SERVCORP LIMITED
ABN 97 089 222 506

APPENDIX 4D

Financial Report
For the half-year ended
31 December 2005

The information in this document should be read in conjunction with Servcorp Limited's Directors' Report and Financial Report for the six months ended 31 December 2005, the 2005 Annual Financial Report and any public announcements made during the period in accordance with continuous disclosure obligations arising under Corporations Act 2001 and ASX Listing Rules

Reporting Period

Current period:	1 July 2005 to 31 December 2005.
Previous corresponding period:	1 July 2004 to 31 December 2004.

Results for announcement to the market

				$A'000
Revenues from ordinary activities	up	14%	to	68,613
Profit from ordinary activities after tax attributable to members	up	42%	to	11,893
Net profit for the period attributable to members	up	42%	to	11,893

Dividends (distributions)	Date Paid or payable	Total amount $'000	Amount per security	Franked amount per security
Current period				
Interim dividend declared	4 April 2006	3,617	4.50c	4.50c
Final dividend paid	4 October 2005	3,216	4.00c	4.00c
Previous corresponding period				
Interim dividend	1 April 2005	3,015	3.75c	3.75c
Final dividend paid	1 October 2004	3,022	3.75c	3.75c

Record date for determining entitlements to the dividend	3 March 2006

The interim dividend for the six months ended 31 December 2005 has not been recognised because the interim dividend was declared, determined or publicly recommended subsequent to 31 December 2005. On the basis that the Directors will continue to publicly recommend dividends subsequent to reporting date, in future half-year reports, the amounts disclosed as 'recognised' will be the final dividends in respect of the prior year.

	31 December 2005 $	31 December 2004 $

Net Tangible Asset Backing

Net tangible asset backing per ordinary security	$1.02	$0.85

Control over entities

Control was gained over the business trading as serviced offices on Level 39, One Exchange Square, Central, Hong Kong on 15 July 2005.

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

Material interest in entities

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

Details of associates and joint venture entities

There are no associates or joint venture entities.

Management Discussion & Analysis

Servcorp recorded an increase in Net Profit Before Tax of 42% to $16,272,000 for the six months ended 31 December 2005, (six months ended 31 December 2004: $11,475,000). Net Profit After Tax increased by 42% to $11,893,000 for the six month period (six months ended 31 December 2004: $8,351,000).

Cash generated from operating activities before tax payments increased by 29% to $20,492,000 for the six month period (six months ended 31 December 2004: $15,898,000).

Net Profit Before Tax attributable to mature floors for the six month period increased by 43% to $18,373,000 (six months ended 31 December 2004: $12,816,000). The mature floor result for the six month period includes a non-recurring provision write-back of $1,298,000 which relates to the reversal of a floor closure provision for Brussels. The Net Loss Before Tax on immature floors for the six month period was $2,101,000 (six months ended 31 December 2004: $1,341,000).

Immature floors as at 31 December 2005 were Level 4 Nikko Shoken Building, Nagoya; Level 27 Shiroyama, Tokyo; Level 20 Menara Standard Chartered, Kuala Lumpur; Level 36 Riparian Plaza, Brisbane; Level 39 One Exchange Square, Hong Kong; Level 23 Citigroup Tower, Shanghai and Level 9 Ariake Frontier Building, Tokyo.

OPERATING SUMMARY

As at 31 December 2005 Servcorp operated 56 floors in 18 cities in 11 countries. Average mature floor occupancy for the six month period was 85% (six months ended 31 December 2004: 83%). Management's focus during the period was on building depth in the Management team and sourcing new locations in new and existing markets.

Servcorp Products

Virtual Office continues to perform strongly, recording a double digit increase in memberships during the six month period. Servcorp Hottdesk® V2 is scheduled to rollout in the first half of fiscal 2007. The rollout of IP Telephony to new floors and existing floors continued throughout the period with approximately 70% of Servcorp floors now using this technology.

Australia & New Zealand

Revenue from ordinary activities in Australia and New Zealand was consistent with the comparative prior period, increasing by 7% to $18.87M. Net Profit Before Tax increased by 89% to $4.88M. During the period a new floor opened in Brisbane. New Zealand performed very strongly during the period.

Japan & Asia

Japan and Asia continue to perform strongly, recording an increase in revenue from ordinary activities of 16% to $40.46M. Net Profit Before Tax was $7.92M. No new floors opened in Japan during the period, however one floor opened at the beginning of February 2006 in Tokyo. Servcorp purchased a floor from a competitor in Hong Kong in July. In Shanghai one floor closed with clients moved to a new Servcorp location. All immature floors are performing to forecast.

Europe & Middle East

The performance of the Europe and Middle East segment has improved significantly. Revenue from ordinary activities increased by 17% to $7.99M. A decision has been made not to close the Brussels operation, which resulted in a write-back of a closure provision of $1.30M. Excluding the provision write-back, the segment recorded a Net Profit Before Tax of $1.61M for the period when compared to a Net Loss Before Tax of $0.12M for the six months ended 31 December 2004.

Management Discussion and Analysis continued –

The Dubai location continues to perform exceptionally, with nearly 100% occupancy throughout the entire period. Management continue to look for new opportunities in the region.

The performance of the Paris and Brussels locations is improving.

FINANCIAL SUMMARY

Revenue from ordinary activities for the six months ended 31 December 2005 was $68.61M, up 14% from the previous corresponding period. During the year, the Australian dollar appreciated in value against the Yen and the Euro but remained stable against the USD. After adjusting for the currency effect revenue from ordinary activities increased by 18% in real terms.

Total expenses for the period increased by 8% when compared to the previous corresponding period. When the exchange effect is stripped out, total expenses increased by 13% in real terms.

Significant items in the Net Profit Before Tax included the reversal of the Brussels floor closure provision in the amount of $1,298,000.

Cash balances and interest earning financial assets were $52.44M as at 31 December 2005, compared with $50.15M as at 30 December 2004. Total interest-bearing debt increased by $0.12M to $2.00M in the six month period.

AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (A-IFRS)

The six month reporting period ended 31 December 2005 is the first period in which the financial statements have been prepared under A-IFRS. The comparative financial statements have been restated accordingly.

DIVIDEND

The Directors of Servcorp Limited have declared a fully franked interim dividend of 4.50 cents per share, up 20% from the interim dividend paid for the six months ended 31 December 2004.

OUTLOOK

Forecast Net Profit Before Tax on mature floors is approximately $17.00M for the second half of 2006, subject to market and economic conditions remaining as they currently are. Forecast Net Profit Before Tax on mature floors for the full year ending 30 June 2006 is expected to be approximately $35.00M.

Subject to Servcorp achieving the above forecasts, the Directors expect to increase the final dividend for the year ending 30 June 2006 to 6.00 cents per share fully franked.

Management is optimistic for the future outlook of the company and is currently investigating additional space in Japan, Singapore, Australia, Middle East and India. Four floors are scheduled to open in the second half of fiscal 2006 in Australia, Tokyo, Beijing and Paris.

Servcorp will continue to invest resources in the development and deployment of IT solutions that will provide a competitive advantage to our clients.

SERVCORP LIMITED
ABN 97 089 222 506

FINANCIAL REPORT

For the six months ended 31 December 2005

Contents

Directors' Report

The Directors of Servcorp Limited submit herewith the financial report for the six months ended 31 December 2005. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names of the Directors of the company during or since the end of the half year are:

Name

Mr Alf Moufarrige (Managing Director and CEO)

Mr Bruce Corlett (Chairman and independent non-executive director)

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

Ms Julia King (Independent Non-Executive Director)

Mr Taine Moufarrige (Executive Director)

Review of Operations

Servcorp recorded an increase in Net Profit Before Tax of 42% to $16,272,000 for the six months ended 31 December 2005, (six months ended 31 December 2004: $11,475,000). Net Profit After Tax increased by 42% to $11,893,000 for the six month period (six months ended 31 December 2004: $8,351,000).

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Changes in state of affairs

During the six months ended 31 December 2005, there was a significant change in the state of affairs of the consolidated entity. Management reviewed its decision to close the Brussels location and reversed the provision of $1,297,757 as disclosed in Note 2 of the financial statements.

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DIVIDEND

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Auditors Independence Declaration

A copy of the auditor's declaration under section 307C of the Corporations Act 2001 in relation to the review for the half year is included on page 5.

Rounding off

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Sydney this 21st day of February 2006.

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

On behalf of the Directors

A G Moufarrige
Director

Deloitte

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Servcorp Limited
Level 17, 60 Castlereagh Street
SYDNEY NSW 2000

16 February 2006

Dear Board Members

Re: Servcorp Limited

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

As lead audit partner for the review of the financial statements of Servcorp Limited for the half-year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

P G Forrester
Partner
Chartered Accountants

Directors' Declaration

The Directors declare that:

a) the attached financial statements and notes thereto comply with Accounting Standards;

b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the consolidated entity;

c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

d) in the Directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 21st day of February 2006.

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

On behalf of the Directors

A G Moufarrige
Director

Consolidated Income Statement
for the six months ended 31 December 2005

	Note	6 Months Ended 31 December 2005 $A'000	6 Months Ended 31 December 2004 $A'000
Revenues from rendering of services		66,414	58,860
Interest revenue		1,072	947
Other revenues from ordinary activities		1,127	164
Total revenues		68,613	59,971
Service expenses		(18,599)	(16,635)
Marketing expenses		(3,369)	(2,989)
Occupancy expenses		(25,149)	(23,737)
Administrative expenses		(5,147)	(4,648)
Borrowing expenses		(38)	(106)
Other expenses from ordinary activities		(39)	(381)
Total expenses		(52,341)	(48,496)
Profit before income tax expense		**16,272**	**11,475**
Income tax expense	**3**	(4,379)	(3,124)
Net profit for the period		**11,893**	**8,351**

Earnings per Share

Basic Earnings per Share		$0.148	$0.104
Diluted Earnings per Share		$0.148	$0.104

Consolidated Balance Sheet
as at 31 December 2005

	Note	31 December 2005 $A'000	30 June 2005 $A'000
Current assets			
Cash assets	7	47,409	42,966
Receivables		11,420	12,538
Other financial assets	5	5,026	7,188
Other	4	5,387	6,099
Total current assets		**69,242**	**68,791**
Non-current assets			
Receivables		244	227
Property, plant and equipment		26,991	24,952
Goodwill		15,440	15,440
Deferred tax assets		7,574	7,516
Other financial assets	6	19,136	17,910
Total non-current assets		**69,385**	**66,045**
Total assets		**138,627**	**134,836**
Current liabilities			
Payables		18,055	20,944
Interest bearing liabilities		2,009	1,872
Current tax liabilities		2,747	5,806
Provisions		2,005	3,181
Other financial liabilities		12,644	8,108
Total current liabilities		**37,460**	**39,911**
Non-current liabilities			
Payables		2,262	2,281
Interest bearing liabilities		-	15
Deferred tax liabilities		690	473
Provisions		569	564
Other financial liabilities		-	2,702
Total non-current liabilities		**3,521**	**6,035**
Total liabilities		**40,981**	**45,946**
Net assets		**97,646**	**88,890**
Equity			
Contributed equity		80,704	80,702
Reserves		(7,883)	(7,960)
Retained profits		24,825	16,148
Total equity	10	**97,646**	**88,890**

Consolidated Statement of Recognised Income and Expense for the six months ended 31 December 2005

	Note	6 Months Ended 31 December 2005 $A'000	6 Months Ended 31 December 2004 $A'000
Translation of foreign operations:			
Exchange differences taken to equity	**10**	77	(2,248)
Net income recognised directly in equity		**77**	**(2,248)**
Profit for the period		11,893	8,351
Total recognised income and expense for the period		**11,970**	**6,103**

Consolidated Cash Flow Statement
for the six months ended 31 December 2005

	Note	6 Months Ended 31 December 2005 $A'000	6 Months Ended 31 December 2004 $A'000
Cash flows related to operating activities			
Receipts from customers		76,552	64,020
Payments to suppliers and employees		(56,663)	(48,833)
Interest and other items of similar nature received		661	818
Interest and other costs of finance paid		(58)	(107)
Income taxes paid		(7,281)	(3,522)
Net operating cash flows		**13,211**	**12,376**
Cash flows related to investing activities			
Payment for acquisition of business		(1,645)	-
Payments for purchases of plant and equipment		(5,628)	(2,543)
Payments for lease deposits		(26)	(2,100)
Proceeds from disposal of investments		927	3,000
Proceeds from disposal of plant and equipment		93	-
Net investing cash flows		**(6,279)**	**(1,643)**
Cash flows related to financing activities			
Proceeds from issues of securities (shares, options,)		-	1,201
Share buy back		-	(2,254)
Repayment of borrowings		(496)	(670)
Dividends paid		(3,216)	(3,022)
Net financing cash flows		**(3,712)**	**(4,745)**
Net increase in cash held		**3,220**	**5,988**
Cash at beginning of period		41,778	38,049
Exchange rate adjustments to cash		572	(543)
Cash at end of period	**7**	**45,570**	**43,494**

Notes to the Financial Statements
For the six months ended 31 December 2005

1. Basis of Preparation

a) Basis of Preparation

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134, Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Accounting Standard, IAS 34 Interim Financial Reporting. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The consolidated entity changed its accounting policies on 1 July 2005 to comply with Australian Equivalents to International Financial Reporting Standards (A-IFRS). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. The date of transition was 1 July 2004. An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position and financial performance is discussed in note 13.

The A-IFRS accounting policies set out below have been applied in preparing the financial statements for the six months ended 31 December 2005, the comparative information presented in these financial statements, and in the preparation of the opening balance sheet at 1 July 2004 (as disclosed in note 13), the consolidated entity's date of transition, except for the accounting policies in respect of financial instruments. The consolidated entity has not restated comparative information for financial instruments as permitted under the first-time adoption transitional provisions. The accounting policies for financial instruments applicable to the comparative information are consistent with those adopted and disclosed in the lodged 2005 annual report. The impact of changes in these accounting policies on 1 July 2005, the date of transition for financial instruments, is discussed further in note 13.

b) Statement of Compliance

The half-year financial report complies with A-IFRS. Compliance with A-IFRS ensures that the half year financial report, comprising the financial statements and notes thereto, complies with AASB 134.

This is the first half year financial report prepared based on A-IFRS and the comparatives for the six months ended 31 December 2004 and 30 June 2005 have been restated accordingly.

Goodwill

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

Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets 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

1. Basis of Preparation (continued)

Impairment of assets *(continued)*

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.

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by 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 arise 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 they are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that will follow from the manner in which the consolidated entity expects, at 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.

1. Basis of Preparation (continued)

Income tax *(continued)*

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Servcorp Limited.

Entities within the tax consolidated group have entered into a tax sharing agreement with the head entity. Under the terms of this agreement, Servcorp Limited and each of the entities in the tax consolidated group agrees to pay a tax equivalent payment to or from the head entity.

Due to the adoption of the transitional provisions, the impact on the financial statements of the economic entity, arising from adoption of the tax consolidation regime, was not material. The tax consolidation regime has been applied with effect from 1 July 2004.

Derivative financial instruments

The consolidated entity enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange contracts.

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 in profit or loss immediately.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

Share based payments

Equity-settled share based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of the Black Scholes option pricing 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.

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 consolidated entity's estimate of shares that will eventually vest.

Financial assets

Other financial assets are classified into the following specified categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1. Basis of Preparation (continued)

Financial assets *(continued)*

Financial assets at fair value through profit or loss

Investments in fixed rate bonds and reset preference securities held for trading are classified as financial assets and are carried at fair value through the profit or loss. Dividends are brought to account in the profit or loss as they accrue.

Other financial assets – lease deposits

Lease deposits are classified as loans and receivables and are carried at amortised cost less impairment.

Other than the above significant accounting policy changes adopted by the company to comply with A-IFRS, readers should refer to the 30 June 2005 financial report for the company's remaining accounting policies which are consistent with those applied under A-IFRS.

	6 Months Ended 31 December 2005 $A'000	6 Months Ended 31 December 2004 $A'000

Notes to the Financial Statements continued –

2. Significant Transactions

Individually significant transactions included in profit before income tax expense:

Floor closure costs	36	455
Reversal of Brussels closure provision	(1,298)	-

3. Income Tax Expense

In the current period income tax expense does not differ by more than 15% from the amount of income tax prima facie payable on the profits before tax.

Prima facie income tax expense on profit at 30% (2004: 30%)	4,882	3,443
Deductible local taxes	(141)	(231)
Effect of different tax rates on overseas income	(307)	(555)
Other non-deductible items	(242)	217
Tax losses of controlled entities recovered	-	(148)
Income tax under provision in prior years	16	136
Deferred tax assets not recognised	171	262
Income tax expense	**4,379**	**3,124**

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group and are therefore taxed as a single entity. The head entity within the tax consolidated group is Servcorp Limited.

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	31 December 2005 $A'000	30 June 2005 $A'000

Notes to the Financial Statements continued –

4. Other Current Assets

	31 December 2005 $A'000	30 June 2005 $A'000
Prepayments	3,992	3,958
Other	1,395	2,141
	5,387	**6,099**

5. Other Current Financial Assets

	31 December 2005 $A'000	30 June 2005 $A'000
At fair value:		
Investment in fixed rate bonds at realisable value	2,898	2,872
Investment in reset preference securities	1,983	2,859
Foreign currency forward contracts	110	-
	4,991	5,731
At amortised cost (30 June 2005: cost)		
Lease deposits	35	1,457
	5,026	**7,188**

6. Other Non-Current Financial Assets

	31 December 2005 $A'000	30 June 2005 $A'000
At amortised cost (30 June 2005: cost)		
Lease deposits	19,079	17,856
Other	57	54
	19,136	**17,910**

	31 December 2005 $A'000	31 December 2004 $A'000

7. Notes to the Consolidated Cash Flow Statement

Reconciliation of cash

	31 December 2005 $A'000	31 December 2004 $A'000
Cash on hand and at bank	15,389	19,395
Deposits on call	32,020	24,849
Bank overdraft	(1,839)	(750)
	45,570	**43,494**

	Current Period	Previous corresponding period

Notes to the Financial Statements continued –

8. Earnings per Share

	Current Period	Previous corresponding period
Calculation of the following in accordance with *AASB 1027: Earnings per Share*		
(a) Basic EPS	$0.148	$0.104
(b) Diluted EPS	$0.148	$0.104
(c) Earnings reconciliation		
Net profit/(loss) after income tax	11,893	8,351
Basic earnings	11,893	8,351
Diluted earnings	11,893	8,351
	Number of shares	**Number of shares**
(d) Weighted average number of ordinary shares outstanding during the period used in the calculation of:		
Number of basic earnings per share	80,398,310	80,493,861
Effect of share options on issue	30,000	30,000
Number of diluted earnings per share	80,428,310	80,523,861

9. Dividends

	Total amount $'000	Cents per share	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend:				
Current year	3,617	4.50c	4.50c	N/A
Previous year	3,015	3.75c	3.75c	N/A
Final dividend paid in respect of previous financial year:				
Final dividend	3,216	4.00c	4.00c	N/A

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.

	31 December 2005 $A'000	31 December 2004 $A'000

Notes to the Financial Statements continued –

9. Dividends (continued)

Dividend Franking Account

	31 December 2005 $A'000	31 December 2004 $A'000
30% franking credits available	8,495	4,686

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

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

10. Equity Reconciliation

	Note	6 Months Ended 31 December 2005 $A'000	12 Months Ended 30 June 2005 $A'000
Opening Equity	**13**	88,890	81,375
Movement in foreign currency translation reserve		77	(3,158)
Increase/ (Decrease) in capital		2	(480)*
Current period profit		11,893	17,190
Dividends paid		(3,216)	(6,037)
		97,646	88,890

* The Company commenced a buy back in December 2004 which was completed on 4 May 2005. The buy back of 926,044 ordinary shares for a total consideration of $2,254,173, represented approximately 1.1% of ordinary shares on issue at that date.

Notes to the Financial Statements continued –

11. Segment Information

The group operates in a single business segment, serviced offices, in three main geographic locations.

6 Months ended 31 December 2005

Services	**Australia and New Zealand $A'000**	**Japan and Asia $A'000**	**Europe & Middle East $A'000**	**Elims $A'000**	**Consol $A'000**
Revenue					
External segment revenue	18,869	40,465	7,987	-	67,321
Inter-segment revenue	6,182	521	87	(6,790)	-
Total segment revenue	25,051	40,986	8,074	(6,790)	67,321
Other unallocated revenue					1,292
Total revenue					68,613
Segment result	4,880	7,922	2,914	-	15,716
Unallocated result					556
Operating profit before tax					16,272
Income tax expense					(4,379)
Operating profit after tax					11,893
Net profit					11,893

6 Months ended 31 December 2004

Services	**Australia and New Zealand $A'000**	**Japan and Asia $A'000**	**Europe & Middle East $A'000**	**Elims $A'000**	**Consol $A'000**
Revenue					
External segment revenue	17,585	34,781	6,782	-	59,148
Inter-segment revenue	5,009	604	6	(5,619)	-
Total segment revenue	22,594	35,385	6,788	(5,619)	59,148
Other unallocated revenue					823
Total revenue					59,971
Segment result	2,582	7,922	(117)	-	10,387
Unallocated result					1,088
Operating profit before tax					11,475
Income tax expense					(3,124)
Operating profit after tax					8,351
Net profit					8,351

	31 December 2005 $A'000	30 June 2005 $A'000

Notes to the Financial Statements continued –

12. Changes in the composition of the consolidated entity

The financial statements include a change in the composition of the consolidated entity during the half-year reporting period as follows:

Business combinations

Servcorp Hong Kong Limited acquired a new floor, Level 39 One Exchange Square, Central, Hong Kong from LevelOne Limited, on 15 July 2005. The cash consideration paid for the business, assets, liabilities and customer licence agreements was $1,645,367. The components of the consideration were:

	Fair value at acquisition	Pre-acquisition net book value
Property, plant and equipment	754	589
Prepaid rent	1,173	-
Security deposits	(282)	(282)
	1,645	307

The amount of the loss since the acquisition date included in the consolidated entity's results for the six months ended 31 December 2005 was $505,443.

The impact on the consolidated entity's revenue and net profit from the acquired business if it operated from the beginning of the financial period commencing 1 July 2005 is considered to be immaterial.

Notes to the Financial Statements continued –

13. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards

The consolidated entity changed its accounting policies on 1 July 2005 to comply with the Australian equivalents to International Financial Reporting Standards (A-IFRS). The transition to A-IFRS is accounted for in accordance with Accounting Standards AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, with 1 July 2004 as the date of transition, except for financial instruments, including derivatives, where the date of transition is 1 July 2005.

An explanation of how the transition from superseded accounting policies to A-IFRS has affected the consolidated entity's position and financial performance is set out in the following tables and the notes that accompany the tables.

There are no material differences between the cash flow statement presented under A-IFRS and the cash flow presented under the superseded policies.

To explain how Servcorp Limited's reported Consolidated Income Statement and Consolidated Balance Sheet are affected by this change, information previously published under Australian GAAP (A-GAAP) is restated under A-IFRS in the tables below. These restatements include:

- Table A – Summary reconciliation of Retained Profits and Balance Sheet of the consolidated entity presented under A-GAAP to that under A-IFRS as at 1 July 2004; and

- Table B – Summary reconciliation of Profit After Tax and Balance Sheet of the consolidated entity presented under A-GAAP to that under A-IFRS for the six months ended 31 December 2004; and

- Table C – Summary reconciliation of Profit After Tax and Balance Sheet of the consolidated entity presented under A-GAAP to that under A-IFRS for the twelve months ended 30 June 2005.

Summary of Impact of A-IFRS

At 30 June 2005 the impact on total equity is an overall increase of $1,974,000. Where A-IFRS adjustments have a significant or material impact on equity, a description is included in note 13 (i) – (v).

Notes to the Financial Statements continued –

13. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (continued)

Table A - Summary reconciliation of Retained Profits and Balance Sheet of the consolidated entity presented under A-GAAP to that under A-IFRS as at 1 July 2004;

	Consolidated 1 Jul 2004 $A'000
Reconciliation of total assets and total liabilities	
Total assets (A-GAAP)	**120,386**
Increase/(decrease)in:	
Other financial assets	-
Property, plant and equipment(ii)	(334)
Intangibles (iv)	176
Deferred tax assets (iii)	267
Total assets (A-IFRS)	**120,495**
Total liabilities (A-GAAP)	**39,120**
Increase/(decrease)in:	
Provisions	-
Other	-
Total liabilities (A-IFRS)	**39,120**
Reconciliation of equity	
Total equity (A-GAAP)	**81,266**
Increase/(decrease)in:	
Opening retained profits (ii), (iii), (iv)	108
Contributed equity (i)	1
Total equity (A-IFRS)	**81,375**

Notes to the Financial Statements continued –

13. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (continued)

Table B - Summary reconciliation of Profit After Tax and Balance Sheet of the consolidated entity presented under A-GAAP to that under A-IFRS for the six months ended 31 December 2004;

	Consolidated 31 Dec 2004 $A'000
Reconciliation of profit after tax	
Profit from ordinary activities after income tax expense (A-GAAP)	**7,675**
Employee benefits (i)	(3)
Amortisation expense (iv)	455
Other – intangible capitalised project costs (ii)	334
Income tax expense (iii)	(110)
Profit from ordinary activities after income tax expense (A-IFRS)	**8,351**
Reconciliation of total assets and total liabilities	
Total assets (A-GAAP)	**121,306**
Increase/(decrease)in:	
Other financial assets	-
Property, plant and equipment	-
Intangibles (iv)	631
Deferred tax assets (iii)	125
Total assets (A-IFRS)	**122,062**
Total liabilities (A-GAAP)	**38,092**
Increase/(decrease)in:	
Provisions	-
Other	-
Total liabilities (A-IFRS)	**38,092**
Reconciliation of equity	
Total equity (A-GAAP)	**83,214**
Increase/(decrease)in:	
Opening retained profits (i), (ii), (iii)	107
Current year profits (i), (iii), (iv), (v)	676
Contributed equity (i)	4
Reserves (exchange difference) (v)	(31)
Total equity (A-IFRS)	**83,970**

Notes to the Financial Statements continued –

13. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (continued)

Table C - Summary reconciliation of Profit After Tax and Balance Sheet of the consolidated entity presented under A-GAAP to that under A-IFRS for the twelve months ended 30 June 2005;

	Consolidated 30 Jun 2005 $A'000
Reconciliation of profit after tax	
Profit from ordinary activities after income tax expense (A-GAAP)	**15,293**
Employee benefits (i)	(7)
Amortisation expense (iv)	911
Other – intangible capitalised project costs (ii)	334
Income tax expense (iii)	659
Profit from ordinary activities after income tax expense (A-IFRS)	**17,190**
Reconciliation of total assets and total liabilities	
Total assets (A-GAAP)	**132,862**
Increase/(decrease)in:	
Other financial assets	-
Property, plant and equipment	-
Intangibles (iv)	1,086
Deferred tax assets (iii)	888
Total assets (A-IFRS)	**134,836**
Total liabilities (A-GAAP)	**45,946**
Increase/(decrease)in:	
Provisions	-
Other	-
Total liabilities (A-IFRS)	**45,946**
Reconciliation of equity	
Total equity (A-GAAP)	**86,916**
Increase/(decrease)in:	
Opening retained profits (i), (ii), (iii)	107
Current year profits (i), (iii), (iv), (v)	1,897
Contributed equity (i)	8
Reserves (exchange difference) (v)	(38)
Total equity (A-IFRS)	**88,890**

Notes to the Financial Statements continued –

13. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (continued)

(i) Share based payments

From 1 July 2005, *AASB 2 Share Based Payments* requires the consolidated entity's employee share plan to be treated as share based compensation. Under this approach equity settled share based payments are recognised at fair value of the share options determined at grant date and recognised over the expected vesting period of the options.

In accordance with *AASB 2 Share Based Payments,* we have calculated an increase in contributed equity of $913 that requires recognition at the date of transition, 1 July 2004.

For the six months ended 31 December 2004 and the financial year ended 30 June 2005, share based payments of $3,195 and $6,389 respectively (included in the employee benefits expense) which were not recognised under the superseded policies were recognised under A-IFRS, with a corresponding increase in the employee equity-settled benefits reserve.

These adjustments had no material tax or deferred tax consequences.

(ii) Intangible capitalised project costs

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

This adjustment had no material tax or deferred tax consequences.

(iii) Income tax

Under superseded policies, the consolidated entity adopted tax effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences.

Under A-IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases.

Accordingly, for the date of transition, 1 July 2004, we have calculated an increase in the retained profits of $266,417 for deferred tax assets recognised in respect of tax losses on the basis that their recoupment is probable.

For the half year ended 31 December 2004 and the financial year ended 30 June 2005, deferred tax assets relating to the recognition of tax losses of $125,328 and $887,832 were recognised inclusive of foreign exchange translation impacts.

Notes to the Financial Statements continued –

13. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (continued)

(iv) Goodwill

The consolidated entity has elected not to restate business combinations that occurred prior to the date of transition to A-IFRS, and accordingly, the carrying amount of goodwill at the date of transition has not changed.

However, goodwill, which was amortised under superseded policies is not amortised under A-IFRS from the date of transition. The effect of the change is an increase in the carrying amount of goodwill by $501,149 and an increase in net profit before tax of $501,149 for the six months ended 31 December 2004, and by $1,002,298 for the financial year ended 30 June 2005.

The impact on goodwill at transition date 30 June 2004 also includes a write-back of $175,836 relating to discount on acquisition held in the balance sheet that can no longer be recognised under A-IFRS. The amortisation relating to the acquisition on discount amounted to ($91,741).

There is no tax effect as deferred taxes are not recognised for temporary differences arising from goodwill for which amortisation is not deductible for tax purposes.

(v) Cumulative exchange differences

At the date of transition, the consolidated entity has elected not to apply the exemption in *AASB1* under which the cumulative translation for all foreign operations represented in the foreign currency translation reserve (FCTR) is transferred to retained earnings at 1 July 2004.

As required by *AASB121 The Effects of Changes in Foreign Exchange Rates,* the consolidated entity has determined that the presentation currency of the consolidated entity continues to be Australian dollars.

Accordingly, assets and liabilities of subsidiaries with a foreign currency as their functional currency are translated into Australian dollars at each period's closing rate and any exchange movements are recorded through the FCTR.

Deloitte.

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Independent review report to the members of Servcorp Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of recognised income and expense, selected explanatory notes and the directors' declaration for the consolidated entity for the half-year ended 31 December 2005 as set out on pages 6 to 26. The consolidated entity comprises both Servcorp Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year.

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

Review Approach

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001 and Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards", so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations, its changes in equity and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

The independence declaration provided to the directors of Servcorp Limited on 16 February 2006 would be in the same terms if it was given to the directors on the date this review report is made out.

Deloitte.

Statement

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and the Corporations Regulations 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

P G Forrester
Partner
Chartered Accountants
Parramatta, 21 February 2006