SERVCORP LIMITED
ABN 97 089 222 506

APPENDIX 4D

INTERIM FINANCIAL REPORT

For the six months ended 31 December 2007

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 2007, the 2007 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 2007 to 31 December 2007
Previous corresponding period:	1 July 2006 to 31 December 2006

Results for announcement to the market

				$'000
Revenue and other income	up	16.7%	to	92,702
Profit from ordinary activities after tax attributable to members	up	71.3%	to	17,521
Net profit for the period attributable to members	up	71.3%	to	17,521

Dividends (distributions)	Date paid or payable	Total amount $'000	Amount per security	Franked amount per security
Current period				
Interim dividend declared	3 April 2008	6,035	7.50	7.50
Special dividend paid	20 December 2007	4,023	5.00	5.00
Final dividend paid	4 October 2007	5,633	7.00	7.00
Previous corresponding period				
Interim dividend declared	4 April 2007	4,826	6.00c	6.00c
Special dividend paid	30 November 2006	8,043	10.00c	10.00c
Final dividend paid	4 October 2006	4,826	6.00c	6.00c

Record date for determining entitlements to the dividend	20 March 2008

The interim dividend for the six months ended 31 December 2007 has not been recognised because the interim dividend was declared, determined or publicly recommended subsequent to 31 December 2007. 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 2007 $	31 December 2006 $

Net Tangible Asset Backing

Net tangible asset backing per ordinary security	1.29	$1.09

Control over entities

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 66% to $23,594,000 for the six months ended 31 December 2007 (six months ended 31 December 2006: $14,230,000). Net Profit After Tax increased by 71% to $17,521,000 for the six months ended 31 December 2007 (six months ended 31 December 2006: $10,226,000).

Cash generated from operating activities after tax payments increased by 29% to $25,525,000 for the six months ended 31 December 2007 (six months ended 31 December 2006: $19,831,000). Cash and investment balances were $74,408,000 as at 31 December 2007, up 16% compared to 30 June 2007.

Net Profit Before Tax attributable to mature floors for the six months ended 31 December 2007 increased by 42% to $27,327,000 (six months ended 31 December 2006: $19,291,000).

The Net Loss Before Tax on immature floors for the six months ended 31 December 2007 was $2,447,000 (six months ended 31 December 2006: $4,450,000).

The loss for Office^2 for the period was $1,286,000 (six months ended December 2006: $611,000).

Operating Summary

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.

As at 31 December 2007 Servcorp operated 66 floors in 20 cities in 12 countries. Average mature floor occupancy for the six month period was 85% (six months ended 31 December 2006: 84%).

The following floors were immature as at 31 December 2007:

- Level 45, Sunshine City, Tokyo
- Level 18, Shangri-La Office Tower, Chengdu

Australia & New Zealand

Mature floors
The performance of the Australia and New Zealand mature floors during the period was very strong compared to the prior period.

Mature floor revenue from ordinary activities increased by 18% to $26.86M when compared to the prior period. Mature floor Net Profit Before Tax increased by 104% to $9.31M.

Immature floors
No new floors were opened in Australia or New Zealand during the period.

Office^2
Office^2 Australian costs for the six months ended 31 December 2007 were $1.21M.

Japan & Asia

Mature floors
The performance of the mature floors in Japan and Asia was strong during the period. Revenue from ordinary activities increased by 11% to $48.39M. Net Profit Before Tax increased by 20% to $12.40M for the six months ended 31 December 2007. Local currency profits continued to grow during the period however the result for the six months ended 31 December 2007 was adversely affected by the appreciating Australian dollar.

Management Discussion & Analysis cont.

Japan & Asia (cont.)

Immature floors
One floor was opened in China during the period. The Net Loss Before Tax on immature floors was $0.88M. All immature floors are performing ahead of expectation.

Europe & Middle East

Mature floors
Mature floor performance in Europe and the Middle East was solid during the period. Mature floor revenue from ordinary activities increased by 19% to $12.42M. Net Profit Before Tax on mature floors was consistent with the prior comparative period.

The Dubai floors continue to perform exceptionally. The Bahrain floor which opened in June 2007 is now mature.

Immature floors
No floors were immature in Europe or the Middle East as at 31 December 2007.

Franchise - India

The first Indian location opened in Mumbai in January. A second location is scheduled to open in Hyderabad in March. 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.

Office^2

Office^2 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^2 has potential for use in whole buildings and enables landlords to facilitate clients on a "per work station" basis.

Office^2 currently has two active projects.

Norwest Business Park

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

I-City Malaysia

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^2 has entered into and represents a major milestone for the project.

Cisco - Office^2

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^2 solutions to major building owners and business parks with multiple properties.

Office² (cont.)

Cisco - Office² (cont.)

The Cisco pipeline remains strong and Ferry Chung, Managing Director, Integrated Solutions Group, Cisco Asia Pacific said "Cisco System's collaboration with partners like Office² will take service to a completely different plane. At this level, owners, users or tenants drive service definitions based on what they need, where they need it and when they would like it available".

Office² has received active assistance from Cisco Systems Head Office in San Jose, in Beijing, in Hong Kong and in their Australian office. This includes marketing and technical support.

Notwithstanding the above pipeline of opportunities Servcorp expects continued investment for a further 2 years to fully develop the Office² concept. The loss incurred for the six months was $1.29M, which was in line with expectations.

Financial Summary

Revenue from ordinary activities for the six months ended 31 December 2007 was $92.70M, up 17% from the previous corresponding period. During the reporting period the AUD appreciated on average by 13% against the JPY, 14% against the USD and 4% against the EUR. This strong appreciation in the AUD over the period has had an adverse impact on the AUD consolidated revenues and profit for the six month period ended 31 December 2007. When the currency effect is stripped out, revenue increased by 22% compared to the comparative prior period.

Net Profit Before Tax was $23.59M up 66% compared to the prior comparative period. When the currency effect is stripped out, Net Profit Before Tax increased 74% compared to the six months ended 31 December 2006. This exceptional local currency net profit increase reflects the strength of the underlying overseas operations.

Cash and investment balances were $74.41M as at 31 December 2007, compared with $64.67M as at 30 June 2007.

Dividend

The Directors of Servcorp Limited have declared a fully franked interim dividend of 7.50 cents per share, up 25% from the dividend paid in relation to the six months ended 31 December 2006.

Outlook

Servcorp has had a strong start to the 2008 financial year. There are plans to open 7 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 $48,000,000 for the full year.

SERVCORP LIMITED

ABN 97 089 222 506

INTERIM FINANCIAL REPORT

For the six months ended

31 December 2007

Contents

Directors' report

The directors of Servcorp Limited submit herewith the condensed consolidated financial report for the six months ended 31 December 2007. 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 six months ended 31 December 2007 are:

Name

Mr Alf Moufarrige (Managing Director and CEO)

Mr Bruce Corlett (Chairman and Independent Non-Executive Director)

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

Ms Julia King (Independent Non-Executive Director)

Mr Taine Moufarrige (Executive Director)

Review of Operations

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Changes in State of Affairs

During the six months ended 31 December 2007 there was no significant change in state of affairs of the consolidated entity other than referred to in the financial statements or notes thereto.

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Dividend

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Auditor's Independence Declaration

The auditor's independence declaration is included on page 6 of the financial report.

Rounding off of Amounts

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 directors' report and the half year financial report have been rounded off to the nearest thousand dollars unless otherwise indicated.

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

On behalf of the Directors

Taine Moufarrige
Director

Dated at Sydney this 20th day of February 2008

Deloitte.

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

Dear Board Members

Auditors Independence Declaration to 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 2007, 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 sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

P. Forrester

P G Forrester
Partner
Chartered Accountants
20 February 2008

Directors' declaration

In the opinion of the directors of Servcorp Limited:

(a) the consolidated financial report and notes, set out on pages 8 to 21, are in accordance with the Corporations Act 2001, including:

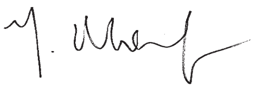
(i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2007 and of their performance, as represented by the results of their operations and their cash flows, for the six months ended on that date; and

(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.

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

On behalf of the directors



Taine Moufarrige
Director

Dated at Sydney this 20 day of February 2008.

Condensed consolidated income statement

for the six months ended 31 December 2007

	Note	6 months ended 31 December 2007 $'000	6 months ended 31 December 2006 $'000
Revenue		87,282	78,123
Other income		5,420	1,329
		92,702	79,452
Service expenses		(22,836)	(21,171)
Marketing expenses		(4,895)	(4,237)
Occupancy expenses		(33,500)	(32,428)
Administrative expenses		(7,679)	(6,726)
Borrowing expenses		(35)	(317)
Other expenses		(163)	(343)
Total expenses		(69,108)	(65,222)
Profit before income tax expense		23,594	14,230
Income tax expense	3	(6,073)	(4,004)
Profit for the period		17,521	10,226
Attributable to:			
Equity holders of the parent		17,521	10,226
Minority interest		-	-
		17,521	10,226
Earnings per share			
Basic earnings per share	6	$0.218	$0.127
Diluted earnings per share	6	$0.218	$0.127

The Income statement is to be read in conjunction with the notes to the Condensed consolidated financial report.

Condensed consolidated balance sheet

as at 31 December 2007

	Note	31 December 2007 $'000	30 June 2007 $'000
Current assets			
Cash and cash equivalents	7	74,408	55,401
Trade and other receivables	8	14,925	15,462
Other financial assets	10	393	9,266
Current tax assets		763	207
Other current assets	9	6,385	6,020
Total current assets		96,874	86,356
Non-current assets			
Other financial assets	10	22,129	19,820
Property, plant and equipment	11	34,630	31,888
Deferred tax assets		8,240	8,087
Goodwill	12	15,962	15,962
Total non-current assets		80,961	75,757
Total assets		177,835	162,113
Current liabilities			
Trade and other payables	13	25,736	21,984
Other financial liabilities	14	18,507	16,377
Current tax liabilities		3,066	3,799
Provisions	15	3,491	3,038
Total current liabilities		50,800	45,198
Non-current liabilities			
Trade and other payables	13	6,480	5,212
Provisions	15	241	286
Deferred tax liabilities		258	265
Total non-current liabilities		6,979	5,763
Total liabilities		57,779	50,961
Net assets		120,056	111,152
Equity			
Issued capital	16	80,932	80,754
Reserves	17	(12,546)	(13,107)
Retained earnings	18	51,370	43,505
Parent entity interest		119,756	111,152
Minority interest	19	300	-
Total equity		120,056	111,152

The Balance sheet is to be read in conjunction with the notes to the Condensed consolidated financial report.

Condensed consolidated statement of recognised income and expense

for the six months ended 31 December 2007

	6 months ended 31 December 2007 $'000	6 months ended 31 December 2006 $'000
Translation of foreign operations:		
Exchange differences taken to equity	561	(1,774)
Net expense / (income) recognised directly in equity	561	(1,774)
Profit for the period	17,521	10,226
Total recognised income and expense for the period	18,082	8,452
Attributable to:		
Equity holders of the parent	18,082	8,452
Minority interest	-	-
Total recognised income and expense for the period	18,082	8,452

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

Condensed consolidated cash flow statement

for the six months ended 31 December 2007

	Note	6 months ended 31 December 2007 $'000	6 months ended 31 December 2006 $'000
Cash flows from operating activities			
Receipts from customers		97,346	85,927
Payments to suppliers and employees		(66,247)	(59,687)
Income tax paid		(7,254)	(8,421)
Interest and other costs of finance paid		(32)	(109)
Interest and other items of similar nature received		1,712	2,121
Net operating cash flows	20(c)	25,525	19,831
Cash flows from investing activities			
Payments for property, plant and equipment		(6,606)	(8,777)
Payments for financial assets		-	(2,025)
Payments for acquisition of business	20(b)	-	(1,416)
Payments for lease deposits		(1,350)	(3,634)
Proceeds from sale of property, plant and equipment		18	11
Proceeds from sale of financial assets		9,338	-
Proceeds from refund of lease deposits		-	85
Net investing cash flows		1,400	(15,756)
Cash flows from financing activities			
Proceeds from issue of equity securities of the parent		178	60
Proceeds from issue of equity securities to minority interest		300	-
Repayment of borrowings		-	(61)
Dividends paid		(9,656)	(12,869)
Net financing cash flows		(9,178)	(12,870)
Net increase / (decrease) in cash and cash equivalents		17,747	(8,795)
Cash and cash equivalents at the beginning of the period		54,114	56,365
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		1,056	(1,937)
Cash and cash equivalents at the end of the period	20(a)	72,917	45,633

The Cash flow statement is to be read in conjunction with the notes to the Condensed consolidated financial report.

Notes to the Condensed consolidated financial report

1 Summary of accounting policies

Statement of compliance
The half year financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 and AASB134 Interim Financial Reporting. Compliance with AASB134 ensures compliance with International Financial Reporting Standards IAS34 Interim Reporting. The half year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation
The condensed 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 period, 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 annual reporting periods beginning on or after 1 July 2007. The adoption of these new and revised Standards and interpretations has not resulted in changes to the reported amounts for the current or proceeding financial year.

The Condensed consolidated financial reports were authorised for issue by the directors on 20th February 2008.

	6 months ended 31 December 2007 $'000	6 months ended 31 December 2006 $'000

2 Results for the period

Individually significant transactions included in profit from ordinary activities before income tax expense:	-	-

3 Income taxes

Income tax recognised in the income statement

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the Condensed consolidated financial report as follows:

	6 months ended 31 December 2007 $'000	6 months ended 31 December 2006 $'000
Profit before income tax expense	23,594	14,230
Income tax expense calculated at 30%	7,078	4,269
Deductible local taxes	(421)	(245)
Effect of different tax rates on overseas income	(1,161)	(279)
Other deductible/(non-assessable) items	475	289
Tax losses of controlled entities recovered	-	(108)
Income tax under provision in prior years	86	48
Unused tax losses and tax offsets not recognised as deferred tax assets	16	30
Income tax expense	6,073	4,004

4 Segment information

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

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise revenue 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 customers. 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
6 months ended 31 December 2007					
Revenue					
Segment revenue	26,859	48,887	12,423	-	88,169
Other unallocated revenue and other income					4,533
Total revenue and other income					**92,702**
Result					
Segment result	7,683	11,443	2,296	-	21,422
Unallocated corporate profit					2,172
Profit before income tax expense					23,594
Income tax expense					(6,073)
Net profit					**17,521**
6 months ended 31 December 2006					
Revenue					
Segment revenue	22,925	44,562	10,493	-	77,980
Other unallocated revenue and other income					1,472
Total revenue and other income					**79,452**
Result					
Segment result	3,653	7,271	2,362	-	13,286
Unallocated corporate profit					944
Profit before income tax expense					14,230
Income tax expense					(4,004)
Net profit					**10,226**

5 Dividends

Dividends paid (recognised) during the six month period or proposed in respect of the period (unrecognised) by the Company are:

	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit	Percentage franked
Recognised amounts					
2007					
Special - fully paid ordinary shares	5.00	4,023	20 Dec 2007	30%	100%
Final - fully paid ordinary shares	7.00	5,633	4 Oct 2007	30%	100%
2006					
Special - fully paid ordinary shares	10.00	8,043	30 Nov 2006	30%	100%
Final - fully paid ordinary shares	6.00	4,826	4 Oct 2006	30%	100%

Unrecognised amounts

Since the end of the six months ended 31 December 2007, the directors have declared the following dividend:

Interim - fully paid ordinary shares	7.50	6,035	3 April 2008	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.

6 Earnings per share

	6 months ended 31 December 2007 $'000	6 months ended 31 December 2006 $'000
Net profit	17,521	10,226
Earnings used in the calculation of basic and diluted EPS	17,521	10,226
	Number	**Number**
Weighted average number of ordinary shares used in the calculation of basic EPS	80,463,283	80,427,821
Weighted average number of ordinary shares used in calculation of diluted EPS	80,463,283	80,427,821
Basic earnings per share	$0.218	$0.127
Diluted earnings per share	$0.218	$0.127

		31 December 2007 $'000	30 June 2007 $'000
7	**Cash and cash equivalents**		
	Cash	19,202	17,905
	Bank short term deposits	55,206	37,496
		74,408	55,401
8	**Trade and other receivables**		
	Current		
	At amortised cost		
	Trade receivables	13,444	15,152
	Less: allowance for doubtful debts	(445)	(269)
	Other debtors	1,926	579
		14,925	15,462
9	**Other assets**		
	Current		
	Prepayments	4,217	4,053
	Other	2,168	1,967
		6,385	6,020
10	**Other financial assets**		
	Current		
	At fair value through profit or loss		
	Investment in fixed rate bonds - held for trading	-	1,020
	Investment in reset preference securities - held for trading	-	8,246
	Forward foreign currency exchange contracts	393	-
		393	9,266
	Non-current		
	At amortised cost		
	Lease deposits	22,072	19,765
	Other	57	55
		22,129	19,820

11 Property, plant and equipment

	Land and buildings at cost $'000	Leasehold improvements owned at cost $'000	Leasehold improvements leased at cost $'000	Office furniture & fittings owned at cost $'000	Office furniture & fittings leased at cost $'000	Office equipment owned at cost $'000	Office equipment leased at cost $'000	Motor vehicles owned at cost $'000	Total $'000
Gross carrying amounts									
Balance at 30 June 2007	725	39,534	5,428	10,273	1,128	17,280	673	200	75,241
Additions	-	5,171	-	86	-	1,304	-	17	6,578
Disposals	-	-	-	(127)	(3)	(392)	(29)	-	(551)
Transfers	-	-	-	7	-	(7)	-	-	-
Net foreign currency differences on translation of self-sustaining operations	44	1,328	111	205	9	328	15	5	2,045
Balance at 31 December 2007	769	46,033	5,539	10,444	1,134	18,513	659	222	83,313
Accumulated depreciation									
Balance at 30 June 2007	21	20,289	5,296	4,390	1,092	11,503	673	89	43,353
Depreciation expense	2	2,536	88	681	17	1,460	-	13	4,797
Disposals	-	-	-	(103)	(3)	(330)	(29)	-	(465)
Transfers	-	-	-	2	-	(2)	-	-	-
Net foreign currency differences on translation of self-sustaining operations	-	697	107	96	7	73	15	3	998
Balance at 31 December 2007	23	23,522	5,491	5,066	1,113	12,704	659	105	48,683
Net book value									
Balance at 31 December 2007	746	22,511	48	5,378	21	5,809	-	117	34,630
Balance at 30 June 2007	704	19,245	132	5,883	36	5,777	-	111	31,888

12 Goodwill

	31 December 2007 $'000	30 June 2007 $'000
Gross carrying amount and net book value		
Balance at the beginning of the period	15,962	15,440
Additions (i)	-	522
Balance at the end of the period	15,962	15,962

Notes:
(i) On 20 July 2006, Servcorp WA Pty Ltd acquired the business trading at Level 18, Central Park, Perth, Western Australia. Goodwill on acquisition was $522,000.

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

13 Trade and other payables

	31 December 2007 $'000	30 June 2007 $'000
Current		
At amortised cost		
Trade creditors	5,279	5,252
Deferred income	12,373	11,113
Deferred lease incentive	1,487	1,168
Other creditors and accruals	6,597	4,451
	25,736	21,984
Non-current		
At amortised cost		
Deferred lease incentive	6,480	5,212
	6,480	5,212

14 Other financial liabilities

	31 December 2007 $'000	30 June 2007 $'000
Current		
At amortised cost		
Bank overdraft	1,172	943
Bank loans - secured	319	344
Security deposits	17,016	15,090
	18,507	16,377

	31 December 2007 $'000	30 June 2007 $'000
15 Provisions		
Current		
Employee benefits	3,113	2,908
Provision for make good costs (i)	180	-
Other	198	130
	3,491	3,038
Non-current		
Employee benefits	241	286
	241	286

Notes:

(i) An amount of $180,000 (2007: Nil) has been provided for the make good of one floor that is due to close within eighteen months of the balance sheet date.

	31 December 2007 $'000	30 June 2007 $'000
16 Issued capital		
Fully paid ordinary shares 80,467,310 (2007: 80,428,310)	80,932	80,754
Movements in issued capital		
Balance at the beginning of the period	80,754	80,694
Shares issued		
Nil (2007: 30,000) from the exercise of options under the Share Option Schemes	-	60
39,000 (2007: Nil) bonus shares were issued in the current period	178	-
Balance at the end of the period	80,932	80,754

Options
Ordinary shares were issued pursuant to exercise of options as follows:
Nil shares were issued in the current period (2007: 30,000).

Bonus shares
39,000 bonus shares were issued in the current period at $4.56 per share (2007: Nil)

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.

17 Reserves

	31 December 2007 $'000	30 June 2007 $'000
Employee equity-settled benefits reserve	16	16
Foreign currency translation reserve	(12,562)	(13,123)
	(12,546)	(13,107)
Movements during the period		
Foreign currency translation reserve		
Balance at the beginning of the period	(13,123)	(8,317)
Deferred exchange differences arising from monetary items considered part of the investment in self-sustaining foreign operations	(857)	(3,890)
Translation of foreign operations	1,418	(916)
Balance at the end of the financial year	(12,562)	(13,123)

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.

	31 December 2007 $'000	30 June 2007 $'000
Employee equity-settled benefits reserve		
Balance at the beginning of the period	16	16
Balance at the end of the period	16	16

The employee equity-settled benefits reserve arises on the grant of share options to the Chief Financial Officer, T Wallace.

18 Retained earnings

	31 December 2007 $'000	30 June 2007 $'000
Retained earnings at the beginning of the period	43,505	34,868
Net profit for the period	17,521	26,332
	61,026	61,200
Dividends paid	(9,656)	(17,695)
Retained earnings at the end of the period	51,370	43,505

19 Minority interest

	31 December 2007 $'000	30 June 2007 $'000
Balance at the beginning of the period	-	-
Total recognised income and expense	-	-
Shares issued	300	-
Balance at the end of the period	300	-

		6 months ended 31 December 2007 $'000	6 months ended 31 December 2006 $'000
20	**Notes to the Condensed consolidated cash flow statement**		
(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	19,202	16,921
	Short term deposits	55,206	29,735
	Cash and cash equivalents	74,408	46,656
	Bank overdraft	(1,491)	(1,023)
		72,917	45,633
(b)	**Net cash outflow on acquisition of business**		
	Cash and cash equivalents consideration	-	1,416
	Less cash and cash equivalents balances acquired	-	-
		-	1,416
(c)	**Reconciliation of profit for the period to net cash flows from operating activities**		
	Profit after income tax	17,521	10,226
	Add/(less) non-cash items:		
	Movements in provisions	408	220
	Amortisation of client list (i)	-	144
	Impairment of client list (i)	-	119
	Depreciation of non-current assets	4,797	4,581
	Loss/(profit) on disposal of non-current assets	163	(7)
	Decrease in current tax liability	(734)	(3,693)
	(Increase)/decrease in current tax asset	(556)	466
	(Increase)/decrease in deferred tax balances	(160)	(864)
	Unrealised foreign exchange (gain)/loss	(3,476)	4,285
	Change in assets and liabilities adjusted for the effect of the acquisition of a business during the financial period:		
	(Increase)/decrease in prepayments and receivables	(164)	337
	Decrease in trade debtors	537	1,961
	Decrease/(Increase) in current assets	243	(1,106)
	Increase in deferred income	1,260	798
	Increase/(Decrease) in client security deposits	1,926	(454)
	Increase in accounts payable	3,760	2,818
	Net cash provided from operating activities	25,525	19,831

Notes:

(i) The initial accounting for the acquisition of the business trading at Level 18, Central Park, Perth, Western Australia was provisionally determined at 31 December 2006. At the date of finalisation of the 30 June 2007 annual report, the necessary market valuations and other calculations were finalised.

Deloitte.

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Independent Auditor's Review Report to the members of Servcorp Limited

We have reviewed the accompanying half-year financial report of Servcorp Limited, which comprises the balance sheet as at 31 December 2007, the income statement, cash flow statement, statement of recognised income and expense for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 21.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Servcorp Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

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

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Conclusion

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 2007 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

P G Forrester
Partner
Chartered Accountants
Parramatta, 20 February 2008