slow take up of space by tenants. The Office Squared head office team was restructured in June 2009 which had the effect of halving ongoing running costs.

The majority of costs to date associated with Office Squared relate to the development of products, the marketing of products and the implementation of large scale networks. No development costs have been capitalised in the balance sheet and all costs have been expensed as incurred. Many of the developments undertaken by Office Squared will benefit the overall Servcorp suite of software products, including Virtual Office solutions in the medium to long term.

The current focus for the Office Squared management team is to consolidate the three current active projects to ensure successful delivery.

The loss for Office Squared for the year was $4.14 million (twelve months ended 30 June 2008: $3.02 million), which was disclosed in the above segment reports.

India franchise

The Indian real estate market collapsed in the first half of the 2009 financial year. Our Indian franchisee is adopting a wait and see approach before committing to any new expansion. Servcorp does not have any direct exposure to the Indian market and at present the Indian franchise business is at breakeven.

Events subsequent to balance date

Dividend

On 19 August 2009 the directors declared a fully franked final dividend of 10.00 cents per share, payable on 1 October 2009.

The financial effect of the above transaction has not been brought to account in the financial statements for the year ended 30 June 2009.

Options

240,000 options granted under the Executive Share Option Scheme on 22 September 2008 lapsed subsequent to the end of the financial year. The options did not vest in the optionholder as the Consolidated Entity's EPS performance for the 2009 financial year did not meet the minimum EPS performance hurdles. The audited EPS growth for the 2009 financial year was 1.7% and the minimum EPS performance hurdle is 10%. Under the terms of the Executive Share Option Scheme, any options that do not become vested will lapse immediately.

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.

New locations

City	Location	Offices	Opened
Adelaide	Level 30, Westpac House	43	September 2008
Sydney	Level 32, 101 Miller Street, North Sydney	35	December 2008

Options granted

During the year or since the end of the financial year, the Company granted options over unissued ordinary shares of the Company as follows:

Grant date	Expiry date	Exercise price	Number of shares
22 September 2008	22 September 2013	$3.62	240,000

All options were granted during the financial year. No options have been granted since the end of the financial year.

Options granted to directors or the five most highly remunerated officers of the Company as part of their remuneration are detailed in the Remuneration report on page 38.

Options on issue

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

Grant date	Expiry date	Exercise price	Number of shares	Earliest exercise date
22 February 2008	22 February 2013	$4.60	140,000	2 years from the date of issue
22 September 2008	22 September 2013	$3.62	-	3 years from the date of issue

The options expire on the earlier of:

a. 5 years from the date of issue;
b. the date on which the optionholder ceases to be an employee of the Company or any of its subsidiaries other than as a result of 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.

The options granted on 22 September 2008 lapsed subsequent to the end of the financial year as the vesting conditions were not attained.

Shares issued on the exercise of options

No shares were issued by the Company during the year or since the end of the financial year as a result of the exercise of an option over unissued shares.

Remuneration report

Principles used to determine the nature and amount of remuneration

The Board recognises that the Consolidated Entity'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 Consolidated Entity'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.

Executive remuneration packages involve a balance between fixed and incentive pay. In determining the appropriate balance an annual review is undertaken that involves cross referencing position descriptions to reliable accessible remuneration surveys and comparing current remuneration packages with the latest survey information.

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

- provides competitive rewards that attract, retain and motivate executives of the highest calibre;
- encourages a strong and long term commitment to Servcorp;
- builds a structure for long term growth and succession planning;
- structures remuneration at a level that reflects the executive's 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.

The Board's current policy regarding remuneration for key management personnel is summarised on pages 35 to 41. Non-executive directors are remunerated on a different basis to senior executives as set out below.

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 inclusive of payments for SGC superannuation. This was approved at the time of Servcorp's IPO in December 1999.

Non-executive directors' fees were initially set in December 1999. That level of fees did not vary until they were reviewed with effect from 1 January 2005. Their remuneration was reviewed again with effect from 1 October 2006, and remained at this level until the end of the 2008 financial year as follows:

- Chair - $110,000 per annum plus superannuation;
- Non-executive - $60,000 per annum plus superannuation.

Effective 1 July 2008, non-executive directors' fees have been set as:

- Chair - $121,000 per annum plus superannuation;
- Non-executive - $70,000 per annum plus superannuation.

Since 2005 non-executive directors' fees have increased by 41%. Over the same period dividends have increased by 223% and EPS by 100%.

Additional fees are not paid for membership or chairmanship of Board committees. An entity associated with Mr Holliday-Smith received consulting fees in respect of services performed for Office Squared. These consulting fees ceased effective February 2009.

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 2009 is set out on page 39.

Remuneration report (continued)

Principles used to determine the nature and amount of remuneration (continued)

Senior executives

The senior executive remuneration and reward framework has three components:

- Fixed remuneration;
- Short term incentives;
- Long term incentives.

The combination of these comprises the executive's total remuneration. No senior executives are employed under a contract.

In 2008 the Remuneration Committee undertook a review of the Consolidated Entity's remuneration practices. A policy is in place which provides senior executives with a more structured scheme for long term and short term incentives, based on earnings, earnings growth and individual performance criteria. As part of this years review, the Remuneration Committee identified 10 key management personnel.

The continued steady increase in the Consolidated Entity's earnings has resulted in reward for those executives who have been essential to achieving this success. The success of Servcorp's current executives is evident in the Consolidated Entity's results. In the current year, and over the previous four financial years, net profit after tax has increased from $17.19 million in 2005 to $34.10 million in 2009, an increase of 98%.

Shareholder wealth has also increased. Dividends paid have increased from 7.75 cents per share in 2005 to 25.0 cents per share in this financial year, an increase of 223%. The Consolidated Entity's strong performance and healthy cash flow and balance sheet has been reflected in its ability to pay 'special' dividends in the last three financial years. Earnings per share has increased from 21.4 cents per share in 2005 to 42.7 cents per share in 2009, an increase of 100%.

Over the same five year period, the average total remuneration paid to key management personnel including executive directors has increased by 65%.

Servcorp undertook significant expansion in 2007 and 2008 and the successful management of this expansion by Servcorp's executive team is likely, subject to market conditions, to give rise to further increases in shareholder wealth in future years.

In 2009 the executive team has guided Servcorp through the global economic downturn to achieve another record result.

The Consolidated Entity achieved its forecast growth of 5% in net profit before tax. It also attained its targeted net profit before tax on mature floors of $54 million.

Fixed remuneration

This is targeted to be reasonable and fair, taking into account the Consolidated Entity's legal and industrial obligations, labour market conditions and the scale of the Consolidated Entity. This fixed remuneration component reflects core performance requirements and expectations.

Fixed 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 fixed remuneration increases for any senior executives.

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 the Consolidated Entity and the individual executive.

Executives do not have a fixed proportion of their total remuneration that is performance related. The short term incentive target is reviewed annually. 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 payable following finalisation of 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 financial year ended 30 June 2009, the Remuneration Committee set the short term incentive component of remuneration of the key management personnel in the form of a cash bonus contingent upon attaining performance targets for net profit before tax for mature floors for their region of responsibility.

- Key management personnel who had responsibility for the Consolidated Entity overall were A G Moufarrige, T Moufarrige, M Moufarrige and T Wallace. Short term incentive components for these personnel were attainable as follows:

Consolidated Entity NPBT on mature floors $m	Short term incentive % of base salary
>$52 to <$54	Range from 20% to 25%
>$54 to <$56	Range from 25% to 30%
>$56 to <$58	Range from 30% to 35%
>$58	Range from 35% to 40%

Remuneration report (continued)

Principles used to determine the nature and amount of remuneration (continued)

Senior executives (continued)

Short term incentives (continued)

- Key management personnel who had responsibility for a region were S Martin (Australia and New Zealand), O Vlietstra (Japan), W Wu (Greater China) and L Lahdo (Middle East). Each region was set a performance target for net profit before tax for mature floors and for client churn. Short term incentive components for these personnel were attainable as follows:

Attainment of performance target (PT)	Short term incentive % of base salary
PT less $1m	20%
PT attained	30%
PT plus $1m	40%
PT plus $2m	50%

- In addition, S Martin, O Vlietstra, W Wu, L Lahdo, N Billett and L Gorman were given short term incentive components based on the Consolidated Entity's overall performance, attainable as follows:

Consolidated Entity NPBT on mature floors $m	Short term incentive % of base salary
>$52 to <$54	Range from 10% to 15%
>$54 to <$56	Range from 15% to 20%
>$56 to <$58	Range from 20% to 30%
>$58	Range from 30% to 40%

If the Consolidated Entity and all specified regions attained their performance targets for the financial year ended 30 June 2009, the total value of short term incentives payable to key management personnel was $773,800 (2008: $553,242). The range attainable was a minimum of $572,959 (2008: $405,775) and a maximum of $1,232,734 (2008: $830,550).

Although the Consolidated Entity attained its targets, in the face of tight trading conditions the CEO has used his discretion in the level of incentive to be paid, and in a majority of instances short term incentives will be paid at the minimum levels outlined in the above performance target tables, or at a lower amount.

Long term incentives

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

The purpose of the Scheme is to encourage participation in the Company through share ownership. The Board believes that an Executive Share Option Scheme is a cost effective and efficient means to attract, retain and further incentivise key executives and encourage them to achieve superior returns for shareholders.

History of the Scheme

- The Executive Share Option Scheme was first approved by shareholders on 19 October 1999;
- Amendments to the Scheme were approved by shareholders on 17 November 2000;
- The Company afforded shareholders the opportunity to re-approve the Scheme at a general meeting of the Company in May 2001. Shareholders re-approved the scheme on 24 May 2001;
- In February 2008, in light of the age of the Scheme documentation, the Board conducted a review of the terms and conditions of the Scheme and resolved to update these terms and conditions to better facilitate the effective operation of the Scheme. These amendments were approved by shareholders on 26 May 2008;
- In September 2008, in response to the views of some shareholders, the Board amended the exercise period commencement date from 24 months after issue of Options under the Scheme to 36 months after issue. Shareholders approved this amendment at the annual general meeting held on 12 November 2008.

The substantive amendment approved in May 2008 was the introduction of an earnings per share performance hurdle for the vesting of options. Pursuant to this amendment, options will only vest (and hence be capable of being exercised) if the Consolidated Entity meets specified earnings per share hurdles. The options will vest in increasing proportions, depending on the level of growth in the Consolidated Entity's earnings per share. No options will vest unless the Consolidated Entity achieves earnings per share growth of at least 10% in the specified financial year.

Pursuant to the terms and conditions of the Scheme, any person who is employed on a full or part time basis by the Company and any of its controlled entities in a management role and whom the Board determines is eligible to participate in the Scheme is entitled to participate in the Scheme. For the avoidance of doubt, non-executive directors are therefore ineligible to participate in the Scheme but executive directors are eligible to participate.

Options do not form a fixed percentage of any executive's remuneration.

Remuneration report (continued)

Principles used to determine the nature and amount of remuneration (continued)

Senior executives (continued)

Long term incentives (continued)

In the current financial year, following a recommendation by the Remuneration Committee, the directors granted a maximum of 240,000 options under the Scheme to seven key management personnel. The number of options that vest (and hence will be capable of being exercised) is contingent upon the overall performance of the Consolidated Entity during the 2009 financial year.

The allocation of the number of options as between each of these seven key management personnel is reflective of each executive's perceived relative contribution to the success of the Consolidated Entity.

The options are the equity component of the overall remuneration package of the key management personnel. The equity component is considered important to further align the interests of the key management personnel with the long term interests of the Company's shareholders.

Details of the options granted are as follows:

- Number issued - 240,000 options to subscribe for 240,000 ordinary shares in the Company;
- Date granted – 22 September 2008;
- Issue price - nil cash consideration;
- Exercise price - $3.62;
- Pursuant to the terms and conditions of the Scheme, the options will lapse unless they vest. The options vest in accordance with the earnings per share growth of the Consolidated Entity for the 2009 financial year (measured relative to the 2008 financial year);
- The earnings per share performance will be calculated as follows:
  - P = (2009 EPS – 2008 EPS) ÷ 2008 EPS x 100
  - "P" means earnings per share performance
  - "EPS" means earnings per share of the Consolidated Entity
- Options that do not vest will immediately lapse;
- The options will vest in the proportions detailed in the following table:

2009 EPS performance	Percentage of options that will vest
<10%	0%
>10% to <15%	50% to 100% determined on a pro-rata basis
>15%	100%

- Only vested options may be exercised and options can only be exercised at least three years after they are issued (except in the event of a takeover or change in control – in either of these situations any vested options can be exercised, including those issued less than three years prior to such event);
- Options which have vested will ultimately expire on the earlier of:
  a. the fifth anniversary of their date of issue; and
  b. the date on 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 carry the right to participate in any new issues of shares without the prior exercise of the options, except as required in accordance with the ASX Listing Rules.

The Company has received an independent valuation of the options. The valuer adopted the "binomial tree" valuation methodology as it provides (in the valuer's opinion) an appropriate amount of flexibility with respect to the particular performance and vesting conditions of the options.

Some of the key assumptions used in valuing the options were:

Expiry date	22 September 2013
Share price at the grant date	$3.40
Exercise price	$3.62
Volatility of the market price of shares	30%
Risk free interest rate	5.55%
Dividend yield	4.0%

In the opinion of the valuer, the options are valued at $0.69 per option.

No options were granted to directors.

Options granted to the key management personnel and five most highly remunerated officers of the Company is set out in the table on page 38.

The Company will expense the value of the options granted in its profit and loss account in accordance with applicable accounting standards.

The EPS performance for 2009 was 1.7% (2008: 28.5%) and accordingly no options vested.

Remuneration report (continued)

Principles used to determine the nature and amount of remuneration (continued)

Senior executives (continued)

Long term incentives (continued)

It was proposed that options also be granted to T Moufarrige and M Moufarrige, both key management personnel. These proposals were withdrawn at the annual general meeting of the Company held on 12 November 2008. In lieu of the issue of options the long term incentive component was amended to comprise a cash component equivalent to the proposed option value. Any amount paid under this incentive component would be required to be invested in shares of the Company. These bonuses are disclosed in their remuneration in the tables on pages 39 and 40.

Retirement benefits

Retirement benefits for senior executives are provided to the extent required by the law of the country in which they reside. Senior executives are not entitled to any other retirement allowances.

Details of remuneration

Details of the nature and amount of each element of the remuneration of each member of the key management personnel and each of the five named executives of the Company and the Consolidated Entity receiving the highest remuneration for the financial year ended 30 June 2009 is set out in the table on pages 40 and 41.

Options granted to directors, key management personnel and highly remunerated senior executives

Name	Number of options granted	Exercise price	Value of options granted	Value of options lapsed
S Martin	40,000	$3.62	$27,600	$27,600
O Vlietstra	40,000	$3.62	$27,600	$27,600
W Wu	30,000	$3.62	$20,700	$20,700
L Lahdo	30,000	$3.62	$20,700	$20,700
T Wallace	40,000	$3.62	$27,600	$27,600
N Billett	30,000	$3.62	$20,700	$20,700
L Gorman	30,000	$3.62	$20,700	$20,700

240,000 options granted under the Executive Share Option Scheme on 22 September 2008 did not become vested in the optionholder as a result of the Consolidated Entity's EPS performance for the 2009 financial year not meeting the minimum EPS performance hurdles. The audited EPS growth for the 2009 financial year was 1.7% and the minimum EPS performance hurdle is 10%. Under the terms of the Executive Share Option Scheme, any options that do not become vested will lapse immediately.

Remuneration report (continued)

Directors' remuneration

Name	Short term employee benefits				Post employment	Share based payments	Total
	Salary & fees $	Bonus (iv) $	Non - monetary $	Other $	Super $	Equity options $	
A G Moufarrige (i)(v)							
2009	458,359	30,000	138,344	-	29,700	-	656,403
2008	399,266	90,000	63,765	-	33,075	-	586,106
T Moufarrige (i)							
2009	356,596	70,000	7,517	-	37,800	-	471,913
2008	298,379	209,500	7,631	-	45,405	-	560,915
B Corlett (ii)							
2009	121,000	-	-	-	10,890	-	131,890
2008	110,000	-	-	-	9,900	-	119,900
R Holliday-Smith (ii) (vi)							
2009	70,000	-	-	33,333	6,300	-	109,633
2008	60,000	-	-	50,000	5,400	-	115,400
J King (ii)							
2009	70,000	-	-	-	6,300	-	76,300
2008	60,000	-	-	-	5,400	-	65,400
Aggregate							
2009	1,075,955	100,000	145,861	33,333	90,990	-	1,446,139
2008	927,645	299,500	71,396	50,000	99,180	-	1,447,721

Note:

i. Executive directors.

ii. Non-executive directors.

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

iv. The short term bonus relates to performance targets for the current financial year, payable in the following financial year. The bonus is contingent upon attainment of performance targets, as detailed on page 35 of this report. Some discretion may be applied before bonus amounts paid are finalised. The percentage of the maximum attainable bonus which vested in respect of targets for the 2009 financial year was as follows. The balance of the bonus was forfeited.

A G Moufarrige 29% (2008: 86%)
T Moufarrige 50% (2008: 91%)

v. The salary and fees of A G Moufarrige include a component paid in Yen. The increase in the 2009 year reflects the change in foreign currency exchange rate, not an increase in salary in base currency terms.

vi. An entity associated with R Holliday-Smith received consulting fees in respect of services performed for Office Squared. These consulting fees ceased effective February 2009. These fees are disclosed under Other in short term employee benefits.

Remuneration report (continued)

Key management personnel and highly remunerated senior executive remuneration

Name	Short term employee benefits				Post employment	Share based payments	Total
	Salary & fees $	Bonus (v) $	Non - monetary $	Other $	Super $	Equity options (vi) $	
M Moufarrige CIO (i) (ii)							
2009	354,476	-	7,517	-	31,500	-	393,493
2008	298,722	209,500	7,631	-	45,405	-	561,258
S Martin GM Aust & NZ (i) (ii)							
2009	201,952	20,000	-	-	19,800	20,772	262,524
2008	182,243	90,000	-	-	24,382	7,341	300,966
O Vlietstra GM Japan (i) (ii) (vii)							
2009	323,915	77,160	34,626	-	-	20,772	456,473
2008	258,408	108,932	24,858	-	-	7,341	399,539
W Wu GM Greater China (i)							
2009	190,660	10,000	-	-	-	15,579	216,239
2008	117,773	72,113	-	-	-	5,506	195,392
L Lahdo Snr Mgr Middle East (i) (ii) (iii)							
2009	201,376	98,283	6,494	-	-	-	306,153
T Wallace CFO (i) (ii)							
2009	224,971	96,000	-	-	29,865	15,579	366,415
2008	215,502	96,551	-	-	27,755	5,506	345,314
N Billett GM Sales (i) (iii)							
2009	190,572	28,000	-	-	19,620	-	238,192
2008	165,283	64,500	-	-	16,200	-	245,983

Remuneration report (continued)

Key management personnel and highly remunerated senior executive remuneration (continued)

Name	Short term employee benefits				Post employment	Share based payments	Total
	Salary & fees $	Bonus (v) $	Non - monetary $	Other $	Super $	Equity options (vi) $	
L Gorman							
Int Training & Dev Mgr (i) (iii)							
2009	167,829	17,000	-	-	16,830	-	201,659
S McArthur							
Snr Mgr Singapore & KL (iv)							
2008	122,237	27,468	-	-	4,758	3,671	158,134
Aggregate							
2009	1,855,751	346,443	48,637	-	117,615	72,702	2,441,148
2008	1,360,168	669,064	32,489	-	118,500	29,365	2,209,586

Notes:

i. Key management personnel other than directors.

ii. Five relevant group executives who received the highest remuneration other than directors.

iii. L Lahdo, N Billett and L Gorman were key management personnel from 1 July 2008.

iv. S McArthur was not a key management personnel during the 2009 year.

v. The short term bonus relates to performance targets for the current financial year, payable in the following financial year. The bonus is contingent upon attainment of performance targets, as detailed on pages 35 and 36 of this report. Some discretion may be applied before bonus amounts to be paid are finalised. The percentage of the maximum attainable bonus which vested in respect of targets for the 2009 financial year was as follows. The balance of the bonus was forfeited.

M Moufarrige	0% (2008: 91%)
S Martin	13% (2008: 100%)
O Vlietstra	36% (2008: 75%)
W Wu	8% (2008: 100%)
L Lahdo	68%
T Wallace	108% (2008: 86%)
N Billett	39% (2008: 75%)
L Gorman	33%
S McArthur	n/a (2008: 0%)

vi. The amounts disclosed under "Share based payments" relate to options issued on 22 February 2008. The calculation of the percentage of the options that will vest in the person is detailed on page 37 of this report. Based on the EPS performance of the Consolidated Entity for the 2008 financial year the options vested 100%. No options were forfeited. Options issued on 22 September 2008 did not vest as a result of the EPS performance of the Consolidated Entity for the 2009 financial year not meeting minimum EPS performance hurdles. All options were forfeited. No amount has been included in the remuneration of key management personnel with respect to these options.

vii. The salary and fees of O Vlietstra are paid in Yen. The increase in the 2009 year reflects the change in foreign currency exchange rate, not an increase in salary in base currency terms.

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 agreed to indemnify the following current and former directors of the Company, Mr A G 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 wilful breach of duty. 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.

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.

Corporate governance

A statement of the Board's governance practices is set out on pages 16 to 25 of this annual 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.

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 APES 110 Code of Ethics for Professional Accountants 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 43 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.

Signed in accordance with a resolution of the directors pursuant to section 298(2) of the Corporations Act 2001.

A G Moufarrige
CEO
Dated at Sydney this 19th day of August 2009.

Deloitte.

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

19 August 2009

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 30th June 2009, 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

Stephen Gustafson
Partner
Chartered Accountants

2009 Financial Report

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Income statement

Servcorp Limited and its controlled entities
for the financial year ended 30 June 2009

		Consolidated		The Company	
	Note	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Revenue	2	219,394	181,617	-	-
Other revenue and income	2	9,252	8,525	23,556	18,718
		228,646	190,142	23,556	18,718
Service expenses		(58,886)	(47,545)	-	-
Marketing expenses		(12,342)	(9,752)	-	-
Occupancy expenses		(92,361)	(70,713)	(61)	(61)
Administrative expenses		(17,597)	(17,466)	(1,430)	(886)
Borrowing expenses	2	(185)	(88)	-	-
Total expenses		(181,371)	(145,564)	(1,491)	(947)
Profit before income tax expense		47,275	44,578	22,065	17,771
Income tax expense	5	(13,178)	(10,744)	(318)	(389)
Profit for the year	21	34,097	33,834	21,747	17,382
Earnings per share					
Basic earnings per share	8	$0.427	$0.420	-	-
Diluted earnings per share	8	$0.427	$0.420	-	-

The Income statement is to be read in conjunction with the notes to the financial statements.

Balance sheet

Servcorp Limited and its controlled entities
as at 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Current assets					
Cash and cash equivalents	9	83,958	73,716	10	60
Trade and other receivables	10	16,916	17,541	80,658	67,164
Other financial assets	12	1,555	528	-	528
Current tax assets	5	193	89	-	-
Other	11	6,528	5,929	44	47
Total current assets		109,150	97,803	80,712	67,799
Non-current assets					
Other financial assets	12	26,021	21,530	29,412	29,487
Property, plant and equipment	13	47,261	45,515	-	-
Deferred tax assets	5	10,741	9,685	178	18
Goodwill	14	15,962	15,962	-	-
Total non-current assets		99,985	92,692	29,590	29,505
Total assets		209,135	190,495	110,302	97,304
Current liabilities					
Trade and other payables	15	24,454	26,652	15,971	2,526
Other financial liabilities	16	19,466	17,689	-	-
Current tax liabilities	5	3,889	3,837	2,376	1,704
Provisions	18	5,894	5,783	-	-
Total current liabilities		53,703	53,961	18,347	4,230
Non-current liabilities					
Trade and other payables	15	7,708	7,682	-	-
Other financial liabilities	16	843	177	-	-
Provisions	18	796	550	-	-
Deferred tax liabilities	5	794	473	-	-
Total non-current liabilities		10,141	8,882	-	-
Total liabilities		63,844	62,843	18,347	4,230
Net assets		145,291	127,652	91,955	93,074
Equity					
Issued capital	19	76,118	80,948	76,118	80,948
Reserves	20	(8,467)	(14,944)	98	29
Retained earnings	21	77,640	61,648	15,739	12,097
Equity attributable to equity holders of the parent		145,291	127,652	91,955	93,074
Total equity		145,291	127,652	91,955	93,074

The Balance sheet is to be read in conjunction with the notes to the financial statements.

Statement of recognised income and expense

Servcorp Limited and its controlled entities
for the financial year ended 30 June 2009

		Consolidated		The Company	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Translation of foreign operations:					
Exchange differences taken to equity	20	6,408	(1,850)	-	-
Net income/(expense) recognised directly in equity		6,408	(1,850)	-	-
Profit for the financial year	21	34,097	33,834	21,747	17,382
Total recognised income and expense for the year		40,505	31,984	21,747	17,382
Attributable to:					
Equity holders of the parent		40,505	31,984	21,747	17,382
		40,505	31,984	21,747	17,382

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

Cash flow statement

Servcorp Limited and its controlled entities for the financial year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Cash flows from operating activities					
Receipts from customers		227,304	191,726	-	-
Payments to suppliers and employees		(175,004)	(131,825)	(738)	(346)
Dividends and royalties received		661	-	-	-
Income tax paid		(12,987)	(11,850)	(8,236)	(8,687)
Interest and other items of similar nature received		3,233	3,187	1,309	1,712
Interest and other costs of finance paid		(183)	(46)	-	-
Net operating cash flows	27(b)	43,024	51,192	(7,665)	(7,321)
Cash flows from investing activities					
Payments for property, plant and equipment		(7,883)	(23,831)	-	-
Payments for lease deposits		(2,125)	(1,524)	-	-
Payments for licence fee		(1,068)	-	-	-
Proceeds from sale of investments		-	9,338	-	-
Proceeds from sale of property, plant and equipment		152	196	-	-
Proceeds from refund of lease deposits		2,925	-	-	-
Repayment of related party loans		-	-	-	(3,578)
Proceeds from repayment of related party loans		-	-	30,550	26,637
Net investing cash flows		(7,999)	(15,821)	30,550	23,059
Cash flows from financing activities					
Share buy-back		(4,830)	-	(4,830)	-
Proceeds from borrowings		122	-	-	-
Repayment of borrowings		(807)	-	-	-
Dividends paid		(18,105)	(15,691)	(18,105)	(15,691)
Net financing cash flows		(23,620)	(15,691)	(22,935)	(15,691)
Net increase/(decrease) in cash and cash equivalents		11,405	19,680	(50)	47
Cash and cash equivalents at the beginning of the financial year		73,449	54,114	60	13
Effects of exchange rate changes on cash transactions in foreign currencies		(1,128)	(345)	-	-
Cash and cash equivalents at the end of the financial year	27(a)	83,726	73,449	10	60

The Cash flow statement is to be read in conjunction with the notes to the financial statements.

Notes to the financial statements
for the financial year ended 30 June 2009

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Notes to the financial statements
for the financial year ended 30 June 2009

1. Significant accounting policies

Statement of compliance
The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the Company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 19 August 2009.

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

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

Adoption of new and revised Accounting Standards
In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes.

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

- AASB8 'Operating Segments' and consequential amendments to other accounting standards resulting from its issue. Effective for annual reporting periods beginning on or after 1 January 2009.
- AASB101 'Presentation of Financial Statements' (revised September 2007). Effective for annual reporting periods beginning on or after 1 January 2009.
- AASB3 'Business Combinations'. Effective for annual reporting periods beginning on or after 1 July 2009.
- AASB127 'Consolidated and Separate Financial Statements'. Effective for annual reporting periods beginning on or after 1 July 2009.

The directors anticipate that the adoption of these Standards and Interpretations and any other Standards and Interpretations on issue but not yet effective in future periods will have no material financial impact on the financial statements of the Consolidated Entity or the Company.

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

1. Significant accounting policies (continued)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a. Basis 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 subsidiaries, as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in Note 25 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess in the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition the difference is credited to the Income statement in the period of acquisition.

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

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

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein.

b. Goodwill

Goodwill arising on acquisition is recognised as an asset and initially recognised at cost, representing the excess of the cost of acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is not amortised, but is tested for impairment at each reporting date and whenever there is an indication that goodwill may be impaired. Any impairment of goodwill is recognised immediately in the Income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the CGU (or groups of CGUs) and then to the other assets of the CGUs pro-rata on the basis of the carrying amount of each asset in the CGU (or groups of CGUs). An impairment loss for goodwill is immediately recognised in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

c. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Consolidated Entity in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Notes to the financial statements
for the financial year ended 30 June 2009

1. Significant accounting policies (continued)

d. Impairment of assets (other than financial assets)

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets (other than those at fair value through profit or loss), to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at each reporting date and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

The recoverable amount is the higher of fair value, less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value by using a pre-tax discount rate, that reflects the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Income statement immediately, unless the relevant assets are carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of the impairment loss is recognised in the Income statement immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

e. 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, telephone and services revenue is typically invoiced in advance and is recognised in the period in which the service is provided.

f. Other income / expense

Interest income

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Disposal of assets

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

g. Foreign currency

Transactions

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

Foreign currency monetary items at reporting date are translated at the exchange rates existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences are recognised in the Income statement in the period in which they arise except exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation. Such exchange differences are recognised in the foreign currency translation reserve and in the Income statement on disposal of the net investment.

1. Significant accounting policies (continued)

g. Foreign currency (continued)

Translation of controlled foreign entities

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Servcorp Limited and the presentation currency for the consolidated financial statements.

The assets and liabilities of overseas operations are translated at the rates of exchange ruling at the Balance sheet date.

Income and expense items are translated at the average exchange rate for the period. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

The balance of the foreign currency translation reserve relating to an overseas operation that is disposed of is recognised in the Income statement in the period of disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of transition to A-IFRS is treated as an Australian dollar denominated asset.

h. Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs using the effective interest rate method in connection with the arrangement of borrowings. Borrowing costs are expensed to the Income statement as incurred.

i. Taxation

Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or loss for the period. Income tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid or refundable.

Deferred tax

Deferred tax is accounted for using the comprehensive Balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arises from the initial recognition of assets and liabilities, other than as a result of a business combination, which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches and associates except where the Consolidated Entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the assets and liabilities giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

1. Significant accounting policies (continued)

i. Taxation (continued)

Deferred tax (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised in equity.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Servcorp Limited is the head entity in the tax consolidated group. Tax expense/ income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate tax payer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company. Under this method, each entity is subject to tax as part of the tax consolidated group.

Due to the existence of a tax funding arrangement between entities in the tax consolidated group, amounts are recognised as payable to or receivable by the Company, and each member of the tax consolidated group in relation to the tax contribution amounts paid or payable between the parent entity, and the other members of the tax consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

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 inclusive of GST.

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

Cash flows are included in the Cash flow statement 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.

j. Receivables

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

k. Derivative financial instruments

The Consolidated Entity enters into derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates. Further details of derivative financial instruments are disclosed in Note 22 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised immediately in the Income statement.

1. Significant accounting policies (continued)

l. Share based payments

Equity-settled share-based payments with employees are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial tree model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in Note 23.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

At each reporting date, the Group revises its estimate of the number of equity instruments that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the equity-settled employee benefits reserve.

m. Financial assets

Subsequent to initial recognition, investments in subsidiaries are measured at cost.

Investments are recognised and derecognised on trade date where the purchase or sale of the investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Other financial assets are classified into the following specified categories:

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is part of an identified portfolio of financial investments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flow of the investment have been impacted.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Loans and receivables'. Loans and receivables are measured at amortised costs using the effective interest method less impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that will exactly discount estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

1. Significant accounting policies (continued)

n. Property, plant and equipment

Acquisition

Items of property, plant and equipment acquired are capitalised when it is probable that the future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. 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 does not meet the criteria for capitalisation, are expensed as incurred.

Property, plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation, less impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated using the straight line method over their estimated useful lives. Leasehold improvements are depreciated over the remaining lease term or estimated useful life, whichever is the shorter, using the straight line method.

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

Buildings	40 years
Leasehold improvements	Shorter of the useful life of the asset or the remaining lease term
Office furniture and fittings	7.7 years
Office equipment	3-4 years
Motor vehicles	6.7 years

Depreciation rates and methods are reviewed annually and, where changed, are accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

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

o. Leased assets

Finance leases

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.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the Income statement.

Operating leases

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease incentives

Floor rental is expensed in the accounting period on a straight line basis over the period of the lease term 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 Income statement on a straight line basis over the term of the lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability.

Notes to the financial statements
for the financial year ended 30 June 2009

1. Significant accounting policies (continued)

p. Payables

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

q. Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Any difference between the initial recognised amount and the redemption value is recognised in the Income statement over the life of the borrowings using the effective interest rate method.

r. Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, 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 virtually certain 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 the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Make good costs

A provision is made for make good costs on leases that are expected to terminate 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 the economic benefits estimated to be received.

1. Significant accounting policies (continued)

s. 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. Provisions made in respect of employee benefits expected to be settled within twelve months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

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 the balance sheet 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 share option scheme

Servcorp Limited has granted options to certain executives under the Executive Share Option Scheme. Further information is set out in Note 23 to the financial statements.

Defined contribution superannuation fund

The Company and other controlled entities contribute to defined contribution superannuation plans. Contributions are charged to the Income statement as they are made. Further information is set out in Note 23. Contributions to defined contribution superannuation plans are expensed as incurred.

t. 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 adjusting the basic EPS earnings by the effect of conversion to ordinary shares of the associated dilutive potential ordinary shares. The notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted are not included.

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.

u. 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.

1. Significant accounting policies (continued)

v. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less.

w. Critical accounting issues

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Useful lives of property, plant and equipment

As described in Note 1(n), the Group reviews the estimated useful lives of property, plant and equipment at each reporting period.

Make good provisions

At each reporting date, management reviews leases that are expected to terminate to determine the present obligation in relation to floor closure costs including make good. Details of the provision are provided in Note 18.

Share options

As described in Note 23, management uses their judgment in selecting an appropriate valuation technique for share options. Valuation techniques commonly used by market practitioners are applied. For share options, the Binomial Tree option valuation technique was applied.

Tax losses

Deferred tax assets for the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised. This is assessed at each reporting date.

Notes to the financial statements
for the financial year ended 30 June 2009

2. Profit from operations

		Consolidated		The Company	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
a.	**Revenue**				
	Revenue from continuing operations consisted of the following:				
	Revenue from the rendering of services	219,394	181,617	-	-
b.	**Other revenue and income**				
	Interest income:				
	Related parties	-	-	1,305	1,695
	Bank deposits	3,199	3,224	4	17
	Franchise fees:				
	Other	607	329	-	-
	Dividends received from:				
	Related parties	-	-	22,000	16,000
	Net foreign exchange gains	3,870	3,214	247	1,000
	Other income	1,576	1,758	-	6
	Total other income	9,252	8,525	23,556	18,718
c.	**Profit before income tax**				
	Profit before income tax was arrived at after charging/(crediting) the following from/(to) continuing operations:				
	Net foreign exchange losses	-	-	301	-
	Borrowing expenses:				
	Interest on bank overdrafts and loans	185	88	-	-
	Depreciation of leasehold improvements	7,468	5,068	-	-
	Depreciation of property, plant and equipment	5,202	4,287	-	-
	Loss on disposal of property, plant and equipment	1,566	461	-	-
	Loss on disposal of financial assets	-	118	-	-
	Change in fair value of financial assets classified as fair value through the profit or loss	(642)	528	-	528
	Impairment of trade receivables arising from:				
	Third parties	782	662	-	-
	Operating lease rental expense:				
	Minimum lease payments	76,237	60,260	-	-
	Employee benefit expense:				
	Equity-settled share based payments	69	29	69	29

Notes to the financial statements
for the financial year ended 30 June 2009

3. Significant transactions

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Individually significant transactions included in profit from ordinary activities before income tax expense:				
Floor closure costs	4,617	240	-	-
	4,617	240	-	-

4. Remuneration of auditors

	Consolidated		The Company	
	2009 $	2008 $	2009 $	2008 $
a. Auditor of the parent entity				
(Deloitte Touche Tohmatsu Australia (DTT))				
Audit and review of financial reports	368,560	351,000	202,860	180,600
Other services - tax	177,600	186,000	63,400	71,800
Other services - other	22,223	133,200	3,400	27,200
	568,383	670,200	269,660	279,600
b. Other auditors				
(DTT International Associates)				
Audit and review of financial reports	548,437	513,290	-	-
Other services - tax	210,822	130,914	-	-
Other services - statutory accounts review	32,656	28,055	-	-
	791,915	672,259	-	-
	1,360,298	1,342,459	269,660	279,600

The auditor of Servcorp Limited is Deloitte Touche Tohmatsu.

5. Income taxes

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
a. Income tax recognised in the Income statement				
Tax expense comprises:				
Current tax expense	11,728	12,193	170	507
Under provision in prior years - current tax	712	(186)	309	(126)
Under/(over) provision in prior years - deferred tax	1,324	521	-	7
Deferred tax (income)/expense relating to the origination and reversal of temporary differences and previously unrecognised tax losses	(586)	(1,784)	(161)	1
Income tax expense	13,178	10,744	318	389
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
Profit before income tax expense	47,275	44,578	22,065	17,771
Income tax expense calculated at 30%	14,183	13,373	6,620	5,331
Deductible local taxes	(149)	(282)	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(5,308)	(2,443)	-	-
Other non-deductible/(non-assessable) items	1,179	1,671	(6,611)	(4,823)
Tax losses of controlled entities recovered	(130)	1	-	-
Adjustment in deferred tax assets resulting from a change in accounting estimates	1,321	521	-	7
Income tax under/(over) provision in prior years	715	(186)	309	(126)
Unused tax losses and tax offsets not recognised as deferred tax assets	1,367	(1,911)	-	-
Income tax expense	13,178	10,744	318	389

The tax rate used in the above reconciliation is the Australian corporate tax rate of 30% (2008: 30%).

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
b. Current tax assets and liabilities				
Current tax assets				
Tax refunds receivable	193	89	-	-
Current tax payables				
Income tax attributable to:				
Parent entity	2,376	1,704	2,376	1,704
Subsidiaries	1,513	2,133	-	-
	3,889	3,837	2,376	1,704

Notes to the financial statements
for the financial year ended 30 June 2009

5. Income taxes (continued)

		Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
c.	**Deferred tax balances**				
	Deferred tax assets comprise:				
	Tax losses - revenue	2,626	3,057	-	-
	Temporary differences	8,115	6,628	178	18
		10,741	9,685	178	18
	Deferred tax liabilities comprise:				
	Temporary differences	794	473	-	-
	Net deferred tax assets	9,947	9,212	178	18
	The gross movement of the deferred tax accounts are as follows:				
	Balance at the beginning of the financial year	9,212	7,822	18	26
	Movements in foreign exchange rates	1,472	127	-	-
	Income statement credit/(charge)	(737)	1,263	160	(8)
	Balance at the end of the financial year	9,947	9,212	178	18
	Deferred tax assets				
	Movements in temporary differences:				
	Accruals not currently deductible	(291)	343	(4)	(8)
	Doubtful debts	80	58	-	-
	Depreciable and amortisable assets	1,350	67	-	-
	Tax losses	(398)	655	-	-
	Foreign exchange	(1,285)	(88)	164	-
	Other	169	445	-	-
	Deferred tax assets	(375)	1,480	160	(8)
	Balance at the beginning of the financial year	9,685	8,087	18	26
	Movements in foreign exchange rates	1,431	118	-	-
	Income statement credit/(charge)	(375)	1,480	160	(8)
	Balance at the end of the financial year	10,741	9,685	178	18
	Deferred tax liabilities				
	Movements in temporary differences:				
	Depreciable and amortisable assets	178	109	-	-
	Other	102	108	-	-
	Deferred tax liabilities	280	217	-	-
	Balance at the beginning of the financial year	473	265	-	-
	Movements in foreign exchange	41	(9)	-	-
	Income statement credit	280	217	-	-
	Balance at the end of the financial year	794	473	-	-

5. Income taxes (continued)

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
d. Unrecognised deferred tax balances				
The following deferred tax assets have not been brought to account as assets:				
Temporary differences	-	34	-	-
Tax losses - capital	2,086	2,086	-	-
Tax losses - revenue	2,394	676	-	-
	4,480	2,796	-	-

Tax losses carried forward

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Consolidated Entity recognised deferred income tax assets of $2,625,512 (2008: $3,057,385) in respect to losses that can be carried forward against future taxable income.

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.

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

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

Geographical segments	Australia & New Zealand $'000	Japan & Asia $'000	Europe & Middle East $'000	Eliminated $'000	Consolidated $'000
2009					
Revenue					
Segment revenue	52,481	128,566	40,223	-	221,270
Other unallocated revenue and other income					7,376
Total revenue and other income					228,646
Result					
Segment result	11,248	21,810	11,146	-	44,204
Unallocated corporate profit					3,071
Profit before income tax expense					47,275
Income tax expense					(13,178)
Net profit					34,097
Depreciation of segment assets	4,029	6,709	2,262	(330)	12,670
Non-cash items other than depreciation	337	1,460	40	(2,639)	(802)
Assets					
Segment assets	58,369	104,309	35,410	-	198,088
Unallocated corporate assets					11,047
Consolidated total assets					209,135
Acquisitions of non-current assets	3,701	3,904	2,015	-	9,620
Liabilities					
Segment liabilities	50,526	71,643	31,167	-	153,336
Unallocated corporate liabilities					(89,492)
Consolidated total liabilities					63,844

Notes to the financial statements
for the financial year ended 30 June 2009

6. Segment information (continued)

Geographical segments	Australia & New Zealand $'000	Japan & Asia $'000	Europe & Middle East $'000	Eliminated $'000	Consolidated $'000
2008					
Revenue					
Segment revenue	54,795	100,400	28,077	-	183,272
Other unallocated revenue and other income					6,870
Total revenue and other income					190,142
Result					
Segment result	15,065	24,242	5,289	-	44,596
Unallocated corporate profit					(18)
Profit before income tax expense					44,578
Income tax expense					(10,744)
Net profit					33,834
Depreciation of segment assets	3,066	5,137	1,330	(178)	9,355
Non-cash items other than depreciation	656	410	266	1,471	2,803
Assets					
Segment assets	56,530	85,251	34,658	-	176,439
Unallocated corporate assets					14,056
Consolidated total assets					190,495
Acquisitions of non-current assets	13,299	3,686	6,846	-	23,831
Liabilities					
Segment liabilities	41,695	55,376	20,686	-	117,757
Unallocated corporate liabilities					(54,914)
Consolidated total liabilities					62,843

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
Recognised amounts						
2008						
Final	Fully paid ordinary shares	7.00	5,633	4 Oct 2007	30%	100%
Special	Fully paid ordinary shares	5.00	4,023	20 Dec 2007	30%	100%
Interim	Fully paid ordinary shares	7.50	6,035	3 Apr 2008	30%	100%
2009						
Final	Fully paid ordinary shares	7.50	6,035	2 Oct 2008	30%	100%
Special	Fully paid ordinary shares	5.00	4,023	10 Dec 2008	30%	100%
Interim	Fully paid ordinary shares	10.00	8,047	2 Apr 2009	30%	100%

Unrecognised amounts
Since the end of the financial year, the directors have declared the following dividend:

Final	Fully paid ordinary shares	10.00	7,847	1 Oct 2009	30%	100%

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

	The Company	
	2009 $'000	2008 $'000
Dividend franking account		
30% franking credits available	8,465	9,311
Impact on franking account balance of dividends not recognised	3,363	2,586

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.

8. Earnings per share

	Consolidated 2009 $'000	Consolidated 2008 $'000
Earnings reconciliation:		
Net profit	34,097	33,834
Earnings used in the calculation of basic and diluted EPS	34,097	33,834
	No.	**No.**
Weighted average number of ordinary shares used in the calculation of basic EPS	79,870,050	80,465,280
Weighted average number of ordinary shares used in the calculation of diluted EPS	79,870,050	80,465,280
Basic earnings per share	$0.427	$0.420
Diluted earnings per share	$0.427	$0.420

Options outstanding as at 30 June 2009 and 30 June 2008 were anti-dilutive.

9. Cash and cash equivalents

		Consolidated		The Company	
	Note	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Cash	22	18,952	24,374	10	60
Bank short term deposits		65,006	49,342	-	-
		83,958	73,716	10	60

Bank short term deposits mature within an average of 87 days (2008: 67 days). These deposits and the interest earning portion of the cash balance earn interest at a weighted average rate of 3.38% (2008: 6.06%).

10. Trade and other receivables

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Current					
At amortised cost					
Trade receivables (i)		16,618	16,832	-	-
Less: allowance for doubtful debts held for trading		(697)	(551)	-	-
Other debtors		995	1,260	32	35
Amounts receivable from controlled entities (ii)	28	-	-	80,626	67,129
		16,916	17,541	80,658	67,164

Notes:

i. The average credit period on rendering of services is 7 days. An allowance has been made for estimated unrecoverable trade receivable amounts arising from the past rendering of services, determined by reference to past default experience. The Group has fully reviewed all receivables over 90 days. Receivables are assessed for impairment at each reporting date and where there is an indication of impairment, a provision is raised.

ii. The weighted average interest rate for the year ended 30 June 2009 on outstanding loan balances was 11.83% for unsecured loans (2008: 12.45% for unsecured loans). The Company's trade receivables have been fully reviewed and are not considered past due.

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Aging of past due but not impaired				
1 - 30 days	12,991	14,607	-	-
31 - 60 days	853	873	-	-
60 + days	698	385	-	-
Total	14,542	15,865	-	-
Movement in the allowance for doubtful debts				
Balance at the beginning of the year	551	269	-	-
Impaired losses recognised on receivables	697	551	-	-
Amounts written off as uncollectable	(551)	(269)	-	-
Balance at the end of the year	697	551	-	-

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

11. Other assets

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Prepayments	5,676	4,553	33	33
Other	852	1,376	11	14
	6,528	5,929	44	47

12. Other financial assets

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Current				
At fair value through profit or loss				
Forward foreign currency exchange contracts	-	528	-	528
At amortised cost				
Lease deposits	1,555	-	-	-
	1,555	528	-	528
Non-current				
Investments carried at cost				
Shares in controlled entities	-	-	19,076	19,076
Investment - equity loans to controlled entities (i)	-	-	10,336	10,411
At amortised cost				
Lease deposits	24,881	21,474	-	-
Licence fees	1,067	-	-	-
Other	73	56	-	-
	26,021	21,530	29,412	29,487

Notes:

i. These loans rank equally with shareholders.

Notes to the financial statements
for the financial year ended 30 June 2009

13. Property, plant and equipment

	Consolidated								
	Land and buildings at cost $'000	**Leasehold improve-ments owned at cost $'000**	**Leasehold improve-ments at cost $'000**	**Office furniture & fittings owned at cost $'000**	**Office furniture & fittings leased at cost $'000**	**Office equip-ment owned at cost $'000**	**Office equip-ment leased at cost $'000**	**Motor vehicles owned at cost $'000**	**Total $'000**
Gross carrying amounts									
Balance at 30 June 2008	5,083	51,501	4,111	10,771	618	17,948	426	619	91,077
Additions	-	5,771	-	1,032	-	1,415	1,885	21	10,124
Disposals	-	(3,063)	(2,099)	(1,280)	(60)	(1,786)	(226)	-	(8,514)
Transfers	-	-	-	21	(21)	-	-	-	-
Net foreign currency differences on translation of self-sustaining operations	231	8,591	591	1,636	46	1,984	50	50	13,179
Balance at 30 June 2009	5,314	62,800	2,603	12,180	583	19,561	2,135	690	105,866
Accumulated depreciation									
Balance at 30 June 2008	67	23,242	4,064	4,846	614	12,198	426	105	45,562
Depreciation expense	125	7,468	-	1,500	4	3,131	345	97	12,670
Disposals	-	(2,177)	(2,099)	(991)	(60)	(1,486)	(226)	-	(7,039)
Transfers	-	-	-	21	(21)	-	-	-	-
Net foreign currency differences on translation of self-sustaining operations	8	4,693	589	781	46	1,245	41	9	7,412
Balance at 30 June 2009	200	33,226	2,554	6,157	583	15,088	586	211	58,605
Net book value									
Balance at 30 June 2009	5,114	29,574	49	6,023	-	4,473	1,549	479	47,261
Balance at 30 June 2008	5,016	28,259	47	5,925	4	5,750	-	514	45,515

Aggregate depreciation expense allocated during the year is recognised as an expense and disclosed in Note 2 to the financial statements.

14. Goodwill

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Gross carrying amount and net book value				
Balance at the beginning of the financial year	15,962	15,962	-	-
Balance at the end of the financial year	15,962	15,962	-	-

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

Allocation of goodwill to cash generating units

The following fourteen countries are cash generating units:
Japan, Australia, New Zealand, China, Hong Kong, Malaysia, Singapore, Thailand, Belgium, United Arab Emirates, Bahrain, Qatar, Saudi Arabia and France.

Goodwill was allocated to the countries in which goodwill arose.

The carrying amount of goodwill relating to cash generating units as at 30 June 2009 were as follows:

	Consolidated	
	2009 $'000	2008 $'000
Japan	9,161	9,161
France	2,187	2,187
Australia	2,636	2,636
New Zealand	785	785
Singapore	706	706
Thailand	326	326
China	161	161
	15,962	15,962

The recoverable amount of goodwill relating to each cash generating unit was determined based on value-in-use calculations, which uses cash flow projections based on financial forecasts approved by management, covering a five year period and terminal value. No growth factors were applied beyond year five of the forecast period. For the year ended 30 June 2009 the discount rate applied to the above countries, inclusive of country risk premium was as follows: Japan 15.9%, France 14.1%, Australia 14.1%, New Zealand 14.1%, Singapore 14.1%, Thailand 17.1% and China 16.2% (2008: Japan 13.6%, France 12.5%, Australia 12.5%, New Zealand 12.5%, Singapore 12.5%, Thailand 14.0% and China 13.6%).

Management have applied assumptions to the future forecast cash flows based on historic performance and historic growth. The assumptions did not include any acquisitions or capital expansions, but do include amounts relating to sustaining capital expenditure.

15. Trade and other payables

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Current					
At amortised cost					
Trade creditors		3,743	5,203	11	29
Deferred income		12,135	12,409	-	-
Deferred lease incentive		2,195	1,932	-	-
Other creditors and accruals		6,381	7,108	50	130
Amounts payable to controlled entities (i)	28	-	-	15,910	2,367
		24,454	26,652	15,971	2,526
Non-current					
At amortised cost					
Deferred lease incentive		7,708	7,682	-	-
		7,708	7,682	-	-

Notes:

i. The unsecured loans from controlled entities bear interest at a floating rate. The weighted average rate for the year ended 30 June 2009 on outstanding unsecured loan balances was 11.83% (2008: 12.45%).

16. Other financial liabilities

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Current				
At amortised cost				
Bank loans - secured (i)	117	90	-	-
Security deposits	18,533	17,599	-	-
Finance lease	702	-	-	-
At fair value through profit or loss				
Forward foreign currency exchange contracts	114	-	-	-
	19,466	17,689	-	-
Non-current				
At amortised cost				
Bank loans - secured (i)	115	177	-	-
Finance lease	728	-	-	-
	843	177	-	-

Notes:

i. The bank loan is denominated in JPY 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 2.09% (2008: 2.17%).

17. Financing arrangements

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
The Consolidated Entity and the Company have access to the following lines of credit:				
Total facilities available:				
Bank guarantees (i)	14,276	12,828	14,276	12,828
Bank overdrafts and loans (iii)	1,109	1,443	530	1,000
Bill acceptance / payroll / other facilities (ii)	3,975	2,746	3,975	2,746
	19,360	17,017	18,781	16,574
Facilities utilised at balance sheet date:				
Bank guarantees (i)	14,075	12,497	14,075	12,498
Bank overdrafts and credit cards (iii)	262	267	30	-
	14,337	12,764	14,105	12,498
Facilities not utilised at balance sheet date:				
Bank guarantees (i)	201	330	201	330
Bank overdrafts and loans (iii)	847	1,177	500	1,000
Bill acceptance / payroll / other facilities (ii)	3,975	2,746	3,975	2,746
	5,023	4,253	4,676	4,076

The Group has access to financing facilities at reporting date as indicated above. The Group expects to meet its other obligations from operating cash flows and proceeds.

Notes:

i. Bank guarantees have been issued to secure rental bonds over premises.
A guarantee has also been established to secure an overdraft limit in the form of a term deposit.

ii. Bill acceptance, payroll and other facilities have been established to facilitate the encashment of cheques, to accommodate direct entry payroll and direct entry supplier payments.

iii. Bank overdraft limits have been established to fund working capital as required. All bank overdraft facilities are unsecured and payable at call, including credit card facility utilised.

18. Provisions

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Employee benefits (i)	5,234	5,628	-	-
Other	660	155	-	-
	5,894	5,783	-	-
Non-current				
Employee benefits	367	272	-	-
Other	429	278	-	-
	796	550	-	-

Notes:

i. The current provision for employee benefits includes $3,314,000 (Company: Nil) of annual leave and vested long service leave entitlements accrued but not expected to be taken within 12 months (2008: $2,482,000 and Nil for the Consolidated Entity and the Company respectively).

	Consolidated	
	Make good costs $'000	Other $'000
Current		
Balance at the beginning of the financial year	-	155
Increase resulting from the re-measurement of the estimated future sacrifice or the settlement of the provision without cost to the entity	646	(141)
Balance at the end of the financial year	646	14
Non-current		
Balance at the beginning of the financial year	-	278
Provision for contribution	-	151
Balance at the end of the financial year	-	429

19. Issued capital

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Fully paid ordinary shares 78,467,310 (2008: 80,467,310)	76,118	80,948	76,118	80,948
Movements in issued capital				
Balance at the beginning of the financial year	80,948	80,754	80,948	80,754
Nil shares issued (2008: 39,000)	-	178	-	178
Share buy-back	(4,830)	-	(4,830)	-
Transfer from equity-settled employee benefits reserve	-	16	-	16
Balance at the end of the financial year	76,118	80,948	76,118	80,948

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Options

No ordinary shares were issued pursuant to the exercise of options in the current year (2008: Nil). Further details of the Executive Share Option Scheme are in Note 23 to the financial statements.

Terms and conditions

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

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

Share buy-back

On 20 April 2009, the company completed the on market buy-back of 2,000,000 ordinary shares, representing approximately 2.5% of ordinary shares on issue at that date. These shares were subsequently cancelled.

20. Reserves

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Employee equity-settled benefits reserve		98	29	98	29
Foreign currency translation reserve		(8,565)	(14,973)	-	-
		(8,467)	(14,944)	98	29
Movements during the financial year					
Foreign currency translation reserve					
Balance at the beginning of the financial year		(14,973)	(13,123)	-	-
Deferred exchange differences arising from monetary items considered part of the investment in self-sustaining foreign operations		3,495	922	-	-
Translation of foreign operations		2,913	(2,772)	-	-
Balance at the end of the financial year		(8,565)	(14,973)	-	-
The foreign currency translation reserve records the foreign currency movements arising from the translation of foreign operations and the translation of monetary items forming part of the net investment in foreign operations.					
Employee equity-settled benefits reserve					
Balance at the beginning of the financial year		29	16	29	16
Transfer to share capital		-	(16)	-	(16)
Share based payment		69	29	69	29
Balance at the end of the financial year		98	29	98	29

21. Retained earnings

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Retained earnings at the beginning of the financial year		61,648	43,505	12,097	10,406
Net profit for the period		34,097	33,834	21,747	17,382
		95,745	77,339	33,844	27,788
Dividends paid	7	(18,105)	(15,691)	(18,105)	(15,691)
Retained earnings at the end of the financial year		77,640	61,648	15,739	12,097

22. Financial instruments

Servcorp's Audit and Risk Committee oversees the establishment of the capital and financial risk management system which identifies, evaluates, classifies, monitors, qualifies and reports significant risks to the Servcorp Board. All controlled entities in the Servcorp Group apply this risk management system to manage their own risks.

a. Financial risk management objectives

The financial risks that result from Servcorp's activities are credit risk and market risk (interest rate risk and foreign exchange risk).

The Consolidated Entity's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the Consolidated Entity.

The Consolidated Entity does not enter into or trade financial instruments for speculative purposes. The use of financial derivatives is governed by the Consolidated Entity's policies approved by the Board of Directors.

The Consolidated Entity's corporate treasury function reports to the Group's Audit and Risk Committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

b. Capital management

Servcorp's objective when managing capital is to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders.

The Group's overall strategy remains unchanged from 2008. The capital structure of Servcorp consists of equity attributable to equity holders of the parent, company issued capital, reserves and retained earnings as disclosed in Notes 19, 20 and 21 respectively.

Servcorp operates globally, primarily through subsidiary companies established in the markets in which Servcorp operates. Operating cash flows are used to maintain and expand Servcorp, as well as to make routine outflows of tax and dividend payments.

c. Market risk

Servcorp's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group enters into forward foreign currency exchange contracts to economically hedge anticipated transactions.

i. Foreign exchange risk

Servcorp operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

Servcorp's foreign exchange risk arises primarily from:

- borrowings denominated in Japanese JPY;
- firm commitments of receipts and payments settled in foreign currencies or with prices dependent on foreign currencies;
- investments in foreign operations; and
- loans and trading accounts to foreign operations.

Foreign currency assets and liabilities

Servcorp manages its foreign exchange risk for its assets and liabilities denominated in foreign currency by borrowing in the same functional currency of its investment to form a natural economic hedge.

For accounting purposes, net foreign operations are re-valued at the end of each reporting period with the fair value movement reflected as a movement in the foreign currency translation reserve. Borrowings and forward exchange contracts not forming part of the net investment in foreign operations are re-valued at the end of each reporting period with the fair value movement reflected in the Income statement as exchange gains or losses.

22. Financial instruments (continued)

c. Market risk (continued)

i. Foreign exchange risk (continued)

Foreign currency sensitivity analysis

The following table summarises the material sensitivity of financial instruments held at balance date to movements in the exchange rate of the Australian dollar to foreign exchange rates, with all other variables held constant. The sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding 5 year period.

	Impact on profit				Impact on equity			
	Consolidated		The Company		Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Pre-tax gain/(loss)								
AUD/USD (i) +10% (2008: +8%)	353	699	36	26	(82)	(66)	-	-
AUD/USD (i) -10% (2008: -8%)	(433)	(795)	(45)	(2)	101	66	-	-
AUD/JPY +11% (2008: +7%)	(9)	(300)	105	(191)	(1,136)	(782)	-	-
AUD/JPY -11% (2008: -7%)	6	366	(131)	14	1,417	782	-	-
AUD/EUR +5% (2008: +4%)	(264)	(331)	(48)	(36)	5	82	-	-
AUD/EUR -5% (2008: -4%)	292	360	53	2	(5)	(82)	-	-
AUD/RMB +7% (2008: +5%)	(449)	(263)	(36)	(33)	-	-	-	-
AUD/RMB -7% (2008: -5%)	519	291	41	2	-	-	-	-

Notes:

i. Servcorp is exposed to Dirhams (Dubai), Dinars (Bahrain), Rials (Qatar) and Riyals (Saudi Arabia). These currencies are pegged to the USD.

Forward foreign currency exchange contracts

The following table sets out the details of forward foreign currency exchange contracts in place as at 30 June 2009.

	Average exchange rate		Foreign currency		Fair value	
	2009	2008	2009 JPY million	2008 JPY million	2009 $'000	2008 $'000
Outstanding contracts						
Consolidated						
Sell Japanese JPY	76.89	86.50	500	500	(114)	528
Not later than one year						

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22. Financial instruments (continued)

c. Market risk (continued)

ii. Interest rate risk

Interest rate risk is the risk that the Consolidated Entity's financial position will be adversely affected by movements in interest rates that will increase the cost of floating rate debt. Interest rate risk on cash or short term deposits is not considered to be a material risk due to the short term nature of these financial instruments. Risk is managed by maintaining an appropriate mix between fixed and floating rate for secured and unsecured debt.

The following table summarises the sensitivity of the financial instruments held at balance date, following a movement to interest rates, with all other variables held constant. The sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates.

	Impact on profit			
	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Pre tax gain/(loss)				
AUD balances				
125 basis point increase	820	486	135	170
125 basis point decrease	(810)	(480)	(135)	(170)
Other balances				
250 basis point increase	51	343	-	-
250 basis point decrease	(40)	(162)	-	-

22. Financial instruments (continued)

c. Market risk (continued)

iii. Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long-term funding. The Consolidated Entity manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities. The Consolidated Entity continually monitors forecast and actual cash flows and matches maturity profiles of financial assets and liabilities.

The following tables detail the Consolidated Entity and the Company's expected maturity for its financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned.

	Less than 1 month $'000	1 to 3 months $'000	3 months to 1 year $'000	1 to 5 years $'000	5 + years $'000	Total $'000	Weighted average effective interest rate %
Consolidated							
2009							
Non-interest bearing							
Cash and cash equivalents (i)	18,952	-	-	-	-	18,952	
Receivables	16,916	-	-	-	-	16,916	
Lease deposits	1,109	4,189	9,115	9,610	2,295	26,318	
Forward foreign currency exchange contracts	-	-	6,503	-	-	6,503	
Interest bearing							
Cash and cash equivalents (ii)	17,252	47,560	533	-	-	65,345	3.38
	54,229	51,749	16,151	9,610	2,295	134,034	
2008							
Non-interest bearing							
Cash and cash equivalents (i)	24,374	-	-	-	-	24,374	
Receivables	17,541	-	-	-	-	17,541	
Lease deposits	-	861	4,204	14,336	2,154	21,555	
Forward foreign currency exchange contracts	-	-	5,780	-	-	5,780	
Interest bearing							
Cash and cash equivalents (ii)	24,102	22,748	3,085	-	-	49,935	6.06
	66,017	23,609	13,069	14,336	2,154	119,185	

22. Financial instruments (continued)

c. Market risk (continued)

iii. Liquidity risk (continued)

	Less than 1 month $'000	1 to 3 months $'000	3 months to 1 year $'000	1 to 5 years $'000	5 + years $'000	Total $'000	Weighted average effective interest rate %
The Company							
2009							
Non-interest bearing							
Cash and cash equivalents	10	-	-	-	-	10	
Receivables	64,931	-	-	-	-	64,931	
Interest bearing							
Receivables (ii)	-	267	802	15,727	-	16,796	11.83
	64,941	267	802	15,727	-	81,737	
2008							
Non-interest bearing							
Cash and cash equivalents	60	-	-	-	-	60	
Receivables	53,681	-	-	-	-	53,681	
Forward foreign currency exchange contracts	-	-	5,780	-	-	5,780	
Interest bearing							
Receivables (ii)	-	-	-	13,483	-	13,483	12.45
	53,741	-	5,780	13,483	-	73,004	

Notes:

i. Fixed interest rate instruments.

ii. Variable interest rate instruments.

22. Financial instruments (continued)

c. Market risk (continued)

iii. Liquidity risk (continued)

The following tables detail the Consolidated Entity and the Company's remaining contractual maturity for its financial liabilities. The tables are based on the earliest date on which undiscounted cash flows of financial liabilities is contractually to be paid. The table includes both principal and interest cash flows.

	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000	Total $'000	Weighted average effective interest rate %
Consolidated							
2009							
Non-interest bearing							
Payables	5	12,039	-	-	-	12,044	
Security deposits (i)	-	-	18,411	-	-	18,411	
Forward foreign currency exchange contracts	-	-	6,617	-	-	6,617	
Interest bearing							
Finance lease	116	33	454	756	-	1,359	5.84
Bank overdrafts and loans (ii)	29	1	91	120	-	241	2.17
	150	12,073	25,573	876	-	38,672	
2008							
Non-interest bearing							
Payables	5	12,797	-	-	-	12,802	
Security deposits (i)	-	-	18,147	-	-	18,147	
Forward foreign currency exchange contracts	-	-	4,905	-	-	4,905	
Interest bearing							
Bank overdrafts and loans (ii)	24	1	73	285	-	383	2.17
	29	12,798	23,125	285	-	36,237	
The Company							
2009							
Non-interest bearing							
Payables	15,971	-	-	-	-	15,971	
	15,971	-	-	-	-	15,971	
2008							
Non-interest bearing							
Payables	2,525	-	-	-	-	2,525	
Forward foreign currency exchange contracts	-	-	4,905	-	-	4,905	
	2,525	-	4,905	-	-	7,430	

Notes:

i. Fixed interest rate instruments.

ii. Variable interest rate instruments.

22. Financial instruments (continued)

d. Credit risk

The maximum 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.

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity and the Company. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group does not have any significant credit risk exposure to any single counterparty or any group of any counterparties having similar characteristics. Details of credit enhancements in the form of serviced office security deposits retained from customers are further disclosed in Note 16.

e. Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities approximate their fair value other than investment in subsidiaries.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities traded on active liquid markets with standard terms and conditions are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments, included in hedged assets and liabilities, are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

f. I-City Malaysia - Incorporated JV

Under the joint venture agreement, a subsidiary has a 'call option' giving it the right but not the obligation to require the minority holder to sell to it all of its subscription capital for the exercise price (as defined) and the minority holder has a 'put option' giving it the right but not the obligation to sell to a subsidiary its subscription capital for the exercise price.

The exercise price cannot be less than $1 and is calculated as USD350,000 less the aggregate amount of dividends paid by the subsidiary to the minority holder prior to the commencement of the option exercise period. The option exercise period is defined as being between the period 1 July 2012 to 31 December 2012, provided USD350,000 in dividends has not been paid to the minority holder prior to the commencement of the option period (as the option ceases to exist once dividends to this value have been paid).

Further, a subsidiary has provided a bank guarantee to the minority holder with a face value of USD350,000 as security for the exercising of the put option noted above.

The consolidated entity has guaranteed the subscription capital paid by the minority shareholder and therefore has recorded a liability of USD350,000 as at 30 June 2009 in relation to the put option and guarantee. As such, no separate fair value has been attributed to the put option.

As the venture commenced in August 2007 and is an investment in a private company which is a start-up in nature, the fair value of the call option cannot be reliably measured as at 30 June 2009.

23. Employee benefits

Defined contribution fund

Contributions to defined contribution superannuation plans are expensed when employees have rendered services entitling them to the contributions. The Company's controlled entities are legally obliged to contribute to employee nominated defined contribution superannuation plans.

In 2008 and prior years controlled entities in the Consolidated Entity contributed to the Servcorp Superannuation Fund, a fund established for the benefit of employees. The Servcorp Superannuation Fund ceased accepting contributions as at 30 June 2008 and was effectively wound up as at 20 March 2009.

Details of contributions to funds during the year ended 30 June 2009 are as follows:

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Employer contributions to the Servcorp Superannuation Fund	-	1,209	-	-
Employer contributions to other funds	1,982	361	23	21

As at 30 June 2009, there were no outstanding employer contributions payable to other funds.

Options granted to employees

Share option scheme

	The Company	
	2009 No.	2008 No.
Balance at the beginning of the financial year	160,000	-
Forfeited during the financial year	(260,000)	-
Granted during the financial year	240,000	160,000
Balance at the end of the financial year	140,000	160,000

The Consolidated Entity has an ownership based remuneration scheme for key management personnel (including executive directors) of the Company.

Each key management personnel's share option converts into one ordinary share of Servcorp Limited when exercised. No amounts are paid or payable by the recipient of the option. The options carry neither rights to dividends or voting rights.

Further details on option conditions are included later in this Note.

23. Employee benefits (continued)

Options granted to employees (continued)

Executive share options issued by Servcorp Limited

	Balance at 1/7/08 No.	Granted No.	Forfeited No.	Exercised No.	Balance at 30/6/09 No.	Vested and exercisable No.	Net vested No.
T Wallace	30,000	40,000	(40,000)	-	30,000	-	30,000
O Vlietstra	40,000	40,000	(40,000)	-	40,000	-	40,000
S Martin	40,000	40,000	(40,000)	-	40,000	-	40,000
W Wu	30,000	30,000	(30,000)	-	30,000	-	30,000
S McArthur	20,000	-	(20,000)	-	-	-	-
L Lahdo	-	30,000	(30,000)	-	-	-	-
N Billett	-	30,000	(30,000)	-	-	-	-
L Gorman	-	30,000	(30,000)	-	-	-	-
	160,000	240,000	(260,000)	-	140,000	-	140,000

Options granted during the financial year

240,000 options were issued under the Executive Share Option Scheme on 22 September 2008 with an exercise price of $3.62 and an expiry date of 22 September 2013. No amount was payable by the recipient on receipt of the options. The options, if vested, can be exercised any time after the expiration of three years from the issue of the options and prior to the expiry of the options. 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.

Options issued under the Executive Share Option Scheme carry no rights to dividends and have no voting rights.

Options exercised during the financial year

Nil (2008: Nil) options were exercised into ordinary shares in Servcorp Limited during the financial year ended 30 June 2009.

Options lapsed during the financial year

260,000 (2008: Nil) options were forfeited under the Executive Share Option Scheme during the financial year ended 30 June 2009.

23. Employee benefits (continued)

Options granted to employees (continued)
Balance at the end of the financial year

Grant date	Expiry date	Vested	Exercise price	Number of options outstanding	
				2009	2008
22 February 2008	22 February 2013	Yes	$4.60	140,000	160,000
22 September 2008	22 September 2013	No	$3.62	-	-
				140,000	160,000

The fair value of the services received is measured by the fair value of the equity instruments granted.

The fair value of the share options granted during the financial year was $0.69 (2008: $1.04). Options were valued using the Binomial Tree option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical market price of the Company's share.

Inputs into the options model

Award type	Options	Options
Grant date	22/9/08	22/2/08
Expiry date	22/9/13	22/2/13
Share price at grant date	$3.40	$4.60
Exercise price	$3.62	$4.60
Expected life	4 years	3.5 years
Volatility	30%	25%
Risk free interest rate	5.55%	6.66%
Dividend yield	4.0%	2.6%

Vesting Conditions

The options will vest in the proportions detailed in the following table:

EPS performance (i)	Percentage of options that will vest
<10%	0%
>10% to <15%	50% to 100% determined on pro-rata basis
>15%	100%

EPS performance for the financial year ended 30 June 2009 was a growth of 1.67% (2008: 28%).

Notes:
i. EPS performance means the growth in Earnings Per Share of the Company from one financial year to the next financial year.

Issue of shares
An issue of 39,000 shares was made to seven general and senior managers in settlement of their short term incentive remuneration subsequent to the 2007 year end. The shares were allotted on 20 July 2007.

24. Commitments for expenditure

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
Capital expenditure commitments - property, plant and equipment				
Contracted but not provided for and payable:				
Not later than one year	1,096	6,326	-	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	1,096	6,326	-	-
Non-cancellable operating lease commitments				
Future operating lease rentals not provided for in the financial statements and payable:				
Not later than one year	50,713	56,118	-	-
Later than one year but not later than five years	108,398	117,330	-	-
Later than five years	28,715	50,497	-	-
	187,826	223,945	-	-

The Consolidated Entity leases property under operating leases expiring from one to 12 years. Liabilities in respect of lease incentives are disclosed in Note 15 to the financial statements.

Operating leases

Leasing arrangements

Operating leases have been entered into to operate serviced office floors. The average lease term is seven years with market review clauses and options to renew. The Consolidated Entity does not have an option to purchase the leased asset at the expiry of the lease period.

Finance lease liabilities

During the financial year ended 30 June 2009, the Group acquired $2,241,000 of equipment under a finance lease. This acquisition is reflected in the cash flow statement over the term of the finance lease via lease repayments.

	Minimum future lease payments				Present value of minimum future lease payments			
	Consolidated		The Company		Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Not later than one year	735	-	-	-	699	-	-	-
Later than one year and not later than five years	760	-	-	-	731	-	-	-
Later than five years	-	-	-	-	-	-	-	-
Minimum lease payments (i)	1,495	-	-	-	1,430	-	-	-
Less future finance charges	(65)	-	-	-	-	-	-	-
Present value of minimum lease payments	1,430	-	-	-	1,430	-	-	-
Included in the financial statements as Note 16:								
Current borrowings					702	-	-	-
Non current borrowings					728	-	-	-
					1,430	-	-	-

Notes:

i. Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

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25. Subsidiaries

Name of entity	Country of incorporation	Ownership interest 2009 %	Ownership interest 2008 %
Parent entity			
Servcorp Limited (i)	Australia		
Controlled entities			
Servcorp Australian Holdings Pty Ltd	Australia	100	100
Servcorp Offshore Holdings Pty Ltd (ii)	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 (ii)	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 Melbourne 27 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	100
Servcorp Market Street Pty Ltd	Australia	100	100
Office Squared Pty Ltd	Australia	100	100
Servcorp WA Pty Ltd	Australia	100	100
Servcorp Melbourne 36 Pty Ltd	Australia	100	100
Servcorp Sydney 56 Pty Ltd	Australia	100	100
Servcorp Norwest Pty Ltd	Australia	100	100
Servcorp Level 12 Pty Ltd	Australia	100	100
Servcorp Western Australia Pty Ltd	Australia	100	100
Office Squared (Nexus) Pty Ltd	Australia	100	100
Servcorp SA 30 Pty Ltd	Australia	100	100
Servcorp Gold Coast Pty Ltd	Australia	100	100
Servcorp North Sydney 32 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	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

Notes to the financial statements
for the financial year ended 30 June 2009

25. Subsidiaries (continued)

Name of entity	Country of incorporation	Ownership interest 2009 %	Ownership interest 2008 %
Controlled entities (continued)			
Office Squared Pte Ltd	Singapore	100	100
Servcorp Hottdesk Singapore Pte Ltd	Singapore	100	100
Servcorp Jeddah Pte Ltd	Singapore	100	-
Servcorp Square Pte Ltd	Singapore	100	-
Servcorp Hong Kong Limited	Hong Kong	100	100
Servcorp Communications Limited	Hong Kong	100	100
Servcorp HK Central Limited	Hong Kong	100	-
Servcorp Business Services (Shanghai) Co. Ltd	China	100	100
Servcorp Business Service (Beijing) Co. Ltd	China	100	100
Servcorp Business Service (Chengdu) Co. Ltd	China	100	100
Servcorp Business Service (Sihui) Co. Ltd	China	100	100
Office Squared Network Technology Services (Hangzhou) Co. Ltd	China	100	-
Amalthea Nominees (Malaysia) Sdn Bhd	Malaysia	100	100
Office Squared Malaysia Sdn Bhd	Malaysia	100	100
I-Office2 Sdn Bhd	Malaysia	65	65
Servcorp Thai Holdings Limited	Thailand	100	100
Servcorp Company Limited	Thailand	100	100
Headquarters Co. Limited	Thailand	100	100
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	100
Servcorp Fukuoka KK (iv)	Japan	100	100
Servcorp Paris SARL	France	100	100
Servcorp Edouard VII SARL	France	100	-
Servcorp Brussels SPRL	Belgium	100	100
Servcorp LLC (iii)	UAE	49	49
Servcorp Administration Services WLL (iii)	UAE	49	-
Servcorp UK Limited	United Kingdom	100	100
Servcorp BFH WLL	Bahrain	100	100
Servcorp Qatar LLC (iii)	Qatar	49	49
Servcorp US Holdings, Inc.	United States	100	-

Notes:

i. Servcorp Limited is the head entity within the Australian tax consolidated group.

ii. During the financial year ended 30 June 2008, Servcorp Holdings Pty Ltd and Servcorp Offshore Holdings Pty Ltd 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 each entered into a deed of cross guarantee. These agreements lapsed in March 2009 and were not subsequently renewed.

iii. A Company in the Consolidated Entity exercises control over Servcorp LLC, Servcorp Qatar LLC and Servcorp Administration Services WLL 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 notwithstanding that the majority shareholding may be vested in another party.

iv. Servcorp Fukuoka KK changed its name from Servcorp Aichi KK on 4 August 2008.

26. Acquisition/ disposal of controlled entities

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

	Consideration $'000	The Consolidated Entity's interest %
Acquisitions		
2009		
Servcorp Edouard VII SARL The entity was formed on 2 July 2008	-	100
Servcorp North Sydney 32 Pty Ltd The entity was formed on 9 July 2008	-	100
Office Squared Network Technology Services (Hangzhou) Co. Ltd The entity was formed on 28 August 2008	-	100
Servcorp Jeddah Pte Ltd The entity was formed on 24 September 2008	-	100
Servcorp Square Pte Ltd The entity was formed on 9 October 2008	-	100
Servcorp Administration Services WLL The entity was formed on 28 October 2008	-	49
Servcorp US Holdings, Inc. The entity was formed on 14 May 2009	-	100
Servcorp HK Central Limited The entity was formed on 16 June 2009	-	100
Disposals	**Country of incorporation**	
2009		
Nil		

26. Acquisition/ disposal of controlled entities (continued)

	Consideration $'000	The Consolidated Entity's interest %
Acquisitions		
2008		
Office Squared Malaysia Sdn Bhd The entity was formed on 27 July 2007	-	100
Servcorp Sydney 56 Pty Ltd The entity was formed on 3 August 2007	-	100
Servcorp Norwest Pty Ltd The entity was formed on 27 August 2007	-	100
Servcorp Fukuoka KK (formerly Servcorp Aichi KK) The entity was formed on 4 September 2007	-	100
I-Office2 Sdn Bhd The entity was acquired on 5 September 2007	-	65
Servcorp Level 12 Pty Ltd The entity was formed on 7 November 2007	-	100
Servcorp Western Australia Pty Ltd The entity was formed on 23 November 2007	-	100
Office Squared (Nexus) Pty Ltd The entity was formed on 6 December 2007	-	100
Servcorp Qatar LLC The entity was formed 30 January 2008	-	49
Servcorp SA 30 Pty Ltd The entity was formed on 10 April 2008	-	100
Servcorp Gold Coast Pty Ltd The entity was formed on 14 April 2008	-	100
Servcorp Business Service (Sihui) Co. Ltd The entity was formed on 7 April 2008	-	100
Disposals	**Country of incorporation**	
2008		
Nil		

27. Notes to the cash flow statement

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
a. Reconciliation of cash and cash equivalents				
For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and at bank, short-term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash flow statement are reconciled to the related items in the Balance sheet as follows:				
Cash	18,952	24,374	10	60
Short term deposits	65,006	49,342	-	-
Bank overdraft	(232)	(267)	-	-
	83,726	73,449	10	60
b. Reconciliation of profit for the period to net cash flows from operating activities				
Profit after income tax	34,097	33,834	21,747	17,382
Add/(less) non-cash items:				
Movements in provisions	(736)	3,009	-	(186)
Depreciation of non-current assets	13,018	9,355	-	-
Loss on disposal of non-current assets	1,566	579	-	-
Increase/(decrease) in current tax liability	129	156	672	(282)
Increase/(decrease) in deferred tax balances	541	(1,390)	(160)	8
Unrealised foreign exchange gain/(loss)	60	(2,039)	-	(350)
Movement in intercompany to reflect the effect of tax consolidation on tax balances	-	-	(8,430)	(8,023)
Equity-settled share based payment	69	29	69	29
Changes in net assets and liabilities during the financial period:				
Increase in prepayments and receivables	(1,427)	(500)	(21,466)	(15,975)
Decrease/(increase) in trade debtors	2,204	(2,079)	-	-
Decrease in current assets	1,162	591	-	-
(Decrease)/increase in deferred income	(2,393)	1,296	-	-
(Decrease)/increase in client security deposits	(1,823)	2,509	-	-
(Decrease)/increase in accounts payable	(3,443)	5,842	(97)	76
Net cash provided from operating activities	43,024	51,192	(7,665)	(7,321)

c. Non-cash financing and investing activities

During the financial year ended 30 June 2009, the Group acquired $2,241,000 of equipment under a finance lease. This acquisition will be reflected in the cash flow statement over the term of the finance lease via lease repayments.

Notes to the financial statements
for the financial year ended 30 June 2009

28. Related party disclosures

Other than the details disclosed in this note, no key management personnel have entered into any other material contracts with the Consolidated Entity or the Company during the financial year, and no material contracts involving directors' interests or specified executives existed at balance sheet date.

Key management personnel holdings of shares
Fully paid ordinary shares of Servcorp Limited

	Balance at 1/7/08	Received on exercise of options	Net change	Balance at 30/6/09
	No.	No.	No.	No.
Specified directors				
B Corlett	413,474	-	-	413,474
R Holliday-Smith	250,000	-	-	250,000
J King	96,400	-	-	96,400
A G Moufarrige	48,449,145	-	53,790	48,502,935
T Moufarrige (i)	1,859,992	-	-	1,859,992
Specified executives				
M Moufarrige (i)	1,928,842	-	-	1,928,842
S Martin	27,000	-	-	27,000
O Vlietstra	30,000	-	-	30,000
W Wu	5,000	-	-	5,000
L Lahdo	5,000	-	-	5,000
T Wallace	10,000	-	-	10,000
N Billett	2,000	-	-	2,000
L Gorman	11,000	-	-	11,000
	53,087,853	-	53,790	53,141,643

Notes:

i. T Moufarrige and M Moufarrige have a relevant interest in 1.8 million shares each in the Company. The shares are registered in the name of Sovori Pty Ltd and the total of 3.6 million shares is also included in the indirect interest of A G Moufarrige.

Key management personnel benefits

The aggregate compensation of the key management personnel of the Consolidated Entity and the Company, are as follows:

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Salary and fees, bonus and non-monetary benefits	3,606	3,181	294	280
Post employment benefits - superannuation	209	201	24	21
Share based payment - equity options and shares	73	29	-	-

28. Related party disclosures (continued)

Loans to key management personnel

The following loan balances are in respect of loans made to key management personnel of the Group.

	Balance at the beginning of financial year $	Loan repayment $	Interest charged/paid $	Balance at the end of financial year $	Number in group
2009	34,739	(5,448)	2,704	31,995	1
2008	32,174	-	2,565 (i)	34,739	1

Notes:

i. Interest on the loan made to a key management personnel was provided for at 30 June 2008 and received on 4 August 2008.

Key management personnel are charged interest on loans provided by the Group at 8.05% p.a., which is comparable to the average commercial rate of interest.

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 25 to the financial statements.

Other transactions with the Company and its controlled entities

From time to time directors of the Company and 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.

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 G Moufarrige, has an interest in and is a director of Tekfon Pty Ltd.

Enideb Pty Ltd operates the Servcorp franchise in Canberra. A relative of a director of the Company, Mr A G Moufarrige, has an interest in Enideb Pty Ltd. Mr A G 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 on arms length terms. A director of the Company, Mr A G Moufarrige, has an interest in and is a director of Rumble Australia Pty Ltd.

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

A director of the Company, Mr A G Moufarrige, has an interest in and is a director of MRC Biotech Pty Ltd.

Aegis Partners Pty Ltd provided consulting services to Office Squared Pty Ltd. Consulting fees of $33,336 (2008: $50,000) were paid on arms length terms. A director of the Company, Mr R Holliday-Smith has an interest in and is a director of Aegis Partners 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.

Notes to the financial statements
for the financial year ended 30 June 2009

28. Related party disclosures (continued)

Other transactions with the Company and its controlled entities (continued)
The value of the transactions during the year with directors and their director-related entities were as follows:

			Consolidated		The Company	
Director	**Director-related entity**	**Transaction**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
A G Moufarrige	Tekfon Pty Ltd	Premises rental	66	63	-	-
A G Moufarrige	Enideb Pty Ltd	Franchisee	966	815	-	-
A G Moufarrige	Rumble Australia Pty Limited	Consulting	15	13	-	-
A G Moufarrige, T Moufarrige	Sovori Pty Ltd	Reimbursements	24	51	-	-
A G Moufarrige	MRC Biotech Pty Ltd	Reimbursements	370	190	-	-
R Holliday-Smith	Aegis Partners Pty Ltd	Consulting	33	50	-	-

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

Current receivable				
Enideb Pty Ltd	83	57	-	-

28. Related party disclosures (continued)

Other transactions with the Company and its controlled entities (continued)

Wholly-owned group
Details of interests in wholly-owned controlled entities are set out in Note 25. Details of dealings with these entities are set out below.

	The Company	
	2009 $'000	**2008 $'000**
Loans		
Loans between entities in the wholly-owned group are repayable at call. Interest is charged monthly on outstanding balances. The weighted average interest rate for the year ended 30 June 2009 on outstanding loan balances was 11.83% for unsecured loans (2008: 12.45% for unsecured loans).		
Interest revenue brought to account by the Company in relation to these loans during the year:		
Interest revenue	1,305	1,695
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 sheet date and the significant transactions comprising the movement in the balance are:		
Current receivables		
Amounts receivable from controlled entities	80,626	67,129
Current receivables comprise of day to day funding of expenses		
During the financial year, under the tax sharing agreement, Servcorp Limited recognised a net receivable of $1,631,102 (2008: $1,331,699) from its wholly-owned subsidiaries within the tax consolidated group for the year ended 30 June 2009.		
Current payables		
Amounts payable to controlled entities	15,910	2,367
Current payables comprise of day to day funding of expenses		
Dividends		
Dividends received or due and receivable by the Company from wholly-owned controlled entities	22,000	16,000

29. Subsequent events

Other than the matters noted below, there has not arisen in the interval between reporting date and the date of this Financial Report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Dividend
On 19 August 2009 the directors declared a fully franked final dividend of 10.0 cents per share, payable on 1 October 2009.

The financial effect of the above transaction has not been brought to account in the financial statements for the year ended 30 June 2009.

Directors' declaration

In the opinion of the directors of Servcorp Limited:

a. the financial statements and notes, set out on pages 46 to 98, 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 2009 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

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
CEO
Dated at Sydney this 19th day of August 2009.

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Servcorp Limited

Report on the Financial Report

We have audited the accompanying financial report of Servcorp Limited, which comprises the balance sheet as at 30th June 2009, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 46 to 99.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion:

(a) the financial report of Servcorp Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30th June 2009 and of their performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 34 to 41 of the directors' report for the year ended 30th June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Servcorp Limited for the year ended 30th June 2009, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Gustafson

Stephen Gustafson
Partner
Chartered Accountants
Sydney, 19 August 2009

Shareholder information
As at 9 September 2009

The shareholder information set out below is provided in accordance with the Listing Rules and was applicable as at 9 September 2009.

Class of shares and voting rights

Ordinary shares
There were 1,577 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 were 4 holders of options over 140,000 unissued ordinary shares granted to employees under the Executive Share Option Scheme.

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.

On-market buy-back

There is no current on-market buy-back.

Distribution of shareholders and optionholders

	Ordinary shares			Options		
Size of holding	**Number of holders**	**Number of shares**	**% of shares**	**Number of holders**	**Number of options**	**% of options**
1 - 1,000	409	249,942	0.32%	-	-	-
1,001 - 5,000	810	2,184,482	2.78%	-	-	-
5,001 - 10,000	179	1,393,831	1.78%	-	-	-
10,001 - 100,000	152	3,913,714	4.99%	4	140,000	100%
100,001 and over	27	70,725,341	90.13%	-	-	-
Totals	**1,577**	**78,467,310**	**100%**	**4**	**140,000**	**100%**

There were 35 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%
Perpetual Limited	11,495,603	14.29%

Shareholder information
As at 9 September 2009

Twenty largest shareholders

Name	Number of ordinary shares held	Percentage of capital held
AMP Life Limited	142,321	0.18%
Bond Street Custodians Limited (Ganes Value Growth Account)	315,671	0.40%
Brazil Farming Pty Ltd	160,000	0.20%
Citicorp Nominees Pty Limited	758,179	0.97%
Citicorp Nominees Pty Limited (CFS Developing Companies Account)	1,813,927	2.31%
Cogent Nominees Pty Limited (SMP Accounts)	472,794	0.60%
Cogent Nominees Pty Limited	775,981	0.99%
Elmslie K	417,500	0.53%
Holliday-Smith R	250,000	0.32%
JP Morgan Nominees Australia Limited	7,642,896	9.74%
Moufarrige A G	540,890	0.69%
Moufarrige M E	128,842	0.16%
National Nominees Limited	4,143,152	5.28%
NRM Funds Pty Ltd	169,950	0.22%
RBC Dexia Investor Services Australia Nominees Pty Limited (Pipooled Account)	2,546,871	3.25%
RBC Dexia Investor Services Australia Nominees Pty Limited (Piselect Account)	579,294	0.74%
Sovori Pty Limited	47,902,145	61.05%
UBS Wealth Management Australia Nominees Pty Limited	736,728	0.94%
Uvira Superannuation Pty Limited (Uvira Holdings Employees Super Fund Account)	413,474	0.53%
VBS Exchange Pty Ltd	262,429	0.33%
Totals for Top 20	**70,173,044**	**89.43%**

Options

Category	Number on issue	Number of holders
Options expiring 22 February 2013 (SRVAI)	140,000	4

Corporate information

Directors

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

Company secretary

Greg Pearce

Registered office and principal office

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Share registry

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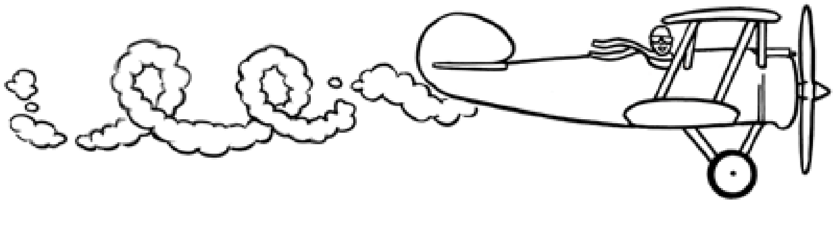
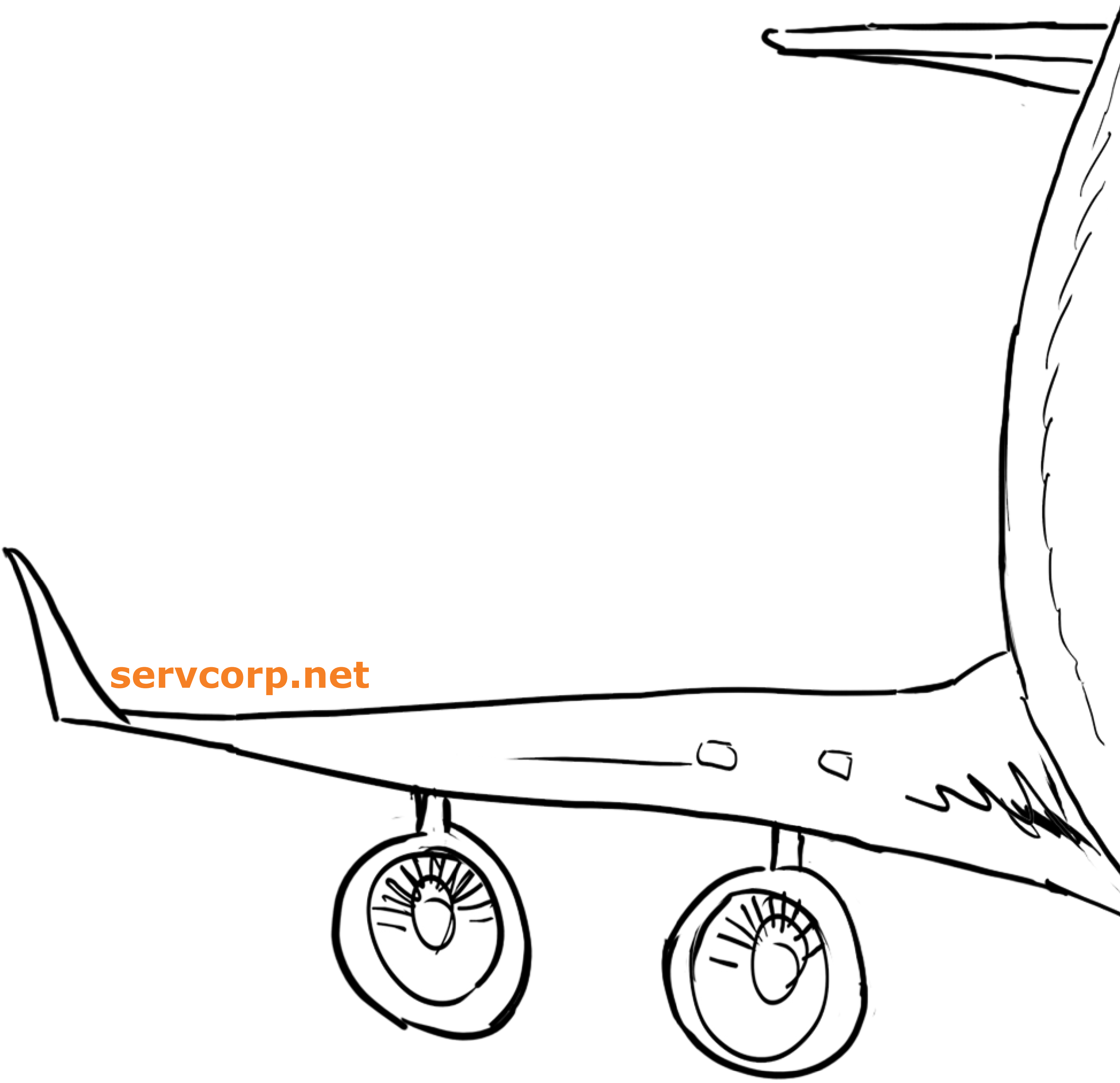
Stock exchange

Servcorp Limited shares are quoted on the Australian Securities 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 12 MLC Centre, 19 Martin Place, Sydney at 5pm on Wednesday 18 November 2009.

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