

20 February 2008

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
**By electronic lodgement**

***Servcorp reports half year Net Profit After Tax of \$17.52 million,  
up 71%***

Servcorp Limited (SRV) today announced a net profit after tax of \$17.52 million for the six months ended 31 December 2007, an increase of 71% on the profit of \$10.23 million for the 6 months ended 31 December 2006.

Net profit before tax attributable to mature floors increased to \$27.33 million, up 42% from last year's \$19.29 million. Servcorp's mature floors continue to perform to expectations.

The 2007 Annual Report stated that the strategy this year was to undertake a significant expansion program. We are on track to meet this objective. One new floor was opened in China during the period. Three floors have opened since 31 December 2007 and another four floors are scheduled to open before the end of the financial year. As usual, these new floors have had a short term impact on the Net Profit Before Tax result as occupancy expenses exceed revenue generated through the construction and build up period.

- ❑ Revenue for the six months was \$92.70 million, up 17% from \$79.45 million in 2006.
- ❑ Earnings per share increased to 21.8 cents, up from 12.7 cents in 2006.
- ❑ Net profit before tax was \$23.59 million, up 66% on \$14.23 million in 2006.
- ❑ The operating losses on immature floors of \$2.45 million (2006: \$4.45 million) impacted the net profit before tax result.
- ❑ Office<sup>2</sup> recorded a loss of \$1.29 million (2006: \$0.61million).
- ❑ The Directors have declared a fully franked interim dividend, payable on 3 April 2008, in the amount of 7.50 cents per share, up 25% on the interim dividend paid for the six months ended 31 December 2006.
- ❑ Cash generated from operating activities increased by 29% to \$25.53 million for the six months (2006: \$19.83 million).
- ❑ Cash and investment balances increased to \$74.41 million from \$64.67 million at June 2007. This follows investment in new locations of \$7.96 million and the payment of dividends totalling \$9.66 million during the six months, including the special dividend of \$4.02 million.
- ❑ Average mature floor occupancy during the six months to 31 December 2007 was 85%, consistent with an average of 84% for the six months to 31 December 2006.

*Franchise*

The first Indian location opened in Mumbai in January 2008. A second location is scheduled to open in Hyderabad in March 2008. A total of six locations are expected to be opened before the end of 2009.

The India franchise model is tracking well and is likely to be a catalyst for further franchise growth.



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### *Office<sup>2</sup>*

Office<sup>2</sup> commenced in July 2006 and is a new business concept that uses the Servcorp suite of IT systems, in conjunction with Cisco Systems' products, in an external multi-tenanted environment. Office<sup>2</sup> has potential for use in whole buildings and enables landlords to facilitate clients on a "per work station" basis. Office<sup>2</sup> currently has two active projects.

The agreement entered into with the developer of a building in Norwest Business Park will enable Office<sup>2</sup> to provision 300 potential users. The first tenants were in residence during December 2007.

During August 2007, a Joint Venture agreement was entered into between Office Squared Malaysia Sdn Bhd and I-Berhad, a publicly listed Malaysian company. I-Berhad is the major developer of I-City, a 20,000 user complex in the Multimedia Super Corridor in Selangor province, Malaysia. The Joint Venture vehicle has exclusive rights to provide telephone and internet services throughout the I-City complex. The project is on target, with tenants expected to be in residence during June 2008.

The I-City Joint Venture is the first significant transaction that Office<sup>2</sup> has entered into and represents a major milestone for the project.

The relationship with Cisco and its Connected Real Estate initiative continues to strengthen. In the China Asia Pacific region Cisco and its team continue to promote Cisco enabled Serviced Offices and Office<sup>2</sup> solutions to major building owners and business parks with multiple properties.

Notwithstanding the pipeline of opportunities Servcorp expects continued investment for a further 2 years to fully develop the Office<sup>2</sup> concept. The loss incurred for the six months was \$1.29 million, which was in line with expectations.

### *Outlook*

Servcorp has had a strong start to the 2008 financial year. There are plans to open seven new floors in the second half of the financial year.

To date, we have not been affected in any meaningful way by the current credit crisis. We remain vigilant, conservative and prepared for slow, controlled growth whilst being in a strong position to take up commercially sound opportunities that may arise. The company provides a mature floor Net Profit Before Tax guidance of not less than \$48 million for the full year.

At 31 December 2007, Servcorp operated 66 floors in 20 cities in 12 countries and remains the leader in providing serviced offices and superior IT and business solutions. Management will continue to focus on increasing Servcorp's competitive edge by continuing to invest in technology solutions for our clients.

### **For more information contact:**

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### **Results Presentation**

**Thursday 21 February 2008 at 4.30pm**  
**Level 25, Chifley Tower, Sydney**



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