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SERVCORP LIMITED
ABN: 97 089 222 606

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

**Servcorp reports six month Net Profit Before Tax for Mature Floors
of \$19.29 million**

Immature locations on track

Servcorp Limited (SRV) today announced a net profit before tax of \$14.23 million for the six months ended 31 December 2006, a decrease of 13% on the profit of \$16.27 million for the corresponding prior period to 31 December 2005.

Net profit before tax attributable to mature floors increased to \$19.29 million, up 5% from last year's \$18.37 million. Last year's result included a one-off reversal of a closure provision for Brussels in the amount of \$1.29 million. Excluding this write-back, this year's result is an increase of 13% over 2005.

As announced in August 2006, the 2007 fiscal year is one of Servcorp's biggest expansion years to date. The six months to December 2006 has seen 7 new floors opened. The Board and Management are pleased with the performance to date of these immature floors, and despite their impact on short term results believe they will contribute to the growth of the Company in future periods.

- ❑ Revenue for the six months was \$79.45 million, up 16% from \$68.72 million in 2005.
- ❑ Net profit before tax attributable to mature floors increased to \$19.29 million, up 5% from last year's \$18.37 million and 13% on last year's normalised result of \$17.08 million.
- ❑ Net profit after tax was \$10.23 million, down 14% on \$11.89 million in 2005.
- ❑ As previously foreshadowed operating losses on immature floors of \$4.45 million (2005: \$2.10 million) tempered the net profit before tax result.
- ❑ A fully franked interim dividend of 6.00 cents per share has been declared, payable on 4 April 2007, up 33% on the interim dividend paid for the six months ended 31 December 2005.
- ❑ Cash and investment balances decreased to \$53.68 million from \$63.25 million at June 2006. This follows investment in new locations and the payment of dividends totalling \$12.87 million during the six months, including the special dividend of \$8.04 million.
- ❑ Average mature floor occupancy during the six months to December 2006 was 84%, consistent with an average of 85% for the comparable period in 2005.
- ❑ 7 new floors were opened during the six months, increasing capacity at 31 December 2006 by 12%. Clients in residence increased by 7% to 8,710 from 8,167 at June 2006.

SYDNEY	6 Top Locations	(612) 9238 2100	HONG KONG	2 Top Locations	(852) 2251 1888
NORTH RYDE	123 Epping Road	(612) 8875 7700	SHANGHAI	2 Top Locations	(8621) 2890 3000
CANBERRA	St. George Centre	(612) 6243 5151	BEIJING	Oriental Plaza	(8610) 8520 0000
BRISBANE	2 Top Locations	(617) 3303 8400	SINGAPORE	3 Top Locations	(65) 6550 9888
MELBOURNE	2 Top Locations	(613) 9653 9444	BANGKOK	3 Top Locations	(662) 343 1888
PERTH	2 Top Locations	(618) 9278 2700	OSAKA	2 Top Locations	(816) 6225 1000
ADELAIDE	Santos House	(618) 8233 5888	TOKYO	11 Top Locations	(813) 5288 5100
AUCKLAND	2 Top Locations	(649) 383 2700	NAGOYA	Nikko Shoken Building	(8152) 269 8200
DUBAI	Emirates Towers	(9714) 330 3369	PARIS	2 Top Locations	(331) 5343 9000

SERVCORP

Smart Office®

Servcorp introduced a new business concept in July 2006 called Office². Office² uses the Servcorp suite of IT systems, in conjunction with Cisco Systems' products, in an external multi-tenanted environment. Office² has potential for use in whole buildings and enables landlords to facilitate clients on a "per work station" basis. At this stage, Office² has signed two customers that will adopt the Office² model. Office² has an encouraging pipeline of prospects that should convert to sales during 2007. In addition, 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. This new venture leverages Servcorp's capabilities and will involve continued investment for several years to fully develop the opportunity. The loss incurred for the first half was \$0.61 million, which was at the low end of our expectations.

Servcorp maintains its forecast that, subject to current foreign exchange rates, market and economic conditions being maintained, net profit before tax on mature floors will be approximately \$22.00 million in the second half, bringing the total full year net profit before tax on mature floors to approximately \$41.00 million. This is in line with earlier forecasts, but assumes current foreign currency rates are maintained. It is noted that net profit before tax will be tempered by losses relating to the new Office² project and from new locations as Servcorp continues to grow its core business and increase critical mass in existing markets. There is already commitment to open 3 new floors in the second half, in Tokyo, Nagoya and Bahrain.

Servcorp has recently signed a franchise agreement with K Raheja Corp, a substantial Indian company. The agreement provides for the use of the Servcorp name and business systems in India and provides for the establishment of 6 locations in India within three years.

At 31 December 2006, Servcorp operated 64 floors in 18 cities in 11 countries and remains the leader in providing serviced offices and superior IT and business solutions. Management will continue to focus on increasing Servcorp's competitive edge by continuing to invest in technology solutions for our clients.

For more information contact:

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(02) 9238 2300



A Deloitte Technology Fast 50 winner – awarded for IT excellence

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