SERVCORP LIMITED
ABN 97 089 222 506

APPENDIX 4E

Preliminary Final Report
for the financial year ended
30 June 2009

The information in this document should be read in conjunction with the 2009 Financial Report and any public announcements made during the period in accordance with continuous disclosure obligations arising under Corporations Act 2001 and ASX Listing Rules.

Results for announcement to the market

				$A'000
Revenue and other income from ordinary activities	up	20.3%	to	228,646
Profit from ordinary activities after tax attributable to members	up	0.8%	to	34,097
Net profit for the period attributable to members	up	0.8%	to	34,097

Dividends	Total amount $'000	Amount per security	Franked amount per security
Current period			
Final dividend declared	7,847	10.00c	10.00c
Interim dividend paid	8,047	10.00c	10.00c
Special dividend paid	4,023	5.00c	5.00c
Previous corresponding period			
Final dividend paid	6,035	7.50c	7.50c
Interim dividend paid	6,035	7.50c	7.50c
Special dividend paid	4,023	5.00c	5.00c

Record date for determining entitlements to the dividend	1 September 2009

	30 June 2009 $	30 June 2008 $
Net tangible asset backing		
Net tangible asset backing per ordinary security	$1.65	$1.39

Control over entities

Control was not gained or lost over any entity during the financial year ended 30 June 2009 that had a material effect on the profit for the period.

Material interest in entities

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

Details of associates and Joint Venture entities

There are no associates or joint venture entities.

Management Discussion & Analysis

SERVCORP ANNOUNCES RECORD REVENUE AND PROFITS FOR THE TWELVE MONTHS ENDED 30 JUNE 2009

- Revenue up 20% to $228.65 million
- Net Profit Before Tax up 6% to $47.28 million
- Earnings Per Share up 1.7% to 42.70 cents per share
- Mature floor Net Profit Before Tax up 3% to $54.36 million

Servcorp recorded an increase in Net Profit Before Tax of 6% to $47,275,000 for the twelve months ended 30 June 2009 (twelve months ended 30 June 2008: $44,578,000). Net Profit After Tax increased by 0.8% to $34,097,000 for the twelve months ended 30 June 2009 (twelve months ended 30 June 2008: $33,834,000).

Net Profit Before Tax attributable to mature floors for the twelve months ended 30 June 2009 increased by 3% to $54,360,000 (twelve months ended 30 June 2008: $52,782,000).

The Net Loss Before Tax on immature floors for the twelve months ended 30 June 2009 was $2,942,000 (twelve months ended 30 June 2009: $5,184,000).

The loss for Office Squared for the period was $4,143,000 (twelve months ended 30 June 2008: $3,020,000). Actions to reduce Office Squared losses were undertaken during the period.

Operating Summary

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 $4,617,000.

Average mature floor occupancy for the twelve month period 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.

The following floors were immature as at 30 June 2009:
- Level 14, Commercial Bank Plaza, Doha
- Level 15, Commercial Bank Plaza, Doha
- Level 5, Nexus Building, Sydney
- Level 30, Westpac House, Adelaide
- Level 32, Optus Centre, North Sydney
- Level 16, Vodafone on the Quay, Wellington
- Level 24, China Central Place, Beijing

The performance of immature floors is tracking to forecast.

Virtual Offices

Virtual Office continued to grow strongly during the 2009 financial year recording double digit revenue and client growth for the twelve month period.

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.

Management Discussion & Analysis cont.

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 in two pilot locations with positive outcomes. 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.

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

Mature floor revenue from ordinary activities increased by 27% to $124.85M. Mature floor Net Profit Before Tax decreased by 5% to $24.72M 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 $0.42M.

Office Squared
The Office Squared losses in Japan and Asia for the twelve month period were $2.49M.

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 $36.29M. Net Profit Before Tax on mature floors increased by 41% compared to the prior comparative period.

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 periods.

Management Discussion & Analysis cont.

The performance of both Paris and Brussels was encouraging during the period. The benefits of the closure of one floor and the conference centre in Paris in June 2008 are now being realised. The Brussels location is now contributing positively to Net Profit Before Tax. The strength of the EUR and the USD against the AUD had a positive impact on the AUD result for the twelve month period.

Immature floors

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

Australia & New Zealand

Mature floors

Trading conditions in Australia and New Zealand were difficult during the period. Increased competition and vacancy rates in capital cities impacted revenue and profits. The financial centres of Sydney and Melbourne have been impacted by the global 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 $48.44M when compared to the prior period. Mature floor Net Profit Before Tax decreased by 20% to $14.73M.

Immature floors

Four floors in Australia and New Zealand were immature during the period. Immature floor losses in the twelve month period were $1.83M

Office Squared

The Office Squared Loss Before Tax in Australia for the twelve months ended 30 June 2009 was $1.65M.

Office Squared

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

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.

Management Discussion & Analysis cont.

Financial Summary

Translation of foreign currency results to Australian Dollars

Revenue from ordinary activities for the twelve months ended 30 June 2009 was $228.65M, up 20% from the previous corresponding period. During the reporting period the AUD depreciated significantly against all major currencies. The AUD dropped by an average of 25% against the JPY, 17% against the USD and 11% against the EUR. This strong depreciation in the AUD over the period has had a positive impact on the AUD consolidated revenues and profit for the twelve month period ended 30 June 2009. When expressed in constant currency terms, revenue increased by 1% compared to the comparative prior period.

Net Profit Before Tax for the twelve months to June 2009 was $47.28M up 6% compared to the prior comparative period. When expressed in constant currency terms, Net Profit Before Tax increased by 2% compared to the twelve months ended 30 June 2008.

Realised and unrealised foreign exchange gains and losses – Income statement

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

Balance Sheet foreign currency gains and losses

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

Cash generated from operating activities after tax payments decreased by 16% to $43,024,000 for the twelve months ended 30 June 2009 (twelve months ended 30 June 2008: $51,192,000). 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%.

Dividend

The directors of Servcorp Limited have declared a fully franked final dividend of 10.00 cents per share. This brings the full year dividend including special dividends to 25.00 cents per share, fully franked.

The level of future dividends will depend upon profits as they emerge and on the capital required to fund the global expansion program outlined in this report. As always, prudent liquidity will remain a priority.

Outlook

Management anticipate that global trading conditions will remain tough in the medium term. Measures that have been taken over the last 24 months to consolidate the business are now having effect and Servcorp is now in a position of strength to take advantage of the opportunities that exist and will be forthcoming in the market place. The downturn is not all bad news as we work to take advantage of our strong cash position and falling rents across the world.

Management Discussion & Analysis cont.

While we will continue to open 5 star Serviced Office operations there will be a focus on smaller, lower cost, lower risk centres that will be supported by the virtual business. It is envisaged that the new centres will create growth substantially faster than has been achieved to date. This will transform our growth pattern and lead us into many new markets in a short space of time, increasing our worldwide network, our profits and our ability to compete effectively on a global scale.

This planned growth will have a drag effect on profits for the first six months of the 2010 financial year but over time there will be an acceleration of growth in the client base and profits of the virtual business.

There are plans to open new locations in Jeddah, Kuwait, Abu Dhabi, London, New York, Tokyo, Fukuoka, Chicago, Hong Kong and Singapore in the 2010 financial year.

The current global environment is difficult and Servcorp has seen lower operating margins over the past 6 months. This is expected to continue for some time. The initial costs associated with the significant growth initiatives outlined in this report together with extremely challenging market conditions, including the strong AUD, make it difficult to provide earnings guidance for the current twelve month period. We should be in a more informed position to comment on earnings outlook for the full year at November's AGM.

We regard the 2010 financial year as a transition year when Servcorp moves from being a property related Serviced Office business to a global corporate infrastructure and technology services provider. We expect to see positive outcomes commencing in the 2011 financial year.